



Estonia Report

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Sustainable Governance Indicators 2017

Executive Summary

In many respects, Estonia has proven successful in building a sustainable democracy. Among 41 countries in the 2016 SGI, Estonia ranked 7th in policy performance, 9th in democracy and 21st in governance. Estonia maintained most rankings from 2015, with a slight decrease in some areas.

Estonia's high quality of democracy is largely due to media pluralism, active civil society, high Internet penetration and various sophisticated online tools for public engagement. The Internet is widely used to enhance conventional and unconventional forms of political participation. In the 2015 parliamentary elections, 30.5% of votes were cast online. In addition, online political engagement is becoming more popular, such as posting petitions or proposing draft laws. At the same time, public engagement practices tend to be increasingly corporatist in nature, rendering their impact highly variable. Estonia's party financing system is continuously improving, largely thanks to persistent media attention and public interest. Corruption among high public officials remains a problem and needs to be tackled via legal amendments as well as public awareness campaigns. Gender equality has been a longstanding concern, but in recent years the situation has been improving. This is reflected in a decrease in gender discrimination cases and in higher visibility of women in politics. Three out of seven presidential candidates in 2016 were women, and in October 2016 Kersti Kaljulaid was elected the first female president in the country.

Economically, Estonia pursues a strict fiscal policy that has resulted in the lowest level of government debt in the European Union. The country has recovered from the global economic crisis, a fact evidenced by the current high employment levels (matched by low unemployment). Major ongoing reforms aim to extend employment further by facilitating disabled persons' labor market participation. However, looking beyond improved labor market performance, Estonia faces tough challenges in securing economic growth and attractiveness for investors. In 2015-2016 GDP growth was low, innovation among enterprises declined, and increasing labor shortages undermined the balance between productivity and wage growth. Slow economic growth kept national and household welfare levels at the low end within the EU.

Estonia's welfare system is generally established on a liberal model with some Bismarckian features in health care and unemployment protection. It demonstrates good performance in management but fails to enhance social inclusion. The poverty rate has increased since 2014, and the Gini index since 2010. This shows that the positive effects of economic recovery have not been spread equally across social groups and the effectiveness of social policies is low.

In the review period, two important reforms have been initiated. The first aims to make existing parental benefits system more flexible towards labor market participation and the second aims to increase competition among pension funds, which have lowest long-run productivity in the OECD.

Health care sector problems such as budget shortfalls, shortage of personnel and long waiting lists for specialized medical care have been voiced, but there appears to be little political will to make the unpopular decisions necessary to revise the current policy.

In the review period, the government introduced large-scale administrative reforms to merge municipalities with the parallel goals of making local governance more efficient and achieving high quality public services nationwide. As with the social policy reforms previously mentioned, the municipality reform is in its initial stages. Earlier initiatives on promoting government efficiency, such as better coordination and selection of lead priorities, systemic application of regulatory impact assessment results and expanded use of big data, showed no remarkable progress during 2015-2016.

Key Challenges

Estonia is known internationally as a country with a balanced budget and low levels of government debt. The national tax system is simple and transparent. However, this fiscal prudence may prove unsustainable in the long run. Policymakers should pay close attention to horizontal and vertical equity in the tax system, since the tax burden is currently skewed toward low-wage earners and public employees. Dividends that often serve as a substitute for salaries should be subject to social taxes, at least to some extent. In addition to strengthening social equity within the broader society, this measure would also contribute to the financing of the welfare state. The Estonian welfare system is financed almost entirely (more than 80%) through social-insurance contributions. This makes the social budget heavily dependent on the employment situation. Moreover, high labor costs weaken the country's

economic competitiveness. To enhance the sufficiency and equity of welfare resources, a fundamental tax reform that increases income-tax rates for business and the upper income brackets, while decreasing social-insurance contributions, seems to be the most viable solution.

Besides recalibrating the tax system, Estonia should move from talk to action with regard to building a knowledge-based economy. The current innovation policy focuses on top-end enterprises and remains largely detached from much of the country's economy. Policymakers should expand research, development and innovation (RDI) measures to include small and medium-sized enterprises and traditional sectors of the economy (such as oil shale), thus enabling RDI output to contribute to broader structural reforms. Furthermore, RDI within national universities should be adequately financed and more intensively linked to the country's economic priorities.

The institutional structures in which governance takes place are well established and stable. This allows policymakers to focus on developing the government's executive capacity by firmly following democratic principles of checks and balances and accountability to citizens. The executive branch tends to overproduce strategies and analyses, failing to coordinate them or to use key findings in decision-making. To overcome this fragmentation and reporting overload, the government should consider four kinds of measures. First, it should streamline its numerous small-scale strategies with the national 30-year strategy, called Sustainable Estonia 21. Second, better coordination between ministries, as well as between the Prime Minister's Office (PMO) and line ministers is needed. Third, citizens' and advocacy groups should be given a much broader role in policy evaluation, including in the appraisal of regulatory impact assessment results. Fourth, instead of commissioning extensive explanatory reports, the creation of open data and its secondary analysis should be encouraged.

Contemporary governance requires appropriate capacities both locally and internationally. Estonia has made impressive gains in the latter but not in the former. The process of municipal mergers, begun in 2016, must be taken further and supported by necessary primary and secondary legislation to guarantee adequate task funding and citizen involvement in local governance. The improvement of citizens' quality of life must be prioritized over economizing administration.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

As an EU member state, Estonia forms its economic policy in accordance with EU strategies and has adopted a reform program, “Estonia 2020,” that describes a set of objectives intended to improve the national economy’s competitiveness. Its two central objectives are the increase of productivity and employment. The implementation of economic and innovation policy is the responsibility of the Ministry of Economic Affairs and Communications. In parallel, the Ministry of Education and Research develops and coordinates implementation of the national R&D strategy. These two strategies are supposed to be complementary but duplication and lack of synergy between ministries have been continuous problems. A clear example of lacking coordination is the labor policy. The Ministry of Economic Affairs analyses the current and perspective need for labor, Ministry of Education implements initial and in-service training policy, and the Ministry of Social Affairs is responsible for employment policy. Additionally, since there is a growing workforce shortage, the Ministry of Interior, which is responsible for immigration issues, is also an important actor in economic policy. In addition to ministries, two governmental agencies – Enterprise Estonia and the Estonian Development Fund (EDF) – were involved in advancing the competitiveness of the national economy. EDF was closed down following criticism on duplicative functions, unclear priorities and insufficiently defined action areas. It was partly replaced by the new Development Monitoring unit at the Estonian parliament.

Despite these organizational arrangements, opposition parties, labor market partners and the general public have voiced increasing dissatisfaction with the government strategy of “fine tuning”. It is claimed that economic growth is insufficient and the economic climate is unattractive to foreign investment; tax policy needs updating and immigration policy must not hinder solving the labor shortage.

Labor Markets

Labor Market
Policy
Score: 7

Labor market reforms have brought several positive results. Main labor market indicators such as general employment and unemployment rates, youth unemployment, and long-term employment have improved. However, low-skilled unemployment has not decreased despite targeted active labor market policies (ALMP).

The unemployment insurance fund (UIF) is in good financial shape, having accumulated significant reserves over last years. This has been possible due to the relatively high contribution rates, strict eligibility criteria and low level of actual benefits paid. In 2016, contribution rates remained at the previous level (0.8% of an employer's payroll, and 1.6% of an employee's wages or salary). The strategic aim behind collecting substantial reserves is to accumulate resources for an important and costly work ability reform (WAR) that is intended to bring at least 10% of the country's disabled people into employment (about 100,000 people currently receive disability benefits). At the time of writing it is too early to evaluate the success of WAR.

Significant progress made in fighting unemployment is freeing up resources to tackle another government priority, that of low pay. About one-fifth of employed persons receive a wage that is less than two-thirds of the country's average. This is significantly above the OECD average. Unfortunately, instead of seeking solutions through the labor market or industrial relations, the government has decided to implement tax credits for low-pay workers as of January 2017.

