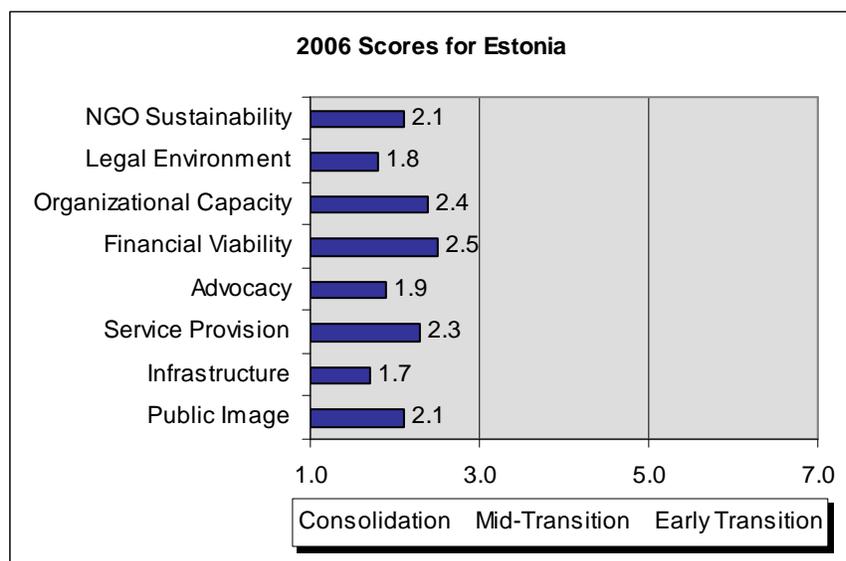


Estonia



Capital: Tallinn

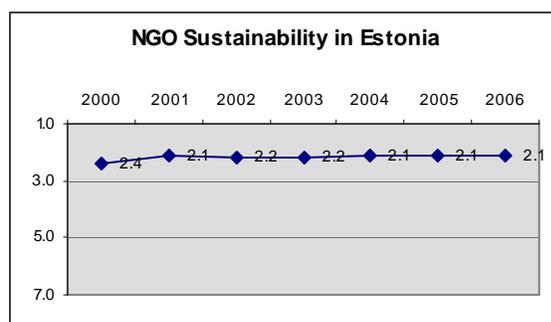
Polity: Parliamentary republic

Population: 1,324,333

GDP per capita (PPP): \$19,600

NGO SUSTAINABILITY: 2.1

In 2006 the Estonian NGO sector continued stable growth with no major upheavals. The continuing economic growth has had a positive impact on NGOs as more resources are available to participate in public life. Also, governmental bodies are progressively more aware of the third sector, although the situation can vary notably. The NGO community's capacity is rising and organizations demonstrate a dedication to develop professionalism.



On the other hand, as professionalism is growing, so is a more critical approach to NGOs from within the sector. Therefore,

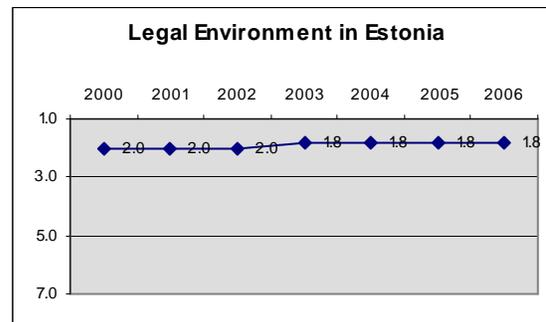
participants of the 2006 USAID NGO Sustainability Index focus groups in Estonia tended to identify needs and shortcomings in greater detail than in past years, although there is a consensus that the situation of civil society has been steadily improving over the past decade and especially in recent years.

Additionally, signs of growing stratification within the NGO community make evaluation of the third sector in Estonia more difficult. In the 1990s and early 2000s, the sector was more homogeneous and the majority of NGOs faced very similar problems; today there are large variations in level of development, professionalism and know-how. There are a relatively small number of visible and highly successful organizations that are widely known and shape the public image of third sector in Estonia. These organizations also serve to set an example and as agenda setters in the society. At the same time, a large number of NGOs lack the basic resources and skills to fulfill their potential.

