

SGI Sustainable
Governance
Indicators

2015 Estonia Report

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Executive Summary

Estonia is in many respects a successful country that has demonstrated impressive progress in building a sustainable democracy. In the SGI 2014, Estonia ranked among the top 20 best-performing countries with regard to all three primary dimensions – policy performance (7th), democracy (11th) and governance (18th).

Globally, Estonia ranks among the top performers regarding media freedom and Internet penetration. The Internet is also widely used to enhance conventional and unconventional forms of political participation. The share of votes cast online is constantly increasing, and in the 2014 European parliamentary elections, accounted for a full third of total votes. Also, online civic initiatives such as petitions and the publication of draft law proposals are becoming more popular. However, some recent initiatives, particularly those related to the People's Assembly – a 2012 initiative focused on crowdsourcing proposals with the aim of enhancing the quality of democracy – have been only partially successful. Citizens still lack any ability to initiate referendums, and public-participation practices have tended to become increasingly corporatist in nature. Estonia's system of party financing has recently improved, but remains a topic of public and political debate. Improvements can be made with regard to number of issues, including the rule of law, government transparency, and the fair treatment of parliamentary and non-parliamentary parties.

In the area of civil and political rights, Estonia has made remarkable progress in some areas. For example, not only Estonian and EU citizens, but also permanent non-EU residents have voting rights for municipal elections. As of the time of writing, a constitutional amendment lowering the active voting age to 16 for municipal elections has successfully passed a second parliamentary reading. After long debates, same-sex couples gained the legal right to register their cohabitation. On the other hand, gender equality outcomes paint a less positive picture. The pay gap between genders is the largest in the European Union, and women are underrepresented both in parliament (though no longer in the cabinet) and in business executive suites.

Economically speaking, Estonia pursues a strict fiscal policy that has resulted in the lowest level of government debt in Europe. The country has recovered

from the global economic crisis, a fact evidenced by the current low level of 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 if it aims not simply to recover from the recession, but to secure economic growth over the long term. In 2013 – 2014, GDP growth has been low, innovation among enterprises has declined, and export demand has been lower than in previous years. As result of slow growth, household income is still at a very low level, with the national average just 38% of the EU-28 average.

Estonia's welfare system is generally established on a liberal model with some Bismarckian features in health care and unemployment policy. In recent years, social insurance funds have been used by the government to finance policy measures beyond insurance benefits, such as skills development and disability allowances.

In general terms, Estonia's development during the review period was successful, as poverty levels did not increase. However, there was a slight increase in the Gini index, indicating that the positive effect of economic recovery has been spread unequally across social groups. Increases in child benefits beginning in 2015 should provide some relief to the child poverty that has been a major problem for years. However, while short-term indicators have shown improvement, the long-term perspective is less positive. First, the health care sector continues to suffer from a number of issues, including budget shortfalls, a shortage of personnel, long waiting lists for specialized medical care, and the highest health disparities across income groups within the OECD. Second, an audit of Estonia's three-pillar pension system has revealed that the system is sustainable over the long run. The first, public pay-as-you-go pillar is suffering from increasing debt, while the second, mandatory pillar shows an average productivity of close to zero. However, there appears to be little political will to make the unpopular decisions necessary to revise the current policy.

The government did not introduce large-scale institutional reforms during the review period. Furthermore, some earlier initiatives to promote good governance and responsive decision-making have been put on hold, including a regulatory impact assessment process, the introduction of quality standards for public services (especially at the municipal level), and the follow-up to a number of People's Assembly initiatives. This retrenchment can be partially explained by the change of government in March 2014, by the European elections held in June 2014, and the subsequent changes in the EU Commission; all these events substantially reshuffled the core of Estonia's governing elite, and had an impact on the pace of ongoing reforms.

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. Estonia tends to overproduce strategies, while failing to coordinate the variety of strategies in circulation, and finding it difficult to implement the full range of its sophisticated programs. To overcome this fragmentation and bureaucratic overload, the government should consider two kinds of measures. First, it should merge and streamline its numerous small-scale strategies with the national 30-year strategy, called Sustainable Estonia 21. Second, to facilitate

implementation of such cross-sectional strategies, better coordination between ministries, as well as between the Prime Minister's Office (PMO) and line ministers, is needed. The government should also carefully monitor the development of e-government instruments, ensuring that further widening of access to information does not lead to excessively sophisticated but useless applications, which can ultimately make the state "unreadable" to its citizens.