Minimum wage regulations are in force in Estonia, and the wage level is fixed annually in a tripartite agreement. Collective bargaining agreements are typically made at the level of enterprises or economic sectors. The minimum wage has increased modestly each year and should reach 42% of the average salary by 2017. The 2016 minimum wage was €430 per month, which is 39% of the country's average salary. Compared to 2015, the gap between the minimum and average wage has remained constant.

Taxes

Tax Policy
Score: 6

Estonia is internationally known for its simple and transparent tax system. The income tax for individual tax payers is proportional, and corporations only have to pay income tax if their profits are not reinvested. Dividends are not subject to social insurance, and many small enterprises therefore prefer to pay dividends

instead of wages. This policy is quite controversial, and dividends are likely to be subject to taxes in the near future.

The Estonian welfare system is financed almost entirely through social-insurance contributions. Although this Bismarckian principle has some advantages, it also has some weaknesses. First, high labor costs may weaken the country's economic position and sometimes lead to labor-relations abuses. Second, social-insurance contributions alone cannot provide sufficient financing for social services given Estonia's shrinking labor force. Pension funds have persistently accumulated debt, and the health insurance fund is functioning under a condition of long-term financial austerity.

Budgets

Budgetary Policy
Score: 9

Estonia has followed a strict fiscal policy for decades. As a result, the country has Europe's lowest public debt as a percentage of GDP, and is able to meet future financial obligations without placing extra burden on future generations. Yet maintaining a balanced budget has come with some costs. The government substantially cut municipal budgets during the economic recession, and has not yet restored these funds. As a result, many local governments are struggling under mounting debts, with insufficient resources to accomplish their tasks. Long-term debts accumulated by the health insurance and public pension funds also threaten the government's ability to secure citizens' welfare while adhering to the principles of fiscal sustainability.

Research and Innovation

R&I Policy
Score: 6

Research, development and innovation (RDI) have been national development priorities, reflected in a relatively sophisticated set of strategies and action plans. The outcomes, however, are very poor. Former stable levels of governmental and non-governmental RDI expenditures began to decline in 2015 and 2016. This is largely explained by the end of the EU programming period, since EU structural funds have been an important source of national R&D budget.

R&D policy measures have been much more successful in developing scientific research, as indicated by an increased number of highly ranked international publications and increased international rankings of major national universities. Advances in the development of patents, high-tech products and services are noticeable but less prominent. Personnel engaged in research and development is increasingly concentrated in higher education; in 2015 the number of researchers in higher education was two times higher than the enterprise sector and about six times the government sector. R&D contracts with enterprises compose only 4% of the annual volume of universities' RDI budgets.

Citation:

Statistics Estonia (2016). Statistical Yearbook of Estonia 2016, ch. Research & development. <http://www.stat.ee/277639> (accessed at 01.11.2016)

Stabilizing Global
Financial Markets
Score: 8

Global Financial System

Estonia actively participates in developing and securing financial stability and transparency in global financial markets. Two measures are particularly notable. First, the government has taken action in the prevention of money laundering. Estonia has signed major international agreements and is a member of the Moneyval. It has also established several domestic bodies to combat money laundering, such as the Governmental Committee for the Coordination of Money Laundering Prevention, the Financial Intelligence Unit and others. The Estonian Financial Intelligence Unit (FIU) is an independent unit of the Estonian Police and Border Guard Board. The FIU analyses and verifies information in case where money laundering or terrorist financing are suspected, taking measures where necessary and forwarding materials to the competent authorities upon detection of a criminal offence. The Anti-Money Laundering and Terrorist Financing Prevention Act has been in force since 2008. It obliges persons and enterprises who carry out or act as intermediaries in financial transactions to inform the Financial Intelligence Unit if cash transactions of large value are made.

Estonia has also been actively involved in euro zone bailouts, but the government plays only a limited role in addressing international financial-market failures, due both to the fact that most banks are foreign-owned, and to its own neoliberal policy outlook.

II. Social Policies

Education

Education Policy
Score: 9

Estonians have traditionally placed a high value on education, which has been a driving force behind the country's excellent educational outcomes and its recent educational reforms. Estonia has shown consistent improvements in its PISA rankings, and today is ranked in 2nd place in Europe and 4th place overall. Particular system strengths include the small number of low achievers and low school-level variance in student achievement. Enrollment rates at various education levels, including lifelong learning courses, are above the international

average. Moreover, Estonia has already reached some of the EU's Education and Training 2020 (ET 2020) headline targets, and is close to the target level in other areas.

Municipalities provide preschool education, which is accessible to the great bulk of the population (the enrollment rate is about 95%). Earlier concerns regarding a shortage of places in urban areas have diminished, but problems associated with a shortage of financial resources, including low salary levels for teachers, have yet to be solved. Education in public institutions is free at all levels. There are about 500 schools providing general education, 50 VET institutions, and 24 higher-education institutions (HEI) including six public universities.

Interestingly, while higher education is generally associated with better employability and a higher salary, this appears less true in Estonia than elsewhere. Recent policy measures strengthening links between education and training and the labor market, such as involving companies and social partners in VET curricula development, including entrepreneurship skills in university curricula, and providing adults with low-level skills better access to lifelong learning, have sought to ensure that the provision of education keeps pace with the changing needs of the economy.

Social Inclusion

Social Inclusion
Policy
Score: 6

In general terms, the Estonian welfare system resembles the liberal welfare model. The country's poverty and inequality levels are rather high and have remained static, or even increased in the period under review.

Since labor-related income experienced the most growth, it was mostly the poverty of wage employees that was reduced. Social transfers did not follow step with the rapid wage increases, resulting in increased relative poverty levels for the retired, the unemployed and families dependent on social benefits. In the non-working population, poverty is highest among the elderly, but most severe in the case of children. There are also gender disparities in poverty indicators. The risk of falling into poverty is higher for women (23.3% for women and 19.6% for men), but poverty among men is deeper (the relative median at-risk-of-poverty gap was 16.9% for women, and 28,3% for men).

Government policies have addressed some material deprivation issues. In January 2016, universal child allowance was increased and new monthly benefits for families with three or more children were introduced. However, these measures have so far failed to curb high levels of child poverty. The second government initiative on income tax reimbursements for low-wage

workers will take effect in 2017. Yet, as the poverty trends indicate, the problem of working poor has been relieved by wage increases.

Income levels are much lower in rural and remote regions than in the capital area, reflecting great regional disparities. The absence of effective regional policy measures has accelerated the outflow of the working-age population from these areas. This in turn puts an additional burden on families, and makes the formulation of sound social policy all the more difficult.

Subjective perceptions of poverty and inequality levels are also critical. The majority of Estonians feel that income disparities are too high and that job incomes do not correspond to their personal contribution. Furthermore, life satisfaction is lower than in comparable countries.

Despite the election of Kersti Kaljulaid as the country's first female president in 2016, low levels of female representation remain a problem. At the end of 2016, women accounted for only 27% of members of parliament and only four out of 14 cabinet ministers.

Citation:

Statistics Estonia (2016). Statistical Yearbook of Estonia 2016. <http://www.stat.ee/277639> (accessed 03.11.2016)

Health

Health Policy
Score: 8

In terms of health care quality, Estonia can serve as a good example for how to achieve positive health outcomes with scarce resources. Public opinion surveys, regularly requested by the National Health Insurance Fund reveal that a majority of the population is well satisfied with the quality of and access to health services (70% and 41% respectively). However, compared to previous years, the primary indicators of satisfaction have declined by 3% to 5%.

Estonia has a social-insurance-based health system that includes some non-Bismarckian features such as general practitioners (GP). The insurance principle leads to a situation where access to health service is not universal, but depends on insurance status. Members of the working-age population not employed or in school are not covered by the national health insurance program. As a result, about 5% of the total population does not have free access to health care.

Long waiting times to see specialists or receive inpatient care are another major problem resulting primarily from structural factors such as budgetary limits and a bias toward acute/hospital care. The aging of the country's medical personnel and a shortage of nurses also pose challenges. However, the most significant

social problem with the Estonian health care system is inequality across income groups, especially in terms of self-perceived health status. Here, Estonia is at the absolute bottom among OECD countries. This problem has not been given almost no policy or political attention.

