



Estonia

Trends, Recent Developments, Active Inclusion and Minimum Resources

First Semester Report 2006

Mare Viies

Tallinn University of Technology



On behalf of
European Commission
DG Employment, Social Affairs and Equal Opportunities



Table of contents

Summary.....	3
Introduction.....	4
1. Key trends and recent policy developments	4
1.1. Overview of the economic, social and demographic context	4
1.2. Recent social policy and legislative developments, new challenges	9
1.3. European Social Fund and European Regional Development Fund	19
1.4. Developments in the role of main stakeholders.....	23
2. Active inclusion and minimum resources	26
2.1. Active inclusion	26
2.2. Minimum sources.....	28
2.3. Best practice	36
References	

Summary

Fast economic growth had a positive effect on the situation in the Estonian labour market: employment increased and unemployment decreased. As a result, households' income increased and also its distribution inequality decreased. Significant was the rising trend of births. Despite the generally positive socio-economic and demographic tendencies in recent years, the risk groups such as long-term unemployed, disabled people, families with many children etc. have still difficulties with access to employment and receive adequate income for everyday subsistence. Therefore, the number of households living in poverty risk is still relatively high.

The strategies and development plans elaborated in recent years or under elaboration, such as the Action Plan for Growth and Jobs 2005-2007 for Implementation of the Lisbon Strategy, National strategy for using structural resources for 2007-2013 (draft), Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version), have presented strategic objectives, concrete activities and targets for increasing employment, reducing poverty risk and increasing social inclusion, and fixed the quantitative levels of indicators for monitoring the processes. These documents also contain the financial frameworks of activities, both state budget and foreign aid. It can be said that social inclusion policy is being mainstreamed in other decision-making in Estonia, especially during the last year.

Legislative preconditions for bringing the unemployed (back) to the labour market were created with the Labour Market Services and Benefits Act (entered into force on 1 January 2006). The main objectives of the Labour Market Services and Benefits Act are: achievement of as high as possible employment rate and prevention of long-term unemployment and discouragement by means of rendering labour market services and payment of labour market benefits; and to make supply of labour market services more client-friendly. The amendments to the unemployment insurance law and to employment contract law have the main objectives to improve protection of people who have repeatedly experienced unemployment.

The main new challenges in the fight against poverty and social exclusion worth emphasising are the need in the coordinated activities for promotion of gender equality in all policy spheres (gender mainstreaming). It is needful to increase administrative capacity and develop institutional capacity for the assessment of impacts on genders, raise the competence of state and local government officials for integration of gender equality as a horizontal policy into state and local government strategies and action plans. It is also important to focus more targeted attention to the ethnic minorities, because research results indicate low efficiency of the present measures compared to the impact of overall changes in the economic and social environment. Still acute on the agenda is the need to solve homelessness and housing problems, and it is particularly important to increase the role of local activities. These challenges serve as a basis for a comprehensive approach to achieving success in reducing children's poverty.

Essential positive developments have occurred in the role of main stakeholders in recent years. The government in co-operation with the main stakeholders has elaborated good practice of inclusion, which is meant to be advisory for both the public sector and NGOs, and partners have agreed for which documents the institutions, NGOs and representative organisations use that. In everyday inclusion practice in different spheres and levels there are still many possibilities for making actual involvement more effective.

The trend to reform social protection schemes and state intervention policies, moving away from supporting subsistence to supporting development is notable. Bringing the risk groups into employment

with active labour market policies helps to reduce the pressure from payment of social benefits on the state budget, at the same time involving social cohesion. Also, income support schemes have been improved in recent years toward adequacy for different risk groups to help people escape extreme poverty.

Introduction

The aim of this report is to present trends in social inclusion, to provide overview of recent policy developments and economic, social and demographic context in setting priorities, changes in budgetary allocations to policy measures, to discuss developments in the role of main stakeholders and to describe developments of challenges of key priorities in Estonia.

The first chapter of the report focuses on key trends and recent developments and the second chapter reviews the Minimum Income schemes to help people escape extreme poverty and the existing social assistance and active labour market policies targeted to the social activation of individuals furthest from the labour market.

In case no reference is made to sources in the text, the viewpoints expressed are based on the author's calculations or understanding.

1. Key trends and recent policy developments

1.1. Overview of the economic, social and demographic context

Economic growth in Estonia was 9.8% in 2005, which was the fastest rate in the period of 1998-2005,¹ owing to the accelerated economic growth in Estonia's main export partners Finland and Sweden, and to constantly high domestic demand in Estonia². As average economic growth in EU member states has been much lower in this period, then Estonia's GDP per capita on the purchasing power parity basis has risen from the level of 38% in 1998 to 56% of the EU25 average³. According to the prognoses made by the Ministry of Finance, if the present development trends continue, Estonia's GDP per capita may reach by 2010 approximately 62–63% of the EU average⁴.

According to the Statistical Office of Estonia (SOE), the lowest ever **CPI** (1.3%) in 2003 was due to the cheapening of foodstuffs and transportation services in connection with the low exchange rate of the US dollar and sharp competition between local fuel companies. CPI growth accelerated to 3.0% in 2004 mostly (in the extent of 80%) due to the price rise of foodstuffs, which in turn was caused, at least as much as half, by changed trade regime after accession to the EU.⁵ Average rate of inflation in 2005 was 4.1% and acceleration to 4.6% early in 2006 has complicated fulfilment of the inflation criterion for joining the euro zone and the respective deadline has been postponed to January 2008.⁶ The cost of consumer basket in 2005 was considerably influenced also by a price rise of dwelling-related services (water supply, sewage and heat prices rose 8.7%). Fuel price rises increased transportation costs by

¹ Bank of Estonia. 2006. <http://www.eestipank.info>.

² Eesti Panga majanduspoliitiline kvartalikommentaar. 2006. <http://www.eestipank.info>.

³ Eurostat. 2006. <http://epp.eurostat.ec.eu.int/portal/>.

⁴ Riiklik struktuurivahendite kasutamise strateegia 2007-2013. 2006. Eelnõu (9.03.2006). EV Rahandusministeerium.

⁵ Eesti majanduse ülevaade Eesti Panga aruandes 2004. 2005. <http://eestipank.info/>.

⁶ Eesti Panga majanduspoliitiline kvartalikommentaar. 2006. <http://www.eestipank.info>.

nearly 11%. Risk factors for further acceleration of inflation are prices of fuel, gas and heat. According to the Bank of Estonia, the main short-term objective of Estonia's economic policy is to ensure development of economic environment in Estonia that would provide conditions for as rapid as possible fulfilment of the Maastricht inflation criterion, which presumes avoiding or reducing economic policy steps that would increase domestic demand, lowering of the growth rate of real estate loans and taking into consideration the impact of administratively regulated price changes on inflation.

The most common characteristic of the **structural changes** in Estonia is still the decreasing importance of agriculture (with hunting, forestry and fishery to 4.0% of GDP in 2005) and increasing share of new industries, which has raised the manufacturing share to 21.4% of GDP and the service sector share to 66.4% in 2005.⁷ The fastest growth was in manufacturing, construction, hotels and restaurants, and financial intermediation. The economic growth supporting growth of productivity has in recent years been in keeping with the wage growth (growths of value added per employee and real wage were 7.6% and 7.7% in 2005⁸, respectively). Estonia's competitiveness is ensured by the diminishing price advantage caused by the relative cheapness of labour, closed sector services and local material resources. The price advantage serves as an incentive to export for Estonian enterprises and makes Estonia attractive for foreign investors.

Fast economic growth in 2005 had a positive effect on the situation in Estonian **labour market**. Labour market indices improved primarily due to new jobs in trade and real estate sector. According to the Labour Force Survey conducted by the Statistical Office of Estonia, from the population aged 15-74 607.4 thousand were employed, 52.2 thousand unemployed and 389.0 thousand inactive in 2005. Compared with 2004, employment increased 2%, i.e. number of employees increased by 11.9 thousand and the unemployed decreased by 11.4 thousand. The employment rate (aged 15-64) increased from 63.0%⁹ to 64.0%¹⁰ and the unemployment rate (aged 15-74) fell in 2005 to the lowest level of the last 10 years – 7.9% (in 2004 9.7%). Despite the positive development, growth of employment is not sufficient to fulfil the requirement of EU general employment rate by 2010 (70% of the working-age population). One measure that would help to increase employment in addition to increasing employment of risk groups would be to use more extensively the flexicurity principle in employment relations, including flexible forms of employment (distance and part-time employment).

There are significant differences in the employment rate by sex, place of residence, ethnic nationality, age group and sector of economy in Estonia. The gender gap in employment rates has decreased from 5.9 in 2004 (10.3 in 1995) to 4.3 percentage points in 2005 (66.2% for men and 61.9% for women)¹¹. Employment in Estonia is characterised by higher employment rates for women and older people (55-64) compared with EU average. Both indicators are kind of influenced by the gradually rising retirement age, as a result of what women leave the labour market later. Women's employment rate in 2005 was 61.9% (59.8% in 2004), which exceeded the Lisbon objective set for 2010 (60%). In 2005 a considerable employment growth occurred also in the age group 55-64, which exceeded already in 2002 the Lisbon objective set for 2005 and amounted to 55.7% (for men 58.6% and for women 53.4%). The proportions of the primary (was 5.3% in 2005) and secondary sector continue to increase (34%) and the share of the third sector to decrease (60.7%) in total employment.

In 2005 the unemployment rate (7.9%) was for the first time lower than the EU-25 average (8.7%)¹² and unemployment had a structural character. Several regions and sectors even face a shortage of labour

⁷ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshop.asp>.

⁸ Bank of Estonia. 2006. <http://www.eestipank.info>.

⁹ Eurostat. 2006. <http://epp.eurostat.ec.eu.int/portal/>.

¹⁰ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshop.asp>.

¹¹ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshop.asp>.

¹² Eurostat. 2006. <http://epp.eurostat.ec.eu.int/portal/>.

force. Differently from most of the EU countries, men in Estonia are more likely than women to be unemployed. Compared with 2004, unemployment rates in 2005 decreased for both men and women and were 8.8% and 7.1%, respectively.¹³ Unemployment rates varied still to a large extent across counties, ranging from 4.5% in Tartu County to 16.9% in Jõgeva County. Unemployment has fallen in all counties (with the exception of Hiiu County). Employment has increased in Ida-Viru County where the unemployment rate has been constantly high, as well as in South-Estonian counties, but there unemployment has decreased mainly due to movement into inactivity.

The general reduction of unemployment was accompanied by a sharp decline in the unemployment rate of a labour market risk group – young people – in 2005 (from 21.7% in 2004 to 15.9% in 2005). 5.4% of those aged 15-24 were unemployed (7.4% in 2004). Compared with 2004, long-term unemployment diminished (duration of job-seeking period 12 months or longer) by 5.3 thousand and their number amounted to 27.9 thousand in 2005. However, the growing trend of long-term unemployment continued – the share of long-term unemployed in total number of unemployed increased from 45.4% in 2000 to 53.4% in 2005 (52.2% in 2004) and also the share of those who had been looking for employment for two or more years increased from 58% in 2000 to 65.2% in 2005 (64.8% in 2004). At the same time, the share of long-term unemployed in the labour force has fallen from 6.2% in 2000 to 4.2% in 2005 (5.0% in 2004). The unemployment rate of non-Estonians has fallen significantly (by 5.1 percentage points) compared to 2000, but it is still 2.4 times higher than for Estonians – 12.9% and 5.3%, respectively¹⁴. The main obstacles to finding employment are inability to speak Estonian language and place of residence mostly in a region with high unemployment rate (Ida-Virumaa). However, non-Estonians are more active job-seekers and less numerous among the discouraged¹⁵ than Estonians.¹⁶

The inter-ministerial working group for developing the strategic document 'Estonia's Success 2014' has referred to Estonia's **educational** system as one of the key areas in enhancing the country's competitiveness, and to the necessity to reorganise it in a way that would support the development of creativity and preserve the ability to study and retrain during the entire active working age.¹⁷ This document summarises national objectives to shape Estonia into a competitive knowledge-based society, and also to meet the challenges of the Lisbon Process. In recent years the Ministry of Education and Research has prepared several sectoral strategies such as development plan of the general education system, higher education strategy for the years 2005-2013, research and development strategy for the years 2006-2010, development plan of the vocational education system 2005-2008, lifelong learning strategy 2005-2008, youth policy and youth work strategy 2006-2013, development plan for implementing information and communication technology in general education 2006-2010. According to the Ministry of Education and Research, the situation in Estonia concerning the common targets and benchmarks set in the EU to be achieved in the sphere of education before 2010¹⁸ are as follows:

¹³ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshop.asp>.

¹⁴ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshop.asp>.

¹⁵ In 2005 there were 14.7 thousand discouraged workers who wish to work but have lost hope and ceased looking for a job in Estonia.

¹⁶ Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006 seirearuanne prioriteedi tasandil (01.01.2004-31.12.2005). Priority 1: The Human Resource Development (M. Orgla, M. Sassi, M. Värton, L. Sild, Ü. Marksoo, K.Suur). Seirearuanne nr. PR 1/2005/4.

¹⁷ Preparation of the 2006 Joint Council/Commission Report. 2005. Member State contribution: Estonia. Ministry of Education and Research.

¹⁸ The following common targets and benchmarks have been set in the EU to be achieved in the sphere of education before 2010: 1. the early drop-out rate from education (share of 18-24 years old with only basic or lower education and those not participating in training) not higher than 10%; 2. number of graduates (ISCED 5 and 6) in mathematics, natural and exact sciences should increase at least 15%, incl. better men/women ratio; 3. at least 85% of people aged 22 have at least secondary education (ISCED 3); 4. number of 15 years old pupils with low functional reading skills (PISA data)

- though the early drop-out rate has fallen (from 14.2% in 2000 to 14.0% in 2005), this process has been very slow and effective measures are required to reduce the drop-out rate,
- progress has been made in target II, though the starting point was not very good,
- by number of people with secondary education (80.9%) Estonia is at the end of the list of new member states (in Czech, Poland, Slovenia, Slovak this indicator is above 90%),
- no comparative data are available for target IV,
- a strong contribution should be made into measures to improve the situation of adult training, Estonia is the only country where the lifelong learning indicators have declined within 5 years (from 6.0% to 5.9%).

