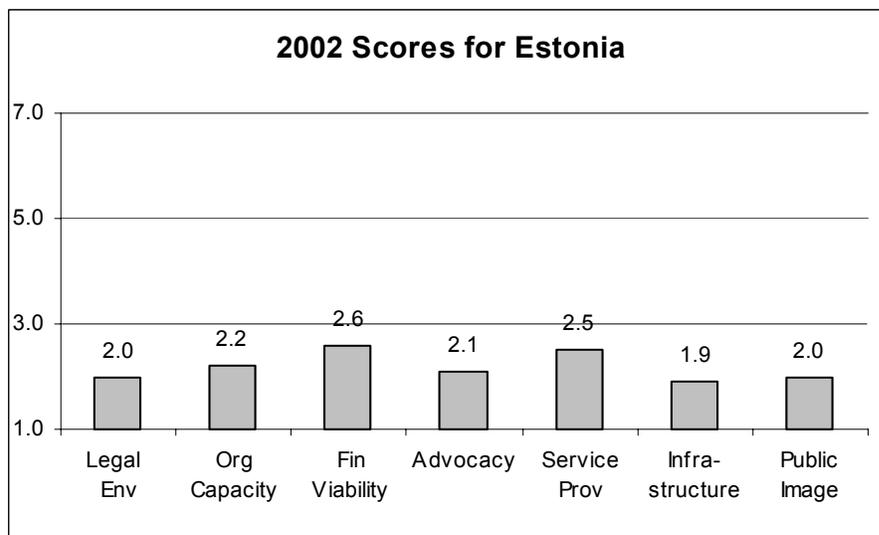

ESTONIA



Capital: Tallinn

Polity:
Parliamentary
democracy

Population:
1,415,681

**GDP per capita
(PPP):** \$10,000

NGO SUSTAINABILITY: 2.2

As of November 2002, there were 17,775 nonprofits registered with the Estonian Ministry of Justice's Center of Registers. The vast majority of these are associations, and the remainder foundations. The number of non-registered informal groups is unknown.

NGO SUSTAINABILITY	
2002	2.2
2001	2.1
2000	2.4

Public attention in Estonia is beginning to turn away from business and economic growth to social concerns such as drug abuse, child poverty, homelessness and unemployment. Civil society has an opportunity to play a key role in developing and implementing solutions to these problems. However, NGOs still must develop many skills to take advantage of this opportunity. Ongoing needs exist in the areas of fund-raising, advocacy, and organizational management.

LEGAL ENVIRONMENT: 2.0

Estonian NGOs benefit from fairly favorable legislation that ensures them independence from the state, freedom of speech, and the right to generate revenue. There are

LEGAL ENVIRONMENT	
2002	2.0
2001	2.0
2000	2.0

limits to this legislation, however. For instance, the extent of VAT tax benefits depends on whether or not an organization appears on a list kept by the Ministry of Finance, which is quite limited. Legislation also does not differentiate between organizations founded by the state or local authorities and those founded under pri-

vate law that are acting in the public interest.

There are also problems with the implementation of some laws. For example, it is sometimes difficult to operationalize the management structures required by law. In addition, even though accounting requirements are commonly understood, submission of certain forms, such as the monthly income tax and social tax declaration, can be difficult for some organizations to complete, as their financial systems are structured differently.

The tax legislation regulating NGOs in Estonia needs significant improvement. Income tax policy does not encourage donations, and making a private contribution to an NGO is a complicated process. All organizations must pay value-added tax, income tax, social tax, and unemployment insurance contributions. Other taxes are dependent on the sphere of activity.

Lawyers' knowledge of laws related to NGOs outside the capital of Tallinn is scarce, making it difficult for NGOs to receive legal counsel.

ORGANIZATIONAL CAPACITY: 2.2

The level of organizational capacity varies greatly between well-established larger organizations,

ORGANIZATIONAL CAPACITY	
2002	2.2
2001	2.3
2000	2.5

and newer smaller groups. However, the majority of organizations have a defined mission and

target group. While most groups have a short-term operational plan, only a few of the larger organizations have a longer-term strategic plan.

Most associations lack a clearly defined management structure and distribution of tasks between the management and employees. Few associations employ full-time paid staff. The structure of larger, more-established organizations is more trans-

parent, while in smaller organizations, it is more typical for everyone to do everything. The resources of many associations do not allow them to have basic modern office equipment, such as computers and software, fax machines and Internet access. However, NGOs continue to operate by utilizing other resources, including public Internet access sites, other organizations' equipment, and personal computers.

Many NGOs are striving to become more professional in their operations. However, most NGOs are understaffed and lack the financial resources necessary to acquire additional human resources. Furthermore, many NGOs have a very limited understanding of how to involve citizens or effectively utilize volunteers in the delivery of their programs and services.

FINANCIAL VIABILITY: 2.6

In general, NGOs typically have few sources of funding and do not have sufficient resources to remain viable beyond the short-term. There are opportunities to raise funds from local

FINANCIAL VIABILITY	
2002	2.6
2001	2.6
2000	2.8

sources, particularly in and around Tallinn, although organizations have not fully tapped into these sources yet. As a result, local philanthropy still accounts for a limited percentage of NGO income. NGOs have had more success obtaining non-monetary and in-kind support from local communities. Part of this support comes in

sources, particularly in and around Tallinn, although organizations have not fully tapped into these sources yet. As a result, local philanthropy still accounts for a limited percentage of NGO income. NGOs have had more success obtaining non-monetary and in-kind support from local communities. Part of this support comes in

the form of donations of used property and assets. Some organizations have also been successful at earning income from the provision of goods and services. For most organizations, it is essential to receive support from the local authorities. A few organizations receive a significant part of their income in the form of membership dues, but in general, membership fees account for a marginal and symbolic share of income. Seeking money from foundations or members can be problematic, as it is often equated with panhandling.