Families

Family Policy
Score: 9

Estonia inherited a tradition of double-breadwinner families from Soviet times, when mothers typically worked full time. Despite huge social changes, this family pattern has continued, as evidenced by the high employment rate among women. Family policy has persistently been high on the political agenda due to the country's low fertility rate and labor market needs. Estonia has one of the most generous parental benefit systems in the OECD, entitling parents to benefits equal to her/his previous salary for 435 days. The generosity of the benefit and shortage of day care facilities in some urban areas for children aged zero to two explain why child care density in this age group has been persistently low. Under current parental benefit regulations, parents can only work up to a certain limit before losing the benefit. This has been regarded by various parties, including the governing coalition and the Trade Union Confederation, as too rigid and harmful for women's labor market participation. Legal amendments creating more flexibility when using the parental benefit are expected to be enacted in 2017.

Pensions

Pension Policy
Score: 7

Estonia's three-pillar pension system has been in force since 2002. In terms of pension payments, the situation is still transitional, as only 6% of current pensioners participated in the mandatory funded pillar. Thus, current pension benefits depend on the social-insurance contributions made by current employees to the first pillar. Voluntary privately funded pensions (third pillar) have remained marginal in terms of coverage and assets.

Old-age pension benefits are indexed, which guarantees slight annual increases based on social tax revenues and the cost of living. In 2016, this indexation resulted in an average pension-payment increase of 5.7%. Due to the low absolute level of benefits (€396 per month), elderly people still struggle to make ends meet. Because wages and salaries grow faster than pensions, the poverty rate among the elderly has increased in 2015.

Despite modest pension expenditures (roughly 5.5% of GDP), the sustainability of Estonia's pension system is at risk. State pension-insurance expenditure persistently exceed social tax revenues, and according to the state budget strategy, the annual deficit will reach €474 million in 2017. A recent OECD

report (2016) revealed that Estonian pension funds performed worst among the OECD countries during a 10-year period by showing negative annual productivity as 2.2%. Furthermore, the present pension system does not encourage people to work longer – 12% of old-age pensioners have retired before the nominal age.

In order to face these financial challenges, government has initiated several reform plans such as making retirement age flexible and revising the regulations for pension funds. The latter is aimed at increasing competition between pension funds and bringing administrative costs down.

Integration

Integration Policy
Score: 7

Since the Soviet period, Estonia has had a large non-native population. Russians and other Slavic ethnic groups compose almost a third of the population, 16% of whom are foreign born. The national immigration policy has been regularly updated and monitored, with the government allocating substantial national and EU funds to various integration programs. All government activities are framed by the national development plan, the Lõimuv Eesti 2020.

There are a number of public educational institutions (through upper-secondary level) in which Russian is the language of tuition. The Estonian public broadcaster has a Russian-language radio channel (Radio 4) and a TV channel (“ETV+”). The Citizenship Act was amended in January 2015; under its changes, newborn children of non-citizens can be granted Estonian citizenship, children under 15 years of age can hold multiple citizenships, and citizenship applicants over 65 years of age can take a simplified language test. These measures aim to decrease the number of non-citizen residents, who currently account for 12.4% of the total population.

Permanent residents without Estonian citizenship can vote in municipal elections, but are not allowed to stand as a candidate or vote in general or EU parliamentary elections. Several public and private actions have sought to facilitate civil-society activism among immigrants, and some progress is visible in this area. However, the native Estonian and immigrant populations still primarily live side by side than together.

In addition to well-established policies on integrating immigrants from the Soviet period, programs to integrate refugees and new immigrants have been put in place. To help newly arrived immigrants settle in and acquire knowledge, skills and primary proficiency in the Estonian language, Estonia offers all newly arrived immigrants the opportunity to participate in an introductory welcoming program. Additionally, the Ministry of the Interior supports and empowers

public, private and third-sector organizations working on a day-to-day basis with newly arrived immigrants by building support networks and developing public services.

Citation:

Integration Monitoring 2015. Final Report. <http://www.kul.ee/en/results-integration-monitoring-estonian-society> (accessed 30.10.2015)

Safe Living

Safe Living
Conditions
Score: 7

Despite steady improvement, Estonia still ranks at the bottom of the OECD's homicide and violence statistics. One of the major causes of high crime rates is alcohol and drug consumption that often leads to violent behavior at home or in other private settings. This makes crime prevention harder and calls for better cooperation between social workers and the police.

The police forces enjoy high levels of public trust, a fact that helps to some extent compensate for the scarcity of human and material resources in the field. The Internal Security Development Plan 2015-2020 set objectives to improve efficient use of state resources and broaden cooperation with volunteers. Yet, a 2016 report on the financial sustainability of the rescue forces states that judging by current budget levels, citizen security cannot be guaranteed at an adequate level. An estimated 148.7 million euro in additional funding is needed in the coming 10-year period.

Citation:

Ministry of Interior (2016) Päästeameti finantseerimise mõju tõhusa päästevõimekuse tagamisele, sealhulgas organisatsiooni jätkusuutlikkusele.

https://www.siseministeerium.ee/sites/default/files/dokumendid/Uuringud/Paastetood/2016_paasteameti_jatku_suutlikkuse_aruanne.pdf (accessed 04.11.2016)

Global Inequalities

Global Social
Policy
Score: 9

Development assistance is an important part of Estonian foreign policy. Estonia spends annually about 0.15% (2014) of its Gross National Income (GNI) on development cooperation and intends to steadily increase its share as well as advance its status and role among other international donors.

A renewed 2016-2020 strategy on Estonian development cooperation and humanitarian aid takes the United Nations' Millennium Development Goals (MDGs) as a departing point. The strategy contains objectives and main fields of activities, and identifies major partner countries. The priority partners are former communist countries in Eastern Europe (i.e., Moldova, Ukraine) and the

Caucasus region (i.e., Georgia); and Afghanistan. Estonia is active in various fields, but special efforts are made in transferring knowledge in the fields of education, health and e-government. Dissemination of domestic expertise in implementing ICT in public administration and education are areas in which Estonia is acting as a trendsetter. During 2015-2016, Estonia actively participated in providing relief to war refugees in Syria and Iraq, and also provided emergency assistance in Ukraine.

In parallel to government efforts, NGOs and private enterprises work in the field of international development. Awareness-raising campaigns in the fair-trade movement offer one example of NGO activity. Due to the country's open economic policy and the absence of protectionist measures, fair-trade products can be found in most Estonian supermarkets.

III. Environmental Policies

Environment

Environmental
Policy
Score: 9

Environmental awareness has risen rapidly in the political sphere, partly because of the need to comply with international standards. The Ministry of Environment articulated a vision of an integrated system of environmental protection that covers the entire country and ensures the preservation of a clean environment and sustainable use of natural resources. The challenge, however, is the national economy is still dependent on energy-heavy technologies. On the other hand, Estonia is sparsely populated and possesses significant natural resources – wetlands, forests, and protected areas for flora and fauna.

On climate protection, the country is progressing very much in line with international targets. It has reduced greenhouse-gas emissions by half in a little over 20 years, even as the size of its economy has doubled. By 2050, Estonia aims to decrease greenhouse gas emissions by nearly 80% compared to the 1990 level.

The share of renewable energy in Estonia today is already at 25%, close to the European Union's 2030 target. The main remaining challenge is the future of the oil-shale sector.

Estonia has invested significantly in renovation and building of the water management infrastructure. As a result, water pollution has decreased and the quality of tap water has improved. However, most of the country's lakes and

rivers are very small, and therefore highly sensitive to any pollution whatsoever. According to recent estimates, the quality of about 26% of surface water is not good.

More than half of Estonia's territory is forested. Both the area covered by forests and the volume of forests have significantly increased in the last 50 years, making it one of the biggest resources in Estonia, both in natural and economic terms. Seventy percent of the forests are commercial forests, while the remaining third has been placed under different protection regimes. Estonia ranks 10th in Europe on the basis of the proportion of forests protected from development. Two general objectives have been set for forest management: sustainability and effective management of forests.

