



SOTSIAALMINISTEERIUM

Welfare Development Plan 2016–2023

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Introduction

The Welfare Development Plan focuses on the strategic objectives of labour market, social protection, gender equality, and equal treatment policies for 2016–2023. The Development Plan provides a thorough overview of the main objectives, courses of action, and problems regarding those policies. The Development Plan was compiled due to the need to establish a unitary strategic basis for the policy-making of the aforementioned spheres, which would, at the same time, take into account the needs of people, society, and economy, the challenges arising from demographic and socio-economic trends, international commitments, and the capability of the state.

The population of Estonia is aging and in decline but at the same time, the life expectancy of residents has increased and people stay healthy for longer. These trends raise a question about the social and economic development – which changes should be made in different policy areas in order to meet the needs of the economy and the labour market, as well as to ensure a growth in human welfare and the sustainability of the social protection system.

A shrinking workforce means that more and more attention should be paid to factors that help secure the participation of the existing workforce in the labour market and its compliance with the needs of the labour market. At the same time, the motivation and capability of people to remain active in the labour market depend on the quality of working life and the impact of working conditions on people's health and work ability. Therefore, the priority of the Development Plan is to support participation in the workforce and a long-term working life, which is also the main method for ensuring the economic survival and welfare of people.

However, there are population groups that, for various reasons, are unable to temporarily or permanently ensure their economic survival through employment. Unfortunately, the social protection against social risks guaranteed by the state is not always sufficient for avoiding poverty and for fulfilling international obligations and requirements. Attention should be paid to the benefits concerning social risks: they should not reduce the motivation of people of working age to work nor should they generate a dependency on long-term benefits. On the whole, it is important that the state be able to execute the payment of benefits, including pensions and grants, for a longer period. Therefore, the Development Plan establishes the payment schemes for benefits and grants on the basis of a principle, according to which the payments shall be simultaneously activating, adequate, and financially sustainable.

By considering the increase in the caretaking burden and the need for personal assistance, which accompany an aging population, the need for support services and high-quality care facilities will increase. Therefore, one of the objectives of the Development Plan is to develop the provision of social services and its arrangement, including improving the availability and quality of these services. Thereby, the caretaking burden of caregivers is reduced and their opportunity to participate in the labour market is increased. In order to ensure the welfare and rights of the elderly, disabled, and people with special mental needs, we shall focus on the development of services that support independent coping and life in society, as well as the de-institutionalisation of the welfare services system. In order to improve the possibilities of different social groups for participating in social and working life, and to ensure equal treatment, we shall enhance the protection of fundamental rights and the adherence to the non-discrimination principle.

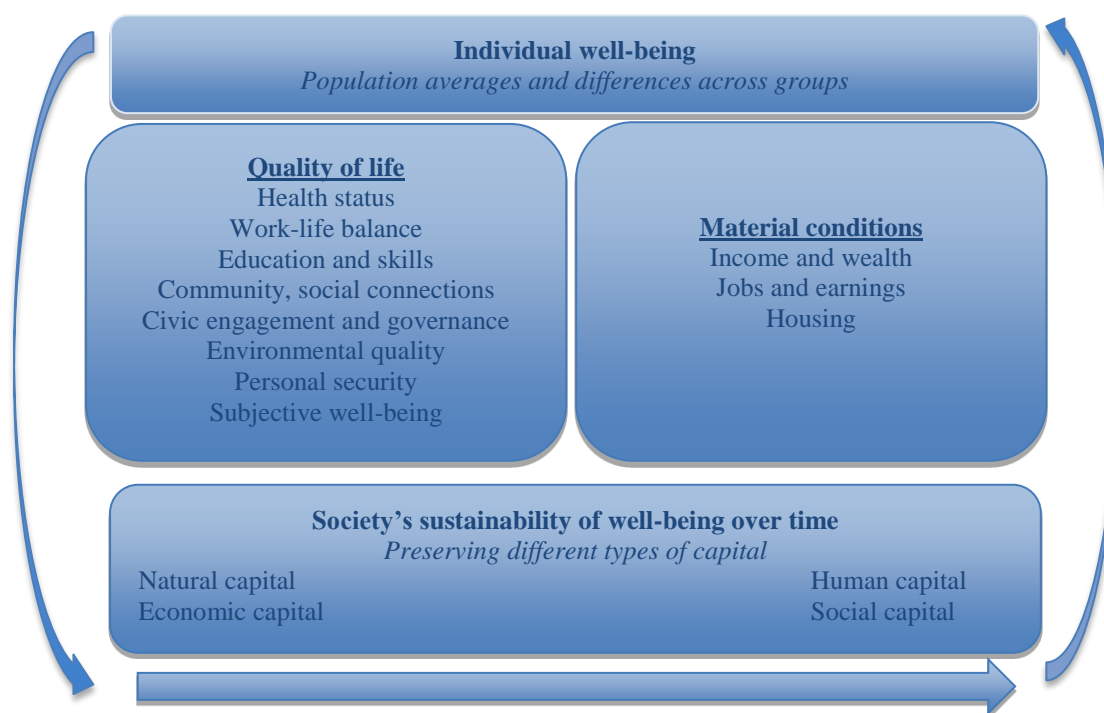
In order to ensure equal rights, obligations, opportunities, and responsibilities for the men and women of Estonia, the Development Plan aims to reduce general segregation in the labour market, the gender pay gap, and to increase the gender balance in every decision-making level of the society. The capacity of the state to promote gender equality in different areas of the community life shall be strengthened as well. Achieving the aforementioned objectives requires the development of policy measures that are jointly agreed upon and coherent, as well as their efficient implementation, which can only happen by collaboration between the parties and the skilful management of the whole process by the public sector. A sectoral Development Plan provides the necessary framework, management, and coordination tools. The objectives and courses of action of the Development Plan are in compliance with the European economic growth strategy Europe 2020, the Estonian strategy on sustainable development Sustainable Estonia 21, and the action plan for the Estonian competitiveness strategy Estonia 2020. The implementation of the activities described in the Development Plan takes into account budget constraints.

Approaches and principles

The approaches and recurrent principles of the Welfare Development Plan arise from the principles of a social and welfare state, the framework of fundamental and social rights, and social protection principles. On the one hand, the principle of a social state is ensuring that the strengthening of the state's economic development and competitive ability takes into account the needs of different social groups. For that purpose, equal opportunities must be supported and created for the population groups that would not be able to secure their livelihood and welfare in the conditions of the competition of market economy. On the other hand, the adherence to the principle of a social state is a premise for the state's economic development and competitive ability, as it prevents and reduces the exclusion of parts of the population from the social and economic life.

Sustainable Estonia 21 defines welfare as the satisfaction of the material, social, and cultural needs of individuals, accompanied by opportunities for individual self-realisation and for accomplishing one's aspirations and objectives. According to the welfare model described by the Organisation for Economic Co-operation and Development (OECD), welfare concurrently depends on social life, economy, and the environment, and it is developed thanks to a combination of many factors, including those related to the quality of life, material living conditions, and the society's sustainability with regard to human, natural, economic, and social resources over time (see Figure 1).¹ Therefore, in a broader view, the welfare of people and society is developed, one way or another, by all aspects of life and the policies that concern them. In order to achieve welfare, the Welfare Development Plan shall focus on facing the challenges regarding the quality of employment and working life, coping and social protection, and the promotion of gender equality and equal treatment.

Figure 1. Welfare dimensions according to OECD



Source: How's life. Measuring well-being. OECD 2012.

The models for social or welfare states vary from country to country. This Development Plan shall find solutions in accordance with the general shift of welfare state policies: transferring from the policy that compensates social risks and repairs their consequences to the policy that empowers and prepares people to cope with the risks. In addition to traditional social protection, increasing people's self-sufficiency and their social and professional activity has become more and more important.² Therefore, this Development Plan shall treat the social and labour market policies as investments that support people's participation

¹ How's life. Measuring well-being. OECD 2012.

² Morel, Nathalie, Bruno Palier, Joakim Palme, eds. (2012). Towards a Social Investment Welfare State? Ideas, Policies and Challenges. The Policy Press: University of Bristol. See also Lauri, Triin, Anu Toots (2015). Estonian welfare policy on the background of newer approaches to welfare. Estonian human development report 2014/2015, page 20–25.

in society and economy, and thus, provide an important contribution to the development of society and economy.

The **following recurring principles** have also been taken into consideration in compiling the Development Plan, and these shall also be adhered to in the implementation of the Development Plan:

- **Prevention** refers to the need to primarily focus on the prevention of social risks and the realisation of their consequences, which will prevent the progression and accumulation of the problems, and overall, make solving them more time- and resource-efficient.
- **Shared responsibility** means that the person themselves and their family bear primary responsibility for securing their welfare, coping, and a decent life. State and local authorities provide support in situations where a person or a family is not able to secure their livelihood on their own. The provision of help is also based on the shared responsibility principle, as it encourages people's self-responsibility and prevents learned helplessness and dependency on help.
- **Ensuring human dignity** is the central objective for the protection of social rights. Thereby, human dignity means both a decent treatment and a decent life.
- **A comprehensive approach to human needs** means that a person's needs are assessed as comprehensively as possible and the assessment is used in designing and implementing the measures by combining and connecting, if necessary, benefits, grants, and services.
- **Gender equality** refers to a situation where men and women have equal rights, obligations, opportunities, and responsibilities in participating in working life, education, and other social sectors. To achieve this, all legal, administrative, cultural, behavioural, social, and economic barriers or structural reasons that hinder the equal participation of men and women in social life and decision-making processes must be eliminated. To promote gender equality, the gender perspective shall be taken into account in the development of policies in all areas, and specific special measures shall be implemented as well.
- **Equal treatment** is based on the idea of equality among people and the prohibition of discrimination as the central principle of a social state, which must be taken into account in granting rights, their implementation, and in the creation of equal opportunities. The principle of equal treatment means considering the needs of all people, not the uniform treatment of all people.
- **Collaboration** must occur between people and communities, as well as institutions, including the various levels of public authority, domains, and public and private sectors, as well as the non-profit sector. **Collaboration with a person** means that they are included in the prevention and solving of their problems. **Collaboration with a community** is based on a community as the key figure between a person and society in the prevention, noticing, and solving of problems. **Collaboration between institutions** helps ensure that the needs of people are handled wholly and nobody is not left "lost in the systems". It also ensures that operation is unitary and efficient, includes as little bureaucracy as possible, and that public resources are used purposefully and practically. **Collaboration with the non-profit and private sector** highlights and values their role as service providers and their innovative solutions to sectoral problems. Collaboration also includes the **involvement of interest groups** and the **empowerment of non-governmental organisations and communities**.
- Policy choices and decisions are **based on knowledge and evidence**, which means that they are grounded on prior analysis and impact assessment, and are therefore based on certified efficacy and efficiency. This provides certainty that the proposed policy change, action, or activity will provide the desired effect and fulfil its purpose, and that the adopted decisions are based on scientific or applied research. The related research and development activities are topics that are included in all the sub-objectives.
- **The economical and rational use of public resources** means that due to limited resources, resources are used as purposefully and efficiently as possible. One prerequisite of this is that the impact of any policy change, action, and activity can be thoroughly assessed both in terms of the future and the past, and the respective assessments are considered in making choices and decisions. Preference is given to solutions that demonstrate a previously proven productivity.

General and sub-objectives

Two general objectives have been established for the implementation of the Welfare Development Plan. These proceed from the performance areas “Labour market” and “Social protection” in the chapter “Social protection and health” of the State Budget Strategy 2016–2019.

1. High employment rate and a high-quality working life

2. Reducing social inequalities and poverty, gender equality, and a greater social inclusion

Employment gives people an opportunity for self-realisation and financial security and is, therefore, one of the main prerequisites for socio-economic development, and a basis for a high-quality life. Due to the small and declining number of Estonian human resources, it is essential that as many residents as possible are able and can contribute to social and economic life. To do that, it is important to prevent and reduce situations and factors that reduce people’s ability to cope and cause coping difficulties, aggravate social inequalities, and generate exclusion.

Four sub-objectives have been established in the Development Plan for the achievement of the general objectives:

1. Correlation between the demand and supply of the workforce ensures a high level of employment, and high-quality working conditions support long-term participation in working life.
2. Supporting an activating, adequate, and sustainable social protection has increased the economic coping of people.
3. Efficient legal protection and high-quality personal assistance have improved people’s opportunities to cope independently, live in a community, and participate in society.
4. Men and women have equal rights, obligations, opportunities, and responsibilities in all social sectors.

The following indicators have been chosen for the assessment of the achievement of the general objectives of the Development Plan:

General objective No. 1. High employment rate and a high-quality working life

Employment rate for people aged 20–64, %									
<i>Source: Statistics Estonia, Estonian Labour Force Survey</i>									
Year	Initial rate (2014)	2016	2017	2018	2019	2020	2021	2022	2023
Men	77.6	78.1	78.1	78.2	78.3	78.4	78.5	78.7	78.8
Women	70.5	71.6	72.1	72.6	73.1	73.5	73.5	73.6	73.6
Total	74	74.8	75.1	75.4	75.7	76	76.1	76.2	76.3

The indicator shows the relative importance of employed persons in the respective age group. Regarding the policy instruments of this Development Plan, the employment rate is affected particularly by labour market measures and social services that support participation in the labour market, policy instruments that affect working conditions, including the labour law, as well as pension schemes (through leaving the labour market prematurely), and special measures for the promotion of gender equality and the principle of equal treatment in the labour market. The indicator is in accordance with the State Budget Strategy 2016–2019 and the Action Programme of the Government of the Republic 2015–2019.

The duration of working life, in years									
<i>Source: Eurostat, Estonian Labour Force Survey</i>									
Year	Initial rate (2014)	2016	2017	2018	2019	2020	2021	2022	2023
Men	37.3	37.5	37.6	37.8	37.9	38.0	38.1	38.2	38.3
Women	35.3	36.3	36.5	36.7	36.9	37.1	37.3	37.4	37.6
Total	36.5	36.9	37.1	37.2	37.4	37.5	37.7	37.8	38.0

The indicator shows for how many years, based on demographic and labour market data, is a person active in the labour market since the age of 15. This indicator is, therefore, important in the context of an aging population with an increase in life expectancy, shrinking workforce, and the sustainability of the social protection system. In this Development Plan, the duration of working life is largely affected by the same policy instruments that affect the employment rate. Regarding pension schemes, the general retirement age shall also be taken into consideration in addition to prematurely leaving the labour market.

General objective No. 2. Reducing social inequalities and poverty, gender equality, and a greater social inclusion

Absolute poverty rate, %									
<i>Source: Statistics Estonia, Estonian social survey</i>									
Year	Initial rate (2014)	2016	2017	2018	2019	2020	2021	2022	2023
Men	7.3	7.1	7.0	6.8	6.8	6.7	6.7	6.7	6.7
Women	5.4	5.4	5.3	5.2	5.1	5.1	5.0	5.0	5.0
Total	6.3	6.2	6.1	5.9	5.9	5.8	5.8	5.8	5.8

The indicator shows the proportion of people whose equivalent income is lower than the absolute poverty rate or the estimated minimum means of subsistence. The estimated minimum means of subsistence is the smallest amount of means of subsistence necessary to cover the everyday needs of a person. The minimum means of subsistence consist of a minimum amount spent on food and individual amounts spent on factors other than food, including housing expenses. Regarding the policy instruments of this Development Plan, absolute poverty is affected by the measures that promote the rate of employment, including labour market and social services, measures of gender equality and equal treatment, which improve the employment opportunities of groups that are disadvantaged in the labour market; and social transfers or social security benefits (including pensions) and state benefits paid for social risks. The indicator is in accordance with the State Budget Strategy 2016–2019 and the Action Programme of the Government of the Republic 2015–2019.

Relative poverty rate, %									
<i>Source: Statistics Estonia, Estonian social survey</i>									
Year	Initial rate (2014)	2016	2017	2018	2019	2020	2021	2022	2023
Men	19.6	15.9	15.7	15.5	15.3	14.8	14.8	14.8	14.8
Women	23.3	17	16.7	16.3	15.7	15.2	15.2	15.2	15.2
Total	21.6	16.5	16.2	15.9	15.5	15	15	15	15

The indicator shows the proportion of people whose income is under the relative poverty line, which is, according to the methodology agreed upon in the European Union, 60% of the median of the household members' yearly equivalent gross income¹. Relative poverty reflects the unequal distribution of income in society and the resulting (relative) inequality of opportunities between population groups. Relative poverty is affected by the same policy instruments that affect absolute poverty. The difference is that their effect on relative poverty is rather indirect.

The wage gap between the average hourly wages of men and women, i.e. the gender pay gap, %									
<i>Source: Statistics Estonia, database of the gender pay gap</i>									
Year	Initial rate (2013)	2016	2017	2018	2019	2020	2021	2022	2023
Reference level	22.5	21.3	20.9	20.5	20.1	19.7	19.3	18.9	18.5

The indicator shows the (in)equality between men and women in the labour market and more generally, in society. On the one hand, several factors affect the formation of the pay gap, including the concepts of gender roles in society. On the other hand, the gender pay gap affects, through income-dependent benefits and pensions, the quality of life of both men and women throughout their entire lives. Therefore, it is an important indicator that reflects the general gender inequality and the different valuation of men and women, and how their rights, obligations, opportunities, and responsibilities are divided differently in society. Considering the large amount of causal factors, reducing the gender pay gap requires a complex approach that includes different measures. Therefore, most of the measures included in this Development Plan affect the gender pay gap, as they promote gender equality, as well as educational and socio-economic equality between men and women.

Sub-objective No. 1. Correlation between the demand and supply of the workforce ensures a high level of employment and high-quality working conditions support long-term participation in working life.

The sub-objective focuses on supporting people's participation in working life.

To support social cohesion and a sustainable economic growth, and due to the declining and aging population, it is important to promote an inclusive labour market by giving everyone the opportunity to contribute to the labour market. It becomes more and more important that people remain in the labour market for longer and that labour potential is utilised better. This requires supporting compliance between the demand and supply of the workforce. Therefore, the objectives and policy instruments planned for its achievement are closely related to the Development Plans of the following domains.

Lifelong Learning Strategy 2020 focuses on compliance between the opportunities of lifelong learning and the needs of the working world. To achieve this, the strategy envisages the development and supply of learning opportunities and career services, which are of high quality, flexible, have diverse options, and consider the development needs of the labour market. These would increase the number of people with professional qualifications in different age groups and regions of Estonia.

The National Health Plan 2009–2020 includes a sub-objective that focuses on the establishment of life, work, and study environments that support health and the reduction of health risks arising from life, work, and study environments. One of the measures of the sub-objective focuses on the establishment of a work environment that supports people's health and the reduction of health risks arising from the work environment.

The Development Plan for Children and Families 2012–2020 includes a strategic objective that focuses on the reconciliation of working, family, and private life.

The Youth Sector Development Plan 2014–2020 focuses on creating many opportunities for young people for their development and self-fulfilment, including for learning and employment.

The Estonian Entrepreneurship Growth Strategy 2014–2020 focuses on the promotion of entrepreneurship, increasing productivity, and encouraging innovation.

Estonia's Regional Development Strategy for 2014–2020 stipulates, among other things, that people shall have access to good employment in every area of activity.

This sub-objective also supports the achievement of the objective of the integration development plan **Integrating Estonia 2020**, according to which the working-age population whose native language is not Estonian, should be provided with the opportunities to improve their knowledge and skills for a competitive participation in the labour market.

The achievement of the sub-objective is assessed on the basis of the following indicators:

Labour force participation rate (% of the total population aged 15–64)									
<i>Source: Statistics Estonia, Estonian Labour Force Survey</i>									
Year	Initial rate (2015)	2016	2017	2018	2019	2020	2021	2022	2023
Men	79.8	79	79.3	79.6	79.8	80	80.2	80.4	80.5
Women	72.9	71.7	71.9	72.1	72.3	72.4	72.6	72.8	73
Total	76.3	75.3	75.6	75.8	76	76.2	76.4	76.6	76.8

The indicator shows the proportion of the workforce in the working-age population, i.e. the proportion of the population, which is active in the labour market. Workforce comprises employed and unemployed persons. An unemployed person is a person who is not employed, is actively looking for a job, and able to start employment within two weeks.

An overview of the challenges related to the sub-objective

As of 2011, employment has constantly increased and the level of unemployment has significantly decreased. Employment figures are better than the European Union average.³ The pressure resulting from the decline and aging of the population means that the focus is set on the compliance between the supply

³ In 2014, the average employment rate in the European Union was 69.2%, in Estonia 74%

and demand of the workforce, and the quality of working life, which ensures sustainability and a growth of competitiveness. Achieving and maintaining a high level of employment means that attention must be given to the recurring problems in the labour market, specific target groups must be included in the employment, and the barriers of keeping them employed must be reduced.