Contemporary governance requires appropriate capacities both locally and internationally. Estonia has made impressive gains in the latter but not in the former realm. Local governments are heavily dependent on resources transferred from the central budget, as well as project-based financing. If local governments are to fulfill their mandates, their financial situation must improve. One means of accomplishing this goal would be to finalize the municipality-merger process that has been pending for nearly 10 years. Larger administrative units provide better opportunities to enhance the quality and capacity of public services, and in sum serve to improve citizens' quality of life.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

As an EU member state, Estonia forms its economic policy in accordance with EU strategies. Thus, the ideology of smart growth has been the guiding principle of national economic policy. Estonia used to have seven-year strategies for entrepreneurship policies; however, a strategy for the 2014 – 2020 period was approved by the government in September 2013. Elaboration 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. However, poor coordination, duplication and lack of synergy between ministries have been continuous problems. A clear example of lacking coordination is the issue of 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 lack of highly qualified workers, the Ministry of Interior, which is responsible for immigration issues, also becomes an important actor in economic policy. Besides a lack of coordination between ministries, a shortage of qualified and motivated workers is another barrier in building a smart economy.

The government supports enterprises through efforts to enhance their export capacities, mainly via Enterprise Estonia (EE), an organizations that provides financial assistance, counseling, cooperation opportunities and training for entrepreneurs. However, this body has been widely criticized for having too little impact on economic growth; in May 2014, this led to changes in the membership of its management board and supervisory board. The new CEO of

the EE, the Auditor General, and some individual members of parliament have voiced dissatisfaction with country's recent economic development path, noting that growth rates have not met expectations, efforts to pass tax reform have been stalemated, and that the country is losing attractiveness for foreign investors and highly skilled workers. Estonia ranks just above the 100th position internationally in terms of its ability to attract and keep highly skilled workers. In efforts to respond to these concerns, the government has prepared amendments to the Aliens Act making it easier to issue residence and work permits to highly skilled workers. At the end of 2014, a digital residency program was launched, giving foreigners access to all Estonia's e-services, including the use of a digital signature.

Labor Markets

Labor Market
Policy
Score: 6

The labor-market reforms carried out shortly before the economic downturn in 2009 have demonstrated their first positive results. As least on the basis of labor-market indicators such as general employment and unemployment rates, youth unemployment, and the ratio of low-skilled unemployed persons, the situation has recovered to pre-recession levels. Unemployment among low-skilled workers, the main target of recent labor-market policy measures, has decreased by nearly two times as compared to 2009 – 2012. However, youth unemployment has decreased to a lesser extent, and what gains have been achieved are associated primarily with the improving economic situation. In 2014, counseling centers (called *Rajaleidja*, or path-finder centers) were established to assist young people in making smart work and educational choices.

Minimum wage regulations are in force in Estonia, and the wage level is fixed annually according to a tripartite agreement. Collective-bargaining agreements are typically made at the level of enterprises or economic sectors. In 2013 – 2014, disagreements about pay levels led to tensions between labor-market partners in several instances, although strikes were never called (unlike in 2012).

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 rate (1% of an employer's payroll, and 2% of an employee's wages or salary), strict eligibility criteria and low level of actual benefits paid. The strategic aim behind this relatively tough policy was to accumulate resources for an important and costly labor-market reform that aims to bring at least 10% of the country's disabled people into employment. In January 2014, 100,000 persons in Estonia were receiving disability pensions, and this population has become a heavy burden on the social-fund

budget. Furthermore, Estonia is experiencing labor shortages in several fields; thus, expanding the workforce by reintegrating disabled workers is deemed an important goal. The disability employment reform is currently in its preparatory phase, with launch planned for January 2016. However, the situation surrounding this reform was tense as 2014 drew to a close. Organizations representing disabled people protested against the reform, saying that the process had been rushed, and that incentives to switch from social allowances to paid work were insufficient. In addition, it remained unclear how new jobs for disabled workers would be created, and how responsibility would be shared between employers and the public-welfare system.

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 levied with social insurance and, therefore, many small enterprises prefer to pay dividends instead of fair wages. Thus, the taxation policy does not fully meet the criteria for horizontal or vertical equity.

The Estonian welfare system is almost entirely financed out of 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 second, this strategy will likely be unable to provide sufficient financing for social services in the future, given Estonia's shrinking labor force. Pension funds, which are persistently accumulating debt, represent the most serious problem today.

Budgets

Budgetary Policy
Score: 10

Estonia has followed a strict fiscal policy for decades. Every effort has been made in order to maintain a balanced state budget even in times of economic recession. As a result, the country has the lowest debt as a percentage of GDP in Europe, and is able to meet future financial obligations without placing extra burdens 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.