Finally, looking at biodiversity, Estonia has a rich biological diversity, being home to a wide variety of wildlife species. To keep the population of its main species stable, the government regulates hunting through licensing and limits. All protected objects and species form a Natura 2000 network. About half of the Natura 2000 areas are wetlands and another half is dry land. Dry land protected areas cover about 17% of the Estonian mainland. One of the main risks for biodiversity is increasing traffic and road construction, though the newest roads have been constructed in accordance with environmental protection regulations. For example, the first "ecoduct" has been opened on the main national highway between Tallinn and Tartu. Strong emphasis has been put on environmental concerns in the process of planning the route for the Rail Baltic high-speed railway.

Global Environmental Protection

Global
Environmental
Policy
Score: 7

Estonia is engaged in a broad spectrum of activities to advance global environmental policy, but Estonia rarely, if ever, takes a proactive position in this area. Still, it has joined most important global and European agreements and displayed its commitment to these international agreements and targets. Estonia ratified the Paris Agreement (31 October 2016) and is taking steps to switch to more environmentally sustainable economic and behavioral models. In October 2014, Estonia agreed on EU energy and climate goals looking ahead to 2030. Broadly speaking, the Ministry of Environment focuses on two aspects of international cooperation: using international experience to improve the state of the environment in Estonia, and using Estonia's experience to provide support to other countries.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 10

The principles of fair and free elections are laid out in the Estonian constitution. Estonia has a proportional representation electoral system, which means that most candidates are registered within party lists. The composition of party lists is a matter of internal procedures that are set by the statute of the political party. Only officially registered political parties can nominate candidate lists in parliamentary elections. In order to be registered, a political party must have at least 500 permanent members, lists of whom are made public online. For each candidate, a deposit equal to the monthly minimum wage must be paid. In addition to political parties, two or more citizens can form an election coalition to participate in municipal elections. Every person who has the right to stand as a candidate may nominate him or herself as an independent candidate. Independent candidates can participate in parliamentary, local and European Parliament elections.

The largely ceremonial Estonian president is elected by the parliament or a special Electoral College composed of members of parliament and representatives of local councils. Candidates must be nominated by at least one-fifth of the serving members of parliament.

Citation:
Estonian National Electoral Committee <http://www.vvk.ee/?lang=en>

Media Access
Score: 9

Candidates and political parties have fair and equal access to the public broadcasting and TV networks. Access to advertising on private TV and radio channels, however, depends on the financial resources of the political parties. Therefore, smaller political parties and independent candidates have significantly limited access to mass media. There is no upper limit on electoral campaign expenses, which provides significant advantage to candidates and parties with more abundant financial resources. However, these disparities do not follow a coalition-opposition divide, nor is there discrimination on the basis of racial, ethnic, religious or gender status. Because of the high Internet penetration rate, various e-tools are becoming widely used in electoral

Voting and
Registrations
Rights
Score: 9

campaigns, including election portals run by public and private media outlets. This has helped candidates keep costs down and reach a wider public.

The Estonian constitution and relevant laws guarantee universal suffrage. The voting age is 18 for national and European elections, and 16 for municipal elections. About 6% of the population (or 16% of the voting-age population) are non-citizens who cannot vote in parliamentary elections, but have the right to vote in local elections. EU citizens residing in Estonia can vote in municipal and European Parliament elections. Estonian citizens residing abroad (about 10% of the electorate) can vote in all Estonian elections.

The state authorities maintain the voter register based on the population-register data. Eligible voters need to take no action to be included in the voter register. Each registered voter is informed by post or e-mail about all voting options, including the voting day, the location and opening hours of his/her polling station.

To facilitate participation in elections, Estonia uses advanced-voting, home-voting and Internet-voting systems. In the 2015 parliamentary elections, 30.5% of participating voters voted online.

Ethnic minorities' modest degree of engagement in election processes has been a longstanding issue of concern. However, the situation is gradually improving as more campaign information is available in Russian. The National Electoral Committee (NEC) website, on the other hand, only has election information in the state language (i.e., Estonian).

Party Financing
Score: 9

Financing of political parties is regulated by the Act on Political Parties (APP). All parties have to keep proper books and accounts, specify the nature and value of donations and membership fees, and publish their financial records regularly on their party's website. An independent body, the Political Party Financing Supervision Committee (PPFSC), monitors whether parties have properly declared all financial resources and expenditures; the committee can also impose sanctions when parties have violated the law.

The regulatory and investigative powers of the PPFSC have been expanded several times through amendments to the APP. Despite significant progress some loopholes in financing regulations still exist. One of the major concerns is that PPFSC's access to the information necessary to deal efficiently with financial fraud remain limited. To tackle the problem, PPFSC regularly proposes amendments to the APP. The latest one under consideration in the parliamentary committee proposes that third parties associated with donations and services to political parties must provide relevant documents to PPFSC upon request.

Popular Decision-
Making
Score: 3

According to the Estonian constitution, referendums can be initiated by the national parliament (Riigikogu); citizens do not have the power to initiate a referendum. Municipalities can organize referendums on local issues, but their outcomes are non-binding.

There is strong public support for the introduction of a binding referendum mechanism, and the issue is occasionally raised by opposition parties. However, no progress has been made toward this goal. Instead of referendums, a 2014 measure enables citizens to initiate amendments to existing laws, or propose new laws. To start the parliamentary proceedings of this kind, the proposal must be signed by at least 1000 people, must include an explanation why the current legal regulation is not satisfactory, and must describe what kind of amendments should be made. An online platform (rahvaalgatus.ee) is available through which citizens can initiate the process and collect signatures. At the time of writing, four initiatives made during 2016 had been taken up by the Riigikogu. So far, none of the popular initiatives have become law.

Access to Information

Media Freedom
Score: 9

Estonia follows a liberal approach to media policy, with minimal legal restrictions. The Estonian Public Broadcasting (ERR) company is constituted under the Estonian Public Broadcasting Act, and is governed by an eight-member Council. Based on the principle of political balance, five of these members are specialists in the fields of culture, while the other four represent political parties holding seats in the national parliament. Members of the ERR Council are elected every five years.

Globally, Estonia has been in the top ten in World Press Freedom index for several years. However, it ranked 14th in 2016, which is four points lower than in 2015 and the lowest rank since 2003. The main issues cited by Reporters Without Borders (the think tank behind the index) are the ease of bringing defamation lawsuits to the courts and the legal requirement for journalists to reveal their sources to legal authorities under certain circumstances.

Media Pluralism
Score: 9

A great variety of newspapers exist in the country. There are 21 national newspapers including two major daily broadsheets, 67 local newspapers and several newspapers in Russian. As a rule, newspapers are privately owned, but some local and regional papers receive support from the municipalities or counties. Some weeklies such as the Teachers' Gazette and the cultural weekly *Sirp* receive government funds. Printed newspapers have to struggle with decreasing readership since electronic media has become increasingly important. This trend is supported by high Internet and cable-TV penetration rate. All major newspapers have an online version, and there are two other major online news portals. One of these is publicly funded and run by the

Estonian Public Broadcasting, while another, Delfi, is owned by the private Ekspress Group.

Aside from the Estonian Public Broadcasting (ERR), media ownership is concentrated in two large companies owned by domestic investors (the Ekspress Group and the Eesti Meedia Group). A third major company, the foreign-owned Bonnier Group, publishes Äripäev, a business daily. In 2014-15, the Ekspress and Eesti Meedia groups acted to consolidate the media outlets belonging to their companies. Mergers and organizational rearrangements may decrease media pluralism.

Access to
Government
Information
Score: 9

The main principles of access to public and official information are laid out in the constitution. Additionally, the Public Information Act (PIA) has been in force since 2001, and the Personal Data Protection Act since 2007. Accordingly, access to information must be fast and easy, and restrictions are strictly defined by law. Any citizen or resident can submit an oral or written information request to the government and officials must provide a response within five working days. The obligations of authorities under the Public Information Act are not only to provide information, but also to assist the public in accessing documents.

The act is enforced by the Data Protection Inspectorate (DPI), which acts as an ombudsman and preliminary court, educator, adviser, auditor and law-enforcement agency. Last year 1,369 queries from citizens regarding access to public sector information and personal data protection were filed. Similar to previous years, the majority of complaints were about public authorities' lack of response to information requests, followed by queries on access restrictions to information.