Factors increasing workforce shortages include insufficient qualifications, as well as limited occupational and geographical mobility

The shortage of a qualified workforce is considered the factor that hinders economic growth the most.⁴ Employees' knowledge, skills, and experiences do not meet the needs of the employers⁵ and their acquired qualification is outdated. A small proportion of the Estonian working-age population participates in lifelong learning and the rate of participation significantly decreases with age.⁶ Additionally, the employer's contribution to the development and maintenance of an employee, especially that of an old employee, is small.⁷ Another problem is the horizontal and vertical gender segregation in the distribution of jobs of men and women (see sub-objective No. 4).

Utilising the potential of the existing workforce is also limited by regional differences and the occasional lack of preparedness and opportunities⁸ for national mobility and the associated costs.⁹ Thus, to ease the workforce shortage and to better link qualifications and jobs, the national mobility of the workforce must be developed. In terms of demographic developments, the need to balance the impact of a shrinking and aging population on the labour market by the immigration of a suitable skilled workforce has to be analysed.

Lack of awareness about the different aspects of working life and unequal treatment in hiring and in an employment relationship

In order to utilise of the Estonian workforce's potential and to ensure the labour market's efficiency, recruiting employees, including young people, the elderly, people whose native language is not Estonian, people with a caretaking obligation, and those with a health damage, is inevitable. It is also essential to assure a high-quality working life for them. Employment among some target groups, however, is hindered by the employers' lack of awareness about the target group or negative attitudes towards them (see target group-based obstacles below).

Employees and employers are characterised by a lack of (labour law) awareness about the different aspects of working life. This means that employees and employers do not have enough knowledge about the rights and obligations related to the labour law, the requirements resulting from the legislation, or the risks and opportunities of employment. Those who are less aware about the labour law than the average person include unemployed persons, Estonian residents whose native language is not Estonian, and the workforce with a lower level of education and occupational status, which is why their rights in the labour market may be less protected. This creates prerequisites for an unequal treatment in the labour market, including gender discrimination (see sub-objective No. 4).

Wage poverty and traps of unemployment and inactivity

Adequate material incentives ensure activity in the labour market. Although employment significantly reduces the risk of poverty, a job and the resulting income still does not always secure a satisfactory livelihood: in 2013, 5% of the people with a permanent job lived in absolute poverty and 12.1% of them lived in relative poverty. Wage poverty depends on several factors, such as education, qualification, gender, age, and the composition of the household, including whether they have children. Thus, people with a lower level of education and qualification, the elderly, and women have a higher risk of experiencing wage poverty. In addition to the aforementioned factors, wage poverty is also affected by the labour market's barriers in using flexible working time arrangements and non-permanent contracts, such as fixed-term contract, temporary work, and work in the case of urgent necessity. In the case of

⁴ Conjunction, No. 4 (191). 2014. Estonian Institute of Economic Research.

⁵ Estonia: Forecast highlights up to 2025. 2015. CEDEFOP; Nestor, Mihkel. 2015. Employers' expectations and vocational education – entrepreneurs' expectations; Differences in the regional developments of Estonia 2004–2010. 2010. Ministry of the Interior.

⁶ In 2014, the rate of participation in lifelong learning was 11.5% (the objective for 2020 is 20%), including the rate of participation 20.2% among people aged 25–35, 12.3% among people aged 35–44, 7.6% among people aged 45–54, and 4.8% among people aged 55–64.

⁷ The elderly in the labour market. 2012. The Centre for Applied Social Sciences, University of Tartu.

⁸ For example, possibilities are limited by a non-existing or a too expensive rental market, non-existing public transport or one that operates at unsuitable times. These issues are included in the National Development Plan of the Energy Sector until 2020 and the National Transport Development Plan 2014–2020.

⁹ A study on national workforce mobility. 2011. The Centre for Applied Social Sciences, University of Tartu.

wage poverty, factors that help prevent and reduce wage poverty and which help ease the consequences of wage poverty must be addressed (see sub-objective No. 2).

On the other hand, the way people remain employed and return to work is affected by the size of state-paid pensions, benefits, and grants, the duration of their payment,¹⁰ and the conditions related to activity requirements. Analyses reveal that some pension schemes (early retirement pension, old-age pension under favourable conditions, and superannuated pension) promote early leaving from the labour market, which is why these need to be re-designed (see sub-objective No. 2), analysed, and possible compensatory measures must be established (connectedness with activity requirements, additional labour market services for the prevention of unemployment, countercyclical unemployment insurance benefits, etc.). Additionally, the impact of different national support systems (for example, subsistence benefit, need-based family benefit, unemployment benefits) on the activity of the labour market must be analysed (see sub-objective No. 2). In relation to the implementation of the work ability reform, it is necessary to assess the impact of replacing the pension for incapacity for work with the work ability allowance on labour market behaviour. The payment of unemployment benefits (unemployment insurance benefit and unemployment benefit) must, on the one hand, ensure an adequate income for the unemployed person while they look for employment and help them avoid the risk of poverty (see sub-objective No. 2). On the other hand, it must support their fast return to the labour market. The unemployment insurance benefit depends on the person's prior income and in the case of redundancies in conjunction with the insurance indemnity, may demotivate a person to quickly return to the labour market. Therefore, the impact of the payment of the aforementioned benefits on the labour market requires further analysis. To learn from the experiences of the last economic crisis, the possible connections between the labour market situation and the conditions of unemployment benefits must be analysed.

Working conditions that do not consider the changes in the labour market, as well as economic changes do not support the establishment of smart jobs and the safe movement between various forms of employment

The changes in the labour market resulting from the decline and the aging of the population and from the sectorial workforce shortage create the necessity to use a variety of forms of employment and employment contracts. Employment patterns that are incompatible with valid regulations distort the actual nature of the employment relationship, do not support agreements for flexible work, and reduce the protection of employees. Among other things, the minimum social tax requirement does not support part-time work at a lower wage level. The need-based use of flexible forms of work increases employment mainly at the expense of the non-active workforce. Using flexible working time arrangements and non-permanent contracts is not common in Estonia.

Changed employment relationships and the formal involvement of employees does not motivate participating in the collective shaping of working conditions

The collective shaping of working conditions, including involvement, collective bargaining, concluding and expanding a collective agreement, and settling a collective labour dispute is a tool for establishing balanced working conditions and shaping social dialogue. The spread of different forms of employment and employment contracts of atypical forms, balance of interests concerning employment between the parties, and a large proportion of micro-enterprises¹¹ does not promote the collective shaping of working conditions or the social dialogue between labour market parties. The proportion of employees who belong to a trade union is small. The number of concluded collective agreements and coverage of employees with a collective agreement is small. The principle of involving employees means the equality of the parties in the employment relationship and contributions for a common objective. Involvement provides the opportunity to participate in decision-making processes. Often, the involvement of employees is only formal. Formal involvement deprives employees from the opportunity to influence the essence of their working conditions and the organisation of work, and weakens the social dialogue between the parties of the labour market.

Obstacles of different target groups in participating in the labour market

¹⁰ Efficiency of social benefits and their impact on labour supply. 2002. SA Centre for Policy Studies Praxis. Lauringson, Anne. 2012. The Impact of the Generosity of Unemployment Benefits on Estonian Labour Market Outcomes in a Period of Crisis.

¹¹ According to the data of 2014 of Statistics Estonia, there are 113,765 enterprises in Estonia. Of these, 0.2% are large companies, 1% are medium-sized companies, 5.2% are small companies, and 93.6% are micro-enterprises.

In 2014, the level of unemployment among **young people** (people in the age group of 15–24) was 15%, which is lower than the European Union average (22.2%),¹² but twice as high as the general level of unemployment (7.4%). Similarly to other European Union countries, there is a high risk of unemployment in Estonia among young people who have a lower level of education and do not have a professional education.¹³ The proportion of young people who are neither in employment nor in education (the so-called NEET youngsters) is also high (in 2014, 11.7% of all young people). The fact that they do not have any or have insufficient experience in employment or practical work means that they are not as competitive in the labour market. The obstacles for young people entering the labour market include the restrictions of the labour and tax regulation, and the fact that young people are at a higher risk of suffering from work accidents. On the other hand, the wage and position expectations of the young are often unrealistic compared to their experiences.¹⁴

Compared to other target groups, young people use less active labour market policy opportunities: according to the data of an Estonian workforce survey, only 32% of the unemployed in the age of 15–24 contacted the Estonian Unemployment Insurance Fund in 2014, compared to the 48% of all unemployed people.

An increase in the proportion of the **elderly** in a population means that employment problems must be solved for the target group.¹⁵ In 2010–2015, the number of residents aged 15–64 decreased by 42,200. Thereat, the number of residents aged 15–24 decreased by 42,200 and the number of residents aged 25–54 by 8,700. At the same time, the number of residents aged 55–64 increased by 8,700. According to the population forecast of Statistics Estonia, the number of people aged 15–64 will decrease by another 61,100 people by 2023 and the number of people aged 65–74 will increase by 21,800.

The employment rate of the elderly in Estonia is higher than the European Union average¹⁶ but this decreases rapidly with age despite the fact that the number of people who are ready to continue working in their retirement age is large. Older people have significantly more difficulties in finding a new job and the duration of the job-seeking process is longer.¹⁷ Obstacles¹⁸ include the lack of compliance of the qualifications with the changing demands of the labour market, health problems,¹⁹ and reduced work ability, a higher risk of being in work accidents, a lack of flexible work opportunities, the biased attitude of employers, and the possible unequal treatment. Employers attribute to the elderly lower productivity or a risk of missing work due to health problems. This leads to the situation where the elderly are offered jobs where they are expected to produce less or²⁰ they are not hired at all.²¹

Residents whose native language is not Estonian have a higher unemployment risk than Estonians. Although the unemployment gap between Estonians and non-Estonians has steadily declined after the crisis, the unemployment of non-Estonians (in 2014, 10.3%) still exceeds that of Estonians (6.0%).²² The labour market situation for people that do not speak Estonian is above all affected by the lack of knowledge of the state language, the state, and the labour market, as well as a lack of social networks operating separately from those of the natives,²³ the non-compliance of their education with the needs of the labour market, and the fact that work collectives are segregated on the basis of ethnicity.²⁴

¹² For comparison – in Sweden, the unemployment rate in 2015 among the young was 19.4% and in Finland, 21.6%.

¹³ The unemployment rate of young people with a low level of education in 2014 was 8% higher than that of those with higher education, i.e. 20.7% and 12.7% respectively. In the age group of 18–24, there was 11.6% of young Estonian people in 2014 who had completed only a lower level of education and who did not continue their studies. Compared to 2013 (9.9%), this percentage has increased.

¹⁴ Employment and unemployment of the young in 2015. The Youth Parliament.

¹⁵ In 2015, the old-age dependency ratio, i.e. the ratio of people aged 65 or over to the working-age population (people aged 15–64) was 28.7%; this figure has continuously increased since 2000.

¹⁶ In 2014, the Estonian employment rate of people aged 55–64 was 64%, the European Union average, however, was 51.8%. In 2014, the employment rate of people of retirement age of up to 64 years was 44.8%, in the age group of 65–69, it was 26.5%, and in the age group of 70–74, it was 13.5%.

¹⁷ In 2014, the percentage of people who had been unemployed for a long time was 43%. In the age group of 55–64, the percentage was 61%.

¹⁸ The elderly in the labour market. 2012. The Centre for Applied Social Sciences, University of Tartu.

¹⁹ According to a workforce survey of Statistics Estonia conducted in 2012, employees mainly stop working due to health problems (39%) or loss of work (27%).

²⁰ Krusell, Siim. 2010. The elderly in the labour market. Social trends 5. Statistics Estonia.

²¹ The elderly in the labour market. 2012. The Centre for Applied Social Sciences, University of Tartu.

²² The employment rate of Estonians was 64.8% in the same period and that of residents of other nations was 59.2%. Source: Statistics Estonia.

²³ Krusell, Siim. 2015. Estonians and non-Estonians in the labour market – the effect of nationality and knowledge of the Estonian language on the labour market position. Quarterly Bulletin of Statistics Estonia 3/2015.

²⁴ Monitoring Estonian integration in 2015.

Additionally, there is a clear regional and sectoral factor that affects the formation of the situation in the labour market for the population that does not speak Estonian.²⁵

In addition to the inclusion of long-term foreign residents in the labour market, attention must also be given to the employment issues regarding **new immigrants (including beneficiaries of international protection)**. International comparisons reveal that the employment rate of beneficiaries of international protection is lower than that of natives and other residents who have immigrated for other reasons. In particular, low participation in the labour market is a problem for the immigrants whose arrival was not initially related to employment. Thus, for example, only 33% of the people who arrived on the basis of family immigration are employed.²⁶ Additionally, their rights in employment relationships may be less protected, which is why they have a higher risk of losing employment.

It is still important to support the people in entering the labour market, **who have been looking for a job for a long time or who have been away from the labour market for a long time**. Often, eliminating these labour market obstacles requires the implementation of other measures in addition to labour market measures (for example, providing treatment and support services for people with addiction problems, providing individual support to multi-problematic people, etc.), determining the roles of various institutions, increasing capacity, and networking (see National Health Plan 2009–2020 and sub-objective No. 3).

In terms of caretaking obligations, the problems include a lack of suitable caretaking services (see sub-objective No. 3), the shortage of childcare facilities, benefits that encourage long-term inactivity in the labour market, and the unequal division of caretaking obligations between men and women (see sub-objective No. 4 of The Strategy of Children and Families 2012–2020).

In 2014, the employment rate of **people with decreased work ability**²⁷ among people aged 20–64 was 45.9% (in 2012, 39.7%). In 2014, approximately 46,700 people of the²⁸ recipients of pension for incapacity for work were employed.²⁹ The reason for a lower employment rate of this target group has been passive: the scheme for a pension for incapacity for work was not connected to the labour market, the assessment of work ability was executed only with regard to the incapacity for work at the previous job, and the activity requirements of the labour market had not been established. Additionally, the number of national measures that support employment has been small and under-utilised, and awareness about the target group's needs and opportunities has been insufficient. Health problems have also hindered acquiring the level of education and qualification necessary for entering the labour market. According to analyses, the dropout rate for people with health restrictions (disability or loss of work ability) from basic education is significantly higher than among people without health restrictions: 35.1% of 18–24-year-olds with a 40–100% permanent incapacity for work have not finished their basic education studies (40% of people with a disability).³⁰ The reason behind the decrease in work ability of every fourth³¹ person was a mental health disorder and this proportion is increasing.

The employment of people with decreased work ability is hindered by the lack of awareness about society and employers, as well as biased attitudes.^{32, 33} The related outreach and consulting activity of the employers so far has been weak and not coordinated between different institutions (the Estonian Unemployment Insurance Fund, the Estonian National Social Insurance Board, the Labour Inspectorate, the National Institute for Health Development, the Ministry of Social Affairs). The activities have also been inadequately analysed. For a greater inclusion of the target group in the labour market, it is important to promote social business and sheltered employment, as well as engaging enterprises and nongovernmental organisations (see also sub-objective No. 3 and sub-objective No. 2 of the Civil Society Development Plan 2015–2020). At the moment, the state does not have a transparent and economically motivating agenda that takes differences into account and supports initiatives. A sheltered employment broadens the opportunities for participating in the labour market, and the need for a special regulation must be considered.

²⁵ Development of the employment sector 2013. Series of the Ministry of Social Affairs No. 4/2014.

²⁶ Overview of the state's migration policy choices. National Audit Office 2015.

²⁷ With a 40% or higher permanent loss of work ability

²⁸ Survey on the Estonian workforce. 2014. Statistics Estonia.

²⁹ Of the people with a 40% loss of work ability

³⁰ Leinbock, Riina, Luule Sakkeus. 2014. General characterisation of residents with an operating restriction. Social integration of people with disabilities. Statistics Estonia.

³¹ Data from the register of the Estonian National Social Insurance Board.

³² Impact analysis of the Work Ability Allowance Act – ex ante appraisal. 2013. Saar Poll OÜ.

³³ People with a mental disorder in the labour market. 2015. SA Center for Policy Studies Praxis.

Problems related to maintaining employees' work ability

Work affects people's health. Decreasing work ability prevents the employee from participating in working life actively and for a long time. A decrease in work ability and physical harm related to employment are caused by the risk factors existing in a work environment and their impact on the employee's health. Work-related health damages cause absence from work, causing expenses for the employee, employer, and society. The condition of the work environment is characterised by work accidents, occupational diseases, and the number of sick days related to work accidents.

The system for the compensation of work incapacity does not include early/preventive intervention. The Estonian system for the compensation of work incapacity does not implement measures to prevent the health problems caused by employment. Nor does it support the employees' staying at work or returning to work. Additionally, the conditions for paying compensations do not motivate employers to offer suitable jobs and workers to return to work early. Among other things, the system for the temporary work incapacity does not allow working during the incapacity for work. People who have been incapable for work for a long time are more likely to become permanently incapable for work, which is why early intervention during a temporary incapacity for work is important for the prevention of more serious health damages and for ensuring that work ability remains. The experience of other countries reveals that if a person's health enables them to partially work, then working under appropriate working conditions promotes an early return to full-time work.³⁴

The employers' material incentives do not motivate investing in the maintenance of the employees' work ability. Labour costs form a significant part of the enterprise's total costs. High labour costs affect the employer's motivation to make additional investments in improving the working environment and in strengthening employees' health. Compared to other European Union countries, the social tax of Estonian employers is among the highest. Additionally, the employers have to cover it while in many other countries, the social tax is divided between the employer and employee. Another factor that decreases the employer's motivation to invest in health promotion is the fact that activities that promote the employee's health are taxed as fringe benefits. Establishing working conditions that meet the employee's needs requires the possible use of flexible forms of work. The capability to organise part-time employment is affected by habit and with regard to economic factors, by wage levels and the tax policy.

Lack of awareness about occupational health and safety does not support the protection of the employee's health in the work environment. Employers and employees do not know enough about occupational health and safety, their rights and obligations, requirements resulting from legislation, or workplace risks. Employers sense the lack of information, the inability to find the necessary materials on their own, and the inability to keep themselves constantly up to date with the changes in the acquis. The need to contribute to shaping the informed behaviour of employers and employees is, among other things, indicated by the studies on the use of hazardous chemicals at the workplace, the situation of the elderly in the labour market, and on the Employment Contracts Act. The direction of outreach and consulting activities must include a mutual coordination between the institutions implementing the outreach and consulting activities (Ministry of Social Affairs, the Estonian Unemployment Insurance Fund, Labour Inspectorate, National Institute for Health Development). Additionally, the activities have to be purposeful.

The purposefulness, efficiency, and sustainability of labour market services is not always guaranteed. In order to avoid the duplication of activities and the emergence of the so-called grey areas, market labour measures must be better linked to other policy areas (for example, education, business, tax, social, and health policies). The activation of target groups that are often left out of the labour market requires collaboration between institutions, data exchange, and a combination of services. The problematic factors regarding collaboration are taking responsibility and leading the network.

The range of selection of labour market services has been described in the Labour Market Services and Benefits Act, employment programmes, and the conditions for the payment of benefits funded by the European Social Fund. The division of conditions for the provision of different services between acts of legislation reduces their systemic nature, legal certainty and clarity, and increases the potential overlap of services. To ensure the purposefulness of the services and the sustainability of financing (even after the European Social Fund's funding has expired), the system for monitoring labour market services and

³⁴ See the study by the Estonian Centre for Applied Research Impact of Working Conditions on the Development of Incapacity for Work. 2015; and the study by Praxis, Centre for Policy Studies The System of Compensation for Occupational Disability and Occupational Accidents and Diseases in Estonia, and an international comparison. 2015.

the assessment of performance needs to be supplemented. In order to ensure a more efficient policy making and monitoring, a flexible access to data must be developed and international experiences and practises must be implemented.

The e-applications of labour policy are not purposeful and coherent enough. Several IT solutions have been used for supporting access to the labour market, helping participants in working life, and improving national supervision.³⁵ E-applications are not coherent and innovative enough, which is why they are not user-friendly and this causes the overall solution to perform poorly. An efficient cross-usage of data is also important. An efficient data exchange between the parties with a minimum administrative burden is not provided. Additionally, it is necessary to ensure that all of the information systems and e-applications are coherent, updated, and accessible (availability of information in Russian, to partially sighted persons, the deaf, and people with an intellectual disability).