According to the SOE's Household Income and Expenditure Survey, average **household income** in 2005 increased 13.3% compared with 2004, in real terms much less (8.8%). Average nominal monthly disposable income per household member was € 219 in 2005. Incomes increased mainly on account of the fast growth of wages and salaries (real wage growth 7.7% in 2005¹⁹ and income from wage labour accounted for 67.9% of disposable income). Household incomes were also increased by a 21.4% growth in tax-exempt income compared with 2004 and lowering of the income tax rate to 23%. Also average pension increased rapidly during the year – from 8.5% in the first half to 18.3% in the second half year.²⁰

The growth of average income has involved also a decrease of disposable income distribution inequality. Proportions between the tenth and the first decile have been decreasing, from 10.1 times in 2004 (13.7 times in 2000) to 9.8 times in 2005. This trend is confirmed also by the income quintile ratio, which has fallen to 5.5 times in 2005. Despite the reduced inequality of income distribution it is in Estonia still much more uneven than the average of EU-25 countries where the ratio was 4.8 in 2004.²¹ The large inequality in income and expenditure distribution reveals deep differences in household living standards. However, a positive tendency is that disposable income per household member in the first income decile has in the period 2000-2005 increased faster than income of an average household member and also faster than that of the tenth income decile. Households in lower income deciles have on average more members than in higher income deciles, just due to the high share of households with children. And as child and family benefits have risen substantially in recent years, then income per average household member in the first income decile has also increased.

Inequality calculations of expenditure distribution on the basis of Gini coefficient also indicate that no changes have occurred in expenditure distribution – the Gini coefficient is 36% as before. The difference between the tenth and first expenditure decile in terms of expenditure per household member is as before more than tenfold. Hence, consumption possibilities of households differ to a large extent and lower income households have little possibilities to consume as much as they need after making all inevitable expenditure on food and dwelling.

drop at least 20% compared with 2000; 5. participation rate in lifelong learning should be at least 12.5% of total working-age population (% of 25-64 years old who have taken part in training during four weeks prior to questioning).

¹⁹ Bank of Estonia. 2006. <http://www.eestipank.info>.

²⁰ Bank of Estonia. 2006. <http://www.eestipank.info>.

²¹ Eurostat. 2006. <http://epp.eurostat.ec.eu.int/portal/>.

Though the **poverty** rate has fallen slightly, a qualitative survey has indicated that the poverty period for those living in poverty has been increasing constantly and the main reason for long-term poverty is structural unemployment, whereas long-term unemployment increases probability of poverty culture and social exclusion.²² The above study identified changes in the social exclusion mechanism and structure and in social work possibilities for increasing inclusion: the structure of poverty and exclusion has changed (problems faced by social workers' clients have turned more complicated and blended – only clients asking subsistence benefits have diminished and those facing unemployment, family and children related problems have increased), the nature of social work has changed (more multidimensional as before, largely impact of EU documents and treatments; share of counselling has risen) and also the situation of social workers has changed (work load has increased, increasing need for professional (advanced) training, career motivation but also risk of burning out has increased).

The **demographic situation** in Estonia is characterised continuously by decreasing and aging trend of the population. The annual average population of Estonia decreased by more than 220 thousand in 1990-2004 (by 14%) and by another 3.6 thousand in 2005, though the decrease rate has been much slower in recent years. The main reason for the population decline in the early 1990s was migration, which at the end of 90s was augmented by impact of the low birth rate, but in recent years it is caused by continuous ageing of the population because of the low birth rate²³.

While in 1990 people aged over 65 accounted for 11.6% of total population, then in 2004 already 16.3%, and among women even 20.3%. Working-age population (15-64) decreased in 1990-2004 11.7% and population aged 65 and more increased 20.8%. Old age dependency ratio has increased to 24.1% (17.6% in 1990). Demographic employment pressure index, indicating the ratio of young people (5-14 years of age) entering the labour market during the next decade to people falling out of employment due to age (55-64 years old)²⁴ has fallen from 1.27 in 1989 to 0.96 as of 1 January 2005.²⁵ Also the disproportion between working people and pensioners has increased; this ratio has fallen to 1.8. Such situation presents new challenges to social and health policies and organisation, as well as employment policy.

In 2002, the number of live births started to increase again and 13,992 children were born in 2004, which is still by half smaller than in the peak year of 1987.²⁶ Total fertility rate, which for 10 years was below 1.4, increased in 2004 sharply compared with 2003 (from 1.37 to 1.47), and is still below the level necessary for population reproduction. And also the share of children born from legal marriage is constantly falling, being 42.0% in 2004 (47.5 in 1998). Though it does not directly signify increase in the number of single parents, the related upbringing, educational and economic subsistence aspects need to be taken into consideration in making child and family policies.

Average estimated life expectancy at birth, which reached its lowest level in 1994 (60.5 for men and 72.7 for women), has been rising slowly thereafter and in 2004 reached 66.3 years for men and 77.8 years for women. The remarkable difference between the life expectancies of men and women has led to that most of the elderly population are women (66.9% of people over 65 and 79.2% of over 85 in 2004). This fact should be taken into account in the social protection system, as women have always

²² Trumm, A. 2005. Vaesuskultuuri kujunemisest ja selle vältimise võimalustest. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis'. Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

²³ Though the number of deaths is characterised by a decreasing trend (9.5% in 1990-2004), it still was by 26.4% bigger than that of births in 2004.

²⁴ If the index is bigger than one, more people will enter the labour market in the next decade than will potentially fall out of employment because of old age.

²⁵ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshow.asp>.

²⁶ Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshow.asp>.

earned approximately one-quarter less income and therefore their pensions are also smaller. This makes it difficult for single old women to cope.

1.2. Recent social policy and legislative developments, new challenges

1.2.1. Employment

One of the most important documents most thoroughly covering the social sphere is the **Development plan of the Ministry of Social Affairs for 2007-2010**²⁷. Its initial version presents five strategic objectives for social protection as follows:

- provide economic subsistence and good work for people;
- provide social subsistence and development for people;
- provide better development possibilities and protection of health for children;
- promote caring toward each other and gender equality;
- ensure long and high-quality life for people.

In order to achieve the strategic objectives, the development plan has set concrete activities and targets whereas the desired effect will be assessed and monitored on the basis of sectoral indicators the quantitative level of which now and the target level by 2010 is also fixed in the development plan.²⁸ The development plan also contains financial frameworks, both state budget and foreign aid, for the activities.

The above strategic aims are directly related to the multidimensional process of combat against poverty and social exclusion. As it is defined already in Estonia's NAPincl, work is the best protection against poverty and exclusion, the development plan of the Ministry of Social Affairs for 2007-2010 also deals with employment as an important precondition for subsistence. Considering the labour market situation in Estonia in connection with population ageing and labour force decreasing tendency, the Ministry of Social Affairs is focusing a lot of attention to active labour market policies, especially to integration of long-term unemployed and inactive people into labour market and in a longer term, to prevention of both unemployment and inactivity. An objective is to achieve by 2010 the EU target (70%) in terms of employment rate (those aged 15-64). This employment target is also expressed in the draft law on the strategy for using national structural means 2007-2013²⁹, where it is discussed as an indicator of factors that are a precondition of fast economic growth. The draft law has also set the objective to reduce regional differences in employment rates, which is expressed in the indicator – the lowest employment rate in the counties in 2015 should be not lower than 50% (45% in 2004).

Action Plan for Growth and Jobs 2005-2007 for Implementation of Lisbon Strategy³⁰ provides activities for reducing poverty. In connection with the structural character of unemployment, one of the main short-term objectives is *improvement of the quality of labour force* with five measures:

²⁷ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

²⁸ The indicators describing the activities and targets for the achievement of sectoral objectives in the initial development plan of the Ministry of Social Affairs (in the stage of elaboration, not approved yet) for 2007-2010 are characterised under the respective sphere.

²⁹ Riiklik struktuurivahendite kasutamise strateegia 2007-2013. 2006. Eelnõu (9.03.2006). EV Rahandusministeerium.

³⁰ Action Plan for Growth and Jobs 2005-2007 for Implementation of the Lisbon Strategy. 2005. Tallinn. http://www.riigikantselei.ee/failid/majanduskasvu_tegevuskava.pdf.

1. Improving flexibility and effectiveness of formal education with special emphasis on vocational education; prognosticated levels of 3 indicators selected for the evaluation of the activities in 2008 will be:
 - Share of primary school graduates acquiring vocational education - 38% (30% in 2004),
 - Number of secondary schools with vocational training availability - 30 (20 in 2004),
 - Number of graduates in the fields of natural and exact sciences and technology per 1000 residents aged 20-29 – 15% increase by 2010 (6.6 in 2002).

2. Improving quality of education; assessment of 6 activities on the basis of 7 indicators:
 - Share of young people (20-24) with third level ISCED education, with the projected level – 85% of 22-years-olds having secondary education in 2010 (83.3% in 2004),
 - Share of young people (30-34) with fifth and sixth level ISCED education – 28.6% in 2002 and projected level is stable,
 - School drop-outs: third level of primary school – 1% in 2014 (1.2% in 2002/2003),
 - School drop-outs: secondary education level/10th grade – diminishing trend/3% in 2014 (2.97/4.6% in 2002/2003),
 - School drop-outs: post-primary vocational education – less than 10% in 2014 (18% in 2002/2003),
 - School drop-outs: upper secondary vocational education - less than 10% in 2014 (21% in 2002/2003),
 - Cost of a student place in vocational and general education – average cost of an educational place in vocational education is 1.5 times bigger than in general education in 2008 (20200 in vocational and 20400 in general education in 2003).

3. Increasing the employment readiness of young people by improving the effectiveness of youth work; its three activities are assessed on the basis of three indicators:
 - Involvement of young people (7-26) in youth work – 60% projected level in 2008 (42% in 2005),
 - Participation of young people in youth institutions – 5 in 2008 (3% in 2005),
 - The number of youth work institutions – 500 in 2008 (about 420 in 2005),
 - Youth bodies in all counties and larger towns – 20 in 2008 (5 in 2005).

4. Developing a supplementary training and re-education system in line with the principles of lifelong learning; its four activities are assessed on the basis of the indicator 'Share of the adult population (aged 25-64) participating in lifelong learning' – projected level for 2008 (6.7% in 2004).

5. For development of vocational, career and learning counselling – 4 activities have been planned, for the assessment of which no quantitative indicators have been defined.

Another short-term priority is to *increase labour supply*, which consists mainly in improvement of active labour market measures based on the needs of different risk groups and increase in the flexibility of labour market services with the objective to bring labour market risk groups into employment:

1. Increasing employment through active labour market measures and supportive social services and benefits. Implementation of this measure is planned in many activities that are divided into 8 major groups, which are assessed on the basis of 3 indicators:
 - Number of long-term unemployed – 27,700 projected level in 2008 (33,200 in 2004),
 - Share of registered unemployed participating in active labour market measures – 35% in 2005-2007 (9.2% in 2004),
 - Share of participants of training courses moving to employment – 65 in 2008 (42.4 in 2004),
 - Employment rate of people with disabilities – 30% in 2008 (26% in 2002).

2. Improving the health of the population and providing better work environment; its two activities are assessed on the basis of 3 indicators:
 - Average life expectancy by gender – projected level in 2008 for men 67 and for women 78 years,
 - Lost working days due to work accidents – 137,000 in 2008 (145,000 in 2004),
 - Number of accidents at work resulting in death per 100,000 workers – 4.7 in 2008 (5.7 in 2004).

The third priority in increasing employment is *increase in the flexibility of the labour market and modernisation of the labour relations*, one measure of which – ‘Increasing the flexibility of the labour market and ensuring modern and balanced labour relations’ – covers two large groups of actions, which are assessed on the basis of the following indicators in 2008:

- Employment rate – 65.8% (63% in 2004),
- Employment rate of women – 63.3% (60% in 2004),
- Employment rate of older workers (55-64) – 54.8% (52.4 in 2004),
- Share of young unemployed in the respective age group (15-24) – 6.0% (7.5% in 2004),
- Long-term unemployment rate – 4 % (4.8 in 2004).

The above analysis of the labour market situation indicated that the current situation in the Estonian labour market is characterised by that there are many people who for different reasons are not active in the labour market, on the one hand, and employers in many sectors encounter shortage of labour force while expanding their activity, on the other hand. Legislative preconditions for bringing the unemployed (back) to the labour market and with this for increasing the overall labour supply were created with the **Labour Market Services and Benefits Act**, which entered into force on 1 January 2006 and replaces

the Employment Service Act and Social Protection of the Unemployed Act. The main objectives of the Labour Market Services and Benefits Act are:

- achievement of as high as possible employment rate of the working-age population and prevention of long-term unemployment and discouragement by means of rendering labour market services and payment of labour market benefits;
- to make supply of labour market services more client-friendly and make them available for people who really need them.

A pervading principle of the law is the requirement of active job-seeking and the law offers flexible and various opportunities for supporting job-seeking and raising of professional qualifications. At the same time, it presumes more intensive job-seeking activity by unemployed person himself, because this is most important for successful job-seeking. In order to promote active job-seeking, the law stipulates preparation of an individual action plan³¹ as a new method where they agree on what the person undertakes to find a job. A pervading principle of the Labour Market Services and Benefits Act is the case management³² approach to unemployment problems expressed just in individual action plans for all the unemployed.

The Labour Market Services and Benefits Act supplements the previous labour market services (career guidance, labour market training, job mediation etc.) with six new services such as work based training, basic working skills training and four new services for handicapped people; a total of 13 new labour market services are offered on the basis of this law:

1. Informing about labour market situation and labour market services and benefits,
2. Job mediation – finding a suitable work for the unemployed and job-seekers and a suitable worker for employer³³,
3. Labour market training – training courses for the unemployed where they obtain or develop occupational and other skills that will help to get employment (instead of previous 6 months available during 1 year),

³¹ Shall be prepared for all the unemployed upon their registration as unemployed. Individual action plans envisage activities for job-seeking and employment both by the unemployed person himself and by the regional department of the Labour Market Board. Individual action plans envisage intermediate targets, concrete activities and concrete goal, which help to carry the planned actions out and increase the efficiency of finding employment. Rendering of labour market services is based on both speciality of the unemployed person, his work experiences, right to choose job and labour market demand and possibilities.

³² Case management means that one consultant is dealing with the problems of one unemployed person from the beginning to end, inviting, if necessary, different partners (local governments, schools, probation officers etc) to solve the problem.

³³ Job is regarded as suitable if during the first 20 weeks after registration as unemployed:

- it is not inadvisable for health reasons,
- travel to work and back home does not take more than 2 hours per day or more than 10% of the monthly wages,
- it corresponds to the education, speciality and previous work experience,
- wages paid for this is at least 60% of the monthly average income subject to social tax. A suitable work is work starting from the 21st week from registration as unemployed:
- which is not inadvisable for health reasons,
- which may be temporary, travel to work and back home does not take more than 2 hours per day or more than 10% of the monthly wages,
- wages paid for full-time work are bigger than unemployment insurance benefits for the same period, but not less than the established minimum monthly wages,
- need not correspond to education. speciality or previous work experience of the unemployed person.