LEGAL ENVIRONMENT: 1.8

The year 2006 brought no significant changes in the legal environment in Estonia, and NGOs function well within the established legal framework. Estonian NGOs are free in their actions and the government provides for the freedom of assembly and civil activism; no undemocratic restrictions are in place. As civil servants are being educated, the government institutions and lawmakers are more responsive to NGOs needs and roles. A change in the tax legislation also redefined those NGOs qualifying for tax exemption, thus clarifying which organizations are acting in the public interest. The legal environment is still not conducive to volunteerism and philanthropy, but solutions are being sought actively.

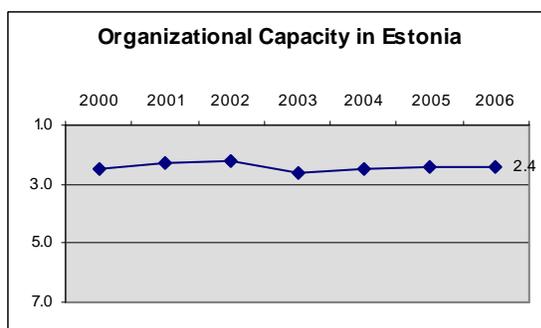
NGOs are pressing for better registries and statistics on the third sector, as the lack of reliable data hampers development. Potential ways of mapping of informal Civil Law Partnership Associations are also being discussed.



Generally, legal services are easily available in Estonia, but costs can be a problem. Legal advice is available from the regional development centers of Enterprise Estonia, and lawyers of umbrella organizations also provide counseling to members. Some larger organizations employ staff with legal training. In some cases civil servants and tax officials are providing legal counseling for NGOs, but that is mostly sporadic and informal.

ORGANIZATIONAL CAPACITY: 2.4

Organizational capacity is one of the differentiating features within the Estonian NGO sector. Some organizations are very competent and professionally managed; others still leave much to be desired. However, the developments in 2005-06 have been clearly positive, particularly in terms of awareness, know-how, and technical equipment. As donors have become more demanding, NGOs are generally open and transparent.



Since most NGOs work with a small core team, some suffer from a lack of clearly defined job responsibilities within an organization. Additionally, the same staffers often work both as board members and program officers, and very capable specialists have to perform managerial duties without prior training or experience. As a remarkable proportion of funding is project-based, project managers cannot be employed on a stable basis and staff turnover is high.

Strategic planning is increasingly common, but due to limited management skills, strategy is not always viewed as a base document to plan day-to-day activities. Instead, strategy is often seen as a formality produced for the benefit of the donors. While organizations are quite mindful of their own needs, some lack resources to use all opportunities (particularly in terms of funding, volunteers, etc).

As a rule, NGOs evolved from groups they represent, so target groups are generally well acknowledged and mapped, but the mechanisms of engagement and participatory decision making are not always thought through and systematic. Therefore, communication can be disordered and NGO members as well as the community are not always aware of the

advocacy being conducted on their behalf.

Several bodies, including regional development centers, provide affordable and frequent basic management training. More advanced trainings are not as common, as the market for specialized NGO trainings is limited and commercial trainings can be costly.

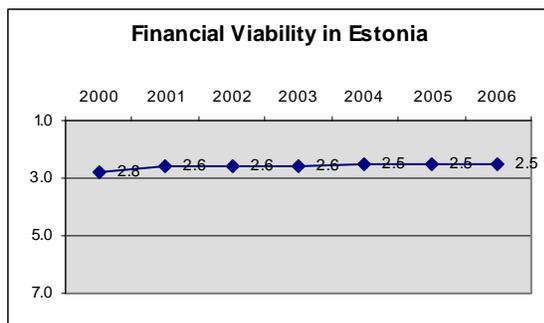
FINANCIAL VIABILITY: 2.5

Estonia's remarkable economic growth has spilled over to the third sector. Nevertheless, economic sustainability continues to be one of the main problems among Estonian NGOs. Most organizations cite a shortage of administrative resources as the main problem. NGOs often lack know-how and experience to involve donors in their activities and to generate revenue that can produce alternatives to project hunting and reliance on the local government.

Many NGOs lack capacity to engage in larger European or international projects, as the workload and administration required for smaller projects is already overwhelming. Nevertheless, the new government budget period starting in 2007 will bring much improved access to European Union structural funds for NGOs.