Monitoring is not efficient enough and the resolution of labour disputes is not productive. The Labour Inspectorate executes national monitoring in the work environment for the fulfilment of requirements of legislation for occupational health and safety, as well as for employment relationships. Additionally, it consults and informs the general public, employers, and employees for the detection, elimination, and prevention of infringements in the work environment and employment relationships. The monitoring and consulting of employment relationships and the working environment is not sufficiently uniform, systematic, or transparent and therefore, the parties of the labour market are not provided with enough legal certainty.

In order to resolve a dispute outside of court, the parties of the employment relationship have to be able to pass the high-quality procedure for the resolution of a labour dispute. At the moment, individual labour disputes can be resolved at the labour dispute committee or in court. There are several procedural deficiencies in the process of resolving an individual labour dispute, which hinder the high-quality resolution of labour disputes. The analysis of labour disputes also refers to the shortages in the content and other issues of procedural law in the statement of reasons of the decisions of a labour dispute committee.³⁶

Policy instruments

Achievement and maintenance of a high employment rate

To achieve a high employment rate and to maximise the use of the potential of the Estonian workforce, obstacles that keep the people away from the labour market need to be eliminated. The sustainable maintenance of a high-level employment rate requires supporting high-quality working conditions, investing in them, and offering and developing labour market services based on individual needs.

In order to obtain a systematic overview of the performance of labour market services and international practise, the exchange of experiences, performance evaluation, and the information technology solutions shall be developed further, data availability shall be improved, and the financing principles that ensure sustainability shall be established. In order to ensure legal certainty and clarity, **the network of preventing, eliminating, and reducing the unemployment risk shall be systematised and regulated.**

In order to better target the needs and skills of the labour market, **the OSKA³⁷ system shall be developed and implemented in collaboration with the Ministry of Education and Research and the Ministry of Economic Affairs and Communications.** Comprehensive attention shall be given to the provision of knowledge and skills that consider the needs of the labour market (for example, the growth and disappearance sectors) and promote economic growth and competitiveness by identifying and developing

³⁵ The objective of the working life portal is to include updated information related to working life, which is, above all, targeted at the employer and the employee. Employers and employees are able to look at procedures related to them, prepare and submit notifications and reports at the customer portal of the Labour Inspectorate (eTi). The website of the Estonian Unemployment Insurance Fund provides information about the institution's services, and customers can use the self-service portal for e-service. The relevant information can be found at the website of the Ministry of Social Affairs. "Tööbik", a tool designed for the management of work environment, is intended for the risk assessment of a work environment, the preparation of an action plan, and its implementation. A database of collective agreements (KLAK) provides access for the entitled persons to the data necessary for the development of collective employment relationships. Analysing the data collected there provides an overview of the conclusion of collective agreements, including economy sectors, working conditions, the affected groups of employees, and the parties to the agreement (trade union, the representative of employees). In addition to the aforementioned, there are other information systems and e-applications that are related to the labour law, such as TIS, EHIS, etc.

³⁶ An analysis of labour disputes. 2013. The Centre for Applied Social Sciences, University of Tartu.

³⁷ A coordination system for labour market monitoring, predicting, and development of skills is being developed for a better linkage between the needs of the labour market and the trainings.

the services at the Estonian Unemployment Insurance Fund, which support obtaining qualifications, labour market training, practical trainings, and career counselling.

In order to raise the level of the employment rate and reduce wage poverty, it is **important to invest in the improvement of employees' qualification**. To support job transitions and professional mobility, and to prevent unemployment, more services shall now be offered to employed people. In order to achieve structural changes, preventive **supplemental and retraining opportunities** shall be created, particularly for risk groups, such as people with a low level of education and qualification, the elderly, and Estonian residents whose native language is not Estonian. The opportunity to expand adult learning must be analysed together with the development of support measures necessary for the learning. The **career counselling system** has to be developed to support the educational and occupational choices of the young, unemployed, employed, and the elderly. It is important that the development and implementation of the measures is executed in **collaboration with the Ministry of Education and Research and the Ministry of Economic Affairs and Communications**. This way, duplication of the measures can be avoided and the services can be targeted at people's needs. Additional value for the measures can be ensured by collaborating with social partners³⁸ and investing in outreach activities, which shall ensure the active involvement of employees and employers. The efficiency, productivity, and coherence of the tested services shall be analysed after a reasonable period has passed since their implementation. In order to reduce wage poverty, it is important to, among other things, analyse the need for **agreements with a flexible working time and the use of non-permanent working solutions**, their obstacles, as well as impact on labour market behaviour.

In order to **develop the national mobility of the workforce**, a new measure shall be tested – mobility support – and its results shall be analysed. In collaboration with the Ministry of Economic Affairs and Communications, the Ministry of Education and Research, and the Ministry of the Interior, the need to **encourage workforce immigration to cover the deficit in workforce** shall be analysed, and then, the relative policy shall be further developed. Mobility within the European Union shall also be supported while respecting the fair labour mobility principle,³⁹ the EURES⁴⁰ network, and rules shall be further developed for foreigners from third countries employed in Estonia.

High-quality employment relationships are built on the fact that participants in working life know each other's rights and obligations, and know how to apply them. In order to reduce the barriers for entering the labour market and to support participation in employment, the awareness of employers must be increased in collaboration with interest groups. Additionally, prejudicial attitudes towards different target groups (for example, the elderly, Estonian residents whose native language is not Estonian, and people with a decreased work ability) have to be reduced. To do so, the **employers' willingness and skills to manage diversity and consideration towards the principles of equal treatment in an organisation shall be increased**. Additionally, investments must be made in shaping the conscious behaviour of the participants in working life, and in their adaption to changing working conditions. To do so, the capacity of working life participants must be increased for the implementation of rules for employment relationships and the working environment, including for coping with new working environment risks, and for the **prevention of the employee's loss of ability to work**. This way, a sustainable and balanced working life that considers the interests of both parties shall be achieved.

To enliven the supply and demand of the labour market, material incentives shall be developed for the working-age population and employers. The **impact** of the conditions for the payment of **benefits and grants** (including unemployment insurance benefits, insurance indemnities in the case of redundancy, unemployment grants, and need-based grants) **on labour market behaviour and poverty** shall be analysed (see sub-objective No. 2). Additionally, the link between the duration of the payment of unemployment benefits and economy and unemployment figures shall be analysed, as well as the impact of activity requirements on the way people return to work. It is important for the recruitment of employees to analyse and develop material incentives (including labour costs, taxation policies and tax incentives, and wage subsidy).

In order to **establish a set of rules for trustworthy employment** that meets the requirements of the labour market and economy, the principles of employee protection and competitiveness must be integrated into using different forms and conditions of work. To do so, the patterns of employment and the regulatory system for working conditions (including working time and rest period) must be reviewed.

³⁸ Social partners are labour market parties or employees and employers, as well as their representative organisations.

³⁹ Fair labour mobility principles have been provided in <http://www.consilium.europa.eu/et/policies/labour-mobility/>

⁴⁰ EURES is an employment network created by the European Commission, which supports the free movement of workers in the European Union and European Economic Area countries.

It is necessary to analyse the need for using **flexible forms of employment and employment contracts**, their obstacles and impact on labour market behaviour in conjunction with income security while the person is employed, during a temporary interruption, or termination of employment. In order to encourage part-time employment, it is important, among other things, to analyse the impact of the abolition of the minimum social tax on the use of part-time employment and labour market behaviour.

To improve the quality of working life and to support the social inclusion of labour market parties, the system of rules regulating the collective establishment of working conditions must be updated to be compatible with changed socio-economic circumstances and to create an appropriate (legal) environment for the **establishment of collective employment relationships**.

To solve the challenges related to the implementation of the labour market policy, the **monitoring of the employment relationships and work environments** shall be enhanced to identify and eliminate violations related to the work environment and employment relationships. Additionally, more shall be contributed to the consolatory and guiding collaborating in order to increase awareness about the safety culture at a workplace and about the rights and obligations related to the employment relationship.

To increase legal certainty of the parties to employment relationships and to ensure a quick and professional procedure for the disputing parties, the **system for the resolution of individual labour disputes** shall be reviewed and regulated.

The **development of labour policy e-applications** that are web-based or in any other way related to information technology, and **cover working life**, and the establishment of associated complete solutions require determining the existing e-applications, their purpose, and functionality. The expediency of the e-applications in addition to the coherence between them, and the possible/necessary coherence with the e-applications of other areas must be analysed, based on which proposals shall be made for the further design of the vision of e-solutions and the implementation of the activities.

Target groups that require separate attention for the achievement of a higher employment rate include the young, the elderly, residents with other native languages, people who have been away from the labour market for a long time, and people with reduced work ability. Regarding **young people**, it is important to have smooth movement from the education system to the labour market. In collaboration with the Ministry of Education and Research, youth guarantee activities shall be carried out and their efficiency shall be analysed. As the unemployment risk is increased for the young by a low level of education, the activities of the Ministry of Education and Research, which keep the young in education and otherwise active, are important (see the Youth Field Development Plan). In terms of the labour market policy, it is important to **provide incentives for employers and to support position-related trainings**. In order to increase young people's competitive ability in the labour market and to provide them with the chance for additional employment, it is necessary to review the restrictions of the labour and tax regulation. In order to prevent the young from being in work accidents, they must be preventively informed and instructed with regard to workplace risks and measures for avoiding them, including the use of proper work techniques.

To keep the **elderly** employed, it is important to develop **measures for preventing unemployment**, such as ensuring the sustainability of work ability, promoting supplemental and re-training, and reacting to redundancies. In collaboration with the Ministry of Education and Research, principles for lifelong learning shall be established in addition to the compliance of trainings with the needs of the employers. To encourage employment in the retirement age and to prevent dropping out of the labour market, labour market services shall also be provided for jobseekers of retirement age. Developing pension schemes within sub-objective No. 2 will also help prevent the elderly from leaving the labour market prematurely.

To reduce the unemployment risk among **residents who do not speak Estonian** and to improve their labour market position, it is important to support the **achievement of a good proficiency in Estonian and overall integration** (see sub-objective No. 1 of Integrating Estonia 2020). To bring people of other nationalities into the labour market and help them find employment, the labour market services based on individual needs shall be continuously provided. To reduce regional unemployment in Ida-Viru County, projects for areas with a higher unemployment rate shall be preferred in open application rounds and the development of measures for the prevention of unemployment shall consider the sectoral component of unemployment. Greater attention shall be paid to the **integration of new immigrants** with different linguistic-cultural background **in the labour market**, and the awareness of the public, employers, and service providers about immigrants' cultural background shall be increased. In order to ensure that new immigrants (including beneficiaries of international protection) remain employed and receive equal treatment, special attention must be paid to monitoring their working conditions and the possible additional counselling and guidance.

The activation of **non-active people** shall focus on the removal of barriers of participating in the labour market. Additionally, systematic solutions for reducing long-term unemployment shall be highly important. To solve the complex problems concerning the provision of employment for the target group referred to last, as well as for discouraged workers, people who are inactive due to their caretaking burden and young people who do not study or work, **the network between the labour market, caretaking, and health institutions, the education system, local governments, citizens' associations, and the private sector** shall be strengthened. The performance evaluation and further development of existing services is also important.

Maintaining employees' work ability, keeping them in the labour market, and bringing people with reduced work ability into the labour market

The aim of the work ability reform is **to provide employment for people with decreased work ability and to keep them in employment** to ensure income and independence for people with a health damage, as well as to provide them with an opportunity to put themselves in practise and participate in social life. For that, a new evaluation system for work ability shall be implemented – the evaluation of work ability shall identify the person's work ability and their operating limitations – which shall help identify a suitable job, working conditions, and necessary services. In order to be employed, people with partial work ability must be active and the receipt of work ability allowance shall include the implementation of activity requirements regarding partial work abilities. Additionally, the services provided for that target group shall be tested, developed, and analysed. Special attention shall be paid to new services (for example, sheltered employment, professional rehabilitation, counselling, and support for driving to work). The target groups of these services shall be provided with the necessary information.

To increase employers' motivation and awareness, access to necessary information shall be granted and support services (training, counselling, etc.), as well as material incentives shall be developed. To reduce preconceptions of hiring people with reduced work ability and including them in society, public awareness must be increased. To provide appropriate support for people with reduced work ability and employers, specialists need to be trained (including the front-line staff and case organisers at the Estonian Unemployment Insurance Fund and the Estonian National Social Insurance Board). To expand labour market opportunities, the best practices shall be identified and in collaboration with the Ministry of Finance and the representatives of stakeholders, **the concepts and conditions of social entrepreneurship and sheltered employment shall be developed**, taking into account the results of testing sheltered employment. If necessary, additional measures shall be developed for the promotion of social entrepreneurship, including sheltered employment, which are economically motivating and support self-activity.

To prevent employment problems related to people with reduced work ability, it is important to guarantee **the smooth movement of young people with special needs from the general education system to the next level of education** (vocational training and/or higher education) **and to the labour market**. In collaboration with the Ministry of Education and Research, the current situation is being analysed and support services are being developed.

To support employment and solve related problems, the **quality and networking of case management** is being improved. The activities of the Unemployment Insurance Fund, Social Insurance Agency, local governments, Rajaleidja, and others for supporting people with decreased work ability must be linked into a comprehensive solution and to support possibilities. **Activities shall be monitored and their efficiency shall be measured**. This will help with the purposefulness of the services and their sustainable funding.

To maintain employees' work ability, a **safe working environment** must be guaranteed. To do so, the legal framework regulating the working environment must be made clearer and compatible with the changing labour market situation and economy. Additionally, monitoring, outreach, and counselling activities must be made more efficient. Employers must be supported in improving working environments and conditions and in preventing employees' loss of work ability, including **reducing the employer's occupational health and safety management burden**. To increase the employer's material incentives, tax policy factors must be analysed, including **the division of responsibility of social tax between the employer and employee, the taxation of activities promoting employees' health as fringe benefits, and the minimum requirement of the social tax**. Greater attention shall be paid to shaping the work safety culture for the participants in working life, including compiling a risk analysis, assessment of new risks, and to the safety in using flexible forms of work.

The possibility of developing a **compensation system for an incapacity for work** shall be analysed to motivate preventing work interruptions and to encourage returning to work, including analysing the principles of the occupational health system and for compensating incapacity for work due to the employee's health damage in order to enable early intervention. **To prevent** long-term and **permanent health damages**, a possibility shall be analysed, which would allow employees to **work during their inability to work** and to implement the evaluation of work ability for the prevention of temporary work inabilities and personal injuries caused by the work environment.

Sub-objective No. 2. Supporting an activating, adequate, and sustainable social protection has increased the economic coping of people

This sub-objective focuses on ensuring the availability, adequacy, and sustainability of social protection measures implemented in the case of social risks.

Generally, people guarantee their economic management through employment and a high employment rate is fundamental to ensuring people's welfare. However, there are situations or periods in a person's life when employment and earning an income is hindered or restricted. In terms of social risks that are accompanied by a temporary or permanent loss or decrease of income, or the emergence of additional costs, the key issues in securing a person's economic coping and preventing poverty are the availability and adequacy of social protection. Measures of social protection are divided into social security and welfare services.⁴¹ This sub-objective mainly focuses on social security benefits. Sub-objective No. 3 shall focus on welfare services.

Compensation and support systems in conjunction with the tax policy and services must encourage and support obtaining and maintaining employment, i.e. the person's own activity in securing their coping. It is also necessary to provide assistance in the case of need, which would eliminate the reasons for coping difficulties and prevent long-term dependency on social assistance.

The **adequacy** of social protection refers to the level of social protection accepted by society. This means that the compensation must be at a level that would prevent poverty in the case of risks.

Here, **sustainability** refers to financial sustainability or the balance of obligations and opportunities. Social protection expenditure represents a significant share in the state budget and therefore, attention must be paid to social protection schemes and other social protection measures: they must be financially sustainable and not jeopardise the balance of the state budget. Too large expenses on social protection measures limit the state's possibilities to invest in other areas important for society.

Other essential principles for ensuring and developing social protection measures include **coherence and optimality**, which means that compensation and support schemes must be thoughtfully linked together and adherent. On the one hand, people left in the so-called gaps of different schemes in the case of several risks occurring consecutively must be avoided. On the other hand, it must be ensured that in the case of several risks occurring consecutively, compensations and grants are not duplicated, do not reduce the motivation for work, or increase passivity.

The **universality** principle is also important for the development of the social protection system, as it ensures better access to compensations, their transparency, simplicity of the procedure, and cost-efficiency.

This sub-objective and its policy instruments must be examined with regard to the Development Plan for Children and Families for 2012–2020. One of its strategic objectives focuses on securing adequate economic coping for families with children, reducing poverty among children, and includes measures and activities for children and families with children, including families with disabled children.⁴²

Indicators for assessing the achievement of the sub-objective have been selected by age group, taking into account that the elderly and women have a higher risk of failure with regard to economic coping and poverty. At the same time, the mentioned groups affect the entire population's poverty indicators, which have been selected as the indicators for the general objectives of this Development Plan.

⁴¹Welfare services include a system of procedures aiming to secure different freedoms for people, and creating better opportunities for the development of economy through the development of human resources. At the same time, social inclusion is enhanced; poverty and social exclusion are more extensively and efficiently prevented and mitigated. Welfare service instruments (operations) may include grants, as well as welfare services.

⁴² See strategic objective No. 4 of the Development Plan for Children and Families for 2012–2020: Estonia has a system of combined benefits and services that offer constant security to families. In terms of social security benefits and national supports, the Development Plan for Children and Families includes the maternity benefit, parental benefit, national family benefits, and disabled child allowances paid in the case of having and raising a child.

Absolute poverty rate in age groups 0–17, 18–64, and 65+, %										
<i>Source: Statistics Estonia, Estonian social survey</i>										
Age	Sex	Initial rate (2014)	2016	2017	2018	2019	2020	2021	2022	2023
0–17	Men	9.4	7.5	7.3	7.2	7.2	7.2	7.2	7.2	7.2
	Women	8.8	7.1	6.9	6.8	6.8	6.8	6.8	6.8	6.8
	Total	9.1	7.3	7.1	7.0	7.0	7.0	7	7	7
18–64	Men	7.9	7.2	7.0	6.9	6.8	6.8	7.0	7.0	7.0
	Women	6.0	5.8	5.6	5.5	5.4	5.4	5.4	5.4	5.4
	Total	6.9	6.5	6.3	6.2	6.1	6.1	6.1	6.1	6.1
65+	Total*	1.3	1.2	1.2	1.0	0.9	0.9	0.9	0.9	0.9

* The gender percentage cannot be presented due to the restrictions of the sample

The indicator shows the proportion of people whose equivalent income is lower than the absolute poverty rate or the estimated minimum means of subsistence. The estimated minimum means of subsistence is the smallest amount of means of subsistence necessary to cover the everyday needs of a person. The minimum means of subsistence consist of a minimum amount spent on food and individual amounts spent on factors other than food, including housing expenses. The absolute poverty rate shall be monitored for this sub-objective with regard to age groups, people with disabilities, and employment status.

Severe material deprivation rate in total population, %									
<i>Source: Statistics Estonia, Estonian social survey</i>									
Sex	Initial rate (2015)	2016	2017	2018	2019	2020	2021	2022	2023
Men	4.5	4.1	4	3.9	3.9	3.8	3.8	3.7	3.7
Women	4.5	4.1	4	3.9	3.9	3.8	3.8	3.7	3.7
Total	4.5	4.1	4	3.9	3.9	3.8	3.8	3.7	3.7

The indicator shows the proportion of people who cannot afford at least four of the nine components: 1) paying rent and utilities; 2) keeping their homes adequately warm; 3) unforeseeable expenses; 4) eating meat, fish, or foods that contain comparable proteins every other day; 5) a week of vacation away from home; 6) a car; 7) a washing machine; 8) a colour TV; or 9) a phone. Therefore, the severe material deprivation rate does not only express income poverty but a wider material coping.

An overview of the challenges related to the sub-objective

In Estonia, economic coping difficulties and poverty threaten women, the elderly, disabled people, and the unemployed the most

The scope of economic coping difficulties in society can be described by poverty, particularly absolute poverty, and more broadly, by the indicators of material deprivation that characterise material exclusion. In 2013, 8% or 104,700 people of the Estonian population lived below the absolute poverty line or with less than the estimated minimum means of subsistence.⁴³ The severe material deprivation rate in the total population was 6.2% (81,140 people). In 2013, 22% or 288,600 people of the Estonian population lived in relative poverty or below the relative poverty line.⁴⁴

A comparison of the population groups reveals that in Estonia, absolute and relative poverty both threaten women, disabled people, and the unemployed the most. The unemployed have the highest risk of poverty. In 2013, 39% of the unemployed lived in absolute poverty and as much as 59%, which is more than half of the unemployed, lived in relative poverty.