Most NGOs are not very professional or successful in cultivating a loyal core of financial supporters. However, a few national organizations such as the

Estonian Fund for Nature, Tallinn Children's Hospital Foundation, and Estonian Union for Child Welfare, have conducted very successful outreach and constituency development programs.

While there are few individual donors, there are a few private Estonian foundations. In addition, the first community foundation has been set up recently, all of which sets the stage for a future improvement in philanthropy.

NGOs utilize annual budgets and are beginning to develop more sophisticated financial control systems, including audits. Internal financial controls vary from NGO to NGO.

ADVOCACY: 2.1

There are many advocacy-oriented NGOs in Estonia. The strongest ones tend to be

ADVOCACY	
2002	2.1
2001	1.8
2000	2.0

based in Tallinn and focused on state-level advocacy. Capacity at the county and local levels is generally lower.

Throughout the country, NGOs have been involved in the work of various committees and the creation of development plans, mainly in the social and cultural spheres.

Cooperation between organizations active in the same field is still rare, although it is more common among groups working in the areas of sport, culture and youth activity. There have not been successful large, joint advocacy campaigns on either the state or local levels. In part, this lack of cooperation can be attributed to the fact that NGOs do not perceive themselves as a strong third sector and therefore do not direct their efforts at changing legislation. Additionally, NGOs are often economically dependent on local government, which may deter them from advocacy initiatives.

NGOs are not sufficiently aware of the various mechanisms available to them to influence public opinion, such as the work of committees, local government development plans, and media. In addition, these mechanisms do not always work effectively. For example, while legislative acts are made available for public discussion, often the period for comments is only a few days long, which is insufficient. Furthermore, government officials are not generally open to input from NGOs.

A positive development is that the Estonian Civil Society Development Concept (EKAK) was passed unanimously by the Estonian parliament in December 2002, the first document of this type to be approved by a parliament in this region. The EKAK provides the framework for relations between the country's NGOs and public authorities and states common principles of cooperation. The adoption of this agreement is the culmination of several years of work that involved hundreds of NGOs.

SERVICE PROVISION: 2.5

NGOs in Estonia offer a diverse range of

SERVICE PROVISION

2002 2.5
2001 2.3
2000 2.5

services. The strongest service provision organizations operate in the social sphere, covering health, education, and integration issues. NGOs also

provide important services in the areas of law, economics and environment. While NGO service provision is diverse, there are still niches to be filled, particularly at the local level.

Income from the provision of services is

rare. As a rule, even if organizations are able to charge fees for their goods and services, this income does not cover expenses. In part, this is due to the fact that the target groups for many of these services can not afford to pay enough to cover costs.

The government is slowly beginning to recognize the value of the social services offered by NGOs. Local governments have begun to sign contracts with organizations for the purchase of social services, although there is not enough experience with this practice yet.

INFRASTRUCTURE: 1.9

There is a well-developed network of resource and support centers coordinated by

INFRASTRUCTURE

2002 1.9
2001 2.0
2000 2.5

the Network of Estonian Non-profit Organizations (NENO) that provides local organizations with

access to information, technical equipment, training and technical assistance. However, the network does not receive support from the Estonian government, and depends on just a few sponsors for its existence. Charging fees for the services the resource centers provide is problematic, as few small organizations can afford to pay for these valuable services.

Redistribution of money from community sources and international donors is limited, although there are some examples of this happening. For example, *Kodukant* (Movement of Small Towns and Villages) was given approximately \$200,000 by the EU Phare program, which is to be divided between 15 county organizations. Similarly, the Estonian National Culture Foundation allocates money collected from local sources to cultural projects.

Cooperation within the sector is satisfactory. Information is primarily exchanged via the Internet, although this is not yet accessible to everybody. Umbrella organizations exist which represent the interests of the sector on the state-wide level, such as the Representative Council of the Estonian NGO Roundtable, an informal and open forum for cooperation. However, the interests and needs of urban NGOs and foundations differ greatly from those of rural organizations.

There are many skilled trainers within Estonia, although their fluidity causes a problem, as individuals regularly leave the NGO sector for the public or business sectors. The choice of training programs is wide and the quality is high, but there is great demand for training materials and books in Estonian.

The intersectoral cooperation differs from region to region, depending on the level of communication with and openness of the local government.

PUBLIC IMAGE: 2.0

NGO activities are portrayed in a positive light by the media, with no examples of

PUBLIC IMAGE	
2002	2.0
2001	2.0
2000	2.5

scandals or other negative reporting. However, many organizations and activities do not get adequate public attention, as the media does not consider them interesting. Public service announcements and social advertising is rarely offered at a discounted rate, unless something is offered in return.

Foorum, a monthly addendum to the newspaper Postimees, analyzes the role of NGOs. There is also a television show entitled *Third sector (Kolmas sektor)*, but it is shown at inconvenient times which limits the potential audience. There is a significant difference in the coverage of NGOs between local and national newspapers,

with local papers being much more willing to cover local organizations' activities.

While the public generally has a favorable opinion of NGOs, most people do not understand the role and objectives of the NGO sector. As a result, third sector experts are not treated as trustworthy sources of information in the same way business leaders are. The attitude of local governments tends to be somewhat better, as local governments increasingly delegate services to and consult with the NGO sector. Businessmen and national government officials have a less positive attitude toward NGOs.

Only large-scale organizations consciously engage in public relations, although there is not much of a tradition of public relations in Estonia. Estonian NGOs have adopted a Code of Ethics.