4. Career guidance – making suggestions to an unemployed person or one who has received a notice of terminating employment contract as to an appropriate education, occupation, training or job corresponding to his/her personal characteristics, education and skills,
5. Work based training – a labour market service for obtaining practical work experience to improve practical knowledge and skills for employment,
6. Community placement – temporary public work that does not presume any vocational, professional or occupational preparation,
7. Basic working skills training – a labour market service for restoring working habits or obtaining primary working habits with the purpose of preparing the unemployed person for employment,
8. Wage subsidies – a benefit paid to employer for employing an unemployed person³⁴,
9. Subsidies for starting a business – aid to unemployed person for starting in business,
10. Adaptation of work place – rebuilding employer's building, room, work place or equipment to be accessible to and usable by handicapped persons,
11. Provision of free usage of special aid for handicapped unemployed,
12. Assistance at job interview – a service for handicapped unemployed who need due to their disability assistance in communicating with employer in employment interview,
13. Working with the assistance of a support person – a service for handicapped unemployed who needs due to his disability assistance and supervision.

The Labour Market Services and Benefits Act provides for a possibility to apply for three different employment benefits:

1. Entitled to labour market benefit are people who during 12 months prior to registration as unemployed have been employed with work or other activity equalised with work for at least 180 days,
2. Grants are paid to the unemployed who participate in employment training, practical training or work exercises during 40 hours,
3. Travel and accommodation benefits are paid to the unemployed who participate in employment training or in practical training.

On the basis of the **Concept of Labour Market Measures** (approved in 2004), which envisages an individual approach and introduction of case management principles, there are 40 case managers working in Labour Market Board since 2005 who are specialised primarily in case management of disabled people and long-term unemployed. According to the Ministry of Social Affairs, 16.0 million kroons were spent in 2005 on creation of jobs, i.e. for preparation of the enforcement of the law. Direct

³⁴ Wage subsidies can be used to employ unemployed persons who have during 12 months prior to registration as unemployed been released from prison or who has been registered as unemployed for more than 12 consecutive months and have not found employment. A 16-24-years old unemployed person can be hired with wage subsidies if he has been registered as unemployed over six consecutive months and has not found employment.

expenses in 2006 for the implementation of the new case management based Labour Market Services and Benefits Act are as follows: operation costs 11.5 million kroons and expenses on employment services (work exercise, practical training, adjustment of work places, assistance in interviews, working with a support person) are 15.3 million kroons.

As a fresh example of amendments to legislation we can mention that on 30 March 2006 the Government approved and sent to the parliament amendments to the **Unemployment Insurance Act and to Employment Contract Act** with the main objectives to improve protection of people who have repeatedly experienced unemployment. For better protection of the unemployed the law stipulates prolongation of the insurance reference period required for entitlement to the benefit from 24 months to 36 months; when so far a person had to work 12 months during two years to get unemployment insurance benefit, then now he has to work 12 months during three years. According to the Ministry of Social Affairs, prolongation of the reference period increases the number of unemployment insurance beneficiaries nearly ten percent. While in the first eight months in 2005 the benefit was paid to nearly one percent of the insured persons (nearly 4700 people per month), then this amendment may increase the number of beneficiaries from 4700 to 5400 insured persons per month. Prolongation of the reference period and not clearing the insurance period any more enable also people who repeatedly experience unemployment better than so far collect insurance time, which should increase motivation of the unemployed to accept also short-term employment. The objective of the amendments is to reduce also bureaucracy involved in calculating unemployment insurance benefits. The amendments stipulate that the insurance period collected during the last three months of employment can be proved on the basis of employer's certificate; the rest of the insurance period shall be ascertained on the basis of the unemployment insurance database of the Tax and Customs Board. The amendments increase protection of employees in the event of employer's insolvency, because the law insures better than so far compensation of employees' unreceived payments in the even of employer's insolvency. Unemployment insurance law shall be harmonised with the European Union regulation 1408/71, according to which a person has the right to move on to seek job in other country of the European Community (i.e. in the European Union member states, in Iceland, Liechtenstein or Norway) and still receive unemployment benefit from home country. The amendments are expected to come into force on 1 January 2007.

On the basis of the survey '**Working Life Barometer**'³⁵ we can state about working hours, employment relations, working conditions and people's occupational satisfaction that people are most satisfied with working collective (86% of the respondents), working hours (82%). Less than average they are satisfied with information on their enterprise' activity and plans for the future, especially insufficient opportunities to have a say in the firm's development. All in all, a large majority are satisfied with work in general (83%).

Monitoring of the indicators has become for the Ministry of Social Affairs an inseparable part of the process of policy-making, as these indicators help to determine which spheres need political intervention, specify policy objectives and tasks and monitor success of implementation; the indicators provide background information, they can be used as a targeting and measurement instrument etc. In the labour policy context, in the interests of methodological development of the indicators, a survey of the labour sphere indicators was conducted by order of the Ministry of Social Affairs,³⁶ which analysed the use of more topical internationally accepted indicators in Estonia according to the strategic purposes

³⁵ Tööelu Baromeeter 2005. 2006. Elanikkonna uuringu aruanne. Sotsiaalministeerium, Saar Poll OÜ.

³⁶ Kallaste, E., Vörk, A., Leetmaa, R., Roosmaa, E.-L. 2005. Töövaldkonna indikaatorite arendamine. Tallinn. Poliitikauuringute Keskus PRAXIS.

and priorities and made proposals as for the indicators measuring different labour policy aspects and the methods suitable for their calculation and data sources.

1.2..2. Health

Analysis of the strengths, weaknesses, opportunities and threats of the Estonian health system, which was completed in co-operation between the World Health Organisation and the Estonian Ministry of Social Affairs, was conducted with the purpose of defining the spheres for planning structural funds' resources, the development of which would help the most to achieve objectives of the health system.³⁷ These were: health promotion and disease prevention, preparedness for epidemics, control of infectious diseases and management of other environmental health threats, availability and effectiveness of health care services, eHealth and health information systems.

The initial development plan version of the Ministry of Social Affairs for 2007-2010 has presented 5 measures for ensuring long and high-quality life for people and activities to implement them:

- promotion of healthy choices and way of life:
 - elaboration and implementation of health promotion targeted national strategies,
 - implementation of measures to lessen damage to health caused by tobacco, drugs dependence,
- inhibit the spread of infectious diseases:
 - implementation of the infectious disease prevention strategy,
 - organisation of an immunisation scheme,
 - increasing preparedness for epidemics and for biological terror,
- reducing the environmental health risks:
 - implementation of a chemical safety development plan (incl REACH),
 - implementation of health components of the environmental strategy,
 - evaluation and supervision of the impacts of environmental threats to health,
- development of a fair and effective health care system based on people's needs:
 - optimisation and modernisation of hospitals network with providing an optimal number of medical personnel,
 - development of primary level (incl occupational health, emergency care) health care services,
 - protection of the rights of patients and providing information and access to high-quality health services,
 - ensuring sustainability and financial protection of health care financing,
 - organisation of market surveillance of medicines, blood products and medical equipment,
 - increasing preparedness of the health care system for emergencies,
- raising the administrative capacity and creation of a social infrastructure for more effective rendering of services:
 - inclusion of interest groups and informing them,
 - provision and targeted financing of relevant resources, including modernisation of hospitals network and development of infrastructure for primary level (incl. nursing) health services,

³⁷ Rifat A. Atun, Ohov, E., Arro, T., Reinap, M., Rebane, K., Habicht, J. 2005. Estonian Health System. Analysis of the Strengths, Weaknesses, Opportunities and Threats. WHO, Ministry of Social Affairs of Estonia.

- ensuring optimal functioning of internal processes (elaboration of standards for services and introduction of quality systems), including establishment of data collection and monitoring systems,
- development of health information systems and modernisation of health statistics,
- raising the ability of county and local governments for fulfilment of health-related functions on regional level,
- providing a competent and motivated personnel.

The targets in solving the key issues of providing long and quality life by 2010 are expressed in the following indicators:

- average life expectancy - men 71 and women 79 years (66.25 and 77.78 in 2004),
- new cases of HIV-infection per 100,000 inhabitants – 20 (55 in 2004),
- people's opinion about the quality of and access to health care services – 63% (generally or very satisfied with quality - 59%, and generally or very satisfied with access – 52% in 2004).³⁸

A research by Faktum³⁹ that was conducted in 2005, indicated that Estonian people are satisfied with the quality of health care, but discontent is caused by long waiting lists, especially access to specialists. The standpoint of the Ministry of Social Affairs is that the development of health care system in Estonia should be based on orientation to patients and the state has to guarantee that people get treatment in time and their health does not worsen due to waiting for medical treatment; but the waiting lists are still long.

To improve accessibility to health care and ensure sustainability of the health care system, the Ministry of Social Affairs wants to raise the health insurance revenue base and reduce expenditure. In April 2006 it proposed to the government four methods:

- to raise the minim social tax rates⁴⁰,
- to cover current depreciation costs of hospitals from the state budget⁴¹,

³⁸ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

³⁹ Ministry of Social Affairs. 2006. <http://www.sm.ee>.

⁴⁰ The Ministry has proposed to raise the minimum rate on which the social tax is paid to 2750 kroons next year and equalise to minimum wages in 2008 (prognosticated to be nearly 3800 kroons), owing to what the proposal would bring to the Sick Fund budget additionally nearly 322 next year and in 2008 610 million kroons. In January 2006 the parliament, at the proposal of the Ministry of Social Affairs, the minim rate from 700 kroons to 1400. This brought into the Sock Fund this year nearly 120 million kroons. So the Ministry increased for the first time during the Sick Fund period its revenue base. By increasing the social tax obligation the state appreciates more than so far certain inactivity periods, for instance child-raising, and provides a more effective pension insurance protection. This year the state pays social tax on 1400 kroons for more than 70,000 people, including for those receiving child care benefit, parental benefit and unemployment benefits and for conscripts.

⁴¹ If the current depreciation costs of hospitals were covered from the state budget there would be free funds for covering medical services. According to the proposal, current capital expenses of hospitals (based on cost-based price model and are prognosticated to be 170 mill. in 2007, 180 mill. in 2008 and 190 mill. kroons in 2009) are included in the price of health services and are paid to hospitals by the Sick Fund on the basis of bills. According to the initial plans of the Ministry of Social Affairs, additionally nearly two billion kroons will be applied for from the European regional development fund (ERDF) and this will be used for building new premises for hospitals and for renovations and modernisation of the old ones, which helps to improve working conditions of medical personnel in all hospitals.

- to provide health care to people who are not insured⁴² and
- change the payment system of sickness benefits⁴³.

Need for extra money is caused by increased demand for health care, since the population is ageing and people's expectations of life quality are growing from year to year. Also prices of health care are rising. The growth is caused by introduction of new, and as a rule more expensive treatments: medical equipment, medicines, methods of treatment. Also medical personnel have their own expectations for wages and working conditions. In case more money is found it would be necessary to fix priorities where to direct the resources first of all. The Ministry of Social Affairs's viewpoint that it is most urgent to shorten waiting lists, primarily for out-patient specialists, is to the currently most topical problem in health care.

A commission comprising officials of the Ministry of Social Affairs, representatives of hospitals, Sick Fund, University of Tartu, county doctors and members of medical commissions started in April 2006 to prepare amendment of the hospitals' network development plan with the purpose of modernisation.⁴⁴ The hospitals' network development plan that was written 6 years ago does not satisfy the changed structure of morbidity, contemporary medical technology, medicines, knowledge of health organisation etc. The development plan needs to be revised primarily based on patients' needs, development of society and new possibilities. For the development of hospitals it is particularly important that the health care network were planned as a whole, based on which a high-quality and accessible to everyone health care will be planned. The revising process of hospitals' network should take into consideration the servicing or responsibility areas of the hospitals, which indicate actual movement of people and their preferences of seeing a doctor.

For a more co-ordinated planning and management of public health activities and structures, the Ministry of Social Affairs is preparing a public health policy development plan „Investment into health.⁴⁵ As a significant role in health promotion and prevention of diseases is played by local level (county governments, local municipalities), then a key role in these activities is played by development of performance in planning and implementing public health activities on regional level.

1.2..3 Gender

The Estonian society in general is characterised by relatively deep stratification and insufficient inter-generational care, social inequality expressed in the low status and communal inclusion of some social groups (disabled people, older people).⁴⁶ This is the cause for specific emphases and challenges in the fight against poverty and social exclusion in Estonia.⁴⁷ A serious societal problem of violence against

⁴² Health insurance of uninsured people (nearly 5% of the population) will be paid for long-term registered unemployed in the Labour Market Board's database in 2007, under condition that they participate in active labour market measures. For people who are not covered by health insurance in this way, the Sick Fund will conclude health insurance agreements with local government and this measure will be implemented in 2008.

⁴³ The Ministry of Social Affairs also proposes to change payment of incapacity for work benefits – for the second to fifth day of sickness the employer will pay sick benefit in the amount of 80% of the person's previous year's average daily income. Starting from the sixth day of sickness the sickness benefit will be paid by the Sick Fund. The proposal seeks to motivate employers to take more care of employees' health. This would bring an additional 335 million kroons next year and 368 million kroons in 2008 into the Sick Fund's budget.

⁴⁴ Sotsiaalministeerium. 2006. <http://www.sm.ee>.

⁴⁵ Lipand, A. 2006. Rahvastiku tervisepoliitika „Investeering haridusse”. Sotsiaalministeerium.

⁴⁶ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁴⁷ Estonia's National Action Plan for Social Inclusion 2004-2006. 2004. Ministry of Social Affairs.

women⁴⁸ that has been publicly acknowledged only in recent years is one of the main challenges in tackling poverty and social exclusion identified in Estonia's NAPincl. The establishment of a state victim support service⁴⁹ and providing victim support under the subordination of the Social Insurance Board has yielded good results within a short period of time⁵⁰. Large number of visits (approximately 1600 cases per year) indicates the depth of the problem in the society and also trust of the victims in the victim support system. Nearly 3.2 million kroons annually are envisaged for the finance of victim support services during 2007-2010.⁵¹

An obstacle to development of gender equality for a long time already has been underestimation of the gender dimension in Estonian society, i.e. unrecognition of the problem in Estonian context, insufficient knowledge of the relationships between inequality and social problems. Low birth rate and decrease of population, high level of inactivity, inflexibility of the labour market, prostitution, anti-feminism, close relationships and household violence, high premature mortality rate and suicide level of men⁵² etc are mostly gender-specific problems. There is still no system for collecting, systematising and distributing relevant information, which problem the Ministry of Social Affairs is planning to solve. This not seriously taken attitude towards gender dimension until recent years is confirmed, for instance, by protracted procedure of the gender equality law in the parliament until it was eventually, in April 2004, passed. And even Estonia's NAPincl does not cover the gender dimension thoroughly enough. More than a year after coming into force of the gender equality law, a gender equality representative was elected in a competition in October 2005 whose main tasks are to monitor abidance by the gender equality law requirements, apply measures for the promotion of gender equality, express opinions on the basis of individuals' applications about incidences of discrimination, analyse impacts of the laws on the status of women and men in society and advise and inform the national government, government institutions and local government units in issues concerning implementation of gender equality law.