Because Internet use is very widespread in Estonia, the strategic policy has been to advance access to information by using official websites and portals. All municipalities, political parties and government institutions must maintain a website, which must contain at least the information defined by legal acts. The situation is annually monitored and evaluated by the DPI. The DPI also monitors state authorities' web pages and document registries. In former years, requirements for keeping public sector databases postulated in the PIA were often ignored, which made the issue of utmost priority for DPI in 2016. Starting with 16 January 2016 the supervision over database upkeep has been given to the Inspectorate. The Inspectorate and the State Information System Authority cooperate to tidy the register management.

An emerging problem with governmental websites is that they are becoming overloaded with detailed administrative and legal information, in some cases undermining usability.

Citation:
 Estonian Data Protection Inspectorate (2016). Annual Report
 2015. <http://www.aki.ee/en/inspectorate/annual-reports> (accessed 28.Oct.2016)

Civil Rights and Political Liberties

Civil Rights
 Score: 9

Civil rights are widely respected and government does not interfere in the activities of courts. Equal access to the law and equal treatment by the law are legally guaranteed. Time needed to resolve civil, commercial and administrative cases has steadily declined since 2010. The same is true for the number of pending cases. Overall, the Estonian court system can be regarded as efficient in cross-European comparison on the basis of several indicators. However, according to the country's Chief Justice, legal advice in Estonia is too expensive for many citizens. Annual public budget allocated to legal aid is three euro per inhabitant being far below the EU average.

The Chancellor of Justice plays an important role in ensuring civil rights. She ensures that authorities and officials performing public duties do not violate people's constitutional rights and freedoms, and that persons held in detention are not treated in a degrading, cruel or inhumane way. Individuals can bring concerns directly to the Chancellor's office or send a letter detailing the issue of concern. In 2015, 995 citizen applications were received, 148 of them dealing with alleged violations of civil rights or liberties.

Citation:
 COM (2016). The 2016 EU Justice Scoreboard. http://ec.europa.eu/justice/effective-justice/files/justice_scoreboard_2016_en.pdf (accessed at 29. October 2016)

Political Liberties
 Score: 10

Political liberties are an important part of Estonia's constitution and they are widely respected in society. Twelve political parties collectively covering the entire spectrum of mainstream political ideologies are registered and active. The Estonian Trade Union Confederation (EAKL), which is comprised of 20 branch unions, represents employees' interests in collective-bargaining agreements and protects employees' rights in employment relations. It also consults employers on developing a sustainable labor market and participates in policymaking. Civil-society groups organize open forums to discuss important social and political issues. One such forum, the Arvamusfestival (Opinion Festival) is held annually since August 2013 and expands each year. In 2016, over 9,000 people attended the three-day event.

There is no state church in Estonia and religious freedom is guaranteed through the presence of 10 religious associations in the country.

Non-discrimination
Score: 8

Discrimination is prohibited by law, and several governmental institutions have been established to ensure non-discrimination. Alongside the Chancellor of Justice, the Gender Equality and Equal Treatment Commissioner (GEETC) acts as an independent and impartial expert tasked with monitoring the issue of discrimination. Legal standards are set by the Gender Equality Act (2004) and Equal Treatment Act (2009).

Gender equality has been a longstanding concern, but in recent years the situation is improving. This is reflected in the cases filed with the GEETC, where about 33% all discrimination cases were made on the basis of gender (compared to 50% in 2014). The second-largest number of cases filed with the GEETC concerns discrimination on the basis of disability (35 cases out of 209), followed by age (16 cases), ethnicity (13) and sexual orientation (6). About half of the discrimination cases occurred in workplaces.

The Registered Partnership Act (in force January 2016) allows same-sex couples to register their cohabitation. Within seven months, 26 couples have done so. The Work Ability Act, aimed at improving disabled people's access to the labor market, entered into force in July 2016. Yet, it is too early to evaluate the extent to which the work ability reforms will improve the welfare of disabled citizens.

Annual Review of Activities of Gender Equality and Equal Treatment Commissioner (in Estonian)
<http://www.vordoigusvolinik.ee/voliniku-too/aasta-tegevuse-ulevaated/>(accessed 30.Oct. 2016)

Rule of Law

Legal Certainty
Score: 10

The rule of law is fundamental to Estonian government and administration. In the period of transition from communism to liberal democracy, most legal acts and regulations had to be amended or introduced for the first time. Joining the European Union in 2004 caused another major wave of legal reforms. These fast and radical changes, which occurred over a short period of time, produced some inconsistencies. Today, a consistent and transparent system ensuring legal certainty is in place.

Judicial Review
Score: 10

The structure of the Estonian court system is one of the simplest in Europe. The system is composed of one level of county courts (4) and administrative courts (2), a higher second level of circuit courts (2) and the Supreme Court at the top level. The Supreme Court simultaneously serves as the highest court of general jurisdiction, the supreme administrative court, and the constitutional court. The Supreme Court is composed of several chambers, including an administrative law chamber. Administrative courts hear administrative matters. There are two administrative courts in Estonia, made up of 27 judges (about 10% of all judges employed in Estonia's court system). Most judges in Estonia are graduates of the law school in Tartu University; however, there are

also BA and MA law programs in two public universities in Tallinn. In total, the national government recognizes 11 study programs in law. Judges are appointed by the national parliament or by the president of the republic for a lifetime, and they cannot hold any other elected or nominated position. Status, social guarantees, and guarantees of judges' independence are established by law.

Together with the Chancellor of Justice, courts effectively supervise the authorities' compliance with the law, and the legality of the executive and legislative powers' official acts.

Appointment of
Justices
Score: 2

Justices of the Supreme Court are appointed by the national parliament, on the proposal of the chief justice of the Supreme Court. The chief justice of the Supreme Court is appointed to office by the national parliament on the proposal of the President of the Republic. While formally transparent and legitimate, the appointment processes rarely receives public attention or media coverage.

Corruption
Prevention
Score: 8

Abuses of power and corruption have been the subject of considerable governmental and public concern. On the one hand, Estonia has succeeded in setting up a solid institutional and legal structure to prevent corruption, with the National Audit Office, the national parliament's Select Committee on the Application of Anticorruption Act, the Supervision Committee and the Anticorruption Act of 2013. On the other hand, cases of illegal conduct among high-level civil servants, municipality officials or political-party leaders do emerge from time to time. Such cases can be regarded as evidence of the efficiency of anticorruption policy. However, they also indicate that loopholes remain in the public procurement process and in party-financing regulations, for example.

In 2015, the number of registered corruption offences increased by 21% as compared to 2014 (from 355 to 450). It is important to note that corruption offences are often repeated acts committed by the same persons, and one court case can include a number of criminal acts. Currently, two large court cases include 30% of all criminal offences registered in 2015. Thus, while the number of criminal offences increases, the number of court cases decreases. Most corruption offences (188) were registered in connection with state agencies (inspectors, boards, legal entities founded by the state), whereas corruption cases at the municipality level continued to decrease (24).

Ministry of Justice (2016). Kuritegevus Eestis (Crime in Estonia)
http://www.kriminaalpoliitika.ee/sites/krimipoliitika/files/elfinder/dokumendid/kuritegevus_eeestis_2015.pdf
(accessed 31.Oct. 2016)

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 6

The supporting structures of the government in Estonia are mainly located in the line ministries. The Government Office (GO) is quite limited in this respect, though there is a Strategy Unit within the GO, which mainly has a consulting function. Its main tasks are to support the composition of strategic-development plans, to coordinate and draw up the government's action plan, and monitor the implementation of the above-mentioned policy documents. The staff has slightly increased (from 10 to 13 positions), but some positions are vacant including the head of the Strategy Unit. A seven-year governmental program intended to improve the quality of policymaking was approved in 2014. In part, this strengthened the role of the Strategy Unit in ex ante impact assessment and long-term forecasting.

In addition to the Strategy Unit, there is also a Prime Minister's Bureau, comprised of experts in various policy areas who advise the prime minister. Different from the Strategy Unit, this body is closely linked to the prime minister's political party and its members change with each new prime minister. Unlike the Strategy Unit, which has a rather weak position, the Prime Minister's Bureau has a significant impact on government decisions.

