

## Estonia



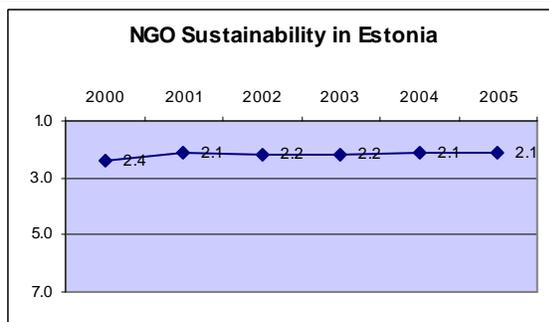
**Capital:** Tallinn

**Polity:** Parliamentary republic

**Population:**  
1,324,000

**GDP per capita (PPP):** \$16,400

### NGO SUSTAINABILITY: 2.1



Estonian Civil Society has four notable strengths and characteristics. It has been developing for over fifteen years with support from the Soros Foundation, which funded the development of infrastructure and training for the NGO workforce. Another important strength, which many countries in the region do not have, is the Network of Estonian Nonprofit Organizations, which advocates for the interests of the entire sector. Over the years, civil society has developed in a multifarious manner, adapting to competition, as well as the need for marketing

### LEGAL ENVIRONMENT: 1.8

The legal environment did not change significantly in 2005; the legal framework has been functioning well for many years. Several areas of reforms have been identified and

and planning. Finally, Estonia's small size allows NGOs to operate in all regions at the same time.

By 2005, the harmful competition between NGOs was almost non-existent, due to the Estonian Civil Society Development Concept (EKAK) ratified by the government. EKAK is an action plan based on a joint strategy between the NGO sector and the government; the goal is to sustain the systematic development of the Estonian Civil Society, which has depended on foreign funding. The process for providing NGOs with government funding is neither informed nor transparent. EKAK and the joint committee's work benefit from the increased awareness of all participants and the increased organizational capacity of NGOs. Almost all of the obstacles and barriers that civil society faces have been identified and are being addressed.

initiatives are underway to address them. The main impediment is the absence of regulations governing volunteerism. In addition, the law does not provide sufficient incentives to

encourage philanthropy. The tax exemption levels are low, and NGOs could do more to fight for the cause. NGOs have reached the stage in their development where support from active citizens and legal persons has become more essential, as well as attainable. This year, the government, NGO sector and business sector collaborated to produce a booklet on tax laws concerning giving and receiving donations.

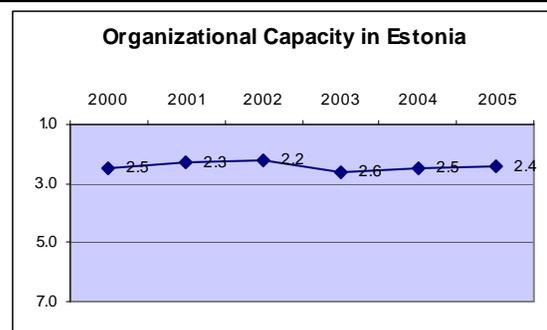
NGO legal services are not available in all rural areas. The regional development center of Enterprise Estonia, an entrepreneurial foundation that provides support and training for NGOs, provides some legal assistance. The municipalities do not yet provide support in a systematic manner, though civil servants are expressing more interest. NGOs have learned to seek advice and training from experts such as tax officers. The various taxes each have their own individual law, which can be difficult for NGOs to keep track of.



NGOs generally lack the capacity to express their views or advocate for their causes. The larger organizations, however, have begun stressing the need for law reforms and for more lawyers trained in NGO law; NGOs have the desire to do things in a proper and fair manner. The legal framework does not contain any regulations that govern either procurement of government contracts or funding, or income generated by economic activities. Future law reforms ought to include clear definitions of volunteerism and public interest, and new accounting requirements; the old ones have been rendered obsolete by the simple process for founding NGOs. Many legislative proposals have been submitted to the Parliament.

#### ORGANIZATIONAL CAPACITY: 2.4

Organizational capacity is likely the fastest developing feature of the Estonian NGO sector. NGOs are becoming increasingly sophisticated in long-term strategic planning and constituency building. Training modules on strategic planning, marketing, and competition are more readily available from Kodukant, Estonian Village Movement, umbrella organizations and networks, regional development centers, and NENO. This has help smaller communities access new investments via the third sector.