While the proportion of people living in absolute poverty and in profound material deprivation is more or less the same, in terms of disabled people, the severe material deprivation rate is significantly higher than that of absolute poverty. This may be due to the reduced opportunities of disabled people to earn an income, but it may also be caused by the additional costs arising from the disability, leaving them with less money for other expenses that the indicator considers.

⁴³ In 2013, the line for absolute poverty or the estimated minimum means of subsistence was 205 euros.

⁴⁴ In 2013, the line for relative poverty was 358 euros.

The risk of poverty that is higher for women and increases with age indicates the feminisation of poverty. The main reason for this may be the huge gender pay gap in Estonia, which is also the biggest in the European Union (see sub-objective No. 4), as well as due the economic inequality between the men and women in Estonia. Additionally, the notable difference in the life expectancy of men and women, as well as the changes in the structure of the household caused by this, also play a role. Thus, older women mainly form a one-person household whose relative rate of spending compared to their level of income is higher than that of, for example, households consisting of two (adult) persons. The feminisation of poverty refers to the need to assess the gender impact of social protection schemes.

The risk of relative poverty among the elderly (65 and older) as a whole is significantly higher than that of the whole population but the proportion of the elderly living in absolute poverty or below the estimated minimum subsistence level, compared to the whole population, is smaller.

The indicators of poverty and material deprivation of children aged 0–17 years and of people of working age (18–64 years) largely coincided, as children are mainly living in the households of people of working-age. Therefore, in 2013, a tenth of the children and working-age population lived in absolute poverty, approximately 7–8% lived in profound material deprivation, and one fifth of them lived below the relative poverty line.

Social protection measures do not always ensure sufficient protection against poverty

In Estonia, social security covers the so-called traditional risks arising from a child’s birth, loss of work, illness,⁴⁵ decrease of work ability, old age, and the loss of a provider. Social benefits are meant to compensate the additional costs arising from a disability for disabled people. People who give birth to and raise children have a right to receive parental benefits, family benefits, and in the case of a disabled child, disabled child allowance.⁴⁶ There are also state benefits that are paid for other risks, such as grants and benefits for repressed persons. Victims of crime are entitled to victim support.⁴⁷ People who have economic coping difficulties can additionally apply for a subsistence benefit. Additionally, the state, legal persons governed by public law, or local governments shall pay the health insurance and/or pension insurance part of the social tax for different groups.

Therefore, the Estonian people are guaranteed social protection against various risks throughout their whole lives through social security benefits, including pensions and state benefits (see Table 1).

Table 1. State benefits and grants guaranteed for basic social risks in Estonia

Motherhood, fatherhood	Children and family	Unemployment	Disability, decreased work ability	Old age	Death of a family member, loss of a provider
Maternity benefit	State family benefits	Unemployment insurance benefit	Disability allowance for people in all ages	Old-age pension	Survivor’s pension
Paternity pay	Pay for additional parental leave	Insurance indemnity in the case of redundancies	Work ability allowance	Funded pension	Death grant
Adoption benefit	Care allowance	Indemnity in the case of the employer’s insolvency	Pension for incapacity for work ⁴⁸	Employer’s pension, including pensions under favourable conditions, superannuated pensions, and special pensions	
Parental benefit	Maintenance allowance	Unemployment benefit	Pay for a longer holiday	National pension	
Child care allowance		Early retirement pension	Sickness benefit	Support for people of retirement age who return from a foreign country	
Pension supplement			Personal injury benefit		
Pension under favourable conditions			Reimbursement of a disabled person’s student loan		
Additional down payment for funded pension					

However, current social security benefits and state benefits are not sufficient in all situations for ensuring the economic coping of people and preventing poverty. The biggest problem in Estonia is the social

⁴⁵ Health insurance is covered in the Public Health Development Plan 2009–2020.

⁴⁶ State benefits and grants related to the birth and raising of a child, including grants for disabled children, are covered in the Development Plan for Children and Families 2012–2020.

⁴⁷ The risks of becoming a victim of crime and victim support are covered in the Strategy for Preventing Violence for 2015–2020.

⁴⁸ Based on the work ability reform, pension for the incapacity for work is paid to the people whose work ability has been evaluated before the implementation of the new evaluation system (1 July 2016).

protection in the case of a job loss and unemployment, as in many cases, it does not prevent the person from becoming poor.

The scope of the security is determined by the coverage of the benefit, i.e. the size of the part of the risk group that received the benefit, the replacement rate, i.e. the size of the benefit compared to prior income, and the minimum size of the benefit.

Unemployment risk – the size of the unemployment insurance benefit depends on prior income and is, compared to other European Union countries, relatively small (during the first 100 days it is 50% of prior income and during the following 101–360 days, 40%). An amount has been set for the minimum benefit for the people with a low income, which guarantees that they have a “safety net” or that the benefit is 50% of the monthly rate of the social tax even in cases where the person’s own income was lower than the minimum wage rate. Therefore, its compliance with the minimum means of subsistence depends on the size of the valid minimum wage.⁴⁹

The main reason for the high risk of poverty among the unemployed is the low coverage of the unemployment insurance benefit and unemployment benefit – only a small part of the unemployed receive these benefits. In 2013, only 29% of newly registered unemployed people were granted the unemployment insurance benefit and the same percentage were granted the unemployment benefit. 42% of newly registered unemployed people were, however, not granted the unemployment insurance benefit or the unemployment benefit. The proportion of people among newly registered unemployed people who are not covered with the benefits paid in the case of unemployment has increased after the economic crisis.⁵⁰

Risk of incapacity for work and disability – the size of the sickness benefit is 70% of the average income of the calendar year before the sickness. The benefit is paid for up to six months. The problem is the level of the minimum benefit, i.e. the lack of a “safety net”. If a person worked for a very low wage or for a short period of time last year, the benefit paid on the basis of the income could also be below the estimated minimum means of subsistence or the level of absolute poverty.

People with disabilities, including disabled people of retirement age, are ensured an additional income with the state benefits for people with disabilities. These aim to partly compensate the additional costs arising from the disability and promote independent coping, social integration, and equal opportunities. However, it is estimated that the actual scope of the additional costs of people with disabilities is significantly larger than that which the benefits cover.⁵¹ Additionally, the monetary benefits planned for the compensation of additional costs are not adequately connected with the provision of social and other services, which aim to compensate for the need of personal assistance among people with disabilities (see also sub-objective No.3).

Age risk – the main income for the elderly is their pension. In accordance with the standard of the European Code of Social Security, the minimum size of the pension must be equal to the pension of a male unskilled worker with a 30-year insurance period.⁵² This standard ensures a higher income than the minimum means of subsistence and thus, precludes absolute poverty. However, in about one third of the cases, people are still left in relative poverty. However, considering demographic trends, maintaining pensions at this level is a great challenge for the state.

Minimum grants – the social security benefits must at least meet the minimum requirements of the European Code of Social Security. In Estonia, the problem lies in the size of the so-called minimum benefits not dependant on income – the unemployment benefit and national pension. In 2014, the unemployment benefit was 112 euros, which was significantly below the level of absolute poverty. National pension, which is paid for people who do not have the pension qualifying period required for receiving old-age pension, pension for incapacity for work, or survivor’s pension, was 149 euros per month in 2014 and was therefore also below the absolute poverty rate.

⁴⁹ In 2013, the minimum wage was 320 euros, which was below the relative poverty rate in 2013 (358 euros). In 2014, the minimum wage increased and was 355 euros, and in 2015, it was 390 euros. As the data on relative poverty in 2014 and 2015 were not available during the compliance of the Development Plan, it is impossible to assess how the increase of the minimum wage has changed its relation to the relative poverty rate.

⁵⁰ Võrk, Andres, Cenely Leppik, Reelika Leetmaa, Mare Viies (2015). ESPN Thematic Report on Social Investment. Estonia 2015. EC Directorate-General for Employment, Social Affairs and Inclusion.

⁵¹ Study on Disabled People and the Caretaking Burden of Their Family Members 2009. Saar Poll OÜ, Centre for Applied Social Sciences, University of Tartu.

⁵² In 2014, it was 283.83 euros in Estonia.

The list of social security risks is not final. It must be updated in accordance with society's developments and the values accepted in society. Considering the aging population, the need for long-term care will deepen, and the **increasing caretaking burden and need can be considered a new security risk** (see sub-objective No. 3).

Need – if social security benefits do not guarantee an adequate income or if the person is not entitled to social security, they still have the right to an (additional) state assistance in the case of need. Thereby, state assistance must comply at least with the minimum level that is in accordance with the principle of human dignity, i.e. at least ensure the minimum means of subsistence.

In Estonia, the minimum wage is guaranteed through the subsistence benefit. Subsistence benefit is entitled to a person living alone or a family whose monthly gross income is below the subsistence level after the deduction of housing expenses calculated under the conditions provided in the Social Welfare Act. The subsistence benefit is determined and paid by the local government from state budget resources. In 2014, 30,103 people received subsistence benefit, which is 2.3% of Estonian residents. As the need for subsistence benefits is affected by the situation of economy and the labour market, the number of people who receive subsistence benefits increases during years of an economic crisis and decreases during economic growth.

The size of the subsistence benefit is established by Riigikogu in the state budget.⁵³ The subsistence level is established on the basis of the minimum consumption expenditure on food, clothing, footwear, other goods, and services necessary for meeting immediate needs. However, the valid subsistence level is significantly lower than the sum of the respective cost factors calculated for the minimum subsistence level, which should be covered by the subsistence level.⁵⁴ Therefore, the subsistence level does not guarantee an adequate income to cover the cost of a minimum food basket and other essential goods and services. Families with children who have difficulties coping are in a somewhat better situation, as they are entitled to a need-based family benefit in addition to the subsistence benefit.

The methodology for calculating the subsistence level is not described in law and its size depends on a political decision, regardless of the increase in the cost of living and the cost of the components for the minimum means of subsistence. Additionally, each local government calculates the subsistence benefit on the basis of the marginal rates of residence costs established by the local governments themselves. On the one hand, this ensures the consideration of particularities characteristic to that region but on the other, this may not depend enough on objective indicators (considering, for example, the size of the household). The methodology for subsistence that should be the basis for the establishment of the subsistence level needs to be updated. If the establishment of the subsistence level is executed on the basis of the cost of components calculated with the updated methodology of subsistence level, it will help improve the coping of people in need and reduce the number of people living in absolute poverty.

A separate problem is that income from work does not always guarantee preventing poverty and people in Estonia with a low income are at a risk of wage poverty. To mitigate the consequences of wage poverty, grants and services based on people's needs must be ensured to them. At the same time, preventing and reducing wage poverty requires dealing with the factors that cause and affect it (see sub-objective No. 1).

The social security schemes that cover different risks must be coherent – people must not be lost between the schemes, but at the same time, the state does not have to cover the lack of income for people from several sources simultaneously. It is important that the schemes are optimal, i.e. they must prevent or mitigate poverty in the most cost-efficient manner.

The social security system must pay more attention to the cross-border movement of people

The cross-border movement of people has significantly increased. People transfer to work and live in the European Union, as well as outside of it. In the context of social security, the cross-border movement of people raises the question of ensuring earned rights – people must be able to realise their earned rights even if they decide to live in another country. The main problem concerns the rights that have been earned over a long period of time, such as pensions.

⁵³ In 2014 and 2015, the subsistence level for a person living alone or the first family member and a child younger than 12 years was 90 euros per month. The subsistence level will rise to 130 euros in 2016.

⁵⁴ In 2014, the cost of the estimated minimum food basket was 92 euros while the subsistence level was 90 euros.

Ensuring social security rights has been considered one of the most important guarantees of the free movement of people in the European Union and the cross-border payment of the mentioned benefits is regulated with directly applicable coordination regulations of social security schemes.⁵⁵ The European Union has concluded association agreements for social security with some third countries. These primarily cover the equal treatment of citizens and the obligation to export pensions, i.e. pay them to a third country.

Estonia has undertaken to ensure the realisation of earned social security rights if a person has moved to live outside of the European Union. Bilateral social security agreements have been concluded with Russia, Ukraine, Canada, and the Republic of Moldova, and negotiations have begun with several other countries as well. The choice of partner countries is executed based on which countries people have previously most worked in, as well as migration trends, or data on which countries people most move to work and live in.

A separate challenge is preventing possible abuses and errors in the payment of grants. For example, the identification of a person's country of residence is problematic in situations where a person lives in two countries or has moved elsewhere but has not registered themselves out of the Estonian population register.

Demographic trends challenge the financial sustainability of the social security system

Social protection, including the financial sustainability of the social security system is primarily a matter of balance of the country's needs-obligations and possibilities. The problem of sustainability thus concerns all the social protection measures to a greater or a lesser extent. Therefore, the sustainability of the work ability allowance and social benefits for disabled people must be monitored by taking into account the number of recipients. In terms of parental benefits, the issue lies in the financial burden on the state budget. However, the biggest problem in the context of financial sustainability of the social security scheme is pensions.

The financial sustainability of the social security scheme is significantly affected by the population's structure and the growth of economy. Due to the aging population, it is expected that the proportion of the working-age population will significantly decrease compared to the proportion of the retirement-age population. In 2014, there were four working-age people for one person of retirement age, but by 2040, for example, this ratio is projected to have reduced to two. After 2026, for which a further rise in the retirement age has not been scheduled at the moment, the number of pensioners will quickly increase. This means a strong pressure on the pension insurance budget and the size of the pension. At the same time, the life expectancy and the number of years people will live healthily has increased and will, presumably, increase even more in the future, which essentially allows people to work longer and the state to postpone the retirement age.⁵⁶

In Estonia, old-age pensions are mostly financed from the social tax, which comes in constantly, as well as from other revenues of the state budget. In 2015, the expenditure on old-age pensions was a total of 1.8 billion euros, i.e. nearly 21% of the expenditure of the state budget. In 2015, the expenditure of the national pension insurance was approximately 415 million euros more than the social tax revenue. In 2009–2014, 1.8 billion euros were taken from the other revenues of the state budget for the payment of pensions. The main reasons for the deficit include the increase in the number of pensioners, payments to the mandatory funded pension funds, and raising pensions during the economic downturn. Considering the demographic trends, the deficit will worsen if changes are not made.

The main factor that can be used to influence the sustainability of the pension insurance is the retirement age. The retirement age can be raised with one-time decisions, as it has been done so far. However, it is possible and more practical to use mechanisms that adapt automatically and adjust the retirement age in accordance with objective data.

In addition to the so-called regular old-age pension, there are special pensions in Estonia, which are paid to police officers, prosecutors, and servicemen. These are paid before the general retirement age and are significantly higher than regular old-age pensions. Receiving a special pension does not generally depend on the subsequent jobs and therefore, the special pension recipient has also the right to receive a special pension while being employed at another state office. This means that the state pays to the person the pension and wages from the state budget. In addition to the special pension (generally 75% of the last wage), officials who have joined the mandatory funded pension also receive the second pillar pension.

⁵⁵ Regulation of the European Parliament and of the Council (EC) No. 883/2004 on the coordination of social security systems (OJ L 200, 7 June 2004, p 1) and its implementing regulation No. 987/2009 (OJ L 284, 30 October 2009, p 1)

⁵⁶ See Sustainability of the state's pension system. National Audit Office 2014.

The sustainability of pensions is also negatively affected by the old-age pension paid under favourable conditions to people in early retirement age who have had dangerous and difficult employments, and the superannuated pension that is paid up to 25 years before the retirement age to people who have worked at jobs involving a decrease in professional work ability.

It is also possible to receive pension pursuant to the general pension scheme when one retires up to three years earlier. People who have prematurely retired are essentially lost for the labour market, as a person cannot receive both early retirement pension and a wage (see also sub-objective No. 1). A low unemployment benefit and a low coverage of unemployment insurance benefits have caused the elderly to apply for an early retirement pension in the case of unemployment. This trend is particularly popular during economic downturns due to the increased unemployment.

The public services provided in social protection need to be updated and the sectoral analysis capabilities need to be strengthened for the development of social protection measures

The Estonian National Social Insurance Board is responsible for the payment of social security benefits and state benefits. Its tasks and the related work processes have constantly evolved during the years and now, they include the determination and payment of benefits, as well as the organisation of the national rehabilitation service, special welfare services, victim support, and national protection of children. Therefore, the operating and quality of the National Social Insurance Board concerns a very large part of the population. Unfortunately, the information system that supports the work processes of the National Social Insurance Board does not correspond with the Board's changed tasks and its organisation of work, the opportunities and requirements of modern technology, and does not allow the provision of public services that meet expectations. Nor does it adequately support the collection and analysis of the data necessary for the sectoral development and management activities, and for making changes to the policy. Additionally, it does not support the data and information exchange between institutions and domains. For the state, an information system that is technologically outdated means unpredictable risks and irrational expenditure related to the provision and use of public services. Therefore, there is a need for a new national information system that would solve the aforementioned problems.

Policy instruments

The main policy instruments for achieving this sub-objective are the social security benefits paid in the case of social risks, and other need-based assistance for the least privileged target groups with coping difficulties.

Ensuring the social protection of people through social security benefits, state benefits, other assistance, and guaranteeing the adequacy of the minimum benefits

In implementing and developing social security benefit and state benefit schemes, their efficiency in preventing and reducing poverty among different population groups, as well as their effect on the motivation to work and work-related activity is assessed. Ensuring the adequacy of the minimum benefits is based on international obligations concerning the so-called agreed level of the minimum security benefits and minimum income.

Additional measures shall be developed and implemented for preventing and reducing poverty among people with low wages. This target groups includes wage poor people, pensioners who live alone, the unemployed, and people with disabilities:

- the coping of the elderly and people with low wages shall be improved through additional support schemes;
- to solve the problem of poverty among the unemployed, proposals shall be developed for increasing the mutual coverage of the unemployment insurance benefit and the unemployment benefit;
- the benefits' scheme for people with disabilities shall be analysed and proposals shall be made for its better coherence with social and other services.

Additionally, the "safety nets" of the benefit schemes and the bases for calculating benefits shall be analysed and proposals shall be made on the minimum size of grants. The **subsistence level, which is the base for determining the subsistence benefit, shall be increased** in order to ensure its better compliance with the estimated minimum means of subsistence.

Within the framework of the European aid fund and in collaboration with local governments and third sector organisations, food aid shall be provided to the most deprived people.

Access to benefits and grants shall be improved by making the related public services more accessible to people. A **new national information system SKAIS2** shall be introduced. This will allow offering high quality and modern public services that meet the needs of the target group. It will also make the work of the National Social Insurance Board work more efficient. Several self-service possibilities shall be established for people and service providers. The data warehouse included in the information system will allow using all of the data collected in the information system for analytic purposes, as well as executing and managing data queries. It will thereby support sectoral management decisions and development activities. The new information system will also entirely mitigate security risks, ensure the efficient management of large cash flows, and the instruments for quality management and supervision.

Developing a social security system that considers the cross-border movement of people

This policy instrument includes the cross-border coordination of social security benefits and the payment of social security benefits outside the European Union, i.e. to the so-called third countries. One of the objectives is to allow the **export of pensions to third countries pursuant to national law**. Negotiations shall also be continued with countries for the conclusion and amendment of bilateral social security agreements.

This policy instrument also involves the development of **transnational collaboration in order to ensure better data exchange and information flow for the payment of grants and social security benefits**. The European Union shall introduce a system of Electronic Exchange of Social Security Information (EESSI) for the payment of benefits. This is being centrally developed by the European Commission. All Member States, including Estonia, shall contribute to the functioning of the system by developing preparedness for joining the system.

Ensuring the financial sustainability and optimality of the social security system

The development of all social security schemes must take into account the aspect of financial sustainability and optimality: the trend of the number of beneficiaries, the impact on the motivation to work, and preventing overcompensation. **Indicators need to be developed for evaluating the sustainability of social security schemes**.

As of 2016, work ability allowance shall be paid instead of the pension for incapacity for work.⁵⁷ The payment of the work ability allowance shall include the implementation of labour market and social services to a greater extent. This will ensure better economic coping in the long term and prevent dependency on assistance.

In order to ensure the social and financial sustainability of pension insurance, schemes of **old-age pensions under favourable conditions** with a transition period, **superannuated pensions, and special pensions** shall be **reviewed**. Then, proposals shall be made for their replacement with appropriate labour market measures.