Scholarly Advice
Score: 7

The extent and impact of academic consultation is framed by the overall pattern of government decision-making. Limited strategic capacity in the center and a tendency to pass policy-formulation initiatives to the line ministries makes the overall picture fragmented and uneven. Final reports of the research projects are made publicly available on the websites of the governmental institutions that requested the study. However, 25% of these studies are not made public, and the remaining ones are difficult to find due to the varying web architecture maintained by the ministries and agencies. The quality of the terms of reference, and as a result the quality of the commissioned studies themselves also varies largely. Even more importantly,

the majority of the studies (63%) were commissioned simply to obtain overviews of problems. The use of studies for policy decision-making purposes was clearly proven in the case of 46% of those reviewed.

Citation:

National Audit Office (2015). Activities of the state in commissioning studies. <http://www.riigikontroll.ee/tabid/206/Audit/2345/Area/1/language/et-EE/Default.aspx> (accessed 02.10.2015)

Interministerial Coordination

GO Expertise
Score: 5

The GO and prime minister's support structures primarily provide consulting services, monitor governmental processes and provide technical (judicial) expertise. There is no capacity to perform substantial evaluation of line-ministry proposals. Two OECD governance reports (2011; 2015) have pointed out that national policymaking lacks coherence and interministerial cooperation. Despite the action plan for the implementation of OECD recommendations (2014), no significant improvement has been achieved so far. The OECD 2015 report recommends that the government sharpen its focus and concentrate on five policy priorities at maximum. It also recommends giving the GO more discretion in (re)allocating organizational, financial and human resources for the implementation of key priorities.

Citation:

OECD (2015). Estonia and Finland Fostering Strategic Capacity across Governments and Digital Services across Borders. https://riigikantselei.ee/sites/default/files/content-editors/oecd/finest_assessment_and_recommendations.pdf (accessed 06.11.2016)

GO Gatekeeping
Score: 6

Since the evaluation capacity of the PMO is very limited, policy considerations rarely serve as a reason to return the proposals. The coalition government program and political arguments between coalition partners tend to be more important in this context.

Line Ministries
Score: 6

Two different forms exist to communicate line ministries' proposals to the GO. Firstly, all policy initiatives are discussed in coalition council. Second, the cabinet informally examines all substantial issues at its weekly meetings. No binding decisions are made in the meetings, the main function being to exchange information and to prepare for formal government sessions. However, the coalition that came to power after the 2015 elections is less cohesive and acts in a less coordinated manner than its predecessor. In the period under review, tensions in communication between the PMO and line ministers have increased. Line ministers are dissatisfied with never ending fruitless discussions and indecision by the prime minister and his office. As a sign of protest, line ministers stopped briefing the PMO about their ongoing activities.

Cabinet
Committees
Score: 2

Estonia does not have a committee structure within government, or any ministerial committee. Ministers informally discuss their proposals and any other pending issues at weekly consultative cabinet meetings, as mentioned above. No formal voting or any other selection procedure is applied to issues discussed on consultative meetings.

Ministerial
Bureaucracy
Score: 10

Formal procedures of coordinating policy proposals are set in the rules of the national government. According to it, all relevant ministries must be consulted and involved in a consensus-building process before an amendment or policy proposal can be brought to the government. An online draft-bill portal (Eelnõude infosüsteem, EIS) is used for the purposes of inter-ministerial coordination and public consultations. In addition to this formal procedure, senior civil servants from the various ministries consult and inform each other about coming proposals; deputy secretaries general are key persons in this informal consultation process.

Informal
Coordination
Score: 6

Informal coordination has played an important role in ensuring efficient policy-making. In addition to contacts between high-ranking civil servants in ministries, the coalition committee and governing bodies of political parties have been key players in this regard. Getting support from coalition partners is generally the first step in successfully passing legislation. However, Prime Minister Rõivas (in office until November 2016) very rarely discussed upcoming issues with key coalition partners or most relevant ministers informally. Instead, he preferred to bring the issues straight to the cabinet meeting.

Almost as important as the political support of coalition partners is the backing of local governments. However, local governments often hold positions in opposition to the central government, which makes reaching agreement difficult. Because local governments and their associations cannot veto the policy process, their position is often ignored. In 2016, several local governments appealed to the court to controvert the government plan of compulsory municipality mergers.

In sum, there are several mechanisms to coordinate policy proposals informally. These mechanisms, however, at times facilitate, and at other times complicate, coordination.

Evidence-based Instruments

RIA Application
Score: 8

The development and monitoring of regulatory impact assessments (RIA) is shared between the Ministry of Justice and the GO's Strategy Unit, with the latter taking a leading role with regard to EU-related issues during the 2014-

2020 period. Formal RIA procedures are quite well established, with all relevant normative acts, manuals and guidelines accessible on a dedicated website.

Since 2014, RIA has been mandatory for all categories of legal acts. A major breakthrough should be achieved with the help of EU structural assistance over the 2014-2020 period. Various training, development and implementation measures focused on RIA procedures are foreseen; the number of assessments performed is expected to increase fivefold by 2016, and tenfold by 2020. Yet, progress has been very modest so far – in 2015 only one RIA study has been performed.

Quality of RIA
Process
Score: 6

Legal regulations established by governmental decree (2012) require involvement by relevant interest groups and public consultations in the lawmaking process. It must be formally documented which interest groups have been involved, what their proposals have been and to what extent the proposals have been taken into account. All this information is publicly available in the explanatory paper accompanying the draft law. Alongside these formal requirements, involving stakeholders and hearing their opinions has become a common practice. However, two reports on the quality of the RIA process (see citations) have found that stakeholder involvement needs to be improved at all stages. RIA analyses are not communicated to the public, and only those partners closely participating in the process are sufficiently informed.

RIA results are not subject to regular evaluations by an independent body, and far more stress is put on the further elaboration of impact-assessment methods than on making use of results to create better policies.

Citation:

Praxis (2015). Arengukavade mõjuhindamine. Valdkonna arengukavade mõjude hindamise süsteemi analüüs. <http://www.praxis.ee/tood/arengukavade-mojude-hindamise-susteemi-analuus/> (accessed 29.09.2015).

Praxis (2014). Mõju hindamise metoodika rakendamine Euroopa Liidu asjades. <https://riigikantselei.ee/sites/default/files/content-editors/Failid/moju-hindamise-metoodika-rakendamine-euroopa-liidu-asjades.pdf> (accessed 29.09.2015)

Sustainability
Check
Score: 5

The dimension of sustainability is included in the methodological guidelines for RIA. The guidelines demand an assessment of the reviewed policy's impact over the short, medium and long term. However, concern with sustainability is given a marginal role in the impact-assessment process overall. The existing set of indicators is not explicitly linked to the sustainability check.

Estonia has a national long-term (30-year) sustainability strategy, “Sustainable Estonia 21,” which was adopted by the national parliament in 2005. However,

the latest government decree and the methodological guidelines do not make any reference to this national strategy.

Societal Consultation

Negotiating
Public Support
Score: 7

Consultations with societal actors are regulated by government guidelines contained in the Good Engagement Practices (GEP) document, approved in 2011. Although this is not a binding legal act, it prescribes in detail procedures for engaging social stakeholders in the policymaking process. The GEP includes eight recommended principles, which place importance on the clarity of goals, openness of relationships, and dedication to goals. Once a year, the Government Office presents an overview of the GEP's implementation to the government. All ministries employ an engagement coordinator who assists interested citizens and advocacy groups.

Existing regulations and established practices render it almost impossible to avoid interest groups' involvement in the policymaking process. The main focus is on consultations during the preparatory phase, when a broad range of societal actors is typically involved. However, at later stages, only those advocacy organizations tending to be supportive of the proposed policy are invited to the table. Thus, corporatist tendencies are becoming apparent that are not entirely in accordance with GEP principles. Furthermore, engagement practices have not yet been extended to the policy-implementation or policy-evaluation phases.

Policy Communication

Coherent
Communication
Score: 5

Ministries in Estonia's government have remarkable power and autonomy. Therefore, ministers belonging to different political parties in the coalition government sometimes make statements that are not in line with other ministries or with the general position of the government.