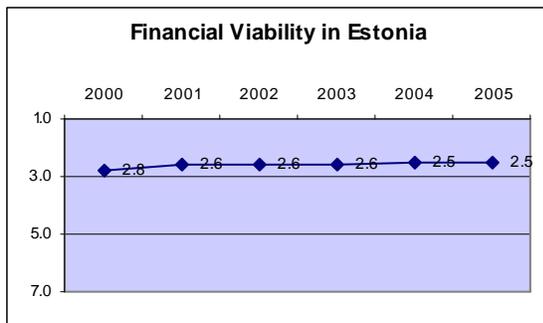
At both the national and local levels, organizations have learned to reach out to their constituents; a result of increased knowledge of memberships and community involvement, as well as challenges by the state and local governments to provide opinions and comments. NGOs host seminars and meetings, publish topics for discussion on their websites, and hold open meetings.

NGOs occasionally have a problem in that they offer technical assistance without considering the needs, capacities, and potential impacts on local communities. Similar problems occur in their management structures, which are far below the standards set in the business community. The NGO sector has begun to feel the need for greater transparency and openness.

Small organizations rarely have paid staff members, though they increasingly are in need of paid staff to offset their costs. Though several well-respected experts are now working in the NGO sector, most employees work from project to project on short-term contracts. NGO employees now account for approximately four or five percent of the workforce. Most NGOs conduct their activities

with volunteer staff; volunteer training and commitment are areas of potential development. Awareness of volunteerism has improved significantly. In 2005, the NGO sector held the first national volunteer recognition contest. NGOs do not have satisfactory technical resources in rural areas. Financing of information centers and new internet connections continues.

**FINANCIAL VIABILITY: 2.5**



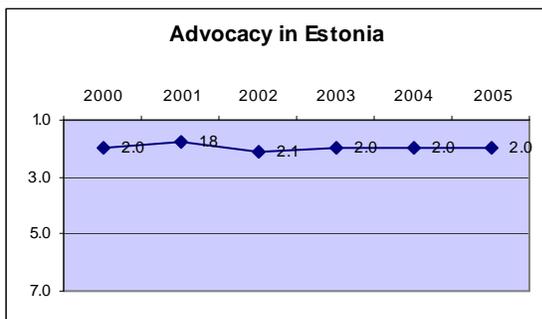
Numerous long-term foreign donors have stopped funding NGOs in Estonia and the NGO sector has not replaced them with local funding. Funding has become more diverse; the increased number of organizations has also been accompanied by a broader range of support. NGOs are less likely to wait to bid on a contract, and more likely to generate revenue themselves, by either providing services or planning other economic activities.

Organizations are providing more services to the public sector as well, though exact statistics are not available. Government agencies and municipalities are able to create organizations, which disrupts the competition for contracts and makes it more difficult to assess the financial viability of public interest NGOs. Municipalities, however, have begun to delegate services to NGOs and put in place procurement guidelines. Membership fees are an insignificant source of income for NGOs. Self-regulation has become more professional as donors are increasingly interested in financial statements.

NGOs have improved their ability to generate revenue and are developing services for other NGOs. Village associations, especially, have improved their ability to generate income.

In 2005, a two-year project financed by the Baltic-American Partnership Program began with the goal of creating feasible funding ideas to support civil society development and NGO viability. The ideas are being prepared by NENO with an eye towards transparency, parsimony, and purpose, since they are based on the government budget. A project to build NGO viability and sustainability is scheduled to begin in 2006.