To ensure the sustainability of the national old-age pension, the main objectives and levels (adequacy, solidarity, sustainability) of the pension insurance shall be established. Proposals shall also be presented on how to achieve these objectives. The key factors affecting the sufficiency and financial sustainability of pensions are the **retirement age, pension formula, pension index, and the qualifying period**.

⁵⁷ Based on the work ability reform, the pension for incapacity for work shall still be paid to the people whose work ability was evaluated before 1 July 2016.

Sub-objective No. 3. Efficient legal protection and high-quality personal assistance have improved people's opportunities to cope independently, live in a community, and participate in society.

The sub-objective focuses on improving the accessibility and quality of social services, the development of services that include people in society, and the protection of fundamental rights.

Social services are developed with the objective to support employment, independent coping, and living at home or in familiar surroundings for as long as possible. The services are based on the following principles:

- services are provided and grants are paid to people in accordance with their actual need, not their status (for example, their degree of disability);
- the provision of services that support independent coping in familiar surroundings helps prevent the need for institutional services;
- developing community-based services and flexible and innovative solutions help meet people's needs in a more resource-efficient manner;
- paying more attention to prevention measures helps reduce the emergence and aggravation of problems and prevent the growth of costs in the future;
- strengthening collaboration between local governments improves the availability and quality of services.

The activities carried out within the framework of the sub-objective include ensuring social services that support independent coping and caretaking opportunities that meet the people's needs. These services shall relieve the caretaking burden of family members and other close persons. The focus is on the provision of purposeful high-quality social services, which correspond with the actual needs of the people. Attention is also paid to the de-institutionalisation of social services and adjusting them to meet the needs of the service users, beginning with special welfare services.

In ensuring the protection of fundamental rights, it is important to guarantee efficient protection against discrimination due to nationality (ethnic origin), race, skin colour, religion or beliefs, age, disability, or sexual orientation. Ensuring fundamental rights requires enhancing legislative protection, limiting the spread of negative prejudices and stereotypes, shaping more tolerant attitudes in society, as well as raising the awareness of relevant target groups about the principle of equal treatment and its integration in various other social sectors. Special attention is paid to ensuring accessibility and promoting a wider deployment of universal design.

The largest proposed policy changes in the domain include finding a solution for the caretaking problem, joining the rehabilitation services into a single system, improving collaboration between services and grants of various domains, and establishing a new service system for special welfare services. The policy changes are supported by the improvement of the quality and supervision of social services, the development of ICT opportunities and data registers, and the improvement of the quality of the data and analyses necessary for making policy decisions. A number of these activities are carried out with the support of structural funds.

Ensuring fundamental rights requires establishing a national policy framework for the strategic development of the equal treatment domain, which is supported by data collection and analysis activities. The legislative changes aim to ensure a better protection of minorities and a high-quality protection mechanism for the protection against discrimination. The activities that raise awareness strengthen the implementation of the Equal Treatment Act and ensure institutional capacity.

The directions and activities of the sub-objective are connected to the strategic objectives and measures of the Development Plan for Children and Families for 2012–2020. These focus on the establishment of a combined system of grants and services, which support the adequate economic coping of families, support the reconciliation of work, family, and private life, and include services meant for families with children, including those with disabled children, and measures that reduce the caretaking burden. The sub-objective's policy instrument for equal treatment is closely linked to the general and sub-objectives of the integrating development plan Integrating Estonia 2020. These objectives focus closely on cultural diversity and the equal treatment of people irrespective of their nationality, ethnicity, and race.

The proportion of people who receive open care or non-institutional services, which support independent coping at home, and day-and-night institutional care services

Source: Statistics on welfare services, Ministry of Social Affairs; statistics on rehabilitation, Ministry of Social Affairs

Year	Initial rate (2014)	2016	2017	2018	2019	2020	2021	2022	2023
Reference level	1.4	1.5	1.5	1.6	1.7	1.8	1.9	2	2.2

This indicator shows the proportion of the elderly, disabled people of working age, and people with special mental needs who receive open care services, and the proportion of people receiving day-and-night institutional care services. The objective is for the number of recipients of open care services among the people who need the service to grow and surpass the number of people who receive institutional services.

An overview of the challenges related to the sub-objective

The social services and caretaking possibilities that meet people's needs are not sufficiently attainable

As the number of the elderly and people with disabilities (including with mental special needs) increases, the proportion of people permanently increases in the population, who, due to the constraints arising from their age and/or health problems, as well as due to the obstacles arising from the surrounding environment, need various kinds of personal assistance either from time to time or constantly. Statistics and studies on the use of social services were used to compare the need for personal assistance and services, and it can be seen that in Estonia, the provided services cover a part of the needs. The existing data and analyses do not render it possible to assess the actual need for a service but the growing number of users of institutional services is proof enough to presume that there is a greater need for services that support coping in familiar surroundings and⁵⁸ services that enable living in a community.⁵⁹

The provision and development of welfare services have moved in the direction of de-institutionalisation and developing support services that are more closely related to the community. Currently, the majority of people who receive day-and-night care live in large institutions from the Soviet era. The environment of large welfare institutions does not consider the needs of the service users, people are not used to coping independently, it is difficult to immediately integrate them into the community and therefore, an intermediate step is necessary in the form of smaller units that are located in the community and provide opportunities for a range of jobs and activities.

If at the person's place of residence, there is little or no access to services that support coping in familiar surroundings and living in a community (including situations where the price of the service is too high for the person), a forced choice is often made and the person is placed in institutional care, which is often more expensive. In some cases, more expensive healthcare services are offered as well, without considering the person's actual needs.⁶⁰ At the same time, there is a lack of places for general care services and special day-and-night welfare services for people with special mental needs and thus, people are placed on a waiting list to receive the service. Additionally, there are target groups (for example, elderly people with dementia, people with mental disorders who have been diagnosed with an addictive disorder), whose needs are not met by any care facilities (in both special and general welfare institutions) or there are no appropriate social services.

The possibilities for taking care of the elderly in welfare institutions has improved over time but this market has grown due to the local governments' inconsistent practise to offer the elderly services that support their coping at home for longer.

The insufficient availability of social services and welfare options that meet people's needs means that the obligation to assist and take care of an elderly person, a disabled person, or a person with special mental needs, often has to be done by a family member or close ones. This caretaking obligation, especially in terms of permanent personal assistance or a long-term caretaking need, may not be

⁵⁸ Study on Disabled People and the Caretaking Burden of Their Family Members 2009. Saar Poll OÜ, Centre for Applied Social Sciences, University of Tartu; Coping of Older People and the Elderly Survey 2009. Ministry of Social Affairs.

⁵⁹ A community is a group of people that lives in a certain area and is connected through a network of social relationships.

⁶⁰ Organisation of the welfare services of the elderly at the nursing homes of local governments. National Audit Office 2014; OECD (2011). Chapter 8. Case Study Two: Social Services for the Elderly in Estonia. Estonia: Towards a Single Government Approach. OECD Public Governance Reviews. OECD Publishing.

accomplishable and may prevent or limit employment. This, in turn, involves risks for the health and economic coping of the caretaker.⁶¹ In the case of an absence of appropriate services, a person in need may also be offered services that are not suitable for their needs. This means that the person's actual needs will be overlooked.

Domestic services are several times cheaper than institutional services. However, not all local governments offer domestic services, which is why people are in a disadvantaged position. The rural municipalities that do not offer domestic services have partly provided the service through the payment of the caregiver's allowance. There is also a lack of flexible welfare possibilities that would allow the person in need to periodically or occasionally use welfare services provided outside the home or in the home environment. This would reduce the caretaking burden of family members or close ones. Day-care services, for example, are only at the beginning of their development and are provided only by a few larger local governments.

A person often cannot choose a service suitable for them because they would have to approach the service provider with the available places, or because there is just one service provider in the area, or because the local government is willing to finance only the cheapest service. The opportunities to receive the services and be satisfied with the services are constrained by the lack of knowledge about the services, their content, purpose, and the process of their provision.

The lack of social services that meet people's needs increases the caretaking burden of family members and close ones

A long-term caretaking obligation prevents people from participating in the labour market and in social life. There are 17,400 people in the age group of 15–74 who are inactive due to taking care of a family member. That is 1.8% of all the people in the age group of 15–74 and 5.5% of all inactive people in the age group of 15–74.⁶² To a certain extent, the labour market behaviour of several tens of thousands of people is disrupted, as many caregivers work part-time (including due to the lack of a suitable welfare service). As a result of the aging of the population, participation in the labour market may be complicated due to taking care of a family member for more people in the future than it is right now. Studies show that caretaking is often burdensome for the caregivers and causes a variety of health problems. It is also important to note that because a large proportion of caregivers are elderly themselves and may have health problems and limitations caused by their age, which is why caretaking may not be feasible for them.⁶³ Additionally, the caretaking burden may encourage the decision to take early retirement and leave the labour market.

According to a study on disabled people and the caretaking burden of their family members carried out in 2009⁶⁴ by the Ministry of Social Affairs, family members are taking care of approximately 52,000 disabled people aged 16 years and older. One fifth (21%) of caregivers have been designated as the official caregiver of their disabled family member and more than half (59%) of the main caregivers are the only caregivers of their disabled family member. 59% of all caregivers provide assistance to the disabled person for at least three hours a day, which can be considered a great caretaking burden. The vast majority of caregivers are women. According to the Estonian Labour Force Survey, 30,000 women and 17,000 men have a caretaking obligation. Attention must be paid to the fact that women often have a double caretaking burden, as they take care of their children, as well as their disabled and elderly family members.

The key issues regarding mitigating the caretaking burden and the participation of caregivers in the labour market are linked to the lack of services, low availability of services, lack of service options, or the lack of social guarantees. A significant problem regarding the prevention and reduction of the caretaking burden is the lack of coherence between services in different domains (particularly between social and health services). The availability of support services that mitigate the caretaking burden (for example, nursing homes, domestic services, personal assistants, support persons, etc.) varies by region. There are not enough diverse services that meet different caretaking needs, the selection of provided services is not flexible, and there are few innovative solutions for caretaking. It is often not possible to choose between different service providers. Domestic services are often not offered due to the fact that

⁶¹ Study of Disabled People and the Caretaking Burden of Their Family Members 2009. Saar Poll OÜ, Centre for Applied Social Sciences, University of Tartu.

⁶² Statistics Estonia, Survey of the Estonian workforce 2014

⁶³ Study of Disabled People and the Caretaking Burden of Their Family Members 2009. Saar Poll OÜ, Centre for Applied Social Sciences, University of Tartu

⁶⁴ Statistics on the caretaking burden are not collected annually, but every five years, within the Study on Disabled People and the Caretaking Burden of Their Family Members and Coping of Older People and the Elderly Survey. New data will be published in 2016.

the home of the person has not been customised for the needs and the situation and local governments are unable to provide a service for customising homes in the sufficient volume. Additionally, the issue of social guarantees for the caregivers of close ones has not been wholly solved, as the conditions (including the prohibition of employment) for the caregiver's allowance and its size (15–53 euros per month) vary by local government. In some cases or in the absence of alternatives, it may be more practical for the caregiver to stay home and take care of a close one but in these cases, enough social guarantees have been ensured for them.

Finding sustainable solutions for the caretaking burden in all domains and offering enough social guarantees for the caregivers of family members is one of the most important tasks in the coming years. More attention shall be paid to the people who may possibly leave the labour market due to the caretaking burden, as well as to employing people who are away from the labour market or to re-employing them.

Another problem is that the services in different domains are not sufficiently linked to each other. It is difficult to ensure to a caregiver of a family member that the person receives all the necessary services because handling matters is too complicated and services are financed from various sources, which means that the assessment of needs is not executed jointly and funding by both sides does not support each other.

The organisation and financing of social services does not support the provision of help that meets people's needs and the purposeful use of resources

In Estonia, the responsibility for the provision and organisation, including financing, of social services has been divided between the state and local governments. The state organises the provision of technical aids, rehabilitation services, and special caretaking services meant for people with special mental needs. Local governments organise the provision of services that support independent coping in a home environment for the elderly and the disabled, as well as the general caretaking service meant for the elderly. Caretaking possibilities regarding nursing care are, in turn, divided between the welfare and healthcare system.

Currently, Estonia lacks a coherent rehabilitation system. From a person's point of view, services are assembled into different systems and provided based on different principles. Thus, medical rehabilitation is part of the healthcare system, social rehabilitation is part of the social system, and vocational rehabilitation is part of the employment system. The systems are not linked into a coherent system, which is why from the point of view of a person needing different rehabilitation services, the system is inefficient and complicated, and from the point of view of the state, duplicative and inefficient. Movement between systems and repeated applications constitute a great amount of time spent, which is why the rehabilitation of people into society and the labour market takes a long time, and due to late interference, the productivity is often lower as well. Integration applicable for all domains would allow changing the whole system into a more customer-centred one, as well as offering services more efficiently by using the existing resources and changing the system into a single understandable whole. A better functioning rehabilitation system would allow people who need help to return to the labour market and society more quickly and, in many cases, exit the rehabilitation system.

The availability of social services, which is the responsibility of local governments, is limited by local governments' diverse capability to organise and finance the provision of services. Moreover, providing, funding, and assuring the quality of services is becoming more and more complicated for some local governments due to the aging of the population and the decrease in the number of working-age people. Considering the relatively small income of the elderly and the disabled, the possibilities for the service users to pay for the services themselves are limited.

The legal bases for receiving social services have not been unambiguously determined, nor are they the same in different local governments. The financial situation of a person who needs help and their family is indeed considered but the way in which this is done and the principles for establishing contributions are different in various local governments and do not ensure equal treatment for the provision of assistance.⁶⁵ This is a problem, for example, with regard to the general caretaking service, which is, compared to the average old-age pension, expensive. Additionally, the proportion of the contribution by people themselves has steadily increased in financing this service. In some cases, the requirement for people's own contribution is the reason why people try to manage the caretaking within their own family instead of using the service.⁶⁶ In addition, the current organisation and financing of general caretaking services put pressure on nursing care services, as these are healthcare services and are, therefore, financed

⁶⁵ Organisation of the welfare services of the elderly at the nursing homes of local governments. National Audit Office 2014.

⁶⁶ *Ibid.*

from the health insurance budget. Moreover, people's own contribution to nursing care services has been unambiguously established for the service users and it is significantly lower.

Studies suggest that the accessibility of social services is hardened for the people with family members who need taking care of, as most local governments do not finance the provision of the service from the local government's funds in this case. The person may be left without the necessary assistance if their family members' economic status does not allow them to buy the service or if they do not wish to pay for the service. At the same time, attention must be paid to the fact that often, the maintenance obligation is appointed to adult children who may also have to sustain their own minor children.⁶⁷

Insufficient funding of services is also the main reason for the insufficient availability of special welfare services. The prices of the services are not in compliance with the actual expenses. Due to underfinancing, the volume of services has not been increased in recent years. Additionally, the queues for the services have not shortened. Moreover, the existing regulation for the provision and financing of special welfare services meant for people with special mental needs is inflexible and does not take into account the needs of the particular service user regarding the content of the service or the volume and frequency of the provided service. In short, there is no way to provide flexible services that are based on the needs of a specific person. An adult with special mental needs can, in addition to special welfare services, use a nationally organised rehabilitation service and the social services developed and provided by local governments but the services may be duplicative. The most vulnerable group among the users of special welfare services includes the people who are under the guardianship of local governments, as the protection of their rights is often not ensured.

As the users of social services are entitled to use various services simultaneously, it is difficult to assess the efficiency of the provision or financing of one or another service, as well as the productivity of this division. Therefore, it is necessary to thoroughly examine the financing principles of social services and the distribution of the burden between the person, state, and the local government.

A general problem regarding the availability of social services and caretaking opportunities is the lack of information about the provided services and the conditions for applying for and receiving them. This is an even more serious problem due to the existing regulation of social services and caretaking, in which the responsibility and tasks are divided on the one hand, between the central and local government and on the other, between the social and healthcare system. Additionally, applying for and receiving services and the related handling of affairs are, in some cases, complicated and time-consuming.⁶⁸

Ultimately, the demographic developments mean that the need for services shall increase in the social, as well as the healthcare sector. The financial possibilities of the state, the local government, and the target group of the service to finance the provision and use of the services to a greater volume are limited. Therefore, it is essential to develop proposals and solutions for ensuring the sustainable funding of social services in relation to this sub-objective.

Different domains provide services and pay grants in a way that is not linked purposefully and based on people's needs

The assessment of people's needs is not always sufficient or relevant. The reasons for an insufficient assessment of needs include the absence or lack of use of universal assessment methodologies and tools. Occasionally, service providers develop their own assessment methodology. Other times, social workers assess people's needs based on their own profession or skills.

Disabled people receive state social benefits for the partial compensation of additional costs arising from a disability, including the costs related to the possible use of services. However, these benefits are paid to a large number of people in a small volume, their amount is not large enough to cover the cost of the needed services and the additional costs caused by the disability (see also sub-objective No.2),⁶⁹ they are not targeted sufficiently enough, nor are they thoughtfully linked with the need and use of the services. The additional costs related to special needs are compensated by different sources, which makes the system even more complicated.

⁶⁷ Pihor, Katrin, Kadi Timpmann, Valentina Batueva (2011). Charging of persons or families for social services by local governments. Center for Policy Studies PRAXIS, TNS Emor.

⁶⁸ Study on the Caretaking Burden of Disabled People and their Family Members 2009. Saar Poll OÜ, Centre for Applied Social Sciences, University of Tartu

⁶⁹ *Ibid.*

A separate problem is the insufficient interaction between healthcare and social services. A person may not receive all of the necessary services and the transition from one service to another may not be smooth due to the lack of assessment methodologies that are applicable for all domains and due to the fact that the services are financed by different sources. Additionally, care services are often replaced with more expensive healthcare services (e.g. nursing care) if there is an absence of suitable care services.

To support people with coping difficulties in learning and returning to work, grants and services from a variety of domains have to be provided simultaneously but the provision of social benefits and services is not always bound with active measures and does not motivate the person to return to work. Therefore, it is necessary to review and organise the regulation for the payment of social benefits and the provision of social services to give the best joint results in supporting people and helping them reach the educational world or the labour market.

The quality of social services does not correspond to the needs of the service users or support the achievement of the service's objectives

The social services in Estonia are of different quality. In 2016, the Social Welfare Act entered into force. It is a new act for establishing the minimum requirements for social services. This Act will greatly contribute to the unification of the quality of social services but local governments and service providers still do not unambiguously understand the state's expectations for the development of the quality of social services and giving meaning to the concept of a high-quality service. It is also necessary to unify the practise of providing social services and assuring quality and to increase the competence of social workers.

The current surveillance system of social services does not sufficiently support the development of the quality of the service, as the surveillance is irregular and seen as a punishment, not as an activity that supports the development of the services. Thus, to develop the quality of the services, the role of surveillance has to be changed and specified, and support monitoring and surveillance systems have to be established.

Negative prejudices and attitudes based on stereotypes, as well as practises against minorities prevent them from fully participating in society

In Estonia, people tend to have attitudes towards people belonging to minority groups based on negative prejudices and stereotypes. In particular, people have negative attitudes towards people with a different ethnic origin, skin colour and/or foreign religion or cultural background, as well as sexual minorities.⁷⁰ The general attitude towards issues concerning equal treatment is negative or indifferent, rarely sympathetic.⁷¹

There is a lack of awareness about human rights and the principle of equal treatment. The Equal Treatment Act does not apply to the full extent because prejudices and stereotypes cause an exclusionary and discriminatory practise towards people from minority groups. On the one hand, exclusion and unequal treatment cause concrete harm to the people whose rights are being violated, but on the other, it harms society as a whole because the skills and abilities of some members of society are used only partly or not at all.

In a situation where the workforce resource is decreasing, the proportion of the elderly and people with disabilities and special needs is increasing, and the cultural and religious diversity of society is also increasing, ensuring legal protection against discrimination based on nationality (ethnic origin), race, skin colour, religion or beliefs, age, disability, or sexual orientation becomes increasingly important.