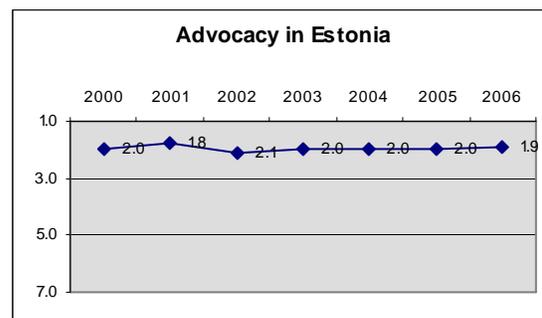
Financial management and development of assets could be improved considerably. Even though they are still lacking in financial expertise, many organizations have improved the diversity of funding sources by also including the corporate sector and private donors. Membership fees contribute little income.

Social entrepreneurship has become an important topic for discussion in the media and among businessmen. In the past year, The Charities Foundation has been very active in supporting and counseling social entrepreneurs.



ADVOCACY: 1.9

Both the government and NGOs are becoming more conscious of the need for advocacy and civil society involvement in policy making. Recent studies have shown that 92% of all civil servants found NGO involvement to be necessary for better results in lawmaking. Young civil servants in particular consider NGO consultations and involvement very important, as their training programs have covered advocacy.



While the public sector is now more welcoming to NGO participation, NGOs do not always have the resources to engage and to make a meaningful contribution to policymaking. NGO staffers are juggling large workloads and are not always competent to participate in lawmaking, and there are few resources available for hiring specialists. Also, the quality of legislative drafting done by the government is weak and the questions it asks of NGOs are sometimes unclear, making it more difficult for NGOs to provide input and engage in a meaningful dialogue.

The implementation of the Estonian Civil Society Development Concept (EKAK) will be supported by the government's Civic Initiative Support Strategy (KATA), which was produced in 2006 and will take effect in 2007. The strategy serves to standardize the government's approach to nurturing civil society, but civil society organizations are somewhat dissatisfied with it, as the strategy does not bring a new approach and the innovative ideas proposed by the NGO community were not accepted.

EKAK defines the complementary roles of public authority and civic initiative, the principles of cooperation, the mechanisms and priorities for participation and for shaping and implementing policy, as well as the plan for developing civil society. The joint committee for EKAK implementation includes representatives from civil society and the public sector.

The Good Involvement Practices document, which gives recommendations for participation, was introduced in 2006 and presented to both civil servants and NGOs. Also, the Good Practices of the Delivery of Public Services was finalized and introduced to stakeholders. Both documents were compiled in cooperation between the public sector and NGOs.

SERVICE PROVISION: 2.3

As NGOs have to find new ways to fund an increasing fraction of their operating expenses,

NGOs also participated successfully in the compilation of the state budget strategy even though the participation process could be improved to remedy problems of overly short deadlines and insufficient feedback. A network was created to allow more NGO involvement in the budget strategy compilation process and combine and systemize the feedback from different civil society players. It continues to be a partner for the appropriate state bodies today.

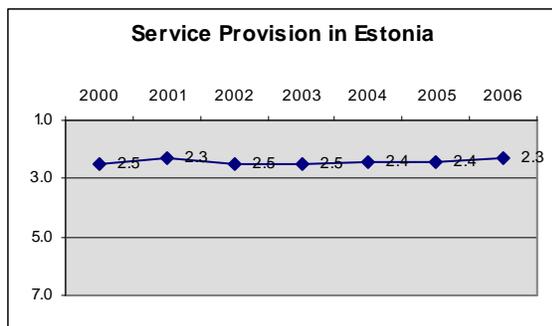
Advocacy on the European level is weak, somewhat mirroring the Estonian government's activities in Europe. NGO advocacy efforts on the EU level have been sporadic and suffer from lack of state support. There are a few success stories, while a majority of civil society organizations are yet to consider their need for lobby on the European level.

While there are numerous awareness-raising campaigns, they tend to be short-term, and there are very few wider advocacy efforts or NGO coalitions. Thus, in their communication with the public sector, some NGOs tend to compete rather than cooperate. A notable achievement was the Belarus Support Group consisting of NGOs and activists that managed to lobby the government to give scholarships to Belarus students who had been expelled for political reasons.

A number of specific umbrella organizations are active and offer advocacy in their particular fields. The Network of Estonian Nonprofit Organizations (NENO) serves to bring together, coordinate and communicate NGO input into the political process and governance. As the national NGO umbrella, NENO is the main speaker on questions dealing with third sector development. NENO is currently working on a political platform to propose the NGO agenda to political parties before the March 2007 parliamentary elections.

more are turning to service provision to create revenue. The public sector is delegating a

growing number of services to NGOs, particularly in the areas of social welfare, the environment, local tourism, etc.