Largely on account of legally binding documents brought along by EU accession, the gender equality objective has been integrated into policies and measures in recent years. The Ministry of Social Affairs in 2004 completed instructions for the assessment of impacts from the aspect of genders.⁵³ The instructions present a dual strategy for the attainment of gender equality, i.e. positive measures and deep extension of gender equality, and discusses in detail one method – assessment of impacts from the gender aspect. The instructions are meant for officials who in their everyday work come in touch with legislation, elaboration of programmes, action plans, projects and measures, helping them prognosticate impacts of their decisions on the woman-man relationships.

In order to study attitudes towards gender equality dominating in Estonian society, in 2005 a research was conducted by order of the Ministry of Social Affairs – Monitoring of Gender Equality⁵⁴, which confirms that gender equality is a social problem the awareness of which among Estonian people is

⁴⁸ Violence and the Health of Women. 2003. Estonian Open Society Institute; The Influence of Violence on the Health of Women. 2003. Results of the questionnaire to the medics. Estonian Open Society Institute. According to them, violence is experienced every year by 20% of women, 7.3% of the women are injured, including 1.3% seriously. The major risk group is young, 21-30 years old women.

⁴⁹ Victim Support Act entered into force on 1 February 2004, Chapter 2 dealing with victim support services entered into force on 1 January 2005.

⁵⁰ Viies, M. 2005. Report on Regional and Local Implementation of the Estonia's National Action Plan for Social Inclusion. Group of non-governmental experts in the fight against poverty and social exclusion.

⁵¹ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁵² Suicide statistics indicates a clear gender difference: in 2004 264 men and 59 women committed suicide; as a positive phenomenon it is characterised by a falling tendency (in 1996 439 men and 112 women).

⁵³ Mõjude hindamine sugupoolte aspektist. 2004. Juhendmaterjal. Sotsiaalministeerium.

⁵⁴ Derman, N., Hansson, L., Heinla, E., Helemäe, J., Laidmäe, V.-I., Taru, M., Vetik, R. ja Vöörmann, R. 2006. Soolise võrdõiguslikkuse monitooring 2005. Tallinn: Tallinna Ülikool, Rahvusvaheliste ja Sotsiaaluuringute Instituut.

quite insufficient. Attitudes toward gender equality were mapped by the Institute of International and Social Studies of Tallinn University, in co-operation with the market research firm Saar Poll. Nearly 1000 people across Estonia were engaged in the research. The researchers studied people's attitudes toward and opinions about family, work, education, politics and about combining work and family life. Opinions were asked also about purchasing sex. A similar research was conducted also in 2003, which enabled to compare changes during the last two years, as well as compare attitudes dominating in Estonia with those in Finland. The most important results of the research are that though women are slightly more oriented to equality between men and women, the principles that support men's dominating role and gender stratification of society are in general wide-spread. Particular generic roles and attitudes that support their reproduction are dominating, expressed in expectations of the boys and girls as for development of their skills, distribution of home work, decision-making in family and material dependence of women on men. Additionally, in working life attitudes are dominating that support wage differences and do not favour women rising to the leading positions. Also, it turned out that working under a female leader makes people's attitudes toward female leaders more tolerant. The dominating role of men is also wide-spread in politics, but here a trend can be perceived that occupying of certain political positions by women weakens the stereotypes.⁵⁵

The gender equality department of the Ministry of Social Affairs is engaged not only with women's problems but also those of other sex. While the position of women and the scope of their roles have broadened because of the gender equality work, the understanding of masculinity and men's roles has remained narrow and static. Estonia was for the first time visited by prominent speakers and activists, who have managed to bring the issue of masculinity to a wider audience internationally through the topics of power, responsibility and fatherhood. The Ministry of Social Affairs arranged in December 2005 a conference that aimed to take a closer look at masculinity in today's society.

From the aspect of ensuring gender equality, the initial development plan version of the Ministry of Social Affairs has defined as the priority areas implementing of the strategy for ensuring development of gender equality and coordinated activities for promotion of gender equality in all policy spheres (gender mainstreaming). To increase administrative capacity they plan to collect and disseminate information on gender equality, develop institutional capacity for the assessment of impacts on genders, raise the competence of state and local government officials for integration of gender equality into state and local government strategies and action plans. A rise in administrative capacity for implementation of gender equality as a horizontal policy use is directly connected with offering of respective informative support services and training. Financing for the development of this will be applied within ESF measures in the amount of 8 million kroons in 2007-2013. An objective in the development of gender equality is to reduce the gender wage gap from 24% in 2004 to 20% in 2010.⁵⁶

1.3 European Social Fund and European Regional Development Fund

The priority of '**The Human Resource Development**' of the Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006 (SPD)⁵⁷ is aimed at increasing and using Estonia's labour force potential in a more effective way. All four measures of this priority are directly or indirectly linked to the most important challenge in relation to tackling poverty and social inclusion – to increase labour market participation. As it is identified in Estonia's NAPincl - work is the best protection against poverty and social exclusion. The measure 1.3 '*Inclusive*

⁵⁵ Sooline ebavõrdsus: hoiakud ja olukord Eestis. 2006. Sotsiaalministeerium. Poliitikaanalüüs, No.1.

⁵⁶ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁵⁷ Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006. <http://www.fin.ee>.

Labour Market under priority of 'The Human Resource Development', which is aimed at more extensive and efficient prevention and alleviation of unemployment, relates most directly to reduction of poverty and social exclusion. Also three other measures under the priority of 'The Human Resource Development' indirectly support social inclusion. These are as follows:

- measure 1.1 'Educational System Supporting the Flexibility and Employability of the Labour Force and Providing Opportunities of Lifelong Learning for All' is aimed to develop human resources and increase its competitiveness on the labour market,
- measure 1.2 'Development of the Human Resources to Raise Economic Competitiveness of Companies' is aimed to promote skilled, trained and adaptable workforce,
- measure 1.4. 'Enhancing Administrative Capacity' is aimed to enhance administrative capacity of the central government, municipalities and associations of municipalities.

The priority of 'The Human Resource Development' is financed by the European Social Fund (ESF) in the amount of € 76,120,100, which is 74.5% of the total budget (including both public and private funding) of this priority for the period 2004-2006.⁵⁸ The obligations under the four measures have been taken for the implementation of 1069 projects and the budgets of these projects cover 65% of the total budget of the priority, whereas expenditure as of 31.12.2005 has been made in the amount of 11%. ESF has paid out € 7,117,213, which is 9% of the budget.

The interest of applicants in all measures has been great and as of 31.12.05 there were some successfully completed projects under different measures. However, an important problem in applying the priority on the level of all measures has been excessive complexity of the processes, time-consuming procedure of disbursement application and multitude of inspecting levels. Some success was gained in solving these problems by the end of 2005, owing to what the steps taken to simplify the process of disbursement have accelerated the application procedure, as both the quality of applications submitted by the applicants and the competency of the processors have improved.

From the opinion of the Ministry of Social Affairs about the financial programme we can mention that obligations have been well fulfilled so far – approved projects account for more than 3/5 of planned eligible expenses. However, the situation is more passive for disbursements (eligible expenses made so far account only for 11% of all planned eligible expenses). This can be explained by the fact that taking obligations has taken time but also new experiences have been received. The rules have grown clearer and the disbursement process has been simplified. Disbursements have since 2004 grown much faster and the disbursement of all eligible expenses by 2008 is still realistic. Realisation of obligations has been the fastest for the measure 1.2, because the share of completed project by the end of the accounting period is the highest for this measure.

Opinions expressed about attainment of output and efficiency indicators indicate that on the priority level it is too early to evaluate the achievement levels, as 609 projects have been completed, 99% of them belong to the measure 1.2. The others are mostly larger and long-term projects, which will mostly end in 2006-2007 or even in 2008.

In 2004-2006, it is possible to apply from the ESF for measure 1.1 *'Educational System Supporting the Flexibility and Employability of the Labour Force and Providing Opportunities of Lifelong Learning for All'*

⁵⁸ Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006, monitoring report on priority level (01.01.2004-31.12.2005). Priority 1: The Human Resource Development (M. Orgla, M. Sassi, M. Värton, L. Sild, Ü. Marksoo, K.Suur). Monitoring report PR 1/2005/4. Data and estimates about ESF are based on the above-mentioned monitoring report of the Ministry of Social Affairs.

a total of € 40,215,765 (75% of the total budget of the measure). During the implementation of this measure of 'The Human Resource Development' priority there have been 4 rounds of application, the deadline of the last of which was in December 2005 and its results are not covered in reports yet. According to the Ministry of Social Affairs, with three rounds of application under measure 1.1 obligations were taken from the ESF resources for a total of 101 projects in the amount of € 23,388,336. The budgets of approved projects cover 58% of the total budget of the measure and expenditures have been made for € 943,802 or 2% of the budget of the measure. Implementation of measure 1.1 has been satisfactory. Every round of application has increased the number of applications and the technical level and content of the applications has improved. It is quite realistic that indicators attain the achievement level. Applicants have had problems with interpretation of the horizontal indicators.

Measure 1.2 '*Development of the Human Resources to Raise Economic Competitiveness of Companies*' is financed from the ESF in the amount of € 7,612,261. Obligations have been taken under this measure for 880 projects in the amount of 31% of the budget of the measure and disbursements have been made in the amount of 12% (over 600 projects have been completed).

Measure 1.3 '*Inclusive Labour Market*' is financed from the ESF in the amount of € 26,430,918. 2 rounds of application have been held; obligations have been taken for 68 projects, which cover 90% of the budget of the measure and disbursements have been made in the amount of 26% of the budget. Though implementation of the measure was due to changes in the administration and inspection complicated, a positive phenomenon is that projects have actively dealt and been successful in bringing (back) target group to the labour market and also piloted services provided under the new labour market services and benefits law that came into force in 2006. Especially important is the elaboration of a set of services targeted at handicapped people. Projects under measure 1.3 help most to increase employment and gender equality from among horizontal indicators. Regionally involved in the projects are all counties and the largest resources have been invested in Ida-Viru County, where unemployment indicators are the highest in Estonia.

Measure 1.4 '*Enhancing Administrative Capacity*' is financed in the amount of € 1,861,156 from the ESF. Under the measure, obligations have been taken for 20 projects, which cover 24% of the budget and disbursements have been made in the extent of 8% of the budget.

On the basis of the monitoring report of the priority 'The Human Resource Development' by the Ministry of Social Affairs, the following most important positive aspects and problems of the programming level can be mentioned:

- the major problem on the programming level is organisation of self-financing or lack of state-level co-financing. Applicants themselves have had to find public sector co-financing for the projects that limits application primarily by NGOs, smaller schools and institutions and jeopardises also implementation of the projects. Therefore, most of the projects have been made by large public sector organisations, as it is easier for them to raise public sector financing in Estonia,
- sophistication of the eligibility rules (especially eligible of VAT) complicates both planning of new projects and implementation of support projects (a new regulation of the minister of finance on general conditions of eligible expenses and order of disbursements was under elaboration in the reporting period, which has entered into force by today),
- fulfilment of the objectives defined at the beginning of a programming period and achievement of the indicators during the programming period are considered mostly realistic; however,

there are some indicators that, considering realistic cost-effectiveness, set too optimistic target rates or it is not possible to fulfil them considering the changed socio-economic situation;

- different target groups and fields of activity are covered with projects quite unevenly (for example, for some measure indicators target rates will be overfulfilled, expressing distress for shortage of projects about youth work),
- it is necessary to work out in greater detail measure indicators, to define more precisely at what moments of time should the achievement levels be measured and to determine the base level and the sufficiently analysed target rates (for example, SPD has defined number of unemployed as an indicator of measure 1.3 while activities are being carried out within the projects where labour market employees are participating or system development projects are conducted with people not directly participating in training);
- It is important to take thoroughly into consideration the legal aspects of Estonian legislation so as to ensure harmony between different documents in programming.

Publicising and reporting of the priority 'The Human Resource Development' of the SPD has been conducted by the ESF unit of labour market department and the public relations department of the Ministry of Social Affairs in co-operation with all intermediate bodies and units of ESF measures. Reporting by the Ministry of Social Affairs is aimed at raising the wide public awareness about the European Social Fund as a whole, including in the Ministry of Social Affairs; an information day 'National budget strategy and future of the European Social Fund' was organised for informing social partners and for getting proposals from them.⁵⁹

In October 2005, an auditing unit of the European Commission Directorate General for Employment, Social Affairs and Equal Opportunities conducted in Estonia an ESF audit with the purpose to inspect the use of EU funds and legitimacy of schemes.⁶⁰ An overall assessment of the management and auditing systems of EU structural funds in Estonia was positive. Two main suggestions made by the auditing report were to simplify disbursements and the need to change the register of structural aid more user-friendly.

The priority '**Infrastructure and local development**' of the SPD consists of six measures that are financed in the period 2004–2006 in the amount of up to 138,150,693 euros from the European Regional Development Fund (ERDF) (EU participation).⁶¹ All priority measures are open to implementation. As of 28.02.06, 393 projects have qualified for this priority and 26 applications have been accepted. Indirectly it is the measure 4.4 '*Reorganisation of the Hospitals Network*' of this priority supporting the social inclusion process. For measure 4.4 3 applications have qualified and 3 have been accepted. Disbursements have been made in the amount of 3.1% of the eligible expenses for the period (for the priority 33%). The main problem is insufficient experience of those receiving aid in planning and

⁵⁹ Information on successful projects and application conditions was provided mainly in the writing press. During three months, from September to November 2005, information days on the European Union Social Fund were held in all counties. Additionally 2 press announcements were made, advertising was ordered both in national, local newspapers and in the radio; free-of-charge cultural news section of Estonian Television transmitted during 3 months an ESF commercial with a notice of the information days; 3 short commercials about ESF were transmitted over the radio; throughout Estonia, on information days, in addition to project application possibilities also in respective regions successful projects were presented. All in all, 611 interested people attended 15 information days and on the basis of feedback pages the events were estimated to be useful and presentations to be competent. A pilot study of the ESF awareness and image was conducted, which prepared for a national ESF awareness study in 2006.

⁶⁰ Ministry of Social Affairs. 2006. <http://www.sm.ee/est/pages/news0684>.

⁶¹ Ministry of Finance. 2006. <http://www.struktuurifondid.ee/?id=2879>.

implementing the projects, as a result of what they are too optimistic in planning time schedules (including payments). There are still problems with the quality of documents (applications, payment applications, reports). In order to solve the problems, implementing bodies have conducted various training courses and informing campaigns.