Research and Innovation

R&I Policy
Score: 7

Research, development and innovation (RDI) have been strong priorities for national development. The priority position is reflected in a relatively sophisticated set of policies and instruments, and an increase in RDI expenditure over the past several years, which is slowly approaching the EU average. The development and performance of the Estonian innovation system has been remarkable over the past two decades. However, recent evaluations also point to some weaknesses. Policy measures have been much more successful in developing scientific research, as indicated by an increased number of international publications, patents, as well as researchers and engineers. Advances in the development of high-tech products and services are also noticeable but less prominent. One problem is that RDI measures have been focused on the top end of the economy, and the innovation system is consequently quite detached from a vast part of country's economy. As a result, RDI output has not made a significant contribution to structural reforms of the economy. The second major problem is that RDI is treated as an objective in itself, and therefore remains only vaguely linked to the country's economic and social goals. Basically, as with its economic policy more generally, Estonia faces the problems of an overproduction of strategies, a lack of coordination, and difficulty in implementing all its sophisticated programs.

Global Financial System

Stabilizing
Global Financial
Markets
Score: 8

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.

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 (with an enrollment rate is about 95%). Earlier concerns regarding a shortage of places in urban areas have diminished, although problems associated with a shortage of financial resources have emerged, including low salary levels for teachers. General education and vocational education and training (VET) are free; since 2013, this has also been true of university instruction. University applicants have to score highly on entrance exams in order to be admitted. Furthermore, they have to study full time; otherwise, a reimbursement program will apply. 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. Firstly, compared to other countries, Estonia has a higher vertical mismatch, meaning that many university graduates are employed in jobs that do not require university education. Secondly, compared to other countries, the effect of education on salary level is lower. The gender-based pay gap – the highest in Europe at 28% – is one aspect of this larger problem. 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. However, providing students at various levels of the education system with work placements, traineeships and internship opportunities remains an urgent challenge.

Citation:

Estonian Human Development Report 2012/13, Chapter 1.3. Education <http://www.kogu.ee/olemus-ja-roll/e>

esti-inimarengu-aruanne/eesti-inima rengu-aruanne-2013/
European Commission/EACEA/Eurydice, 2013. Education and Training in Europe 2020: Responses from the EU Member States. Eurydice Report. Brussels:Eurydice.
<http://www.eurydice.org.pl/sites/eurydice.org.pl/files/163EN.pdf>

Social Inclusion

Social Inclusion
Policy
Score: 6

As result of the transition period, Estonia has established a welfare system that resembles the liberal welfare model. Its poverty and inequality levels are similar to those in the United Kingdom, Ireland and some Eastern European countries in the Baltic Sea region. In general terms, Estonia's social policy can be regarded as successful, as poverty and inequality rates have not risen over the last decade. At the same time, some social groups remain at serious risk of poverty. Government policies have addressed some of these. For example, universal and – even more importantly – means-tested child allowances are increasing substantially beginning in 2015, with the aim of curbing high child-poverty rates.

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 emigration 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.

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 Sick Fund, reveal that strong majority (above 85%) of the population is well satisfied with the services provided. The high quality of medical services can be attributed to two main factors: the long-standing universal health system that covers almost the entire population, and the high quality of training at medical schools and the University of Tartu.

In the 1990s, Estonia created a social-insurance-based health system. This included some non-Bismarckian features such as general practitioners (GP). However, the principle behind the system affects access to health services.

Members of the working-age population not employed or in school are not covered by the national health-insurance program. As a result, 6.2% 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. Patient satisfaction surveys (2014) reveal that while 85% of respondents are well satisfied in terms of getting appointment to see a GP, the total drops to 74% in the case of specialist care. In general, older people (50 to 74 years of age) tend to be more dissatisfied. The emigration of medical personnel due to work overload and inadequate salaries is further burdening the system. 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 sufficient 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 female employment rate. In the 2000s, family policy has been high on the political agenda, initially because of low fertility and later because of 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 daycare facilities in urban areas for children aged 0-2 explain why child care density within this age group is relatively low. Parents are allowed to work up to a certain limit without losing benefits, which facilitates a combination of professional and family life. In families with preschool or young school-aged children, it is very common for mothers to work full time. In recent years, various part-time and flex-time work options providing more opportunities for families to manage their everyday lives have spread significantly.

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 because most of the current pensioners do not have the mandatory funded pillar, and their benefits depend on the social-insurance contributions made by current employees to the first pillar. Voluntary privately funded pensions also exist (third pillar), but have remained marginal in terms of coverage and assets.

Poverty rates among the elderly are modest compared with many OECD countries, and has slightly decreased in recent years. However, old-age pension benefits are still quite minimal (€353 per month in 2014), and elderly people still struggle to make ends meet.