NGOs are learning modern methods of public administration, often together with government bodies. The focus in service provision has shifted to quality – NGOs are recognizing the responsibility involved in providing fee-based services. The selection of services has not broadened remarkably, and the main emphasis is on social services. According to recent study, service providers are expected to be cost-

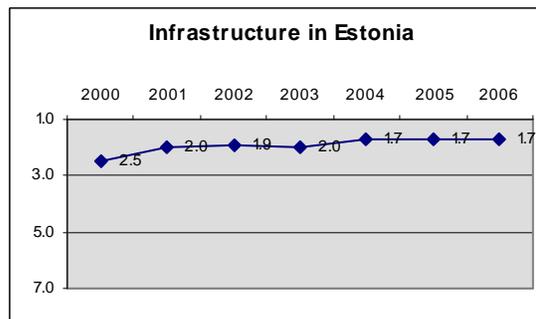
efficient and professional, and the main problems lay in finding service providers and in the monitoring of contracts. Additionally, services often suffer from a lack of marketing and product development that is inherent to organizations suffering from the management deficiencies common in NGOs.

Good Practices in Delivery of Public Services was finalized and introduced in 2006. Both the public sector at the national and local level and NGOs were involved in the development of this document and educated about delegating services to NGOs. This is particularly important, as currently the practice of contractual delegation varies remarkably across municipalities. NENO's national summer school also concentrated on delivery of public services and earning income. Additionally, village movement Kodukant organized training for small Civil Law Partnership Associations, during which over 40 new local services were developed.

INFRASTRUCTURE: 1.7

An adviser to NGOs is available at the Enterprise Estonia regional development centers in every Estonian county. There are a number of mission-driven umbrella organizations and networks in addition to NENO that are dedicated to the development of civic initiatives and Estonian civil society. NGOs are satisfied with the regional development centers and free-of-charge support services provided, but awareness of them is mediocre.

available to the Russian-speaking population.



Several bodies provide basic training for a range of issues, but the quality can vary. More advanced trainings are not as easily available since the market for specialized NGO trainings is limited and commercial trainings are not affordable. Very little training and materials are

Local governments often support NGOs by providing use of equipment or space free of charge. Local funding is available, including funding from different government bodies.

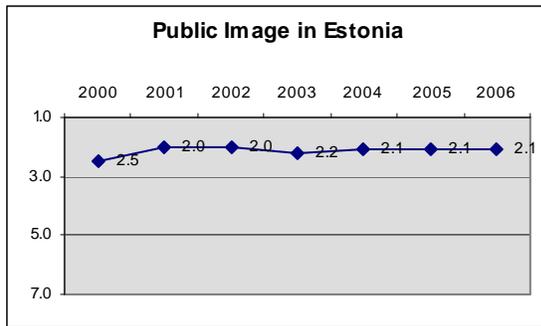
PUBLIC IMAGE: 2.1

National and regional media provide stable coverage of NGO activities, especially those

directly impacting everyday life. Volunteerism has been very positively reported on in the

media through 2006.

Debates before the presidential elections in fall 2006 activated many citizens and discussions related to citizens' participation. Debates on civic activism echoed in the media, public exchange, and politics, prompting analysis of citizens' role in democratic societies.



Additionally, party platforms for the 2007 parliamentary elections make references to civil society, but mostly fail to comprehend its role. Almost no analysis of the third sector is present in the media or political discourse. This is also mirrored in public opinion – according to a

study sponsored by the Open Estonia Foundation, 56% of the 2/3 of Estonians who say they have heard the term “civil society” were unable to provide at least one keyword associated with it.

NGOs are appreciative of the need for communication with the media and other target groups, but mostly do not have the resources or professional staff for public relations and communication management. Communications training is available, and larger NGOs have started to employ communication professionals who also provide advising to other organizations in some cases. Several media companies offer reduced rates for advertising to NGOs, and public broadcasters make announcements in the public interest free of charge.

The NGO Code of Ethics was adopted in 2002 and more capable organizations are driving awareness-raising efforts on legitimacy and accountability issues and transparency in reporting to stakeholders.