1.4 Developments in the role of main stakeholders

Essential developments have occurred in the role of main stakeholders in recent years. The Policy Research Centre Praxis conducted in 2004, with support from the Open Estonia Foundation, a research 'Inclusion in decision-making process'⁶² where they compared inclusion of main stakeholders in Estonia with other countries and analysed opinions of ministerial officials, parliament members and main stakeholders about inclusion into decision-making process, mapped and analysed inclusion procedures, made proposals for harmonising and simplifying inclusion procedures on the government and parliament level, for making them more efficient and for expressing common principles of inclusion. With the purpose of making inclusion more effective, the Policy Research Centre Praxis continued work on analysing different forms of inclusion, the result of what on different forms of consultation and participation are expressed in the survey 'Forms of inclusion – overview and inclusion possibilities'⁶³. In spring-summer 2005, the Policy Research Centre Praxis studied the inclusion process of workers with different forms of workers' representations, because in Estonia employees may be represented either by a trade union representative, a trustee elected by employees who are not members of trade unions, or both together, and the research results were published in the book 'Inclusion of workers in Estonia: a case study based analysis'⁶⁴. The research identified that in general managers attach importance to inclusion of employees. Of importance is informing in advance, but informing about strategic issues is not considered important and information is provided afterwards.

Good practice of inclusion that was elaborated by the government and its partners⁶⁵ was presented in November 2005 by the prime minister Andrus Ansip at the civil society conference 'Small country, big society' where he expressed hope that inclusion will be a matter-of-course part of public sector work, because in legislation it is important that different stakeholders were converged and they could express their opinions, whereas important is a balanced and equal treatment. Good practice of inclusion is a set of principles⁶⁶ on which is based cooperation between NGOs, interest groups, the public and public sector. Good practice of inclusion is meant to be advisory both to the public sector and NGOs. NGOs also need to include their members. Agreements are always fulfilled bilaterally and this tradition is therefore a starting point for both parties involved. The State Chancellery has undertaken to coordinate implementation of good practice of inclusion and presented this in 2005 at Network of Estonian Non-profit Organizations (EMSL) and Estonian NGO Roundtable (EMÜ) seminars, also on a civil servants forum; in 2006 it will present it among Estonian officials on different levels – on central government and local governments' level. Good practice of inclusion is applied by administrative institutions, NGOs and representative organisations at least in the following documents:

⁶² Lepa, R., Illing, E., Kasemets, A., Lepp, Ü., Kallaste E. 2004. Kaasamine otsustetegemise protsessi. Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

⁶³ Illing, E., Lepa, R. 2005. Kaasamisvormid – ülevaade ja kasutusvõimalused. Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

⁶⁴ Kallaste, E., Jaakson, K. 2005. Töötajate kaasamine Eestis: juhtumiuuringutel põhinev analüüs. Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

⁶⁵ Kaasamise hea tava. 2006. <http://www.valitsus.ee/?id=4997#selgus>.

⁶⁶ Good practice of inclusion is a document of partnership and co-operation which contains 8 advisory principles: transparency of the objective of inclusion, included stakeholders, inclusion in an early stage, detailed plan for inclusion, fluent communication, intermediate report on the process of inclusion, informing about results, evaluation of inclusion and results.

- draft laws and their amendments;
- draft regulations and orders of central government;
- draft ministerial orders;
- important documents, concepts, policies, development plans, programmes for national development;
- draft laws and other strategic documents of the European Union institutions (e.g. green and white books);
- instructions and procedures for rendering public services;
- conventions and international agreements and important for society documents elaborated within the framework of these agreements.

According to a research by the Institute of Humanities at Tallinn University,⁶⁷ nine out of ten Estonian officials believe that consultation of all main stakeholders in policy-making would help to reach the best solution.⁶⁸ Hence, at least on the level of acknowledged attitudes the officials seem to be willing to include main stakeholders; only 8% of the answers were “rather” or “quite agree” with the statement that inclusion of many stakeholders into the decision-making process creates confusion and worsens the quality of decisions. Notwithstanding, 56% of the respondents had no experience in working in cooperation with NGOs and only for 16% it was customary and continuous. Workers of county governments and of local governments had experienced continuous cooperation more than others – 31% and 24% respectively.

The impacts of implementing the above principles can be felt in everyday practice, as included in the preparation of all important documents are representatives of local governments, social partners and of the third sector. For example, the strategy for using national structural funds in 2007-2013 was prepared in cooperation of 125 different partners across ministries. The working group for the Action Plan for Growth and Jobs 2005-2007 for Implementation of the Lisbon Strategy was also comprised of representatives of all main stakeholders. In the preparation of new NAPincl, the Ministry of Social Affairs has paid much more attention than previously to inclusion of partners and has also received useful and concrete proposals from NGO representatives.

A problem of state partners still is that the partners lack ability to take part in the preparation process of documents, because they are not sufficiently competent and lack relevant knowledge. When previously a problem was that documents were sent to partners to be examined and approved with a very short deadline, then today the partners feel that they are often forced to participate in the inclusion process formally, as they are not able to put in a word about their content. State representatives can participate in programmes for raising the administrative capacity and competence, in projects and training, for example with foreign aid support. Partners have difficulties with conforming to so-called qualifying-for-aid criterion; for instance, it is often impossible to fulfil the cost-sharing criterion. Partners' representatives are often small organisations which act in the interest of their members and have no relevant financial resources, often even no officials to educate. In connection with appreciation of the need to include all interest groups in decision-making by the state it would be necessary, in the interest of its effectiveness, to make training courses available also to partners in the context of structural funds.

⁶⁷ <http://www.riigikantselai.ee/avalikteenistus>

⁶⁸ The questionnaire ordered by the State Chancellery was answered by 960 officials during four weeks from December 2005 till January 2006.

There has arisen a disagreement between the state and social partners in connection with the draft law on trustees prepared by the Ministry of Social Affairs. Already in January 2006, the Confederation of Estonian Trade Unions (EAKL) informed that the trustee law is so important for all society that it must be definitely discussed in tripartite negotiations with the participation of representatives of trade unions, employers and the government.⁶⁹ EAKL had presented its viewpoints on the draft law already in November 2005. In February 2006 the board of the EAKL found that the draft version of the workers' trustee law is directly in conflict with the objective of the EU informing-consulting framework directive and EU principles. EAKL did not approve of the officially presented draft law and decided to inform the European Commission about the shortcomings and problems in the draft law prepared by the Ministry of Social Affairs and to turn to the ILO experts.⁷⁰ The European Trade Union Confederation (ETUC) sent on 18 March 2006 an expert opinion on the trustee draft law, saying that it is not in harmony with EU framework directive on informing and consulting.⁷¹ EAKL has turned with an application in this issue to both the State Chancellor, to Government of the Republic and to the parliament. On 27 March 2006, EAKL and Estonian Employees' Unions' Confederation (TALO) sent to the minister of social affairs proposals to amend the trustee draft law.

The minister of social affairs is of the opinion⁷² that EAKL has no wish for constructive co-operation. The workers' trustee law does not discuss and does not try to discuss employers' relations with trade unions, this is discussed in the trade union law. The draft law speaks about employees' representative who according to employees' will may be also member of trade union. Neither the currently effective nor future draft law does grant the trade union trustee the exclusive right to represent employees, this can arise by taking into consideration the will of all employees. The minister of social affairs pointed out two main mistakes on principle in the current employees' trustee law:

- though the law enables to elect two kinds of trustees, neither of them can be considered representative of employees, because both represent only some of the employees; Estonia is the only one among 29 countries in the European economic zone that has no representative representing employees in general issues,
- Estonia is obliged to fulfil provisions of the ILO convention No 135, which has not been done so far.

At the example of the majority of EU countries, the draft law envisages transition to a dual (two channels) representation of employees, meaning two kinds of representatives and division of representation burden between two channels. Hence, besides trade unions there will be a channel for representing all employees. Through this a trade union member may represent all employees if the general meeting of employees elects him. It is especially important in the situation where only 24% of the employers have trade unions and only 10% of the employees are members of trade union. In order to avoid misunderstanding, the minister emphasised that the Ministry of Social Affairs thinks it an essential advantage to good representation of all employees when a trade union member represents them compared to the representative who is not member of trade union. At the same time, only employees themselves can tell whom they want to represent their interests and rights.

In a meeting of employers, trade unions and the Ministry of Social Affairs on 20 April 2006, the Ministry of Social Affairs presented a compromise version of the trustee law.⁷³ As trade unions have repeatedly

⁶⁹ Ebaõnnestunud usaldusisiku seadus destabiliseeriks kogu ühiskonda. 2006. <http://www.eakl.ee>.

⁷⁰ EAKL jätkab võitlust töötajavaenuliku eelnõu vastu. 2006. <http://www.eakl.ee>.

⁷¹ ETUCi ekspertarvamus töötajate usaldusisiku seaduse eelnõu kohta. <http://www.eakl.ee>.

⁷² Töötajate usaldusisiku seaduse eelnõu kaitseb kõigi töötajate huve. <http://www.sm.ee/est/pages/index.html>.

⁷³ Sotsiaalministeerium pakkus ametiühingutele taas kompromissettepanekut. <http://www.sm.ee/est/pages/index.html>.

made proposals to prolong time for representation of employees in large enterprises and considering that employers have not since the last tripartite meeting expressed their opinion about the trade union proposal, the Ministry of Social Affairs increased the period of representation of more than 500 people, the trustee can represent employees throughout a working week. The Ministry of Social Affairs continues to stress that the draft law concerns trustees who, if employees want to, may be a trade union member and the draft law does not grant the trade union trustee exclusive right to represent all employees, because it can arise only at the will of all employees. Considering the trade union propositions, the Ministry of Social Affairs specified and amended in the trustee draft law also the trade unions' right to information and consultation. Also the term of office of the trustee was prolonged from one to three years.

However, according to EAKL, no actual progress has been made in the trustee draft law. EAKL says that it is inappropriate to speak of a compromise when only one out of ten trade union proposals has been taken into consideration, which only preserves the present rights of trustees. So the discussion will continue and obviously also pickets organised by EAKL.

2. Active inclusion and minimum resources

2.1. Active inclusion

Like many countries in Europe, also Estonia has adopted the trend to reform social protection schemes and state intervention policies, moving away from supporting subsistence to supporting development.⁷⁴ As above emphasised, unemployment in Estonia is structural and a large risk group are people whose qualifications do not match labour market needs. Bringing the risk groups into employment helps to reduce the pressure from payment of social benefits on the state budget, at the same time involving social cohesion (see also subchapter 1.2.1). But according to the Labour Market Board, the number of participants in active labour market measures, compared with the number of the unemployed, has been relatively small; the unemployed are offered mostly training and vocational guidance – in 2004 respectively to 8% and 9% of the unemployed. Though the share of expenditure on active measures in total expenditure on social protection of the unemployed increased from 23% in 2000 to 59.4% in 2004, their level is still low (see Annex 2), total expenditure on social protection of the unemployed accounted for only 0.11% of GDP in 2004. A reason for that is the overall underfinancing of labour market policies⁷⁵, including financing of active labour market measures.

To ensure economic and social subsistence, the draft strategy for using state structural resources for 2007-2013⁷⁶ has envisaged primarily developing of services that support entrance to and working in the labour market of disabled people, appliers for long-term social assistance and improving child care to enable parents of children go to work. In order to reduce the nursing burden of the working-age population, more emphasis will be laid, in addition to welfare services aimed at children, families and disabled persons, also to improvement of the availability of nursing services to older people. There are plans to develop local government services and organise integrated care and nursing. In the social sphere in general, a direction is taken toward integrated assistance case management principles in the supply of services and to increasing relevant administrative capacity.

⁷⁴ Riiklik struktuurivahendite kasutamise strateegia 2007-2013. 2006. Eelnõu. EV Rahandusministeerium, p.14.

⁷⁵ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁷⁶ Riiklik struktuurivahendite kasutamise strateegia 2007-2013. 2006. Eelnõu (9.03.2006). EV Rahandusministeerium.

By order of the Ministry of Social Affairs an analysis was conducted to find out the impact of social benefits and taxes on labour supply incentives in Estonia.⁷⁷ The analysis indicated that in the Estonian system of taxation and social benefits there are cases where growth of small work contribution or working part time do not increase person's final income but altogether reduce it, for example unemployment benefit, unemployment insurance benefit, early-retirement pension, subsistence benefit or also parental benefit. In these cases, for people to move from inactivity or unemployment to employment they have to work sufficiently long working hours or for high wages to give up social benefits. It is necessary to increase flexibility of combining social benefits and wages in the labour market. This has been kind of achieved in the case of parental benefit, but there are also some incentive traps. On the basis of international comparisons it can be said that due to low unemployment benefits the incentive trap to move from unemployment to employment is low in Estonia. Analysis of the impacts of policy changes on working incentives and receiving of subsistence benefits indicated that replacement of deductible housing expenses in the extent of the standard allotted living space with average expenses would not change anything. However, raising of the subsistence level would increase the potential number of subsistence benefit receivers more than 2 times. Gradual reduction of subsistence benefits with growing wages has a potentially positive impact on incentives to work.

The initial development plan version of the Ministry of Social Affairs for 2007-2010 stipulates as one measure for achieving the objective of economic subsistence and good work providing adequate income to people covered with social insurance schemes. For that the national social insurance measures (pensions, family allowances, disability benefits) must be kept conforming to international requirements and the social insurance system must be sustainable. The development plan says that considering the demographic situation in Estonia, much attention should be constantly focused on improvement of economic welfare of households with children and old people, social integration of disabled people and for inclusion for participation in the labour market. A lot of attention is paid also to increasing the administrative capacity of the social sphere and to creating an infrastructure for effective provision of services.

Ageing of the population and social inequality that are characteristic of Estonia set welfare as a system the task to ensure social subsistence and development, and on the other hand, by developing human resources, create better possibilities for economic growth. A social insurance system has been developed through which monetary benefits and aid are paid out, but the system of social services needs further development and elaboration to provide subsistence to all people who need support. Notwithstanding that state expenses on social protection have increased over years, the share of expenditure on active social protection measures (social services) from GDP has been decreasing constantly.⁷⁸

Calculations of Estonia's social protection expenditure are based on the European system of integrated social protection statistics (ESSPROS) and these cover expenditure on which regular and detailed state level or sectoral information is available.⁷⁹ As reports on local government budget implementation do not enable an adequate assessment of total amount of social and health services and benefits financed from their budget (only the main social welfare services such as care in social welfare institutions, home services, housing services are covered), then the actual social protection expenses and their share of GDP are somewhat higher than provided in Table 1.

⁷⁷ Vörk, A., Paulus, A. 2006. Eesti sotsiaaltoetuste ja maksude mõju inimeste tööjõupakkumise stiimulitele. Tallinn: Sotsiaaluuringute Keskus PRAXIS.

⁷⁸ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁷⁹ Social Sector in Figures. 2005. Tallinn: Ministry of Social Affairs. <http://www.sm.ee/eng/pages/index.html>.

Table 1. Structure of social protection expenditure and share of GDP in 2000-2003, %

	Structure of social protection expenditure		Share of GDP	
	2000	2003	2000	2003
Total	100.0	100.0	14.4	13.4
Sickness, health care	32.1	31.8	4.5	4.2
Disability, incapacity for work	6.6	9.3	0.9	1.2
Old age	43.4	44.0	6.1	5.8
Survivors	2.0	0.8	0.3	0.1
Family and children	11.9	10.0	1.7	1.3
Unemployment	1.3	1.8	0.2	0.2
Housing	0.7	0.6	0.1	0.1
Social exclusion	2.0	1.6	0.3	0.2
Administration expenses			0.2	0.2

Social Sector in Figures. 2005. Tallinn: Ministry of Social Affairs. <http://www.sm.ee/eng/pages/index.html>.