**ADVOCACY: 2.0**



Civil society's mission and goals are listed in the EKAK, which is a strategy document that defines the complementary roles of public authority and civic initiative, the principles of cooperation, the mechanisms and priorities for participation in shaping and implementing policy, and the plan for developing civil society. EKAK will be implemented by a joint committee of twenty-two representatives from the public and non-profit sectors which is chaired by the Minister of Regional Affairs. The committee started in October 2003 and organized its work

into three groups: (1) a working group on involvement, consultation, policy appraisal, and legislation, (2) a working group on funding and statistics, and (3) a working group on awareness, civic education, media, and infrastructure. The working groups then created an implementation plan for 2005-2007 with eleven goals. Every two years, the Estonian Parliament organizes a public hearing on the EKAK implementation and serves as the governing body for the entire process. Through the EKAK process, NGOs create an agenda for the entire sector and the agenda for greater society. EKAK goals deal with the following issues:

1. Mechanisms to increase cooperation between the government and CSOs in developing civic initiative;
2. Mechanisms to involve CSOs in the development and implementation of policies and legislative acts;
3. Overview of different forms of civic engagement and the appropriate legal environment for the support of civic initiatives;
4. Effective use of ICT for the involvement of citizens in the decision-making process;
5. Transparent and clear funding schemes targeted to support the development of civil society and CSOs from state budget;
6. Improved system of tax benefits and charitable giving;
7. Overview of umbrella organizations and their current and potential roles in cooperating with the public sector;
8. A register of non-profit organizations and improved data collection methods describing civic engagement;
9. Educational institutions that foster the development of caring and responsible citizens who value participation and volunteering;

10. Infrastructure and networks that support civic engagement and initiative; and

11. Opportunities for everyone to benefit from life-long learning.

The level of advocacy skills in the NGO sector varies; some are developing advocacy skills quickly and creating initiatives that include the entire sector, while others organizations are not improving at all. Clear mechanisms for encouraging participation are lacking, though the Praxis policy center has recently completed a research project concerning the participation in the decision-making process. The State Chancellery is developing a series of good practices concerning public participation. The nonprofit umbrella organization and the public sector associations are planning to conduct a public awareness campaign to complement these efforts.

Government institutions have developed as well; several ministries have drawn up principles of participation, and mechanisms for electronic participation are being adopted. Government institutions are also completing a survey of potential partners. Civil servants are continuously receiving instruction and training. The first attempt to measure the quality of participation has been initiated; organizations that have participated in the decision-making process are polled to determine whether they were satisfied with the process or not. NGOs are also taking part in devising the state budget strategy, though the politics, budgetary provisions, and E.U. requirements have the greatest influence.

NGOs have come to realize the importance of gathering and communicating the opinions and views of their constituents. For example, larger organizations are occasionally able to pressure their partners to get more time to voice their opinions, for example. Many NGO representatives are on several committees and working groups, but their communication with NGOs is likely to suffer as a result. The capacity for NGOs to participate in the decision-making process is unevenly distributed. Both highly professional NGOs, as well as those with no

grasp of the decision-making process of the public sector or of the possibilities and means of advocacy prevail. There is plenty of room for development.

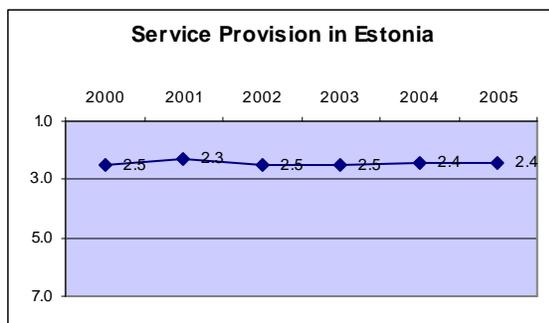
As representatives of local communities, NGOs are trying to establish more channels of direct communication. One such opportunity presented itself when the state began to allow election coalitions, through which NGOs are able to participate directly in local politics. At the local level, the power to lobby is not always good; NGOs could do more to build their own capacity. In 2005, the pan-Estonian training on letting one's voice be heard took place to build the lobbying capacity of local NGOs. Lobbying and participation at the E.U. level is a separate issue.

The EKAK has provided Estonian NGOs with a clear two-year agenda to implement changes in collaboration with the public sector. Many changes have already taken place and the Good Practice of Involvement of Nonprofits is being prepared and working. The plan to fund nonprofits from public resources is being developed, and changes to civil society education are being introduced. Umbrella associations are mapped and coordinated, and transfer of the delivery of public services to NGOs is being implemented. Finally, the Good Practices of the Delivery of Public Services by the non-profit sector is being finalized and the Estonian Government has started the Civic Initiative Support Strategy based on the EKAK.