Protection of rights concerning equal treatment is neither sufficient nor efficient

The Gender Equality and Equal Treatment Commissioner is, in accordance with the law, responsible for monitoring whether the requirements of the Equal Treatment Act are being fulfilled. Their tasks include assisting and advising people on the submission of complaints about discrimination and giving an opinion on the possible cases of discriminations. The scope of application of the valid Equal Treatment Act is different in the aforementioned minority groups. Discrimination on the grounds of religion or beliefs, age, disability, or sexual orientation is prohibited only in work-related matters and in obtaining

⁷⁰ See, for example, the results of the integration monitoring of the Estonian society in 2008, 2011, 2015; public opinion polls about the attitude towards LGBT people carried out among the Estonian population in 2012 and 2014 for the project "Diversity Enriches", and the monitoring of gender equality in 2013. Institute of International Social Studies of the Tallinn University.

⁷¹ Equal treatment promotion and awareness in Estonia. Institute of Baltic Studies 2013.

vocational training. The prohibition of discrimination on the grounds of nationality (ethnic origin), race, or skin colour, however, is more extensive and includes the social, healthcare, and educational domains, social security benefits and grants, and the right to obtain goods and services (including housing) available to the public. Therefore, in accordance with the Equal Treatment Act, the opportunities for legal protection, including access to legal protection and receiving legal assistance, are less guaranteed to some population groups than to others.

The implementation of the Equal Treatment Act has faced the problem of a lack of supervision, which is why options should be considered for extending the supervisory competence of the Gender Equality and Equal Treatment Commissioner.

The efficiency of legal protection depends significantly on the awareness of people about their rights and possibilities for their protection. In addition to the lack of awareness about recognising discriminatory situations, another problem is the lack of knowledge on who to approach for assistance. Even the awareness of legal specialists (lawyers, attorneys, judges) about the Equal Treatment Act and its interpretations is uneven and limited and has caused problems in providing appropriate legal assistance and making decisions.

At the same time, it is important that complaints against discrimination not only be submitted to the Gender Equality and Equal Treatment Commissioner but that real court cases be created on the basis of them. The existence of specific judicial decisions would help increase awareness and understanding of discrimination as a phenomenon and improve the implementation of the Equal Treatment Act.

The options of minorities for self-representation are limited

One of the prerequisites of an efficient protection of rights is the possibility for groups of society themselves to have a say or to have a say through their representative organisations on the topics regarding their rights. There are a number of advocacy organisations that have been established for the representation of the interests and rights of vulnerable target groups. However, their capability to do so is different and supporting them in achieving their objectives requires a more complete approach in terms of both the state and the organisations.

The self-representation possibilities for people with special mental needs are closely linked to the appointment and organisation of guardianship, as the establishment of guardianship is essentially a restriction of fundamental human rights. Therefore, it is important that the guardianship be established for only those activities and situations where a person needs it. Additionally, the organisation of guardianship must support the fulfilment of the ward's interests and needs in the best way possible. However, local governments have been established as the guardians of many people with special mental needs. In a situation where a local government has approximately 100 wards, the role of the guardian has different interpretations arising from the legislation, and these are not regulated clearly enough, the ward's interests and needs are not always represented in the best possible way.

The UN Convention on the Rights of Persons with Disabilities, which was ratified in Estonia in 2012, requires establishing an independent supervision mechanism for the implementation of the convention. This, however, has not yet been established in Estonia.

The lack of awareness of institutions and the lack of relevant data and information prevents the compliance and promotion of the principle of equal treatment

The Equal Treatment Act contains provisions that oblige ministers, within their area of the government, to promote the principle of equal treatment. Its efficient implementation in practise is hindered by the officials' lack of awareness and contextual understanding of the principle of equal treatment and its relations to their area of responsibility, even though the compilation of draft acts and sectoral development plans, as well as planning measures and activities for the European Union's Cohesion Funds requires considering the impact on equal opportunities. Therefore, a need has emerged for training and counselling, and in some cases, additional analyses.⁷² The implementation of the Equal Treatment Act is also prevented by the lack of guidelines on how ministries should fulfil their obligations pursuant to law. Institutional capacity is also prevented by the lack of relevant data, information, and analyses, which would allow identifying problems and connections regarding equal treatment.⁷³

Although the topic of equal treatment is applicable for different domains and certain social groups specified in the Equal Treatment Act belong to the area of responsibility of several ministries, the

⁷² *Ibid.*

⁷³ Awareness and implementation of the obligation to promote equal treatment at ministries. Eesti Uuringukeskus 2014; Promotion and awareness of equal treatment in Estonia. Institute of Baltic Studies 2013.

exchange of information and experiences regarding the promotion of equal opportunities and equal treatment and the collaboration between state authorities and non-governmental organisations operating in the field is still uncoordinated. This is why reaching a common understanding and agreements may be time-consuming, problems and needs may not receive the necessary attention, and activities may not give the expected results.

Assessing the situation and changes regarding equal treatment and the development of the policy and measures related to the equal treatment of minority groups requires adequate and regular information. Here, the problem is the lack of reliable and comprehensive data and analyses. The data on different minorities is very unevenly available and the information about minorities and for assessing the situation of different fields of life varies. This makes assessing the situation of different social groups and sectors and the need for interference regarding the equal treatment aspect complicated.

Access to the physical environment, services, and information is not guaranteed for everyone

By joining the UN Convention on the Rights of Persons with Disabilities, Estonia undertook to develop the opportunities for disabled people for an independent life and full participation in society. Disabled people must be guaranteed equally with others access to the physical environment (including transport), as well as information and means of communication. Estonia has established certain standards for improving accessibility. For example, disabled people must be ensured access to all public establishments and information must be available via websites. A universal design handbook has been compiled with the support of the state. A sign language interpreter service is being developed and provided, as well as a service for customising homes for people with special needs. However, there is still a lot of room for improvement regarding the implementation of the recommendations. Accessibility is reduced to a problem regarding merely disabled people but this should be viewed more broadly. There may be many situations within the human lifespan where the principles of universal design would help them cope better and more easily (for example, when injured, with small children, etc.). To develop an inclusive environment, the principles of universal design shall be used more widely in developing the physical environment, products, and services.

Policy instruments

Ensuring high-quality social services that support independent coping and care facilities that meet people's needs

One of the objectives of the policy instrument is to reduce the proportion of people of working age who are inactive in the labour market due to taking care of an adult family member compared to the complete number of people who are inactive in the labour market. Another objective is to increase the proportion of services that support independent coping compared to the people who receive day-and-night institutional service among the target groups of the elderly and working-age people with disabilities.

The policy instrument shall include preparing and implementing major **social reforms** (for example, **reducing the caretaking burden and reorganising the rehabilitation service**), continuing the provision and development of existing social services, and improving the quality and surveillance of the services. Social services shall be designed in accordance with the principle that the provision of social services at the local level, or a level close to the person allows the fastest reaction and response to the person's needs, considering the specificities of the local environment. As many as possible novel and contemporary **solutions based on information and communications technology** shall be used. The introduction of social innovations and the **emergence of social enterprises** in the social system shall be encouraged.

To reduce and prevent the long-term **caretaking burden**, to enable employment and participation in society for family members with a caretaking burden, to provide social guarantees, and to support the livelihood of households with a member who needs long-term care, a high-level task force for reducing the caretaking burden shall develop intervention logics that can be implemented in real life and are financially sustainable, in particular for the **social, health, and work domains**, and for their **collaboration**. Social services that mitigate the caretaking burden, including social services based on novel technological solutions, shall still be developed and provided. Solutions that are carried out in collaboration with several local governments (or on the basis of the area of the service) shall be developed first.

With the objective of offering the correct rehabilitation service on time, rehabilitation services shall be unified and transformed into a unified system. The task is to develop a **customer-centred rehabilitation**

and medical rehabilitation system where the cooperation between rehabilitation and medical rehabilitation services has improved, the customer has a clear overview of the services provided to them and movements between the services, and the existing resources are used more efficiently.

To improve the quality of social services and the efficiency of services, a **uniform quality policy** shall be developed **for social services**, and a monitoring system for social services and benefits, which is based on the **principles of consulatory supervision**, shall be implemented. Surveillance shall be regular and the conclusions and suggestions made for it shall be used in improving the quality of social services. To improve the quality of social work, information days and trainings shall also be held regularly for the leaders of county and local governments, social workers, and providers of national social services. The formulation and implementation of the quality policy of social services shall be supported with the **development of a centre of competence for the quality of social services**. Another thing that helps improve the quality of social services is increasing people's awareness about their rights concerning welfare services, as well as the possibilities of the modern social services system.

In addition to major policy changes, the provision and development of existing services shall be continued. The **order for the assessment of need** shall be reviewed and updated and the assessment principles shall be unified and they shall apply in all domains. The objective shall be **better collaboration between the social, labour, healthcare, and social services and benefits** by avoiding duplication and uncovered service needs, as well as by finding solutions for how the benefits and services together would provide the best results in supporting the coping of people and their participation in working life. During the implementation of the Development Plan, greater attention shall be paid to the **specification of the requirements for general caretaking services and the compliance of service guides**, taking into account the special needs of the elderly.

The programme-based order for the rehabilitation service shall still be implemented, the evaluation system of the rehabilitation system shall still be made more efficient, and the competence of the assessors shall be increased with the help of the Astangu Vocational Rehabilitation Centre. The organisation of the technical aid service shall **focus on providing technical aid to people in the shortest possible time** and making the organisation of technical aids more customer-friendly and less bureaucratic.

Integrated services shall still be provided through a case-based network for the people of working age who have difficulties coping and their family members. Working-age people with reduced work ability shall be offered an opportunity to work in a protected and customised work environment, as well as support for entering the labour market or for receiving labour market services. An **interpretation service concept** shall be developed for **hearing impaired people** with reduced work ability. Support services shall be provided for people who have been released from prison in order to include them in employment and society.

To ensure the sustainable financing of social services and balance the budgetary possibilities and needs, principles for the distribution of payment for social services between the person, local government, and the state shall be reviewed and organised.

The quality of the data supporting the making of social policy shall be improved. Studies (including periodic studies) shall be carried out among higher risk target groups (including the disabled and the elderly) to identify their situation and needs and those of their family members. The data register for social services and benefits (STAR) and the social data warehouse (SAIT) shall be further developed to allow the cross-use of the social sector's data sources and to obtain flexible statistical outputs necessary for policymaking in a modern and comfortable environment. **Info technological solutions** are headed in the direction of being convenient tools for users and **supporting social work specialists in working cases**. Among other things, e-services are being developed in addition to data exchange with other national databases.

De-institutionalisation of special welfare services and designing them to be based on the needs of the service user

The objective of this policy instrument is to offer **services that support coping in the home environment and possibilities for living in a community** for customers who receive special welfare services. This is measured by the proportion of services that support independent coping and that of day-and-night institutional special welfare services. Another objective is to make the environment in which special welfare services are provided more homelike and the organisation of the service more people-centred.

Based on the Common European Guidelines on the Transition from Institutional to Community-based Care, focus shall be on the development of people-based services that would include them in the community. During the implementation of the Development Plan, primary focus shall be on the services targeted at people with special mental needs. The policy instrument shall re-develop the structure of special welfare services, the organisation and use of the services shall be made more flexible, the **infrastructure of special welfare shall be reorganised**, and the **quality and availability of the services** shall be improved.

A new service system for special welfare services shall be developed, in which the services are shaped based on the needs of the person and their family. Cost models for special welfare services shall be devised. As a result of developing new services and changing the organisation of the services, the services shall better meet the needs of the target group and the service components, and the transition to a cost-based price shall allow to better link the services with each other, flexibly combine and, if necessary, use for a month, hour, day, and by interval. As a result of reorganising the services, people shall have more options for receiving the service suitable for them. To ensure the quality of the new services, the services shall be tested and the parties (for example, service providers, local governments, etc.) will be trained for the implementation of the new services.

To ensure the availability and accessibility of the existing special welfare services, the service system shall be improved and the **waiting time for receiving a community-based service shall be shortened**. The funding of existing special welfare services shall be activity-based and affordable for the users. Special attention shall be paid to specifying the bases for the service and the requirements for providing the service for people who have been assigned special welfare services with a court order. The content, use, price, information about the waiting time, and other relevant information about the service shall be made available to all service users.

Large (with more than 30 places) service locations shall be reorganised and accommodation shall be obtained for people to live in a community. As a result, the number of people who receive day-and-night special welfare services shall decrease in large units and the number of community-based places offered in small units shall increase.

Raising awareness and ensuring institutional capacity for implementing the principle of equal treatment and improving accessibility

The objective of the policy instrument is **to reduce discrimination and increase tolerance for differences**, i.e. the proportion of people in society with an open attitude, as well as to increase knowledge about the possibilities for protecting one's rights, which is measured by the proportion of those Estonian residents who would approach the Gender Equality and Equal Treatment Commissioner should they experience unequal treatment.

The policy instrument shall enhance the protection of rights for equal treatment, raise awareness about the principle of equal treatment to reduce discriminatory practises, **implement the UN Convention on the Rights of Persons with Disabilities, improve accessibility**, implement the principles of universal design, and strengthen the systems of guardianship and advocacy.

To reduce negative attitudes and increase tolerance, outreach activities targeted at the public, target groups, and stakeholders shall be carried out to help recognise and acknowledge the differences of population groups and minorities specified in the Equal Treatment Act, and to take into account those differences. Outreach activities will increase **awareness about human rights, the principle of equal treatment, the consequences of unequal treatment, and the need for accessibility**.

In order to strengthen the institutional capacity of the public sector, sectoral data collection and analysis activities shall be carried out, and the competency of policymakers shall be increased to consider the principles of equal treatment in policymaking. A **conception of diversity plans** with supporting material for their implementation shall be compiled for use by authorities. Strengthening the citizens' associations that deal with equal treatment issues (including unifying principles of support) and establishing a relevant network of public authorities and citizens' associations helps improve the protection of human rights as the parties' ability to collect and analyse information about human rights.

To enhance the protection of rights, activities are planned in four main directions. To expand the protection against discrimination, the scope of application⁷⁴ of the Equal Treatment Act shall be changed with the objective to ensure uniform **protection against discrimination** based on **nationality** (ethnic origin), **race, skin colour, religion or beliefs, age, disability, or sexual orientation**. The awareness of the population and different social groups about their rights and the possibilities for protection shall be raised. Additionally, their preparedness to use these possibilities for the protection of their rights shall be increased. Opportunities for the self-representation of minority groups shall be supported in the protection of their rights. The quality of legal aid shall be improved by training activities aimed mostly at lawyers and legal professionals. The possibilities for transferring the supervision function of the Equal Treatment Act to the Gender Equality and Equal Treatment Commissioner shall be analysed.

To ensure the protection of the rights of disabled people, the principles of the UN Convention on the Protection of the Rights of Persons with Disabilities shall be implemented (including compiling a development plan necessary for its implementation and for including other ministries in the implementation) and establishing a monitoring mechanism for the Convention.

To support an independent life and full participation in all aspects of life, **accessibility shall be improved** mainly with a more specific regulation of accessibility requirements in the legislation and with a better monitoring of the fulfilment of these requirements. General awareness about the possibilities of using the principles of universal design shall be raised. For example, design contests shall be organised and a year shall be dedicated to accessibility. The coping of **people with special needs** in their everyday activities in a home environment shall be supported with the **physical customisation of their housing**.

Based on the analyses of the current situation, suggestions shall be made, if necessary, for improving the custody regulation and practise. These improvements shall aim to ensure the distribution of tasks and responsibilities related to guardianships and the compensation of costs arising from the tasks between the various parties involved. The capability of organisations representing adults with mental disorders shall be strengthened with regard to protecting their rights and having a say in policymaking. Additionally, principles for financing organisations in the social domain shall be developed.

⁷⁴ Changing the scope of application of the law does not concern subsection 10 (2) of the Equal Treatment Act, which establishes specifications for religious associations <https://www.riigiteataja.ee/akt/13096445>

Sub-objective No. 4. Men and women have equal rights, obligations, opportunities, and responsibilities in all social sectors

This sub-objective focuses on the promotion and achievement of gender equality.

Gender equality means equal rights, obligations, opportunities, and responsibilities for men and women in all areas of social life. At the same time, it is a benefit that enables men and women to equally assert themselves in working and family life, education, and in other spheres of life. Gender equality expresses the state's level of prosperity in both economic and social terms. A gender-stratified society where power and resources are unevenly divided between the two largest social groups, and where men and women are valued differently in different aspects of life, hinders both the realisation of fundamental rights and the sustainability of society. Gender stratification hinders the improvement of the residents' quality of life, increase in their economic and social welfare, and social cohesion. The gender equality policy aims to support the development of human capital and the growth of economy, competitiveness, and welfare in Estonia by using the knowledge, skills, and abilities of men and women equally in the development of society, as well as by increasing gender equality.

Promoting gender equality requires using two complementary strategic approaches simultaneously – implementing specific special measures meant for solving gender inequality problems and considering gender mainstreaming, i.e. the gender aspect in the policies of each domain. The direct objective of the special measures is to promote gender equality by changing the conditions and circumstances that hinder the achievement of social equality. Gender mainstreaming requires identifying the situation, needs, and social status of the women and men belonging to the target groups of the policy areas with special objectives, as well as taking into account their differences and considering the impact of the measures on men and women. The objective of gender mainstreaming is to make visible and analysable those social structures that support and reproduce gender inequality. This dual strategy is also reflected in the obligations imposed on the authorities of the state and local governments with the Gender Equality Act.

The fourth sub-objective of the Development Plan also focuses on the special measures of promoting gender equality, which, among other things, include activities that support the implementation of gender mainstreaming. To reduce gender inequality, prevent its resurgence, and achieve gender equality in different spheres of life, attention shall be paid to reducing social stereotypes that cause social inequality and their negative impact, as well as reducing gender segregation in education and the labour market, supporting the economic independence of men and women, therein reducing the gender pay gap, achieving a gender balance on the decision-making levels of society, enhancing the protection of rights, and ensuring institutional capacity, including the analysis and management capabilities necessary for the promotion of gender equality.

The achievement of this sub-objective is supported by: 1) the Development Plan for Children and Families for 2012–2020, which includes a strategic objective to establish equal possibilities for the reconciliation of working, family, and private life, 2) Strategy for Preventing Violence for 2015–2020, which deals with the prevention and reduction of violence against women, 3) the National Health Plan 2009–2020, which aims to contribute to the increased life expectancy of men and women and the time they live healthily, and which, among other things, deals with the topics of reproductive health, healthy living environments, and healthy lifestyles, and 4) the Estonian Lifelong Learning Strategy 2020, which includes a strategic objective to establish equal possibilities for lifelong learning for everybody.

The number of women who received a degree (ISCED 5–6) in mathematics, science, and technology per one thousand women aged 20–29

Source: Eurostat

Year	Initial rate (2012)	2016	2017	2018	2019	2020	2021	2022	2023
Reference level	9.8	10.4	10.7	11	11.3	11.6	11.9	12.2	12.5

This indicator compares the number of women who completed their tertiary education, i.e. the second and following levels of higher education in the observed calendar year in public or private educational institutions to the number of women who are generally of the age of graduation in most countries. The indicator does not show the number of the women who graduated from these specialities are available in the labour market in the given year.

Proportion of residents who consider the gender pay gap to be a big or a major problem, %									
<i>Source: Initial rate 2012 Emor Omnibus, hereinafter Ministry of Social Affairs, monitoring of gender equality</i>									
Year	Initial rate (2015)	2016	2017	2018	2019	2020	2021	2022	2023
Reference level	60	62	-	-	68	-	-	-	76

This indicator shows the attitudes of the people aware of the gender pay gap towards the importance of the gap. Data are not collected annually and therefore, forecast figures have been added on the basis of the years where the monitoring did take place. It can also be assumed that attitudes change gradually, which is why the annual collecting of data is not practical.

Gender equality index									
<i>Source: Gender Equality Index of the EU (EIGE)</i>									
Year	Initial rate (2012)	2016	2017	2018	2019	2020	2021	2022	2023
Reference level	49.8	51.4	-	52.2	-	53.0	-	53.8	-

This indicator shows the overall level of gender equality in society. The gender equality index measures the equality of genders in the following areas: work, money, knowledge, time, power, and health.

An overview of the challenges related to the sub-objective

The inequality of men and women in the labour market also deepens the inequality of women and men in other areas

The inequality of men and women in the labour market is manifested in their employment figures, earnings, professional occupancy, and busyness in areas of activity.

In Estonia, the employment rates of women are lower than those of men. The greatest employment gender gap, i.e. the difference in the employment figures of men and women is among parents with infants. In 2014, the employment rate of women with children aged 0–6 years was 55.4%, and of men 93.2%, which accounts for a gender gap of 37.8 percentage points in employment. The reasons for the significantly lower employment rate of women include: the unequal distribution of caretaking obligations between women and men with regard to raising children; the shortage of suitable childcare facilities; and compensation schemes that promote the long-term exclusion of women from the labour market after giving birth. These problems are dealt with as a whole in the Development Plan for Children and Families for 2012–2020.