Despite modest pension expenditures (roughly 5.5% of GDP), the sustainability of Estonia's pension system is at risk. State pension-insurance expenditure will exceed social tax revenue by close to €63 million in 2014, and according to the state budget strategy, this deficit will reach €74 million in 2017. A report by the National Audit Office revealed that the performance of mandatory fully funded schemes has not met expectations. The actual returns on the funds have amounted to zero on average. Furthermore, the present pension system does not encourage people to work longer, or even until retirement age (the average retirement age is almost eight years lower than the formal age of pension eligibility). Early retirement is also incentivized through numerous special pension schemes that previous reform plans have sought to abolish. However, these reforms have been put on hold. Thus, Estonia faces an urgent challenge, and must increase the efficiency of the three-pillar structure in order to serve its aging population in a sustainable manner.

Citation:

State Audit Office (2014) Sustainability of the state's pension system. Does the state guarantee the effective functioning of pension pillars?

<http://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/ItemId/704/amid/557/language/en-US/Default.aspx> (accessed 01 Nov.2014)

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 introduced in 1990s has since been regularly updated and monitored, with the government allocating substantial national and EU funds to various integration programs. In October 2014, the latest development plan (Lõimuv Eesti 2020) was submitted for review to the national parliament, and afterward to the government. The new plan significantly broadens the scope of integration policies. Whereas previous programs focused heavily on Estonian-language teaching, the new plan prioritizes identity-building, civic participation and cultural immersion. Nevertheless, supporting employability among the non-native population is still an important component of integration policy. Some progress in decreasing unemployment rates among the non-native population has already been achieved. In 2013, the difference in employment rates

between natives and non-natives was 2.7%, while the difference in unemployment rates was 5.6%. It should be noted that immigrants are typically employed in regions or sectors that are not economically strong and competitive. The country's ethnic Russian minorities, for example, have predominantly lived in the northeast, close to the Russian border, since Soviet times. In order to boost economic growth, a special development plan for the northeastern county of Ida-Virumaa was implemented in the 2010 – 2014 period.

As a result of the large Russian-speaking population in Estonia, 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 radio channel and several TV programs in Russian. With regard to immigrants voting rights, 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 live side by side rather than together.

Non-citizens' population share has fallen by 2.9% in recent years, and is currently 6% the total. Several amendments of the Act on Citizenship were initiated by the government in 2014, aiming to decrease the number of non-citizens further (for instance by granting Estonian citizenship to the newborn children of non-citizens, allowing children below 15 to hold multiple citizenship, and requiring elderly applicants to pass only oral Estonian language tests).

Safe Living

Safe Living
Conditions
Score: 7

Despite improvement in recent times, Estonia ranks at the bottom in homicide and violence statistics in the OECD. 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. In contrast, there is barely any violence in the streets, and if it occurs, it is usually an alcohol related conflict between people who know each other. The police enjoy public trust and support, but the main problem is scarcity of human and material resources. Due to very strict fiscal policy, all security forces have to survive on cut budgets, which has led to the closing down of police and rescue units in rural areas. As a result, people of small towns and villages feel less secure than they used to. In response, local people have organized voluntary rescue groups and neighborhood watch groups.

Citation:

Estonian Human Development Report 2012/13, chapter 2.3. <http://www.kogu.ee/olemus-ja-roll/e-esti-inimarengu-aruanne/eesti-inimarengu-aruanne-2013/>

Global Inequalities

Global Social
Policy
Score: 9

Development assistance is an important part of Estonian foreign policy. Financial resources allocated to these activities have grown steadily, exceeding €1.5 million in 2014. The 2011 – 2015 strategy underlying 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 policy, health system reform and e-government. Dissemination of domestic expertise in implementing ICT in public administration and education are the areas in which Estonia is acting as a trend-setter. In 2014, Estonia actively participated in providing relief to war refugees in Syria, South Sudan, and Iraq, and also provided emergency assistance in Ukraine and the Central African Republic. In October 2014, Estonia was elected to a seat on the U.N. Economic and Social Council.

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

Citation:

Overview of the Estonian development cooperation including the Strategy of Estonian Development Cooperation and Humanitarian Aid 2011-2015 <http://www.vm.ee/?q=en/nod/e/4084>

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 standards of the EU and international

organizations that Estonia joined after regaining independence. 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.

Regarding climate protection, Estonia has signed the Kyoto Protocol and implemented related tax and consumption regulations. In October 2014, Estonia agreed on EU energy and climate goals looking ahead to 2030. The country is progressing very much in line with EU targets. It has reduced greenhouse-gas emissions by half in a little over 20 years, even as the size of its economy has doubled. 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 renovation within the oil-shale sector.

As far as water resources are concerned, 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 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.