### SERVICE PROVISION: 2.4

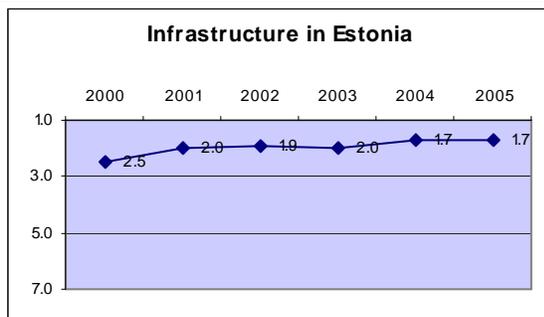
The legal form of NGOs is increasingly important. The new line falls between social entrepreneurs and entrepreneurial nonprofits; NGOs are no longer considered as volunteer-based, non-income earning entities. They have the right to make a profit and employ staff, like a for-profit organization, the difference being that an NGO can not distribute profits or assets. As a result, more NGOs view fee-based services as a means of income. The public sector is turning more services over to local municipalities that in turn contract out with NGOs, though exact data is unavailable. Some municipalities still presume that NGOs provide their services for free.

At times, it is difficult to know whether an NGO has been given a contract for services or whether it works per project; the public sector may provide funding either way. It is widely recognized that services are not always provided by the public and business sectors, and NGOs need more time to become comfortable with concepts such as "service," "client," and "marketing." NGOs offer a range of services to many different sectors, though organizations need improved instruction and training to better understand topics such as market demand and identifying target groups. In general, NGOs provide quality services and are able to recover their expenses, and at times are able to generate profits. NGO service providers work in the areas of social security, culture, education, environment, and childcare; they still lack the funds to provide more comprehensive and long-term services that generate a greater income.



One of the goals of EKAK is to create the mechanisms necessary to transfer public services to NGOs, and provide appropriate training to NGOs and local governments. Another goal is to develop a common code of good practices.

## INFRASTRUCTURE: 1.7



In addition to the mission-driven umbrella organizations and local networks, every county in Estonia has an Enterprise Estonia regional development center that gathers information regarding NGOs. They also create

opportunities through training, information booklets, and other materials. If an organization is interested, it has access to a variety of training in every county. NGOs have learned to ask for more, which has fostered problems regarding capacity and financing.

Local resources are distributed through umbrella organizations such as the Chambers of Disabled People and Kodulant-Estonian Village Movement. Few regions have community foundations or representational bodies, as is true for advocacy networks and organizations. These functions are largely performed by either mission-driven umbrella organizations or NENO.

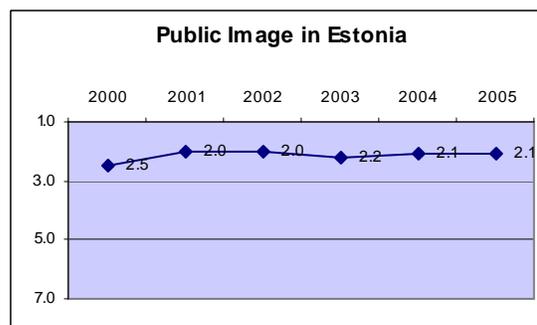
## PUBLIC IMAGE: 2.1

The media is increasingly providing coverage of NGO activities. The meaning and broader significance of civil society and civic initiatives, however, are not given much consideration by NGOs, and analytical coverage is rare. Associations of entrepreneurs have been responsible for building a positive image of the NGO sector. Media outlets do not generally provide NGOs with special rates on advertising, though the biggest daily newspaper in Tallinn and Northern Estonia, Eesti Päevaleht, created a special column devoted to village news.

The public has a positive view of NGOs, and though the media does not always understand the principles of not-for-profit, it tends to be supportive of NGO activities. Civic initiatives in charity and volunteerism are on the rise among people without connections to NGOs.

Civil society has found its way into the world of politics. Politicians and civil servants have learned the NGO vocabulary.

The opposition has recognized a potential ally when the government has little enthusiasm for a cause. The relationship between NGOs and civil servants is more focused on issues. Often times, NGOs are considered a trustworthy source of information and expertise. NGOs have higher expectations of politicians.



Despite their efforts to create their public image, NGOs have made little progress, though they are more accustomed to journalists and familiar with their working principles.