Implementation

Government
Efficiency
Score: 7

The cabinet under Prime Minister Taavi Rõivas took office after the March 2015 parliamentary elections. A document outlining the government's program was signed on 8 April 2015. The Government Action Plan 2015-19 and the Annual Progress Review against targets were publicly available on the government website.

Assessing the government's performance became more complicated than in previous coalitions due to the increased number of indicators and small targets. There were 621 objectives and targets to be accomplished in 2015-19

compared to 321 in 2007-2011. In total, 321 (40%) had been accomplished by September 2016. Thus, in terms of quantity the government has been sufficiently effective. In terms of quality, two issues come up. First, the majority of indicators anticipate very minor progress (less than by 1% in 4 years). Hence, little effort was needed to achieve the benchmark. Second, there was a lot of criticism among parliamentary opposition, social partners and even some coalition parties that instead of making fundamental decisions the government was busy with fine tuning and producing non-binding dense analyses.

As a joint effort by the think-tank Praxis and Estonian Employers' Confederation, an independent project Riigireformi Radar (Governance Reform Radar) was launched in order to monitor the government's performance in this key area. An expert panel has evaluated the government's performance every three months on five dimensions. The evaluation in September 2016 was more critical than previous ones as the experts argued that the governance reform was at a standstill.

Ministerial
Compliance
Score: 8

Estonia typically has coalition governments, and reaching an agreement on priorities and goals of the future government is the core issue of the cabinet-formation process. When the coalition cabinet has a mandate from the president, it acts in accordance with the government program and rules of procedure signed by all coalition partners. The process of program implementation is coordinated by the coalition committee, comprised of four representatives from each coalition partner. The coalition committee meets weekly, and coalition partners make decisions by consensus. However, the coalition government that came to power in 2015 was less coherent than its predecessors.

Monitoring
Ministries
Score: 5

The Prime Minister's Office has a small staff that performs mainly supportive and technical tasks. Thus the capacity to monitor the line ministries' activities from the core executive is limited. Even though the prime minister has little power over ministers, they rarely challenge the government program. Still, sometimes line ministers break with consensus, which results in bilateral talks with the prime minister.

Monitoring
Agencies,
Bureaucracies
Score: 8

Estonian government is horizontally decentralized. This means that besides 11 ministries, there are 25 executive agencies and several foundations established by the government. Foundations have specific policy objectives, often managing implementation of the EU structural funds in Estonia. Foundations are led by a counselor and appointed by a minister. Agencies implement policies within the broader policy area, and are accountable to the relevant ministry. Ministers appoint agency directors. These organizational arrangements enable ministries to monitor the activities of executive agencies. However, agencies have grown substantially both in terms of staff and task volume; this may ultimately produce negative effects such as a lack of coordination between the ministry and agency, or misuse of administrative

Task Funding
Score: 4

power by executive-agency CEOs. This latter problem is illustrated by the increase in corruption offences within these institutions.

Estonian local governments are heavily dependent on financial resources from the central budget, as revenue from local taxes is negligible. During the economic recession, the central government cut funds allocated to the local governments by 13%, and despite improvement in the economic situation, pre-recession rates have not been fully restored. As a result, local governments have serious difficulties in financing the tasks required by law. These unfunded tasks have produced heated debates between the local and central governments, and have resulted in several court cases, with favorable outcomes for the local governments. However, in response to recent Supreme Court rulings, the central government has sought to pass new laws that make the problem of unfunded mandates even more complicated (for example, by refusing to continue central-government subsidies for private schools).

In 2016 the government launched a radical administrative reform to enhance accessibility of quality public services across the entire country. At the moment of writing, no legislation specifying funding of revised tasks has been sent to the parliament.

Constitutional
Discretion
Score: 4

According to the Estonian constitution, local self-governments can independently decide on all local issues. The rights and responsibilities of local governments are stipulated in detail in the Local Government Organization Act. In Spring 2016, the government launched a radical administrative reform, which includes merging smaller local governments (fewer than 1,000 residents), into bigger units comprising at least 5,000 residents. If municipalities will not merge voluntarily, the process will be carried out by the central government. Several municipalities appealed to the court, claiming that the reform violates local government autonomy stipulated in the Constitution. The hearings in the Supreme Court were underway at the time of writing.

National
Standards
Score: 7

The issue of national standards is relatively new to Estonia. First the European Union and later the OECD brought it to the government's agenda. Until recently, transportation and water management were the only issues subject to quality standards. Local governments were not part of this national system and were responsible for ensuring service quality on their own.

Based on recommendations made in the OECD Governance Report 2011, the Ministry of Economic Affairs and Communications established a special unit responsible for elaborating a comprehensive system of public-services standards. The new system was supposed to include local self-governments and local services as well. In 2013, a green paper on public services was approved by the government cabinet, establishing online-service standards as the main priority. In 2015, the government cabinet launched a follow-up project aiming to set up a comprehensive system for measuring the quality of

all e-services no matter what the provider, content or location. This process is currently underway, since 2016 governmental agencies must publish information regarding public services, including quality indicators, on their websites. At the moment, the amount of available information greatly varies across ministries and agencies.

Adaptability

Domestic
Adaptability
Score: 9

The most important supranational organization affecting domestic policies is the European Union. The coordination of national interests with the EU has been Estonia's main priority since it joined the union in 2004. After consultations with the parliament and advocacy groups, the government has typically adopted a framing-policy document (e.g., Estonian EU Policy 2015-2019). Generally, the formation and implementation of national EU policy is the responsibility of the government. An interministerial Coordination Council for EU Affairs is tasked with facilitating coordination of these national efforts. The Coordination Council plans and monitors the initiation and implementation of all EU-related policy activities. Each ministry bears the responsibility for developing draft legislation and enforcing government priorities in its domain.

The Secretariat for EU affairs within the GO provides administrative and legal support in preparing EU-related activities. It advises the prime minister on EU matters (including preparations for European Council meetings), manages EU affairs across all government bodies, and offers guidelines for permanent representations. To prepare for the 2017 Estonian Presidency of the Council of the EU, a special task force, GO Presidency Team, has been formed with 31 positions. For the time of the presidency, 335 temporary positions are planned with relevant previous training.

The national parliament's European Union Affairs Committee issues political positions on draft European Union legislation, provides political opinions, and supervises the activities of the government as it implements EU policies.

Cooperation with other international organizations (e.g., WTO, OECD, NATO) is the responsibility of the Ministry of Foreign Affairs. The vice chancellor for European-transatlantic cooperation is a member of the Coordination Council for EU Affairs.

International
Coordination
Score: 5

Engagement in international development is mainly the responsibility of the Ministry of Foreign Affairs. There is an interministerial coordination group tasked with coordinating foreign-policy issues, which includes cabinet ministers. As in other areas, Estonia is good at adhering to international commitments but rarely takes the lead. Likewise, Estonia is not very good at

assessing the impact of national policies on the global challenge of human development. Assessment takes place in some policy areas (e.g., environment, energy, IT), but integrated coordination and monitoring across policy fields is nonexistent. Given that policy collaboration is still in its infancy, one cannot speak about systematic communication between the government and other stakeholders. Yet in some specific areas such as development aid or combatting HIV/AIDS, various interest groups do serve as active government partners.

Organizational Reform

Self-monitoring
Score: 6

Based on the amount of amended or adopted regulations that deal with institutional arrangements, the government's monitoring activities certainly exist and inform policymaking. Since March 2014, the Act on National Government has furnished the ministerial nomination processes with a new flexibility; it no longer lists ministers, but only sets a maximum number for the government as a whole. This enables nominations to better reflect current needs. For example, in 2014, the government created a second minister at the Ministry of Economy and Communication with responsibility for foreign trade and business, and two ministers at the Ministry of Social Affairs responsible for different social-policy areas. In 2015, a new post, Minister of Public Administration, was created with the main purpose to steer administrative reform. However, it is generally difficult to estimate how systematic and consolidated the government's self-monitoring activities truly are.

Institutional
Reform
Score: 5

Top politicians and executive officials widely understand the problem of fragmented policymaking as it was highlighted in the OECD Governance Report. Yet the government has responded to the OECD's call to move "toward a single government approach" only at the rhetorical level. Strategic capacity remains located within line ministries, and not in the Prime Minister's Office. Policymakers consult academic experts only sporadically, and mainly in the context of concrete reforms.