With regard to forest area, more than half of Estonia's land 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. 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 1,000 permanent members (500 since 2014), lists of whom are made public online. For each candidate, a deposit of twice 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. 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 public broadcasting and TV. Access to 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 campaigns, including election portals run by the Estonian Public Broadcasting (ERR) service. This has helped candidates keep costs down and reach a wider public.

Voting and
Registrations
Rights
Score: 9

The Estonian constitution and relevant laws guarantee universal suffrage. The voting age is 18. A proposal to decrease the voting age to 16 for municipal elections has passed two readings in the parliament as of the time of writing. About 6% of the

population (or 16% of the voting-age population) are non-citizens who cannot vote in parliamentary elections, but Estonia is one of the few countries in the world where all legal residents, regardless of their citizenship, 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 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, and the location and opening hours of his/her polling station.

To facilitate participation in elections, Estonia uses advanced-voting (starting seven days before election day) and Internet voting systems. Internet voting was first introduced in the 2005 local elections, and has been used in all parliamentary, local and European elections since that time. In the 2011 parliamentary elections, 24% of participating voters voted online, and in the 2014 European election, this figure reached 31%. Internet voting has proved an effective tool for voters who are mobile and for those living abroad.

Party
Financing
Score: 8

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 Supervision Committee (ERJK) monitors whether parties have properly declared all financial resources and expenditures; the committee can also impose sanctions to change behavior when parties violate the law.

In general, significant improvement has been achieved, allowing the Group of States against Corruption (GRECO) to conclude that "Estonia has implemented satisfactorily or dealt with in a satisfactory manner in total fourteen of the seventeen recommendations contained in the Third Round Evaluation Report." Amendments to the penal code have made the bribery of political representatives by private-sector companies a criminal offense.

The APP has been amended twice in recent years, in April 2013 and again in April 2014. With these amendments, the regulatory and investigative powers of the Supervision Committee were further expanded, and the definition of legal and illegal donations was clarified. A new online system for political parties to declare all incomes and expenditures to the ERJK was launched in 2013; the same system is used by electoral unions and independent candidates to declare donations and electoral-campaign expenditures. One of the aims and achievements of the new accountability system was to make regulations more comparable and transparent while decreasing the bureaucratic burden of financial declarations, which has been a

problem for smaller parties, electoral unions and independent candidates.

Yet despite significant progress, several loopholes in financing regulations still exist. The major issue is the alleged misuse of administrative resources by governing political parties to finance their electoral campaigns. Several court cases on this issue were pending in fall 2014.

Citation:

GRECO (2013). Addendum to the Second Compliance Report on Estonia Third Round Evaluation Report by GRECO on Transparency of Party Funding. Strasbourg, 18 October 2013.

[http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3\(2013\)10_Second_ADD_Estonia_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3(2013)10_Second_ADD_Estonia_EN.pdf) (accessed 02.Nov.2014)

Popular
Decision-
Making
Score: 2

According to the Estonian constitution, referendums can be initiated by the national parliament (Riigikogu); citizens do not have the power to initiate a referendum.

There is strong popular support for the introduction of a binding referendum process taking the form of citizens' initiatives. However, no progress has been made toward this goal.

Access to Information

Media
Freedom
Score: 10

Estonia follows a liberal approach to media policy, with minimal legal restrictions. The Freedom of the Press Report 2014 classified Estonian media as "free," with no change in rank compared to 2013.

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.

Media
Pluralism
Score: 9

A great variety of newspapers exist in the country. There are 21 national newspapers including two major dailies, 67 local newspapers and four to six newspapers in Russian. As a rule, newspapers are privately owned, but some local and regional papers receive support from the municipalities or counties. Some specific newsletters such as the Teachers' Gazette and the cultural newspaper Sirp receive government funds. Media ownership is mostly concentrated in two large media companies owned by domestic investors (Ekspress Group and Eesti Meedia Goup); the third major company, the foreign owned Bonnier Group, publishes the Äripäev economic newspaper.

Due to a high Internet and cable-TV penetration rate, electronic media are important. All major newspapers have an online version, and there are two news portals. One of these is publicly funded, run by the Estonian National Broadcast

Access to
Government
Information
Score: 9

(www.err.ee) company. Web-based TV and radio services are also rapidly expanding, providing more public choice.

The main principles of access to public and official information are laid out in the constitution. Additionally, the Public Information Act 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 on 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. In 2013, the inspectorate handled 550 complaints, 1370 requests for explanation and 1344 help-line calls from citizens. Additionally, the inspectorate investigates breaches of information rights on its own initiative.