The gender gap in employment refers to a problem where a large part of the potential and qualification of the female workforce is not used in the labour market. Considering the high level of education of Estonian women as a whole, which exceeds the general level of education of men, the significant investment of society in the education and training of women is also not utilised. The lower employment rate of women also increases their economic dependence and inequality also in the long-term, i.e. in the retirement age (see also sub-objective No. 2).

In Estonia, men and women work in different occupations. Women mainly work in professions that are considered important but are not very highly rewarded – for example, the social, healthcare, and educational domains. The Estonian labour market is characterised by a horizontal gender segregation that is the greatest among EU countries, in addition to the gender pay gap. According to the data of 2013, the gender segregation rate of areas of activities among the employed was 37.4% in Estonia.⁷⁵ The horizontal segregation of a labour market largely depends on the impact of gender stereotypes on the educational, vocational, and professional choices of men and women.

In the conditions of a strongly gender-segregated labour market, the changes taking place in different sectors of the labour market have a different effect on the employment situation and economic welfare of men and women and may further deepen gender inequality. A labour market of jobs that are clearly divided into the so-called jobs for women and jobs for men also narrows the options of the next generations. At the same time, traditional expectations and role models do not simply narrow the

⁷⁵ Statistics Estonia's database of the gender pay gap (initial data). The gender segregation index of areas of activity expresses the proportion of people who would have to change their jobs for the proportion of men and women in all areas of activity to be equal.

vocational and professional choices of people and thus, their opportunities for personal fulfilment, but ultimately, also the employers' possibilities for finding qualified and motivated employees (see also sub-objective No. 1). A situation where the actual potential of people is not utilised because of it, means both direct and indirect damage to the people, society, and economy.

Hereby, Estonia also stands out for the vertical gender segregation of the labour market, i.e. men and women work in different occupations. The gender segregation of occupations means, for Estonia, that less women work at higher decision-making and managerial levels. In 2013, Estonian occupational segregation among the employed was 40%.⁷⁶

The low representation of women in business also shows the low implementation of female potential in society and economy. In 2013, only 32% of Estonian entrepreneurs were female.⁷⁷ In 2012, only 19% of employers and 37% of self-employed people were female.⁷⁸ Female owners and top managers have mostly converged at small and medium-sized enterprises with profits and turnovers remaining well below those of top enterprises.⁷⁹ Female entrepreneurs less often expect a large increase in the number of employees at their enterprises compared to male entrepreneurs. Additionally, in the early stage of business, they are also less innovative. The lower growth ambition of female entrepreneurs may be due to their limited access to the resources available to male entrepreneurs, which is why female entrepreneurs are not considered part of enterprises with a high growth potential.⁸⁰ A peculiarity of female entrepreneurs arising from traditional gender roles is thought to be the need for a more flexible job and shorter workdays. Additionally, several studies have revealed that women have less confidence and faith in their abilities. Men's assessments of their knowledge are significantly higher and they are not as scared of failure. However, once a woman is an entrepreneur, their self-esteem is considerably higher – most female entrepreneurs believe that they have the skills and knowledge necessary to start a business.⁸¹

The horizontal and vertical gender segregation in the labour market constitute factors that, in turn, influence the differences in the pay gap of men and women.

In Estonia, women's salaries are, on average, significantly lower than those of men, which causes a higher risk of poverty for women and children

In 2013, the gender pay gap or the difference in the average gross hourly wage of women and men (irrespective of the position, sector of activity, and other circumstances) was, according to Eurostat, 29.9%, which is the highest in the European Union (EU average 16.4%).⁸²

The gender pay gap also exists in areas where mostly women work, such as healthcare, the social system, and education.

The results of a study on the gender pay gap completed in 2010 reveal that there is no single dominant factor among the measureable variables affecting the pay gap in Estonia, which could be considered the main reason for the gender pay gap. Therefore, the pay gap is formed in the conjunction of a number of factors – possibilities for the reconciliation of working, family, and private life, women's career pauses, personnel practices in the workplace, the existence of social segregation in education and in the labour market, educational options, as well as attitudes existing in society, and norms and values.

While a part of the pay gap can be explained by the fact that women and men work in different occupations and areas of activities, i.e. the gender segregation of the labour market, then gender pay gaps even exist in situations where female and male employees working in the same occupation or area of activity, have the same level of education, are the same age, from the same region, etc. Reducing the pay gap requires dealing with reducing the pay gaps that have been explained, as well as those that have

⁷⁶ Statistics Estonia's database of the gender pay gap (initial data). The gender segregation index of occupations expresses the proportion of people who would have to change their jobs for the proportion of men and women in all occupations to be equal.

⁷⁷ Statistics Estonia's database of the gender pay gap (initial data).

⁷⁸ Global Report Women in Business and Management: Gaining Momentum, ILO 2015

⁷⁹ The World Bank, Enterprise Surveys, 2013. The study included businesses with five or more employees in the manufacturing and service sectors. Construction, retail and wholesale, accommodation, catering, transportation, warehousing, communication, and IT businesses were surveyed from the service sector. The proportion of female employees in the businesses was, on an average, less than 40%.

⁸⁰ Global Entrepreneurship Monitor 2014. Estonian report, Estonian Development Fund 2015.

⁸¹ Global Entrepreneurship Monitor 2012. Estonian report, Estonian Development Fund 2013.

⁸² The calculation methodology for the gender pay gap is somewhat different at Statistics Estonia and Eurostat. The gender pay gap of Eurostat does not take into account the agricultural sector, small businesses, and the public sector. The gender pay gap calculated by Statistics Estonia, which takes into account all businesses and institutions and all areas of activities, was 25% in 2013.

not.⁸³

As wages are the main or only sources of income for most people, they affect, in addition to the daily income, the size of benefits dependent on the salary and, in the future, pensions. Thereby, it affects the quality of life of the person themselves and their family members throughout their life cycle (see also sub-objective No. 2). The current relatively small gender gap in pensions can be explained by the fact that the second and third pension pillars, which directly depend on the size of income, only have a marginal impact on current pensions. In the future, however, their impact will increase and therefore, an increase in the pension gap is also expected in Estonia.⁸⁴

Economic dependence caused by the lower wages of women is also a factor that prevents women from leaving violent intimate partners or close relationships. Therefore, reducing the gender pay gap and increasing women's economic independence will also help reduce the number of women who are in violent close relationships.⁸⁵

As many factors play a role in the formation of the gender pay gap, it is an important indicator that reflects general gender inequality and the different valuation of men and women, as well as how their rights, obligations, opportunities, and responsibilities are divided differently in society.

In 2015, the European Commission also drew attention to the need to reduce the gender pay gap in its country-specific recommendations to Estonia.

Men and women are unevenly represented on the decision-making levels of society

Gender inequality on the decision-making levels of society is reflected by the representation of men and women in politics and other decision-making levels in the public and private sector. There are a total of 24 women in the Riigikogu formed after the parliamentary elections of 2015, which is a quarter of all Members of Parliament, and there are only two women among the 15 ministers of the government. Women constitute 31%, i.e. a third of the members of local government councils formed after local government elections. 17% of mayors are female and three out of the 15 Estonian county governors are female.⁸⁶

The representation of women in politics is most affected by the decisions of political parties in determining the holders of positions and by the choices made in compiling the list of candidates. While the proportion of women and men among the members of political parties is relatively equal, management bodies of those political parties are dominated by men. Over the last 10–15 years, the proportion of female candidates in the list of candidates has not changed significantly (27% of the candidates in the parliamentary elections of 2015). In addition to the percentage of female candidates, whether they are elected or not, depends on their placement in the list of candidates compiled by political parties.⁸⁷

In Estonia, there are also less women than men on the management level of organisations. In 2014, 7.3% of managers were female and 14.4% were male, i.e. there were twice as much men as there were women. One third of the managers were female.⁸⁸ In 2014, the proportion of women among the members of the management boards of publicly traded companies was 17% and among the members of supervisory boards, only 7%.⁸⁹

Gender inequality is deepened by gender stereotypes that are mostly reproduced and distributed by education and media

A person's identity, values, beliefs, attitudes, and perceptions about the social functioning of society, including gender roles, develop during the course of education and upbringing. Stereotypical perceptions about the role of women and men in a society and the gender system developed historically and culturally

⁸³ Gender Pay Gap in Estonia: Policy Recommendations. Ministry of Social Affairs 2012.

⁸⁴ The Gender Gap in Pensions in the EU. European Commission – Directorate-General for Justice 2013.

⁸⁵ Strategy for Preventing Violence for 2015–2020.

⁸⁶ Data from June 2015.

⁸⁷ Allik, Mirjam (2015). Female candidates and lists of candidates. Riigikogu Election 2015. Office of the Gender Equality and Equal Treatment Commissioner 2015.

⁸⁸ A survey on the Estonian workforce. Statistics Estonia.

⁸⁹ The European Commission's database on gender balance in decision-making: http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/executives-non-executives/index_en.htm

shape, through people's choices, gender segregation in the labour market, the gender pay gap, attitude towards health, and the social and economic inequality between women and men, including their health, health behaviour, and life span (health issues are addressed in the National Health Plan 2009–2020).

The Gender Equality Act stipulates that the curricula, used study materials, and the conducted research shall facilitate abolishing the unequal treatment of men and women and promote equality. The national curricula for basic schools, as well as for upper secondary schools both mention gender equality as a core value in the list of social values. In accordance with the national curricula for basic schools and upper secondary schools, developing school life's social and mental environment shall be on the basis of the principle of equal treatment and the objectives for gender equality. However, the programme for the subject fields of basic and upper secondary school, the issue of gender equality is mentioned rather as a keyword. Additionally, the organisation of studies in basic schools regarding the subject field of technology still promotes the traditional gender role distribution and contributes to the preservation of the gender segregation evident in the labour market. The significance of a hidden curriculum⁹⁰ in shaping students' self-beliefs and gender identity is neither detected nor analysed and educational and pedagogical principles are also not recognised.

Educational institutions do not detect gender segregation established in society, nor do they analyse it in a social-scientific manner. Therefore, examples of gender inequality in society and the associated problems are often essentially unaddressed on different level of education. Studies carried out in Estonia⁹¹ reveal that stereotypical gender roles are reproduced and asserted through the expectations and attitudes of teachers and heads of schools, as well as curricula, study materials, and the hidden curriculum. The curriculum of higher education (including the teaching speciality) addresses the topics of gender (in)equality on the basis of the attitude and knowledge of specific teachers and is, therefore, even more random.

The reproduction and affirmation of gender stereotypes and the development of new attitudes is equally affected by media, the content of which is nowadays affected by the close intertwining of journalism with the entertainment industry and commercialisation. As a result, women are portrayed as stereotypes, including relating them with primarily personal and/or family life and the related roles. The stereotypical portrayal of women is characterised by the so-called traditional media, as well as virtual social media both.

Paradoxically, the fact that the ideas on gender equality have reached the media, has, in turn, created new gender stereotypes. For example, the so-called super woman stereotype,⁹² which idealises the double burden of women and creates an image whereby the modern so-called real woman has to be professionally successful and a devoted mother at the same time. Although it is impossible to lose all gender and other stereotypes, it is important for both media practitioners and the auditorium to detect these in order to support changes in the society.⁹³

Although the Advertising Act contains a number of restrictions significant for gender equality, the advertisements of well-known and recognised organisations still include messages or images that from time to time emphasise and reproduce stereotypical gender roles. Presumably, the reason for the inefficient implementation of the Act is the lack of awareness of advertisers and clients about the letter and spirit of the law. An additional prerequisite for the efficient implementation of the Act is increasing society's awareness and sensitivity, as well as the adequate competence of supervisory bodies.

In summary, the media has important potential to contribute to the shaping of non-stereotypical gender roles by showing different ways of being a woman and a man, as well as changing those ways, instead of affirming gender stereotypes.

The legal protection of rights for the equal treatment of women and men is neither sufficient nor efficient

The purpose of the Gender Equality Act, which came into force in 2004, is to ensure the equal treatment of men and women as provided for in the Constitution of the Republic of Estonia and to promote the equality of men and women as a fundamental human right and for the public good in all areas of social life. To achieve this, the Act prohibits discrimination on the grounds of sex in the private and public

⁹⁰ A hidden curriculum contains attitudes, values, beliefs, and behaviours that students informally learn from the culture and environment of the school, and the relationships and attitudes between people.

⁹¹ Students or boys and girls? A study on the preparedness of Estonian teachers and education workers to teach and increase gender-sensitive teaching. Collection of Articles. Estonian Women's Associations Roundtable. Tallinn 2013.

⁹² Põlvre, Barbi (2010). The media landscape, sex, and gender equality. Towards a balanced society. Women and men in Estonia. II Ministry of Social Affairs, page 153–154.

⁹³ *Ibid.*, page 159.

sector and obliges state and local government authorities, educational and research institutions, as well as employers to promote equality between men and women. The Gender Equality and Equal Treatment Commissioner shall be responsible for monitoring compliance with the requirements of the Act.

What reduces the efficiency of the protection of rights stipulated in the Act is the lack of awareness of the entitled (for example, employees) and the obligated (for example, employers) parties about their rights and obligations. The lack of resources of relevant institutions also limits the efficient implementation of the protection of individual rights. For example, the Gender Equality and Equal Treatment Commissioner has been provided with a broad competence to support the protection of individual rights and to promote gender equality more broadly but limited resources have prevented the full-scale fulfilment of the obligations provided for in the Act. The capacity of legal professionals, including attorneys, lawyers, and judges is also uneven in providing the necessary legal assistance for cases of potential gender discrimination. Their capacity to make competent decisions is additionally unbalanced because their knowledge on the Gender Equality Act and its interpretations is limited.

Institutions from different domains have a limited understanding of gender equality, its causes and consequences, and their roles and responsibilities in promoting gender equality

The capacity of the state as a whole in systematically and efficiently reducing gender inequality on the levels of ministries, as well as local governments is low and uneven – there is no uniform system for implementing gender mainstreaming and an efficient control mechanism for compliance with the requirements for the promotion of gender equality and the quality of the assessment of the gender impact.

The systematic and knowledge-based solving of structural problems concerning gender inequality is hindered by the lack of statistics and quantitative and qualitative survey data about the situation and needs of women and men in all policy areas. There are few in-depth analyses that assess the impacts of gender. Information about the situation and causes of gender inequality is scattered between databases and sources and is, therefore, hard to find. In Estonia, gender studies are not an institutionalised scientific discipline – there is no chair specialised in gender studies and no opportunity for obtaining an academic degree in gender studies.

In compiling draft acts and sectoral development plans, their impact on gender equality must be considered. Additionally, in planning the measures and activities for the European Union cohesion policy funds, monitoring, and in reporting, the principle of promoting gender equality must be considered. However, the knowledge of policy-makers about the manifestations and consequences of gender inequality and the necessity and benefits of gender mainstreaming in their area is limited, and their skills to analyse the opportunities, needs, and interests of men and women are inadequate. There is no training and counselling system for increasing the knowledge and skills of officials with regard to gender equality, and to provide them with updated information and analyses.

In Estonia, competence on gender equality can be found in civic unions that have continually engaged in the matter, carried out project-based studies, trained target groups, and published thematic information and instructional material. This solely project-based operation, however, is an obstacle in the way of civic unions' consistency.

Policy instruments

The proposed policy instruments for achieving the sub-objective mostly include activities concerning legislative drafting, outreach, training, and analysis. Activities are targeted at the general public, as well as specific target groups and institutions, including employers, educators, legal professionals, and policy-makers.

Supporting the equal economic independence of men and women and increasing the gender balance on all levels of decision-making and management

To ensure the economic independence of men and women, it is important to support the opportunities for women in participating in the labour market. For this purpose, it is important to contribute to a more equal distribution of caretaking responsibilities between men and women with regard to raising children and assisting adult family members, and to improve the availability and quality of services that reduce the caretaking burden. The appropriate measures have been planned under sub-objective No. 3 of this Development Plan and in the Development Plan for Children and Families for 2012–2020 (sub-objective No. 5).

To reduce the economic dependence of women and the risk of poverty among certain groups (including single mothers and elderly women) and to prevent an increase in the pension gap, measures shall be implemented to reduce the wage gap. To contribute to reducing the gender pay gap, the **Labour Inspectorate's supervisory powers shall be extended** for equal pay for women and men paid for the same and equal work. Outreach and analysis activities shall be continued with the aim to increase the awareness of society and various institutions about the gender pay gap, its causes, and impacts. To contribute to the equal remuneration and valuation of women and men for the equivalent work, the **introduction of job evaluation and payment systems based on transparent and objective criteria** shall be encouraged, mainly through raising awareness and supportive activities. The implementation of the Development Plan shall be executed based on the principles of zero bureaucracy and in the case of changes that may lead to an increase in employers' administrative burden, as optimal solutions as possible shall be first identified in the public sector through piloting.

To promote gender equality in the organisations of both the public and private sector, teaching and technical aids shall be developed for employers and training sessions shall be carried out for them.

To equalise the economic independence of women and men, **women's increased activity in business shall also be supported**. To increase gender balance among entrepreneurs, activities shall be executed, which encourage women to become employers and entrepreneurs, also in sectors with a higher growth potential. To do so, the capability of advisers shall be increased at county development centres to offer relevant advice to female (beginner) entrepreneurs; mentoring and collaboration possibilities between female entrepreneurs shall be supported.

To decrease the gender segregation in education and the labour market, activities targeted primarily at **raising the awareness and changing the attitudes of school students and career counsellors** shall be planned. The activities shall focus on the elimination of barriers and changing the attitudes towards the factors that cause girls to have a lower interest in hard and natural science, and boys to have a lower interest in educational science and social welfare. Other measures in this sub-objective and the activities planned for their implementation shall also contribute to reducing the horizontal and vertical gender segregation of the labour market and the gender pay gap.

To achieve a balanced participation of men and women on all levels of decision-making and management in politics and the public and private sector, solutions shall be developed to increase the transparency and objectivity of selection processes, solutions shall be provided to improve women's career opportunities, and to reduce the spread and impact of the gender stereotypes that affect their participation on the decision-making and management levels. To support gender balance in the making of political and, more broadly, social decisions, activities shall be implemented to support political parties in making fairer and more informed decisions to increase the representation of women in politics and the gender balance in government committees.

To increase gender balance on the management levels of organisations, in addition to the general activities that support the general occupational gender equality, activities shall be implemented that will **increase the proportion of women in the governing bodies of companies and foundations, particularly those which are state-owned**, by valuing people's competence and the transparency of the selection process.

Reducing gender stereotypes and their negative effects on the everyday life and decisions of men and women and on economic and social development

To reduce the spread of gender stereotypes and their negative impact on the everyday life and decisions of women and men, the awareness of society at large, but more specifically, the awareness of major target groups and stakeholders (including employees, employers, teachers and other educators, policy-makers, legal professionals) must be increased **about the manifestation of gender inequality, the accompanying problems, the need and opportunities to promote gender equality**, gender stereotypes, and their impact on the everyday life and decisions of people. The most appropriate form for outreach activities depends on the target group and varies from media campaigns to outreach materials, trainings, and discussions.

To promote gender equality in education and through education (including primary education), activities shall be executed to systematically **integrate topics of gender equality** into the **curricula and study materials of all levels of education, teacher education, and the advanced trainings of educational employees**. A substantive treatment of gender equality on all levels of education will support young people in making informed decisions about their working, family and private life.

To reduce the reproduction of outdated stereotypes and to promote gender equality through media, **collaboration shall be performed with media organisations**, channels of new media, and with self-regulation bodies of the media.

Ensuring institutional capacity for reducing gender inequality and for promoting gender equality, including for the more efficient implementation of legal protection and gender mainstreaming

To ensure more efficient legal protection against discrimination, **public awareness on their rights and the possibilities for ensuring them** shall be raised through a variety of outreach activities. The abilities of women and men to recognise possible gender discrimination cases shall be improved in addition to increasing their knowledge on how to act in the case of discrimination and who to approach.

The **capacity of national institutions** to offer prompt and efficient assistance to people in the case of violation of gender equality principles **shall also be improved**. The capability of the Gender Equality and Equal Treatment Commissioner shall be ensured in fulfilling their obligatory functions, including counselling and assisting people upon filing complaints of discrimination, and giving an opinion in the event of possible discrimination. To increase the awareness and competence of legal professionals, including lawyers and judges, trainings shall be organised and guidance materials shall be compiled with a focus on the content and interpretations of the Equal Treatment Act. These activities shall contribute to **providing appropriate legal assistance**, including to employees who wish to protect their rights, and to professional decisions in discrimination disputes, which are based on expert knowledge.