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 8

The regular and active consumption of news via online portals and public broadcasting services is a fundamental feature of Estonian society. According to the TNS EMOR market-research agency, members of the adult population in 2014 – 2015 spent a daily average of 3.5 hours listening to the radio, and

about 3 hours watching television. The major online portals Delfi and Postimees each have more than 500,000 unique visitors weekly. Extensive media consumption suggests that citizens may be well informed on major policy topics.

Survey data on citizens' policy knowledge are scarce and fragmented. One of the few available surveys (December 2015) revealed that only 14% of population knew correctly when Estonia will be holding the presidency of the EU Council. On the other hand, 57% reported that they are well informed about Estonian interests and priorities in the EU, and this figure has constantly been increasing.

Citation:

Government Office (2015). Elanikkonna suhtumine ja teadlikkus Euroopa Liidu küsimustes. Faktum & Ariko.

https://riigikantselei.ee/sites/default/files/content-editors/uuringud/el_toetusuuring_2015_aruanne.pdf (accessed 04.11.2016)

Legislative Actors' Resources

Parliamentary
Resources
Score: 8

Compared to many countries, the Estonian national parliament (Riigikogu) has a rather modest support structure. All administrative staff are employed by the Chancellery of the national parliament and can be divided into three categories. The first category includes analysts working in the research department who provide expert advice and produce information sheets and study reports. Because of budget and personnel limitations (14 advisers in total), studies are typically very small. In addition to in-house experts, the national parliament can also commission studies from universities or private companies on a public-procurement basis. In 2015-2016, two studies of this kind were performed, fewer than in previous periods. The second category of support resources is the administrative staff employed by the permanent committees. Each committee typically has three to five advisers. The third group is made up of the individual parliamentary groups' political advisers. In total, there are 31 people working for the six parliamentary party groups. Legislators can use a reading room in the parliamentary building and the National Library, which also serves as a parliamentary library, is located nearby. Members of parliament also possess monthly allowances that they can use to order expert analyses, studies or informative overviews.

Obtaining
Documents
Score: 10

Parliamentary committees have the legal right to obtain from the government and other executive agencies the materials and data necessary to draft legal acts and evaluate draft law proposals made by the government. The commission can also invite civil servants from the ministries to participate in commission meeting in order to provide additional information or explain

governmental position. According to currently available information, the executive and its agencies are generally forthcoming with requested information.

Summoning
Ministers
Score: 10

Permanent committees have the right to request participation of ministers in committee meetings in order to obtain information. However, no information on how regularly committees use this ability is available.

In addition, MPs can individually forward written questions and interpellations to the ministers. These must be answered publicly at one of the national parliament's plenary sessions within 20 days.

Summoning
Experts
Score: 10

Parliamentary committees can summon experts for committee meetings. They do this regularly, and to an increasing extent. Each committee determines which experts to call for each particular matter. In addition to ministerial representatives, researchers from universities and think-tank representatives, NGO activists involved in draft-law preparatory work are often invited. The scope of hearings varies depending on the public interest and priority of the issue under investigation.

Task Area
Congruence
Score: 9

There are 11 standing committees in the parliament that by and large match the structure of government, which is also composed of 11 ministries. In addition to task areas that correspond to ministry portfolios, there is also a European Union Affairs Committee that monitors the country's EU policy. Legal affairs are split between two permanent committees, the Constitutional Committee and the Legal Affairs Committee. Cultural and educational affairs are both addressed by the Cultural Affairs Committee. This may imply a work overload, as both education and social policy have been subject to regular and complex reforms.

All parliamentarians belong to one or more standing committee, which means each committee has about 10 members. The working schedule of the standing committees is established by the Riigikogu Rules of Procedure and Internal Rules Act; committees' work sessions are scheduled three days per week, for a total of 12 hours

Audit Office
Score: 5

The Estonian parliament does not possess its own audit office. Instead it relies on the National Audit Office (NAO), which is an independent institution defined by the national constitution. According to the constitution, the NAO is not a part of any branch of power, but remains independent of them all. Although the reports of the NAO are aimed at the national parliament, the government and the public, the parliament remains the first client. The Auditor General annually reports to the parliament on the use of public funds and on government budgetary discipline and spending.

Ombuds Office
Score: 2

The Estonian parliament does not have an ombuds office. To raise an issue or forward a concern, citizens must contact their member of parliament. If a

citizen wants to obtain information regarding the functioning and work of the parliament, he or she can submit information request (off- or online).

Citation:

<http://oiguskantsler.ee/en/estonian-model-of-the-institution-of-the-chancellor-of-justice-0>

Media

Media Reporting
Score: 8

By providing a continuous flow of information and background analysis, the main daily newspapers, TV and radio stations offer substantive in-depth information on government plans and policies. There are six national daily newspapers, two main weeklies, two online news portals, four TV channels and three public-radio channels. Together, these provide adequate information and in-depth analysis of government policy, and comprise the majority of the entire domestic media market (except for radio broadcasting, where music stations account for the largest market share). Policy-related information takes different forms, including inserts in regular news programs, interviews with experts, debates between proponents of conflicting views, debates between representatives of government and opposition, regular broadcasts of parliament sessions and government press conferences.

However, two shortcomings are evident here. First, the media tends to pay more attention to the performance of political parties as organizations than to the parties' positions on various policy issues. Secondly, information on government activities is typically provided not in advance of decisions, but only after decisions have already been made.

Parties and Interest Associations

Intra-party
Democracy
Score: 5

Decision-making processes are similar across the major parties. Formally, each party member can propose issues, but in reality inner circles of 15 to 20 elite party members make most important decisions. All parties have an annual congress at which delegates elect the party leader and other governing bodies. One such body is the board, which votes on political decisions, issues statements, and submits proposals to the party's parliamentary group and to the party's members in the government. The board also nominates ministerial candidates when the party is part of a coalition government. Another important decision-making body is the council, which manages the party when the general assembly is not in session. The council is comprised of board members and elected representatives from the various regions. The council negotiates agreements with other parties in the parliament, including decisions on whether to enter into a government coalition. Like the board, the council can also submit proposals to the party's parliamentary group and the party's

members in the government. As a rule, it is the council's responsibility to compose and agree upon the lists of candidates for general and European Parliament elections. Local political-party organizations compose electoral lists for municipal elections.

Association
Competence
(Business)
Score: 5

The Estonian Trade Union Confederation (ETUC) is comprised of 18 branch unions. In comparison to many western European countries, its policy formulation capacity is rather weak. The head office includes the secretariat (eight people) that prepares all kind of documents, including the draft law proposals, and organizes cooperation between the members of the confederation; there is no special research or analysis unit responsible for preparing concrete policy proposals. Trade unions are typically invited to contribute to policymaking processes initiated by the government.

The Estonian Employers' Union (EEU) has been more active (and even aggressive) in making policy proposals, especially in the realms of tax and labor market policy. Yet its institutional and analytic capacity is not significantly higher than that of trade unions.

Both the ETUC and EEU are expected to take various measures (such as allocating funds, implementing training programs, and hiring analysts) in the 2014-2020 programming period to increase their analytical and policymaking capacities.

Association
Competence
(Others)
Score: 6

The policy-formulation capacity of non-economic interest groups has substantially increased over time, and some of them are today able to propose concrete policy measures. The capability varies across fields of interest and with the scope of the intended impact. Most civil-society associations are small and possess limited financial and human resources. Therefore, their in-house capacity is very low, and most analyses have been carried out as single projects on a contractual basis. The level of capacity also depends on the formal policy agenda, as it is easier to add a new proposal to the existing agenda than to set the agenda. Therefore, social-interest groups lobbying on issues such as better socialization and care for disabled people or same-sex marriage have been quite good at formulating policy proposals, since relevant draft laws were already being considered by the parliament. Environmental groups in Estonia act mainly at the local level, working to affect community policies. However, local action can have a nationwide impact. For example, the corridor for the Rail Baltica high-speed rail system was revised based on input from community groups. Religious groups are not typically active in domestic politics or policymaking efforts.

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