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. Also, in order to guarantee everyone's access to public information, municipalities have to provide free Internet in public libraries. In order to ensure the availability and transparency of public information, the DPI monitors state authorities' web pages and document registries. Unfortunately, the results of this oversight activity are not publicly accessible. An emerging problem with governmental websites is that they are becoming overloaded with detailed administrative and legal information, eventually undermining usability.

Citation:

Estonian Data Protection Inspectorate (2014). Implementation of the Public Information Act and the Personal Data Protection Act in 2013, Recommendations for 2014.

http://www.aki.ee/sites/www.aki.ee/files/elfinder/article_files/Aastaraamat%202013%20t6lkesse_en.pdf (accessed 02.Nov.2014)

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. However, the length of preliminary investigations remains a problem.

The chancellor of justice plays an important role in ensuring civil rights. He makes sure 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. The largest number of cases under investigation in 2013 were related to Ministry of Justice or court activities (475 and 151 proceedings respectively). Violations of law or good administrative practices were found in only one court-related case, and in nine cases related to criminal law or the prisons. Generally, the number of citizens' appeals to the chancellor of justice decreased slightly in 2013 compared to 2012, but have declined by 30% compared to 2009.

Citation:

Chancellor of Justice (2014). 2013 Overview of the Chancellor of Justice Activities.

http://oiguskantsler.ee/sites/default/files/annual_report_2013.pdf (accessed 02.Nov.2014)

Political
Liberties
Score: 10

Political liberties are an important part of Estonia's constitution and they are widely respected in society. Nine political parties, which cover 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 (Festival of Opinion Culture), has been held annually since August 2013. In 2014, over 4,000 people attended the two-day festival.

There is no state church in Estonia, but 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. Besides the Chancellor of Justice, the Gender Equality and Equal Treatment Commissioner (GEETC) acts as an independent and impartial expert to monitor the situation. Legally, the rules are set by the Gender Equality Act (2004) and Equal Treatment Act (2009).

The period under review witnessed important progress toward better protection of the rights of disabled persons and sexual minorities. First, in October 2014, after long debate, the national parliament approved amendments to the Act on Cohabitation allowing same-sex couples to register their cohabitation. Second, an employment-policy reform aiming to support disabled people's access to the labor market is under way.

Gender equality remains a concern. This is reflected in the cases filed with the GEETC. Out of all cases concerning discrimination, about 50% were made on the basis of gender. This figure has not changed substantially in recent years. The gender-based pay gap in Estonia remains the European Union's largest, and women

comprise only 22% of the national parliament. However, the number of female ministers in the government was increased from one to six in 2014, reaching close to 50%.

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 nine 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 (Kohtuniku staatuse seadus).

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 2013, the number of registered corruption offences doubled as compared to 2012 (from 161 to 322). This can be seen as a reflection of improved efficiency in the relevant state authorities. It is important to note that corruption offences are often repeated acts committed by the same persons, and that the share of unique cases comprised less than half of the total. The highest number of unique corruption incidents occurred in educational institutions, where school heads have used public resources for private purposes. The largest number of corruption offences overall in 2013 was registered in connection with state agencies (ministries, inspectorates, boards, legal entities founded by the state), whereas corruption cases at the municipality level became less frequent. In all probability, the awareness-raising training provided by the state audit office to local government leaders, seeking to reduce the risk of corruption, contributed to this positive effect.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 6

The supporting structures of the government in Estonia are mainly located in the 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 abovementioned policy documents. The unit has limited staff, although two additional employees were hired in 2014.

Besides 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 passing of policy formulation initiatives to the separate ministries, makes the overall picture fragmented and uneven. The dominant pattern is that the government requests studies from research teams on an ad hoc basis. The extent to which research findings and recommendations influence reform proposals varies greatly. Final reports of the research projects are made publicly available on the websites of the governmental institutions that requested the study. Some of the most important studies, such as the annual Estonian Human Development Report, are also presented at the parliament's plenary sessions.

Interministerial Coordination

GO Expertise
Score: 5

GO capacities were substantially weakened in 1992 in the process of governmental reform. Currently, the GO and prime minister's support structures primarily serve to provide consulting services, monitor governmental processes and provide technical (judicial) expertise. There is no capacity to perform substantial evaluation of line ministry proposals. As a result, as the OECD governance report pointed out, policymaking lacks coherence and interministerial cooperation.

Citation:

OECD (2011) Public Governance Reviews - Estonia: Towards a Single Government Approach. <http://www.oecd.org/estonia/publicationsdocuments/reports/>

GO Gatekeeping
Score: 6

Since the evaluation capacity of the prime minister's office 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: 8

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 taken in the meetings, the main function being to exchange information and to prepare for formal government sessions.

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. In addition to this formal procedure, senior civil servants from the various ministries consult and inform each other about coming proposals; vice-chancellors are key persons in this informal consultation process.