2.2. Minimum sources

2.2.1. Family and children

In the fight against poverty and exclusion increasingly more attention has been focused on children's poverty, because for example insufficient food variety, bad living conditions, bigger health risks etc may inhibit development of children's abilities. Due to households' difficulties in coping, exclusion, insufficient parental knowledge and skills or other factors, every year approximately 1250 new children who have remained without parental care attract interest of Estonian child protection officials.⁸⁰ Therefore, it is important to create a safe and health-protecting development environment for children, also because foundation for attitudes and behaviour is laid in one's childhood and will influence health in one's adulthood. To provide better development possibilities and protection of health for children, the initial development plan version of the Ministry of Social Affairs for 2007-2010 has set the following objectives for 2010:

- difference of children's poverty rate (aged 0-15) from overall poverty rate - 7% percentage points (8.3 in 2004),
- share of weekly or more frequently smoking children among 13-years old – boys 10.2% (12.8% in 2001/2002), girls 6.4% (8.0% in 2001/2002).

Kinds, scope, conditions and order of receiving state family benefits are provided in national family benefit laws,⁸¹ the aim of which is to provide partial covering of care and education related expenses to families with children. Family benefits are paid to permanent residents of Estonia and foreign citizens living in Estonia who have a temporary residence permit or who stay in Estonia pursuant to the Aliens Act provisions. Monthly family benefits are child allowance, child care allowance, single parent's child allowance, conscript's child allowance, foster care allowance and allowance to a parent of seven or more children. Single family benefits are childbirth allowance, adoption allowance and start in

⁸⁰ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁸¹ State Family Benefits Act; Parental Benefit Act; Study Allowances and Study Loans Act.

independent life allowance. Quarterly family benefits are allowances to families raising three or more children or triplets. Yearly family benefit is school allowance. Family benefits are financed from the state budget and child allowances are calculated on the basis of the child allowance rate, child care allowances and allowances to parents of seven or more children on the basis of the child care allowance rate. These rates are established for each budget year and a new rate may not be lower than the current rate (see Annex 2).

Monthly child allowance has been since 2004 300 kroons for all children in a family, i.e. compared with earlier, all children in a family were made equal. Quarterly allowances to families with many children have been increased essentially since 2005, and are paid in a differentiated way in accordance with number of children in a family (see Annex 2). The Ministry of Social Affairs made in April 2006 a proposal to raise the child allowance starting from the third child three times, to 900 kroons, and terminate quarterly benefits, which have made the system of benefits quite complicated. Raising of the child allowances starting from the third child would make the system of family benefits much clearer for parents and this proposal is supported by representatives of all organisations protecting children's interests (Union for Child Welfare, ELE-movement, Union of Large Families). According to the Ministry of Social Affairs, implementation of this proposal asks from the state budget approximately 80 million kroons.

This change would influence the amount of subsistence benefit to particular families, as today in addition to subsistence benefit there is also a quarterly benefit which is not, unlike child allowances, regarded as family income and is not subject to taxation. Therefore, income of a few percent of the families who receive subsistence benefit may decrease. However, the scheme promotes return to work, as family benefits are paid also at the time of working. Payment of subsistence benefits would also be clearer, as the situation where some benefits are paid in addition to subsistence benefit but not others, would disappear. The situation of both families receiving general and those receiving subsistence benefit is improved by other, already implemented or soon to be implemented additional measures, for example, compensation for school lunch (for example, until grade 4 (including) school lunches are free of charge), aid for taking part in hobby groups. Hence, at the relatively low child allowance level, additional state and local government provided benefits help to compensate for child rearing expenses to families.

The purpose of the parental benefit (came into force on 1.01.2004) is to compensate to a parent income unreceived due to raising a child in its first year of life. In general, until the child is six months old entitled to the benefit is mother and thereafter also fathers can use the benefit. On the basis of the amendment to the Parental Benefit Act passed in the Riigikogu in summer 2005, the period during which these benefits can be received is extended from 365 to 455 days since 1.01.2006. In case a person has no income on which he must pay social tax (e.g. non-working students), the parental benefit rate is used (2200 kroons in 2005). If a person's average monthly income was equal or smaller to minimum wages, then the benefit is equal to the minimum monthly wage. Maximum benefit is three average monthly wages earned during the last calendar year on which social tax has been paid (17472 kroons in 2005⁸²).

A research was conducted in 2006 by order of the Ministry of Social Affairs about possible impacts of parental benefit on births and labour market behaviour⁸³. The research identified that the rising trend of birth rate began already in 1999. Analysis of women's wages indicated that women who gave birth in

⁸² Võrk, A., Karu, M. 2006. Eesti vanemahüvitise mõju sündimus- ja tööturukäitumisele: hindamise võimalused ja esimeste kogemuste analüüs. Tallinn: Poliitikauuringute Keskus PRAXIS.

⁸³ Võrk, A., Karu, M. 2006. Eesti vanemahüvitise mõju sündimus- ja tööturukäitumisele: hindamise võimalused ja esimeste kogemuste analüüs. Tallinn: Poliitikauuringute Keskus PRAXIS.

2002 earned higher wages that were subject to social tax than women who did not have a baby, and relatively more active and higher income earning women have started to bear children. The research also indicated that women who gave birth to their second or third child in 2004 or first half of 2005 earned relatively higher income than women who had a child a few years ago, which may be an effect of parental benefit. Though the research could not identify definite impacts of parental benefits on fertility it was still an important discovery that the parental benefit has not involved any negative tendencies as some opinions had been expressed previously that some families may start having children to get benefit who are incapable of raising children themselves. The research revealed that the birth rate increases just among women with higher education. Public discussions have been about that the state has forgotten children aged one to two years old for whom there is no system of day care. Despite the fast economic growth, problems of crèche and day care places have not yet been solved.⁸⁴

Actually the government has sort of started to solve this problem. The Ministry of Social Affairs prepared in April 2006 the drafts amending the Social Welfare Act, the VAT Act, Public Health Act and the State Fees Act, which provide for regulation of two new social services in the social welfare law: substitute home and home childcare services. It is actually fulfilment of the promise given in section 3 of the population and family policy chapter of the coalition agreement concluded between the Estonian Reform Party, Estonian Centre Party and the Estonian People's Union in April 2005 (the government coalition prolongs the period of parental benefits by 3 months. The government coalition is considering introduction of additional measures to alleviate child care problems after the period of parental benefit is over).

The substitute home service is actually the former so-called children's home service, which has been so far regulated mainly with regulations.⁸⁵ The draft law has specified the requirements and most of them have been established with laws. For home childcare as a social service, this amendment establishes requirements for providers of childcare services, baby sitters and for the provision of childcare services.⁸⁶ The amendments draft law establishes regulation of activity licences and supervision with the purpose of ensuring consistent development of the services to satisfy the needs of clients and the target regions and to ensure with this satisfaction of consumers of the service and safeguarding of their fundamental rights, and the most optimal use of human and financial resources in rendering substitute home and home childcare services. The third major amendment is the specification of local governments' obligations in rendering assistance to individuals, identifying more clearly the evaluation of personal needs and assistance based on the case management principle. The Ministry of Social Affairs is planning to elaborate the single text of the Social Welfare Act by the end of 2006 and to bring the new law into force in 2008. As the procedure of hearing a single text takes a long time, the Ministry of Social Affairs presented the amendments to the current law as an amendment law.

2.2.2. Housing

The more radical housing reform than in other Eastern European countries involved sharp social problems in Estonia. Unwelcome results are, for example, spatial segregation, marginalisation of public rental sector, homelessness, sharp conflicts between owners and tenants, insufficient construction of rental dwellings, difficulties of new households with getting a dwelling, problems arising from different economic possibilities of apartment owners in apartment associations etc. Dwelling options have

⁸⁴ Kaio, H. 2006. Unustatud lapsed. Eesti Ekspress, 18.

⁸⁵ Rahuoja, R. 2006. Laste hoolekanne. Sotsiaalministeerium.

⁸⁶ Kõrsa, M. 2006. Lapsehoiu teenus. Sotsiaalministeerium.

increased only for wealthier than average households.⁸⁷ No reliable statistics are available on the total number of homeless people; social workers estimate that there are approximately 3000-3500 homeless people in Estonia.⁸⁸ The number of persons using the night shelter services for the homeless has increased from 1712 in 2003 to 2062 in 2004 mainly on account of the persons who need temporary night accommodation for various reasons (family conflicts, domestic violence etc).⁸⁹ Local governments provide various services to the homeless, for example Tallinn provided the social house service in 2005 (300 kroons per months) to 1460 homeless people, and the accommodation service in Tallinn is often combined with social services to those homeless people who can be brought back to normal life etc.

The Ministry of Social Affairs in co-operation with the Ministry of Economic Affairs and Communications conducted in autumn-winter 2005 a survey of municipal dwellings.⁹⁰ Its results were that we need at least 6600 new municipal and social dwellings. The Ministry of Social Affairs in co-operation with the Ministry of Economic Affairs and Communications is preparing a dwelling strategy for the years 2007-2013, the measures of which include increasing of the municipal dwelling stock, expansion of the network of shelter houses and rental apartments with lower rent rates, adjustment of dwellings etc. Particularly important are the activities that ensure availability of dwelling, maintenance and development of a sustainable dwelling stock, raising of the quality of living environment and awareness and administrative capacity.

2.2.3. Pensions and social benefits for disabled persons

One task of the social insurance system is to ensure simultaneously sustainability in a constantly ageing society and rise of pensions according to overall welfare growth (see Annex 2, the amounts of pensions). The Action Plan for Growth and Jobs 2005-2007⁹¹ for Implementation of the Lisbon Strategy objective – ensuring the long-term sustainability of fiscal policy – is connected with this political measure of the social sphere:

1. Ensuring long-term sustainability of the pension system and guaranteeing sufficient living standard for pensioners; the projected indicators for the assessment of three activities for the achievement of this objective in 2008 are as follows:
 - financial position of the state pension insurance as % of GDP – pillar I of the pension system is continuously at least in balance and there are sufficient reserves to guarantee liquidity (projected deficit 0.2% of GDP for 2005),
 - replacement rate for pensions (ratio of pensions to wages) – the minimum standard of the European Code of Social security: the old-age pension of a pensioner with 30 years of service must be at least 40% of average net wage of male labourer (the replacement rate for I pillar pensions was 40.5% in 2003, pension from the second pillar will be supplemented in the future),

⁸⁷ According to the population and dwelling census conducted by the Statistical Office in 2000, 92.6% of the households were living separately and 7.4% of the households had not their own living space. Reasons for co-habitation of several households are partly economic, partly connected with social conditions (need to take care of older family members etc.). Additionally, nearly two-fifths of the households are composite households containing two adult generations. One-fourth of young people have not started independent life even at the age of 30. From all population lack of own dwelling is a very serious problem for 4% of the households (22,629 households). Very big problems are high cost of dwelling and condition of dwelling is a problem for 10% of the households.

⁸⁸ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁸⁹ Social Sector in Figures. 2005. Tallinn: Ministry of Social Affairs. <http://www.sm.ee/eng/pages/index.html>.

⁹⁰ Munitspaaleluasemete vajaduse uuring. 2006. Kokkuvõtte uuringu tulemustest. Tallinn: Sotsiaalministeerium.

⁹¹ Action Plan for Growth and Jobs 2005-2007 for Implementation of the Lisbon Strategy. 2005 Tallinn. http://www.riigikantselei.ee/failid/majanduskasvu_tegevuskava.pdf.

2. Ensuring long-term sustainability of health insurance system and guaranteeing people's financial security in case of health risk; the prognosticated indicators for the assessment of three activities for the achievement of this objective in 2008 are as follows:
- financial position of the Health Insurance Fund as % of GDP - the Health Insurance Fund is continuously at least in balance and there are sufficient reserves to guarantee liquidity,
 - coverage of the population by health insurance – 99% of the population is covered by health insurance (94% in 2005),
 - patient satisfaction with the quality of health care – patient satisfaction is at least at the same level as today (59% of insured considered medical care to be good or rather good in 2004).

A recent change in pensions is that the government approved on 9 March 2006 the indexation procedure of pensions, as a result of what pensions rose⁹² according to the Ministry of Social Affairs from 1 April 2006 as a result of indexation and additional rise of pensions on average to 3136 kroons, national pension to 1268 kroons, old age pension with 15 years of employment to 1729 kroons and old age pension with 50 years of employment to 2942 kroons. Indexation expenses this year are estimated to be 820 million kroons from the state budget (9 months).

Though increasingly more attention has been paid to disabled people in recent years, they have not yet been granted equal access to, for example, education, participation in the labour market or being socially active. In 2005 there were approximately 102,3 thousand receivers of social benefits for disabled people, i.e. people with the determined degree of severity of a disability, including 5,300 children (see Annex 2). On the basis of 2004 statistics of primary and multiple medical assessments, we can estimate that people with mental disorder account for 15-20%, people with physical disability 40% of all disabled people.⁹³ NAPincl 2004-2006 has paid a lot of attention to bringing disabled people to the labour market through offering relevant services (occupational and vocational rehabilitation; supported work; personal assistant; support person; transport). This is also a way under the economic growth and ageing population in Estonia to alleviate shortage of workforce.

2.2.4. Subsistence and supplementary benefits

As social welfare institutions are directly dependent on concrete needs of people under concrete conditions, then organisation of social welfare services has been assigned mainly to local governments. State budget means for subsistence benefits are allocated to local government budgets into a compensation fund and in the case of its surplus the parish or town government may pay social benefits and render social services. However, the level and accessibility of services from account of the subsistence benefits reserve is extremely variable, depending on the capability of each local government and priorities in planning the budget and therefore, the quality requirements and control mechanisms need to be specified.⁹⁴

⁹² Pension is indexed by an index the value of which is the arithmetic mean of the yearly increase of the consumer price index and the yearly increase in receipt of the pension insurance part of social tax. State pensions are indexed by multiplying the previous values of the national pension rate, base amount of the pension and the value of a year by this index. Additioanally, accordinf to the coalition agreement, in pursuant to the amendment to the pension law, 60 kroons shall be added to the base amount and 1.53 kroons to the value of a year.

⁹³ Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

⁹⁴ Social Sector in Figures. 2005. Tallinn: Ministry of Social Affairs. <http://www.sm.ee/eng/pages/index.html>.

The subsistence benefit paid to low-income families by local government from the state budget is the most important social benefit. In order to decrease poverty, local municipalities should use both social services and other social assistance where necessary. The subsistence benefit should be used only in case all other measures to reduce poverty have turned out to be ineffective. According to the Social Welfare Act, entitled to subsistence benefit are single persons or families when their monthly disposable income after the payment of fixed expenses connected with permanent housing in the extent of the standard allotted living space is below the established subsistence level. The subsistence level for single persons or first member of family is established by the Riigikogu in the state budget. The subsistence level for the second and each next family member is 80% of the first member's subsistence level. The subsistence level is based on minimum expenses on the consumption of foodstuffs, clothing, footwear and other goods and services to satisfy the primary needs.