Informal
Coordination
Score: 7

Informal coordination plays an extremely important role in ensuring efficient policymaking. In addition to the high-ranking civil servants in ministries, the coalition committee and governing bodies of political parties are key players in this regard. Getting support from coalition partners is the first step in successfully passing legislation.

Almost as important as the political support of coalition partners is the backing of local governments' associations. However, local governments often hold opposing positions to the central government, which makes reaching an agreement difficult. Because local governments and their associations cannot veto the process, their position is often just ignored.

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) falls under the Ministry of Justice's jurisdiction. Today, the formal procedure is quite well established – all relevant normative acts, manuals and guidelines can be accessed on a dedicated website.

Because regulations on this issue adopted at the end of 2012 will increase administrative workload, the RIA practices are being implemented step by step. According to the guidelines, RIA were meant to be applied to at least a quarter of new legal acts in 2012, to at least half in 2013, and to all categories of legal acts, including existing acts, in 2014. However, according to public information provided by of Ministry of Justice, RIAs have in fact been carried out in very few cases. Thus, the situation here is quite typical for Estonian governance – formal regulations are introduced, but full implementation and enforcement is clearly lagging behind.

Quality of RIA
Process
Score: 6

The legal framework for the RIA process was set in 2012. Today, it faces clear shortcomings with regard to large-scale implementation. On the positive side, legal regulations set in the governmental decree require the involvement of 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 truly common practice.

However, this process also has some weaknesses. In some cases, impact assessment is not carried out. In addition, there is no regular process of evaluating RIA results through an independent body (although in some cases, impact assessments have been requested by non-governmental research organization).

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.

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 comparatively 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: 8

The Action Program of the Government 2011 – 2015 was drafted in order to implement the coalition agreement. The program is updated annually; this practice has been maintained by the Taavi Rõivas cabinet, which took office in March 2014. Once initial goals have been met, follow-up actions required to fulfill the coalition's objectives are added to the program. In order to assess performance, seven priority areas covering 55 objectives in 18 different fields of policy have been set. There are benchmarks defined for each priority area.

Two different bodies, the government itself and independent experts, monitor the program and assess the government's performance in implementing it. An independent think tank, Praxis, with financial support provided by the Open Estonian Foundation, runs an interactive Web tool called Government Watch that assesses the government's performance. According to these experts, the government has accomplished 77 tasks out of a proposed 539 since 2011 (16 of them during 2013 – 2014), while 13 tasks have not yet begun. However, in almost half of the cases, activities undertaken thus far remain either superficial or only rhetorical.

The government has unfortunately discontinued its own interactive Web tool, which once allowed anyone to check on the government program's implementation status. However, formal reports on progress are accessible through the government website. In total, there are 539 benchmarks in the current Action Program, making it difficult to develop an overall picture of progress. Tasks accomplished in 2014 were mostly legal amendments (including the 2015 state budget) that will enter into force only in 2015.

Citation:

Government Watch website <http://valvurid.err.ee/filters#about,,,,,VXBkYXRl>, (in Estonian),(accessed 05. November 2014)

Ministerial
Compliance
Score: 9

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.

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. Although the prime minister does not

Monitoring
Agencies,
Bureaucracies
Score: 8

possess a lot of power over ministers, there is broad consensus on the government program, and ministers very rarely challenge it.

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

Task Funding
Score: 4

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, the 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.

Constitutional
Discretion
Score: 5

According to the Estonian constitution, local self-governments can independently decide on all local issues. All rights and responsibilities of local governments are stipulated in detail in the Local Government Organization Act. However, the limited administrative capacity and scarce financial resources of local self-governments curtails their implementation autonomy. The majority of Estonian self-governments are very small – fewer than 2,000 residents and eight to 10 civil servants in the municipal government. For example, according to the Estonian Union for Child Welfare, about one-fifth of children in 2013 lived in municipalities that did not have special social workers dealing with at-risk children. The shortage of administrative staff is closely tied to financial resources. Local budgets are dependent on central-government revenue and funding cuts have undermined local governments' ability to function.

National
Standards
Score: 6

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, and local self-governments were not part of this national system. Local self-governments and their unions 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. In 2013, a green paper on public services was compiled, released to the public for consultation, and thereafter approved by the government cabinet. The government also decided to launch a pilot project to design three public services according to the new standards. This process is still underway, and there is thus no comprehensive system of standards today. Moreover, two important aspects should be stressed. First, in the green paper as approved, the focus was shifted from municipal services to online services. Second, there are massive problems with regard to establishing public-services standards at the municipal level due to the persistent shifts in local-government formations. Thus, expectations that existed before the green paper have not been realized.

Adaptability

Domestic
Adaptability
Score: 9

The most important supranational organization that effects domestic policies is the European Union. Therefore, the coordination of national interests with the European Union has been Estonia's main priority since it joined the union in 2004. After consultations with the parliament, the government adopts a framing policy document (e.g., "Estonian EU policy 2011–2015") that defines the main principles and national objectives Estonia wants to pursue through the European Union. Generally, the formation and implementation of national EU policy is the responsibility of the government. Seeking to improve coordination of these national efforts, Estonia formed an interministerial Coordination Council for EU Affairs in 2012. The Coordination Council plans and monitors all EU-related policy initiation and implementation activities. Each ministry bears the responsibility for developing draft legislation and enforcing government priorities in its domain.

The secretariat for EU affairs continues to provide 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.

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 in implementing EU policies.

International
Coordination
Score: 5

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.

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 government and 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. When the current cabinet took the office in March 2014, the Act on National Government was amended to allow more flexible nomination of ministers depending on current needs. Thus, the Act no longer lists ministers, but only sets a maximum number for the government as a whole. In 2014, the government decided to create a second minister in the Ministry of Economy and Communication with responsibility for foreign trade and business, and to have two ministers in the Ministry of Social Affairs responsible for different social-policy areas. 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

Regular and massive consumption of news via daily newspapers and public broadcasting has long been a feature of Estonian society. According to the TNS EMOR market-research agency, 81.3% of the adult population read at least one newspaper in 2012, and the average person regularly read a total of six print-media publications. Extensive media consumption suggests that citizens are well informed on major policy topics. Estonians also frequently use the Internet, and are guaranteed free Internet access in public libraries.

Survey data on public awareness of policymaking institutions and processes is fragmented and lacks validity; thus, its conclusions must be viewed with caution. According to a national survey on gender-equality policy (2012), about 40% of respondents were able to name relevant legal acts, and about half were aware of the Gender Equality and Equal Treatment Commissioner. The European Quality of Life Survey (2007, 2011) asked respondents to evaluate the quality of public services in seven areas. Findings show that Estonian respondents' satisfaction with the quality of public services in 2011 had declined since 2007, which may reflect austerity measures taken by the government during the economic recession.

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 reports. In 2013 – 2014, the staff of the research department carried out six studies, or less than a third of the previous assessment period's load. Also, because of budget and personnel limitations (10 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 recent years, three studies of this kind were performed, which is also fewer than in previous periods. The second category of support resources is the administrative staff employed by the permanent committees. Typically there

are three to five advisers per committee. The third group are the political advisers of parliamentary fractions. In total, there are 40 people working for the parliamentary party groups. MPs can use a reading room in the parliamentary building and the National Library, which also serves as a parliamentary library, is located nearby. MPs 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, there is no information how regularly committees use this possibility.

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

Summoning Experts
Score: 10

Parliamentary committees can summon experts for committee meetings, which they do regularly and to an increasing extent. Each committee decides which experts to call in a particular matter. Besides ministerial representatives, researchers from universities or think tanks, 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 permanent 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 committee of European affairs that monitors the national EU policy. Cultural and educational affairs are both addressed by the cultural committee. This may imply a work overload, as several important education reforms have stalled.

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. Thus, with regard to the parliament, the NAO is an information agency of sorts.

Ombuds Office
Score: 2

The Estonian parliament does not have an ombuds office. To raise an issue or forward a concern, citizens have to contact their MP. If a citizen wants to get information regarding the functioning and work of the parliament, an information request can be submitted (including online submission).

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 non-dailies, two online news portals, four TV channels and three radio channels in Estonia that together provide information and in-depth analysis of government policy. These media outlets compose the majority of the entire domestic media market, except for radio broadcasting where music takes the major 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, not 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 their annual congress, where delegates elect the party leader and other governing bodies. One of the latter 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 candidates of the ministers in case the party is sitting in the coalition government. Another important decision-making body is the council that manages the party when the general assembly is not in session. The council is comprised of board members and elected representatives from 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 in the council's responsibility to

Association
Competence
(Business)
Score: 4

compose and agree upon the list of the candidates in general elections and European Parliament elections. Local organizations of political parties compose electoral lists for municipal elections.

The Estonian Trade Union Confederation (ETUC) is comprised of 20 branch unions. In comparison to many western European countries, its policy formulating capacity is very 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. Thus, trade unions are typically invited to contribute to policymaking processes initiated by the government.

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

Other interest groups beyond the social partners have a similarly limited capacity with regard to formulating policies.

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 has been revised based on input from community groups. Religious groups typically are not active in domestic politics or policy.

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