In order to receive a subsistence benefit, an application should be submitted to the local government not later than on the twentieth day of the given month. The Social Welfare Act stipulates the right of a local municipality to refuse grant of a subsistence benefit to a person between the age of eighteen and the retirement with capacity for work who is not working or studying, and who has, on numerous occasions and without good reason, turned down suitable work offered to him/her, or has refused to participate in rehabilitation or study organised by a rural municipality or city government directed to independent ability to cope. Having been unchanged since November 1997 (500 kroons or 32 € per month), the monthly subsistence benefit rose in 2005 to 750 kroons (48 €) for a single person or the first member of family. Additional social benefit of 200 kroons (12.8€) is paid since 2005 in addition to subsistence benefit to those families where all family members are under age.

The value of subsistence benefit and number of families who have received benefits have decreased significantly in recent years.⁹⁵ This was due to the rise of average wages, increase in employment and decrease in the number of unemployed, and because the subsistence benefit stayed unchanged. In 2001, 12.4% of the families (irrespective of the number of occasions the subsistence benefit was paid per year) received subsistence benefits to ensure the subsistence level, in 2004 5.9% of all families (respectively 70.4 and 33.2 thousand families). And the benefit sum per one application has increased 26.9% (from 797 kroons in 2001 to 1011 in 2004) and so has the share of households in all households who have received monthly benefits during a year (18.3% and 23.9% respectively). By type of family, benefits were paid most often to families with a long-term unemployed person or a non-working job-seeker, as well as families with children (a parent is often unemployed). In 2004, families with a long-term unemployed or non-working job-seeker received benefit on 8.6 occasions on average (in the country on 6.5 occasions on average).

High share of unemployed persons among subsistence benefit receivers was due to that the monthly unemployment benefit rate has always been very low (since 1999 400 kroons) so as not to induce undesirable tendencies in employment behaviour. Low unemployment benefit rate is one reason why unemployed persons do not often register themselves in employment offices. Due to this and overall reduction of unemployment, the level of registered unemployment has fallen. Decrease in registered unemployment and starting of the unemployment insurance system⁹⁶ are the reasons for the decreased number of unemployment benefit receivers in 2004 to 14.4 thousand (28.9 in 2001). Expenditures on the unemployed, including unemployment insurance benefits amounted to 0.28% of GDP in 2004.

⁹⁵ Social Sector in Figures. 2005. Tallinn: Ministry of Social Affairs of Estonia. <http://www.sm.ee/eng/pages/index.html>.

⁹⁶ Unemployment insurance system is financed from the specific unemployment insurance premiums. The unemployment insurance tax rate for the insured persons or employees may be 0.5 -2.0% and for employers 0.25-1.0% of the insured person's wages and other payments (in 2002-2005 1% and 0.5% respectively). The payments received from employees and employers shall be collected into two separate funds: unemployment insurance fund and the special fund for compensations to be paid in the event of collective termination of employment contracts or insolvency of employer.

The general viewpoints of the Ministry of Social Affairs about subsistence benefits so far have been as follows⁹⁷:

- subsistence benefit is the last resort to alleviate poverty, which is paid in case a person is not capable with work or other means, primarily social insurance benefits (pensions, family benefits, sickness and unemployment benefits), of providing for himself/herself and his/her family sufficient means of subsistence,
- subsistence benefit is a temporary measure, long-term payment of which increases helplessness and non-working,
- the more advanced the social insurance system is, the fewer people live under the poverty line and need subsistence benefit,
- working is an important way of alleviating poverty – from benefit to work is a way of escape.

Previous developments in passive measures of social assistance:

- raising of subsistence benefit to 750 kroons,
- assistance to large families through family benefits,
- income tax incentive starting from second child (2006),
- more flexible possibilities of local governments in solving problems through single benefits,
- reduction of costs (free of charge school lunch, child care service (2006) etc).

Active measures consist in the development of social work and services:

- assessment of the economic situation and assets of households,
- counselling of subsistence benefit appliers,
- linking subsistence benefit appliers to labour market measures,
- support to local governments for development of social services and hiring of new personnel;
- advanced training programmes for social workers for work with long-term subsistence benefit applicants, i.e. case management and networking,
- more precise regulation of the tasks of social workers.

In 2005, researchers of the University of Tartu, in co-operation with the Statistical Office and the Estonian Nutrition Science Society, elaborated methods for calculating new minimum means of subsistence.⁹⁸ Therefore also the subsistence level, which serves as the basis for calculating subsistence benefits, needs to be changed, because the new calculation of minimum means of

⁹⁷ Sõmer, S. 2005. Sotsiaalabi meetmed täna ja võimalikud arengud tulevikus. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis'. Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

⁹⁸ Tiit, E.-M. 2005. Tarbimiskaalud, absoluutne vaesus ja elatsumiinum. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis'. Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

subsistence presumes rising of the share of food basket in the subsistence level so that it would correspond to the changed consumption expenditure.⁹⁹ The share of other expenses in addition to food should grow gradually according to changes in wages, benefits and other factors.

Rendering of social welfare services and social assistance is based on the principle that assistance should be rendered as close to the person who needs assistance and based on individual needs. The initial development plan version of the Ministry of Social Affairs for 2007-2010 states that the role of local governments in organising and financing social welfare, as well as in ensuring the quality of social services will be specified, so as to transfer to them many functions of the central government. Services to be developed on local level should be primarily social care services, supporting services to handicapped people (incl. personal assistant, special transport), family supporting services and supporting services to families with subsistence difficulties and appliers for long-term subsistence benefits, development of integrated supply of social welfare services and nursing. To solve the key issue of social subsistence and development, 2 targets have been set for the indicator „users of social welfare services as a share of 1000 inhabitants” to be achieved in 2010:

- for 24-hour social welfare services - 6.49 (5.9 in 2004),
- home care services – 34.59 (31.44 in 2004).

Introduction of laws and benefits does not automatically lead to their implementation and payment of benefits, because some people do not apply for them though they are entitled to. The reasons for non-take-up are partly caused by people, but they also depend on the system and administrative circumstances. The take-up and non-take-up rates have not been directly studied in Estonia, but various surveys results allow assuming that the benefits' non-take-up probability is quite high.¹⁰⁰ If to analyse reasons for non-take-up, it appears that the first precondition for application – awareness of the potential client – was badly fulfilled (80% of the people who felt a need for social service but had not used it where the main reason for non-take-up was insufficient information).¹⁰¹ Hence there are many indirect indications that despite social services are available, their accessibility is limited and potential clients themselves think they are short of information. Also quite traditional is the low reputation of services and providers of services, which obviously does not facilitate take up. The factors inducing non take up may also be in the system of benefits. M. Karu (2005) has noted that the non-take-up rate for the subsistence benefit, which is a benefit paid on the basis of assessed means of subsistence, may be quite high due to the problems of adequate assessment of incomes (fear of officials in assessing property status etc.), due to the compulsory element caused by linking the benefit to labour market measures, as well as problems in organising application for the benefit. According to the Ministry of Social Affairs, 98.6% of the subsistence benefit applications, or 176, 8 thousand were granted.

SWOT analysis of the current situation of state social welfare services, which was prepared on the basis of auditing conducted by KPMG¹⁰², stated that strengths are the existing supervising structure of services, experiences in elaboration and implementation of legislation, information available on the best practices implemented in rendering the services, existing tuition materials prepared by practitioners,

⁹⁹ According to the SOE, the cost of minimum food basket in 2005 (816 kroons) was bigger than the subsistence benefit (750 kroons) that was established only in 2005.

¹⁰⁰ Saar-Poll. 2004. Hoolekandesüsteemi kliendiuuringu aruanne. <http://www.sm.ee>; Faktum. 2003. Tööturusüsteemi kliendiuuring: aruanne. <http://www.sm.ee>; Medar, M. 2001. Sotsiaalteenuste vajadus ja kasutamine – sotsiaalsed ja kultuurilised erinevused. Rahvastikuministri büroo. <http://www.riik.ee/rahvastik/>.

¹⁰¹ Karu, M. 2005. Taotlemine ja mitte-taotlemine: kas sotsiaaltoetused jõuavad sihtrühmadele? Acta politica, No 2. Tallinn: Tallinna Ülikooli kirjastus. TLÜ Riigiteaduste osakonna väljaanne. 21. sajandi sotsiaalpoliitika: uued riskid, uued valikud.

¹⁰² Riiklike hoolekandeteenuste järelvalve hetkeolukorra SWOT analüüs. Tallinn: KPMG.

motivation of key persons working in the supervisory system and their readiness to develop the system. As weaknesses the audit mentioned insufficiency of supervision criteria and insufficient efficiency of supervision; a way out may be establishment of a supervisory organisation. Potential risks are that no consensus is gained as for the need for changes and their implementation, that no uniform quality can be ensured in the system implementation, possible role conflicts between different levels etc.

2.3 Best practice

Some examples of the **best practice** of the implementation of active inclusion policies are the badge and brand of disabled friendly employer elaborated by the Estonian Chamber of Disabled People (EPIK), Estonian Employers Confederation (ETTK), Ministry of Social Affairs and advertising agencies, also an extensive campaign to call attention to respective products and services in market competition.¹⁰³ The badge gives recognition to employers who have contributed to promoting disabled people's employment and who offer jobs or practical training positions to the disabled. The brand enables the company to label products that disabled people have had a major input to, which, in turn, will enhance consumer awareness. The badge of disabled friendly employer has been created for promotion of employment of disabled people and for appreciation of employers who give work to disabled people, as well as for conducting to tolerance and prejudice free attitudes in society, as employment of disabled people is often limited by attitudes rather than physical or nature of work based factors. Competition for the badge of disabled friendly employer helps to notice disabled people as potential workforce in society and therefore to increase their employment. During the competition goods and services produced by disabled people are presented, assisting to distinguish them from analogous other offers. In parallel with the badge of disabled friendly employer there is held a competition for the „brand of disabled friendly employer”, which is used to brand products that have been produced by enterprises operating in the open labour market using disabled people's manpower. Brand of disabled people friendly employer is an appreciation to entrepreneurs who provide employment to disabled people. During the brand competition, the best examples of disabled people's employment are presented, giving incentives to employers who have not yet hired disabled people to do this in the future. The badge and brand of disabled people friendly employer competitions draw attention to the main training problems after removal of which it would be possible to significantly increase outlooks of disabled people in the labour market. At the formal reception of the ETTK's 89th anniversary in March 2006, eight companies were awarded the right of use to a Disabled Friendly Employer badge and one company (NGO Independent Life) received the right to use the Disabled Friendly brand.

¹⁰³ Criteria for the applicant to 'The Badge of Disabled Friendly Employer' and to 'The Brand of Disabled Friendly Employer'. <http://www.ettk.ee>.

References

Action Plan for Growth and Jobs 2005-2007 for Implementation of the Lisbon Strategy. 2005. Tallinn. http://www.riigikantselei.ee/failid/majanduskasvu_tegevuskava.pdf.

Bank of Estonia. 2006. <http://www.eestipank.info>.

Derman, N., Hansson, L., Heinla, E., Helemäe, J., Laidmäe, V.-I., Taru, M., Vetik, R. ja Vöormann, R. 2006. Soolise võrdõiguslikkuse monitooring 2005 (Monitoring of gender equality 2005). Tallinn: Tallinna Ülikool, Rahvusvaheliste ja Sotsiaaluuringute Instituut (Tallinn University, Institute of International and Social Studies).

Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

EAKL jätkab võitlust töötajavaenuliku eelnõu vastu (EAKL continues to fight against the employee-hostile draft law). 2006. [http:// www.eakl.ee](http://www.eakl.ee).

Ebaõnnestunud usaldusisiku seadus destabiliseeriks kogu ühiskonda (Unsuccessful trustee law would destabilise the whole society). 2006. [http:// www.eakl.ee](http://www.eakl.ee).

Economic Forecast of Eesti Pank for 2006-2008. 2006. <http://www.eestipank.info>.

Eesti eluasemestrategia aastateks 2007-2013 (Estonian housing strategy for 2007-2013).

Eesti majanduse ülevaade Eesti Panga aruandes 2004 (Overview of Estonian economy in the report of Eesti Pank 2004) . 2005. <http://www.eestipank.info>.

Eesti Panga majanduspoliitiline kvartalikommentaar (Economic-policy quarterly comments by the Bank of Estonia). 2006. <http://www.eestipank.info>.

Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006. 2004. <http://www.fin.ee>.

Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006 seirearuanne prioriteedi tasandil (Monitoring report on priority level) (01.01.2004-31.12.2005). Priority 1: The Human Resource Development (M. Orgla, M. Sassi, M. Värton, L. Sild, Ü. Marksoo, K.Suur). Monitoring report No. PR 1/2005/4.

Estonia's National Action Plan for Social Inclusion 2004-2006. 2004. Ministry of Social Affairs. <http://www.sm.ee>.

ETUCi ekspertarvamus töötajate usaldusisiku seaduse eelnõu kohta (ETUC's expert opinion about employeesä trustee draft law). [http:// www.eakl.ee](http://www.eakl.ee).

Eurostat. 2006. <http://epp.eurostat.cec.eu.int/portal/>.

Faktum. 2003. Tööturusüsteemi kliendiuuring: aruanne (Client survey of the labour market system: a report). <http://www.sm.ee>.

Illing, E., Lepa, R. 2005. Kaasamisvormid – ülevaade ja kasutusvõimalused (Forms of inclusion – an overview and possibilities). Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

Kaasamise hea tava (Good practice of inclusion). 2006. <http://www.valitsus.ee/?id=4997#selgus>.

Kallaste, E., Jaakson, K. 2005. Töötajate kaasamine Eestis: juhtumiuuringutel põhinev analüüs (Inclusion of employees in Estonia: an analysis based on case studies). Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

Kaio, H. 2006. Unustatud lapsed (Forgotten children). Eesti Ekspress, 18.

Kallaste, E., Võrk, A., Leetmaa, R., Roosmaa, E.-L. 2005. Töövaldkonna indikaatorite arendamine (Development of employment-related indicators). Tallinn: Poliitikauuringute Keskus PRAXIS. <http://www.praxis.ee>.

Karu, M. 2005. Taotlemine ja mitte-taotlemine: kas sotsiaaltoetused jõuavad sihtrühmadeni? (Take-up and non take-up: do social benefits reach the target groups?). Acta politica, No 2. Tallinn: Tallinna Ülikooli kirjastus. TLÜ Riigiteaduste osakonna väljaanne. 21. sajandi sotsiaalpoliitika: uued riskid , uued valikud (Social policy in the 21-st century: new risks, new choices).

Kürsa, M. 2006. Lapsehoiu teenus (Childcare service). Sotsiaalministeerium.

Lepa, R., Illing, E., Kasemets, A., Lepp, Ü., Kallaste E. 2004. Kaasamine otsustetegemise protsessi (Inclusion into decision-making process). Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

Lipand, A. 2006. Rahvastiku tervisepoliitika 'Investeering haridusse' (Population health policy 'Investment into education'). Sotsiaalministeerium (Ministry of Social Affairs).

Medar, M. 2001. Sotsiaalteenuste vajadus ja kasutamine – sotsiaalsed ja kultuurilised erinevused (Need for social services and take up – social and cultural differences). Rahvastikuministri büroo. <http://www.riik.ee/rahvastik/>.

Ministry of Social Affairs. 2006. <http://www.sm.ee/est/pages/news0684>.

Munitsipaaleluasemete vajaduse uuring (Research of the need for municipal housing). 2006. Kokkuvõtte uuringu tulemustest (Summary of research results). Tallinn: Sotsiaalministeerium. <http://www.sm.ee>.

Mõjude hindamine sugupoolte aspektist (Evaluation of impacts from the aspect of genders). 2004. Juhendmaterjal. Sotsiaalministeerium. (Instructions. Ministry of Social Affairs).

Ministry of Finance . 2006. <http://www.struktuurifondid.ee/?id=2879>.

Rahuoja, R. 2006. Laste hoolekanne (Social welfare of children). Sotsiaalministeerium (Ministry of Social Affairs).

Rifat A. Atun, Ohov, E., Arro, T., Reinap, M., Rebane, K., Habicht, J. 2005. Estonian Health System. Analysis of the Strengths, Weaknesses, Opportunities and Threats. WHO, Ministry of Social Affairs of Estonia.

Riiklik struktuurivahendite kasutamise strateegia 2007-2013 (A national strategy for using structural means 2007-2013). 2006. Draft law as of 9.03 2006. EV Rahandusministeerium (Estonian Ministry of Finance).

Riiklike hoolekandeteenuste järelvalve hetkeolukorra SWOT analüüs (SWOT analysis of the current situation of state social welfare services). Tallinn: KPMG.

Saar-Poll 2004. Hoolekandesüsteemi kliendiuuringu aruanne (Report of the client survey of a social welfare system). <http://www.sm.ee/est/>.

Social Sector in Figures. 2005. Tallinn: Ministry of Social Affairs. <http://www.sm.ee/eng/pages/index.html>.

Sooline ebavõrdsus: hoiakud ja olukord Eestis (Gender inequality: attitudes and situation in Estonia). 2006. Sotsiaalministeerium. Poliitikaanalüüs, No.1. <http://www.sm.ee>.

Sotsiaalministeerium pakkus ametiühingutele taas kompromissettepanekut (Ministry of Social Affairs offered trade unions a compromise again). <http://www.sm.ee/est/pages/index.html>.

Statistical Office of Estonia. 2006. <http://pub.stat.ee/px-web.2001/Dialog/Saveshow.asp>.

Sömer, S. 2005. Sotsiaalabi meetmed täna ja võimalikud arengud tulevikus. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis' (Social assistance measures today and possible developments in the future. Seminar 'Poverty and efficiency of social assistance in Estonia'). Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

Tiit, E.-M. 2005. Tarbimiskaalud, absoluutne vaesus ja elatsumiinum. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis' (Consumer weights, absolute poverty and minimum cost of living. Seminar 'Poverty and efficiency of social assistance in Estonia'). Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

Trumm, A. 2005. Vaesuskultuuri kujunemisest ja selle vältimise võimalustest. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis' (Development of poverty culture and possibilities to prevent it. Seminar 'Poverty and efficiency of social assistance in Estonia'). Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

Tööelu Baromeeter 2005. 2006. Elanikkonna uuringu aruanne (Population survey report). Tallinn: Sotsiaalministeerium, Saar Poll OÜ. <http://www.sm.ee>.

Töötajate usaldusisiku seaduse eelnõu kaitseb kõigi töötajate huve (Employees' trustee draft law protects interests of all employees). <http://www.sm.ee/est/pages/index.html>.

Võrk, A., Karu, M. 2006. Eesti vanemahüvitise mõju sündimus- ja tööturukäitumisele: hindamise võimalused ja esimeste kogemuste analüüs (Impact of parental benefits on fertility and labour market behaviour: possibilities of evaluating and analysis of first experiences). Tallinn: Poliitikauuringute Keskus PRAXIS. <http://www.praxis.ee>.

Võrk, A., Paulus, A. 2006. Eesti sotsiaaltoetuste ja maksude mõju inimeste tööjõupakkumise stiimulitele (Impact of social aid and taxes on labour supply stimuli). Tallinn: Sotsiaaluuringute Keskus PRAXIS. <http://www.praxis.ee>.

<http://www.riigikantselei.ee/avalikteenistus>.

Annex 1: List of new legislation and key documents

Action Plan for Growth and Jobs 2005-2007 for Implementation of the Lisbon Strategy. 2005. Tallinn. http://www.riigikantselei.ee/failid/majanduskasvu_tegevuskava.pdf.

Derman, N., Hansson, L., Heinla, E., Helemäe, J., Laidmäe, V.-I., Taru, M., Vetik, R. and Võormann, R. 2006. Soolise võrdõiguslikkuse monitooring 2005 (Monitoring of gender equality 2005). Tallinn: Tallinna Ülikool, Rahvusvaheliste ja Sotsiaaluuringute Instituut (Tallinn University, Institute of International and Social Studies).

Development Plan of the Ministry of Social Affairs for 2007-2010 (initial version). 2006. Ministry of Social Affairs.

Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2004-2006, seirearuanne prioriteedi tasandil (A monitoring report on priority level) (01.01.2004-31.12.2005). Priority 1: The Human Resource Development (M. Orgla, M. Sassi, M. Värton, L. Sild, Ü. Marksoo, K.Suur). Seirearuanne nr. PR 1/2005/4 (Monitoring Report No PR 1/2005/4).

Eesti eluasemestrategie aastateks 2007-2013 (Estonian housing strategy 2007-2013). (väljatöötamisel – under elaboration) Sotsiaalministeerium, Majandus- ja Kommunikatsiooniministeerium, Siseministeerium (Ministry of Social Affairs, Ministry of Economic Affairs and Communications, Ministry of the Interior).

Illing, E., Lepa, R. 2005. Kaasamisvormid – ülevaade ja kasutusvõimalused (Forms of inclusion – an overview and possibilities). Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

Kaasamise hea tava (Good practice of inclusion). 2006. <http://www.valitsus.ee/?id=4997#selgus>.

Kallaste, E., Jaakson, K. 2005. Töötajate kaasamine Eestis: juhtumiuuringutel põhinev analüüs (Inclusion of employees in Estonia: an analysis based on case studies). Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

Karu, M. 2005. Taotlemine ja mitte-taotlemine: kas sotsiaaltoetused jõuavad sihtrühmadeni? (Take-up and non take-up: do social benefits reach the target groups?). Acta politica, No 2. Tallinn: Tallinna Ülikooli kirjastus. TLÜ Riigiteaduste osakonna väljaanne. 21. sajandi sotsiaalpoliitika: uued riskid , uued valikud.

Labour Market Services and Benefits Act (passed 28.09.2005, entered into force 01.01.2006).

Lepa, R., Illing, E., Kasemets, A., Lepp, Ü., Kallaste E. 2004. Kaasamine otsustetegemise protsessi (Inclusion into decision-making process). Tallinn: Poliitikauuringute Keskus Praxis. <http://www.praxis.ee>.

Mõjude hindamine sugupoolte aspektist (Evaluation of impacts from the aspect of genders). 2004. Juhendmaterjal. Sotsiaalministeerium (Instructions. Ministry of Social Affairs).

Rifat A. Atun, Ohov, E., Arro, T., Reinap, M., Rebane, K., Habicht, J. 2005. Estonian Health System. Analysis of the Strengths, Weaknesses, Opportunities and Threats. WHO, Ministry of Social Affairs of Estonia.

Riiklik struktuurivahendite kasutamise strateegia 2007-2013 (A national strategy for using structural means 2007-2013). 2006. Draft law as of 9.03 2006. EV Rahandusministeerium (Estonian Ministry of Finance).

Tiit, E.-M. 2005. Tarbimiskaalud, absoluutne vaesus ja elatsumiinum. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis' (Consumer weights, absolute poverty and minimum cost of living. Seminar 'Poverty and efficiency of social assistance in Estonia'). Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS.

Trumm, A. 2005. Vaesuskultuuri kujunemisest ja selle vältimise võimalustest. Seminar 'Vaesus ja sotsiaalabi tõhusus Eestis' (Development of poverty culture and possibilities of avoiding this. Seminar 'Poverty and efficiency of social assistance in Estonia'). Tallinn: Sotsiaalministeerium, Poliitikauuringute Keskus PRAXIS (Ministry of Social Affairs, Policy Research Centre PRAXIS).

Töötuskindlustusseaduse ja töölepingu seaduse muudatused 30.03.06 (Vabariigi valitsuse poolt heaks kiidetud ja Riigikogusse saadetud) (Amendments to the Unemployment Insurance Act and to Employment Contract Act 30.03.06. Approved by the Government and sent to Riigikogu).

Kallaste, E., Võrk, A., Leetmaa, R., Roosmaa, E.-L. 2005. Töövaldkonna indikaatorite arendamine (Development of employment-related indicators). Tallinn. Poliitikauuringute Keskus PRAXIS.

Victim Support Act (entered into force 01.02.2004, Chapter - 2 01.01.2005).

Võrk, A., Karu, M. 2006. Eesti vanemahüvitise mõju sündimus- ja tööturukäitumisele: hindamise võimalused ja esimeste kogemuste analüüs (Impact of parental benefits on fertility and labour market behaviour: possibilities of evaluating and analysis of first experiences). Tallinn: Poliitikauuringute Keskus PRAXIS.

Võrk, A., Paulus, A. 2006. Eesti sotsiaaltoetuste ja maksude mõju inimeste tööjõupakkumise stiimulitele (Impact of social aid and taxes on labour supply stimuli). Tallinn: Sotsiaaluuringute Keskus PRAXIS.

Annex 2: Amounts of state benefits and receivers in 2005

Type of benefit	Amounts	Receivers, number	Year of introduction or amendment
STATE FAMILY BENEFITS, kroons			
Birth allowance (single benefit)		13922	
1st child (incl multiple births since 2000)	3750	7099	amount since 2000
2nd and subsequent children	3000	6823	amount since 2002
Adoption allowance (single benefit)	3000	32	amount since 2002
Child allowance (per month)		287459	
1st child	300	187397	amount since 2004
2nd child	300	75994	amount since 2002
3rd and subsequent children	300	24068	amount since 1999
Children allowance (per month)		48543	
for a child aged 0-1.5	600		amount since 1999
for a child aged 1.5-3	600	29628	amount since 2000
for children between 3-8 years in families with a child under 3 years	300	11722	since 2000
for children between 3-8 years in families with 3 or more children	300	9167	since 2000
supplementary childcare benefit for a child up to 1 year	100	2853	since 2003
Allowance for families with 3 or more children (per child a quarter) ¹		69916	
per child for families with 3 children	150	47282	since 2005
per child for families with 4-5 children	300	18764	since 2005
per child for families with 6 and more children	375	3870	since 2005
Monthly allowance for one parent of a family with 7 and more children (children entitled to child allowance)	2400	195	since 2005
Allowance for families with triplets (per family a quarter)	900	22	amount since 2005
Child's school allowance (at the beginning of the school year)	450	190479	amount since 1998/99
Single parent's child allowance (per month)	300	28126	amount since 2000
Allowance for a child in guardianship or in foster care (per month)	900	2507	amount since 2002
Conscript's child allowance (per month)	750	14	amount since 2000
Start independent life allowance (single benefit) ²	6000	123	amount since 2002
Parental benefit ³ (per month)	from 2200 to 17472	9994	since 2004
Other family benefits ⁴ , mill. kroons	66.6	64123	
LABOUR MARKET			
Unemployment benefit (kroons per month)	400	31300	amount since 1999
Employment training stipends (kroons per month)	600		amount since 1999
Average unemployment insurance benefit (kroons per month)	2598	8697	
Total expenditure on active measures , mill. kroons	148.6		
Employment training	62.7		
Employment training stipends	10.3		
Employment subsidy for starting a business	8.9		
Employment subsidy for employers for employing less competitive unemployed persons	14.2		
Compensation for damages related to occupational accidents and occupational diseases , in 2004, mill. kroons	36.0	2216	
AVERAGE PENSION (kroons per month)			
Old-age pension	2739	292970	
early-retirement old-age pension	2180	10704	
deferred old-age pension	2873	338	
special state pension	6229	1193	
Superannuated pension ⁵	2278	2848	

ESTONIA

Pension for incapacity for work	1625	61921	
Survivor's pension (per family member receiving pension)	1319	9766	
National pension (per family member receiving pension)	1033	9184	
SOCIAL BENEFITS FOR DISABLED PERSONS (kroons per month)			
Disabled child allowance		5357	
moderate disability	860	1822	amount since 2002
severe and profound disability	1020	3535	amount since 2002
Disabled adult allowance		102263	
moderate disability	200	32945	amount since 2001
severe disability	420	55742	amount since 2001
profound disability	640	13576	amount since 2001
Caregiver's allowance (by the number of wards)		38060	
to a non-working parent of a disabled child aged 3-16	300	2053	amount since 300
to a non-working parent of a disabled child aged 16-18 and to a non-working caregiver or guardian of a disabled person aged 18 and older			
severe disability	240		amount since 2001
profound disability	400		amount since 2001
Disabled parent's allowance (per child)	300	1535	amount since 2000
Education allowance to non-working disabled students	100-400	16	amount since 2000
Rehabilitation allowance (per persons aged 16-65)	up to 800 kroons a year	1848	amount since 2001
In-service training allowance (lump sum)	up to 9600 kroons over 3 years	56	amount since 2001
SUBSISTENCE BENEFIT			
Average amount of subsistence benefit (to maintain subsistence level) per application, kroons	1192	174406	amount since 2005
Average amount of supplementary benefit per application, kroons	419	104879	

¹ Since 1 January 2004, the allowance for families with three and more children was paid instead of former allowance for families with four or more children.

² For orphanage wards and for children without parental care raised in schools for children with special needs.

³ Persons who did not receive any income taxed with social tax (e.g. not working students) are paid the parental benefit at the parental benefit rate (2200 a month in 2004), the maximum amount of the benefits three times the average monthly income taxed with social tax in the previous calendar year (in 2005).

⁴ Holiday pay for additional holidays for minors, disabled persons and additional child care leave; additional day off for parents of disabled children; paid breaks for feeding child; deletion of study loan; funeral benefit.

⁵ Pensions granted from the state budget to police officers, State Audit Office employees, judiciaries, prosecutors and the Cancellor of Justice.