To improve compliance with the obligations of **gender mainstreaming** in ministries and local governments, **coordination and support mechanisms** (including outreach, counselling, and training activities) shall be enhanced, the quality of assessing the gender impact shall be monitored more efficiently, and gender-specific data shall be made more available.

To further enhance the implementation of gender mainstreaming, activities shall also be carried out among decision-makers, including politicians, and at the management level of the institutions of the state and local governments. This way, they will have greater awareness and support for the cause.

The activity of the **Gender Equality Council**, which advises the Government of the Republic in matters regarding the strategy promoting gender equality, shall be supported. Support shall also be provided for the activity of those civil society organisations and networks involved in promoting social equality, which contribute to the collection of information and knowledge about social equality, raising awareness of key target groups, and promoting gender equality in society.

For the knowledge-based implementation and for assessing the impact of all the activities planned for the achievement of the sub-objective, **gender-specific statistics shall be collected regularly**, the existence of thematic **analyses** shall be ensured, and population surveys shall be carried out regularly among the target groups (including employees and employers).

Recurring themes

Equal opportunities – a significant positive impact throughout all sub-objectives of the Development Plan. Sub-objective No. 4 focuses on ensuring equal opportunities for women and men in all areas of social life. To achieve this, the Development Plan provides measures that are necessary for the achievement of gender equality with regard to the labour market and social security, as well as measures that help achieve it in other policy areas. Social exclusion can be reduced and equal opportunities can be ensured with the measures and activities that focus on improving accessibility (sub-objective No. 3), increasing employment and forming an inclusive labour market (sub-objective No. 1), ensuring the economic coping of people and reducing poverty (sub-objective No. 2), and on improving the possibilities for living in a community and participating in society (sub-objective No. 3) thanks to high-quality personal assistance. The promotion of equal opportunities is also positively affected by using EU's structural instruments in the implementation of activities that separately monitor the promotion of equal opportunities and gender equality.

Information society – an important positive impact. To modernise public services and improve their quality, as well as to ensure efficient sectoral politics, this Development Plan provides several small- and large-scale developments, developments of information systems, and the implementation of the possibilities of information technology. Information and communications technology solutions shall also be used in the development and provision of a novel innovative labour market and social services. The possibilities of information technology shall also be implemented for developing a knowledge- and evidence-based policy, including for improving the availability and accessibility of the necessary data, and the ways it can be analysed.

Regional development – an important positive impact. The analysis of the current situation, which is the basis for the overview of challenges related to the sub-objective presented in the sub-objectives of the Development Plan, focuses on regional peculiarities that have been taken into account in setting the general and sub-objectives of the Development Plan and in planning the policy instruments. Thus, the provision and development of social and labour market services, including professional mobility, shall be supported to improve the availability of personal assistance that meets people's needs and the opportunities for finding employment and work in regions where there is a greater unemployment rate and a need for services. Additionally, the collaboration between local governments shall be promoted to decrease unemployment, increase employment, and improve the quality and availability of social services.

State administration – an important positive impact. The sub-objectives of the Development Plan include developing collaboration and coordination between institutions operating on the central administration level, as well as between the central administration and local governments. This will help reduce unemployment, increase employment, improve the availability of personal assistance that meets people's needs, develop gender equality and equal opportunities, and ensure compliance with the principle of equal treatment. Using information and communications technology applications and strengthening analytical capabilities will support the domains' knowledge and evidence-based policymaking, management and development activities, and the provision of services. The sub-objectives that focus on ensuring compliance with the principle of gender equality and enhancing the protection of fundamental rights shall increase the institutional capacity of various domains to consider gender equality and the principle of equal treatment more than in the past in shaping and implementing sectoral policies.

Environmental protection and climate – little positive impact. The info technological and electronic solutions designed for modernising public services and improving their quality help reduce paper-based records management and therefore, the negative impact on the environment. Additionally, the reorganisation of special welfare institutions and the building of new institutions shall take into account energy efficiency principles and therefore, reduce the negative impact on climate.

Connections with the vision documents of national development, sectoral development plans, and documents arising from international agreements or the EU legislation

The objectives of the **Estonian strategy on sustainable development Sustainable Estonia 21** include the growth of welfare and a cohesive society. The growth of welfare refers to the aspects related to economic wealth, level of security, and the diversity of opportunities. Coherence means both social and regional balance, reducing social exclusion, and social participation. The general and sub-objectives of the Welfare Development Plan directly contribute to achieving the objectives concerning the growth of welfare and social cohesion specified in the strategy on sustainable development.

The main objectives of the **Estonian competitiveness plan Estonia 2020** include a rapid growth in productivity and a high employment rate. The Welfare Development Plan is directly related to the general objective of the competitiveness plan with regard to employment, the objectives of the sub-section “Well Educated People and Inclusive Society”, which include reducing the long-term unemployment rate, unemployment rate of the young, and the proportion of relative poverty, as well as increasing the workforce participation rate, and those objectives of sub-section “Sustainable and Adaptive Public Sector” regarding the sustainability of social expenditure and a targeted and efficient social policy. The Welfare Development Plan directly contributes to the achievement of the objectives of the competitiveness plan through its general and sub-objectives.

The general objective of the **National Health Plan 2009–2020** is to achieve a longer health adjusted life expectancy by decreasing premature mortality and illness. As people’s ability to cope with daily life and participate in society and working life remarkably depends on their health, the achievement of the objectives of the National Health Plan is an essential prerequisite for the objectives of the Welfare Development Plan. At the same time, people’s health is significantly affected by their economic coping, and working and living conditions, which, in turn, are affected by the policy instruments related to the objectives of the Welfare Development Plan. The objectives of both plans emphasise the need to reduce gender inequality and the promotion of equal opportunities. With regard to the efficient operation and sustainability of the health and social protection system, both plans also point to the need to improve integration between the health and social protection system.

The objectives of the **Development Plan for Children and Families for 2012–2020** include developing a system of combined benefits and services that support the adequate economic coping of families, which would offer them permanent sense of security, and ensuring equal opportunities for men and women for the reconciliation of working, family and private life. Both of these objectives directly support the achievement of the general and sub-objectives of the Welfare Development Plan.

The **Strategy for Preventing Violence for 2015–2020** concerns preventing family, intimate partner, and sexual violence, as well as human trafficking, which, in turn, includes the prevention and reduction of violence against women. The objectives and measures of the Strategy for Preventing Violence are primarily associated with the general and sub-objective of the Welfare Development Plan for gender equality. At the same time, the Strategy for Preventing Violence emphasises the need to focus, in the future and if necessary, on topics that have not yet been sufficiently recognised in society: violence committed against the disabled, racial and religious minorities, and against sexual and gender-variance minorities. The Welfare Development Plan includes ensuring the equal treatment of and equal opportunities in society for the groups referred to.

The objectives of the **Estonian Lifelong Learning Strategy 2020** that aim to ensure the conformity of lifelong learning opportunities, establish equal opportunities for lifelong learning, and increase participation in the learning relate to the Welfare Development Plan. These objectives directly contribute to achieving the general objectives of the Welfare Development Plan that concern achieving a high level of employment and a long and high-quality working life, gender equality, social inclusion, and reducing social inequality. At the same time, broader connections can be seen in the Welfare Development Plan with the objectives of the Lifelong Learning Strategy, which concern a digital focus in lifelong learning, including the acquisition and expansion of digital competences to improve people’s quality of life, a changed approach to learning, including implementing an approach to learning on all levels of education, which supports the individual and social development of each learner and develops learning skills, creativity, and entrepreneurship.

The general objective of the **Youth Field Development Plan 2014–2020** is to establish a coherent and creative society through development and self-realisation possibilities provided for young people. The

sub-objectives of the Development Plan include, among others, improving the preparedness of the young for employment, as well as reducing unemployment and exclusion. Therefore, they are directly connected to the general and sub-objectives of the Welfare Development Plan, as well as the policy instruments and measures planned for their achievement.

The general objective of the **integrating development plan Integrating Estonia 2020** is a socially cohesive society where individuals with different linguistic and cultural backgrounds actively participate in society and share democratic values – and the resulting sub-objectives are connected to the general objectives and sub-objectives 1 and 3 of the Welfare Development Plan. The Welfare Development Plan supports the achievement of the objective of the integration development plan, according to which the working-age population whose native language is not Estonian is provided with the opportunities for improving their knowledge and skills for a competitive participation in the labour market. The connections between the Integration Development Plan and the Welfare Development Plan have also been explained under sub-objectives No. 1 of this Development Plan.

The general objectives of the **Civil Society Development Plan 2015–2020** include socially active residents and civil society organisations that are more capable of action. The Development Plan focuses on the role of civil society in promoting equal opportunities and the need to involve, through citizens' initiatives, different population groups, including men and women of different ages, the disabled, and residents of different ethnic affiliations. One of the sub-objectives of the development plan in turn focuses on increasing the impact of citizens' initiatives in preventing and solving social problems, and improving people's welfare through social innovation, social entrepreneurship, and provision of social services, thereby directly contributing to the achievement of the objectives of the Welfare Development Plan. The objectives and activities of the Welfare Development Plan, in turn, help increase people's opportunities to participate in social life, which is one of the prerequisites for an active citizenship. Additionally, one of the recurring principles of the Welfare Development Plan is collaboration, including collaboration with communities and the non-profit sector, involving stakeholders, and empowering non-governmental organisations and communities.

The general objective of the **Development Plan of Internal Security 2015–2020** is to ensure a safe state where people's lives, health, and assets are protected. To do so, the living environment shall be improved, risks to life, health, assets, and constitutional order shall be reduced and fast and professional help shall be provided. The development plan emphasises the importance of strong communities and the involvement of people via communities in the establishment of internal security. The Welfare Development Plan creates security but from the aspect of social security, by establishing one of the objectives as preventing social risks and ensuring an adequate and sustainable social protection in the case of risks. The Development Plan of Internal Security also includes the management of the migration policy and the development of organisational solutions, including the adaptation of new immigrants. These themes are mostly associated in the Welfare Development Plan with the employment policy and the promotion of the equal treatment principle. In a broader view, however, all of the topics in the Welfare Development Plan, including social protection and gender equality, concern both immigrants and permanent residents.

The **Estonian National Regional Development Strategy 2014–2020** is based on a vision, according to which each region contributes to increasing the competitiveness of the country as a whole, while benefitting from the accompanying benefits. This means that in each region there are available good jobs, high-quality services, and a living environment that offers diverse opportunities. The Welfare Development Plan supports the achievement of this objective primarily through labour market services and ensuring the availability and quality of social services and other personal assistance all over Estonia, thereby taking into account regional needs and opportunities. On the other hand, the thorough development of the regions directly affects the welfare of the people living there, including the need for personal assistance and the extent of social problems.

The **National Spatial Plan Estonia 2030+** is a strategic document aiming to achieve a rational use of space everywhere in Estonia. The document examines regions and the availability of jobs, educational institutions, and services, and composes county plans on the basis thereof.

The **National Transport Development Plan 2014–2020** develops the transport sector in order to ensure access to services and jobs and thus, support people's mobility. The objectives of the Welfare Development Plan are not achievable if access to the necessary services and jobs has not been guaranteed to people.

The **Estonian National Development Plan of the Energy Sector until 2030** includes, among other things, the objectives of housing, one of the sub-objectives of which is to improve the quality of the

housing environment and ensure the availability of high-quality housing. The quality of housing is one of the essential aspects of welfare.

The **Estonian Entrepreneurship Growth Strategy 2014–2020** is focused on the development of Estonian economy and its objectives include raising productivity, promoting entrepreneurship, and encouraging innovation. The development plan's vision is, through innovation and entrepreneurship policy, to increase the welfare of Estonian residents, improve integration with international economy and the competitiveness of enterprises. The Welfare Development Plan supports the achievement of these objectives through employment policies, equal treatment, and the promotion of gender equality.

The sub-objectives of the **Estonian Digital Agenda 2020** focus, among other things, on the development of an ICT infrastructure that supports economic growth, on the development of the state, and the welfare of its residents, on smarter governance, and improving people's ICT skills. There are several measures and activities in the Welfare Development Plan, which are associated with these objectives. ICT opportunities are used in labour and social protection policy to provide high quality and innovative services, change the planned policy measures and make their implementation more efficient, improve analytical capacity and thus, support sectoral management decisions and development activities.

The **General Principles of Cultural Policy up to 2020** states that cultural policy is closely interlinked with several other national policy areas, including educational, economic, social, environmental, employment, integration, regional, tourism, and foreign policy. A diverse cultural life has a significant impact on the welfare of Estonian residents, the quality of the local life environment, and the international competitiveness of the state.

The **Fundamentals of Estonian Sports Policy until 2030** provides a vision for the Estonian sports policy and the national objective, according to which, in 2030, the mental and physical balance and welfare of Estonian people will correspond to the level of Nordic countries, Estonia will have a living environment contributing to physical activity together with accompanying services that support people's healthy life expectancy and self-realisation, as well as economic growth. Exercise and sports have a significant and growing role in increasing the vitality of Estonian people, creating a diverse living environment, and shaping a good reputation for the Republic of Estonia.

The **action plan for reducing the pay gap between men and women approved by a protocol of the Government of the Republic (2012)** proposes complex measures and activities, which shall help reduce the gender pay gap and this is one of the objectives of the Welfare Development Plan. One of the meters of general welfare in the Development Plan is the gender pay gap, which is presumably affected by all sub-objectives of the Development Plan, including sub-objective No. 4 concerning the promotion of gender equality: "men and women have equal rights, obligations, opportunities, and responsibilities in all social sectors".

The objective of the **Estonian Rural Development Plan for 2014–2020** is to support rural development. One of the priority directions of the Rural Development Plan is the promotion of social inclusion, reduction of poverty, and rural development, including creating jobs in rural areas. The measures and activities planned for direction referred to support the achievement of the general objectives of the Welfare Development Plan.

International agreements

The International Covenant on Economic, Social and Cultural Rights of the United Nations (1966) is based on the Universal Declaration of Human Rights of the United Nations and includes economic, social, and cultural rights with the purpose of ensuring social justice, protection against disadvantages, and participation in the social, cultural, and economic aspects of social life. Estonia joined the Covenant in 1991.

The Convention on the Elimination of All Forms of Discrimination against Women of the United Nations (1979) is the most important international document on women's rights, which prohibits the discrimination of women in using civil, political, economic, and cultural rights, and allows the use of positive special measures for the achievement of actual equality between women and men. Estonia joined the Convention in 1991.

The Optional Protocol to the Convention on the Rights of Persons with Disabilities (2006) aims to consistently improve the situation of people with disabilities. The purpose of the Convention is to promote, protect, and ensure the full and equal enjoyment of all human rights and fundamental freedoms

by all persons with disabilities, and to promote respect for their inherent dignity. In accordance with the Convention, persons with disabilities include those who have long-term physical, mental, intellectual, or sensory impairments, which in interaction with various barriers may hinder their full and efficient participation in society on an equal basis with others. Estonia ratified the Convention in 2012.

The European Code of Social Security (1964) provides the minimum standard for European social security. In 2005, Estonia ratified the parts of the Code that concerned healthcare, sickness benefit, unemployment benefit, old-age benefit, family benefit, maternity benefit, disablement benefit, and survivor's benefit.

The objective of the **European Social Charter (revised) (1996)** is to protect people's fundamental rights in the Member States on the background of European Union legislation and its application. The Charter establishes civil rights and the political, economic, and social rights of citizens and other persons living in the Union territory. Estonia ratified the Charter in 2000.

European Union legislation

The Treaty on European Union and the Treaty establishing a Constitution for Europe

The EU Charter of Fundamental Rights recognises a number of personal, social, political, economic, and social rights of European Union citizens and residents, and constitutes them as a part of the European Union legislation.

Regulation (EEC) No. 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community.

Regulation (EEC) No. 574/72 of the Council of 21 March 1972 establishing the procedure for implementing Regulation (EEC) No. 1408/71 (on the application of social security schemes to employed persons and their families moving within the Community).

Regulation (EEC) No. 1612/68 of the Council of 15 October 1968 on the freedom of movement for workers within the Community.

Regulation (EC) No. 859/2003 of the Council of 14 May 2003 extending the provisions of Regulation (EEC) No. 1408/71 and Regulation (EEC) No. 574/72 to nationals of third countries who are not already covered by those provisions solely on the ground of their nationality.

Regulation (EC) No. 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems.

Regulation (EC) No. 987/2009 of the European Parliament and of the Council of 16 September 2009 establishing the procedure for implementing Regulation (EC) No. 883/2004 (on the coordination of social security systems).

Regulation (EU) No. 1303/2013 of the European Parliament and of the Council, in which Article 7 constitutes the requirements for non-discrimination and promotion of equality between women and men.

Other documents

The European Pact for gender equality (2011) urges action by the member states to promote women's employment, reduce gender gaps, social segregation, and stereotypes, to look for opportunities to change the social system to favour women's employment, implement measures for promoting the work-life balance of women and men, reduce violence against women, and strengthen management by following the approach of gender mainstreaming.

The Beijing Declaration and Platform for Action (1995) is an international agreement to ensure the rights and active participation of women in public and private life. The Declaration focuses on critical areas, such as poverty, education, healthcare, economy, political power and the power to decide, human rights, the media, armed conflicts, institutions, the environment, violence against women and girls. Strategic objectives and the means for achieving them have been established for the mentioned areas on the platform for governments, non-governmental organisations, and international organisations to ensure

women's rights and achieve equality between women and men. The Beijing Platform for Action is politically binding. Member States and EU institutions act on the objectives established in the Platform for Action. Governments that have signed the Platform for Action, including Estonian, shall implement specific measures for fulfilling the objectives specified in the fields referred to.

The Madrid International Plan of Action on Aging (2002) is an international agreement that focuses on the consideration of the age perspective in different policy areas. This approach is based on the presumption that the life quality and welfare of the elderly depends on the effect of different spheres of life and are not achievable with efforts in just one or some spheres. The objective of aging mainstreaming is to monitor that age-based discrimination and age sensitivity does not occur in any sphere of life or on any level of policy. A prerequisite for aging mainstreaming is for parties of society, the shapers of spheres of life, and representatives of different levels of public authority to consider the possible impacts that their actions or the absence thereof might have on the everyday life of the elderly, and to shape their activities on the basis of that.

Management structure

Implementation of the Development Plan

The Welfare Development Plan shall be implemented in accordance with the State Budget Act (section 19–20) and Regulation No. 302 of 13 December 2005 of the Government of the Republic “Types of strategic Development Plans and the procedure for the preparation, amendment, implementation, assessment, and reporting thereof”. The Ministry of Social Affairs shall coordinate the implementation of the Development Plan and its tasks shall include agreeing with the parties on the implementation plan (and programmes) of the Development Plan, overall monitoring of the implementation of the Development Plan, organising the reporting and renewal of the Development Plan, forming a sectoral, i.e. steering committee for the Development Plan necessary for the implementation of the Development Plan, assigning its tasks, and organising its operation.

For 2016–2020, an implementation plan shall be compiled for the implementation of the Development Plan, which shall plan the measures for the period of the state budget strategy. The implementation plan shall determine the activities carried out within the scope of the measures for the achievement of the objectives of the Development Plan in specific years, as well as the responsible persons and financial resources.

In relation to the transition to an activity-based budget, programmes shall be compiled for the implementation of the objectives and sub-objectives of the Development Plan as of 2018. The programmes are in compliance with the state budget strategy and are rolling, which means that each year, one planned year is added to the programmes. The programme shall be coordinated with the ministries and it shall be confirmed by ministers whose ministries contribute financially to the programme.

Steering committee of the Development Plan

A sectoral committee shall be set up to support the compiling and implementation of the Development Plan, its implementation plan, and programmes. The Ministry of Social Affairs shall be in charge of the sectoral committee and it shall include representatives from all ministries. Additionally, representatives of the national unions of local governments, representatives of social partners, and representatives of key partners operating in the field of gender equality and equal treatment shall be invited to participate in the operation of the steering committee. If necessary, a working group shall be set up for the compilation of the programmes and to monitor the implementation. The specific tasks and members of the steering committee shall be confirmed with the directive(s) of the minister(s) responsible for the field.

Reporting and renewal of the Development Plan

To provide an overview of the achievement of the objectives of the Development Plan, a report on its fulfilment shall be compiled each year. To do so, the ministry participating in the implementation of the Development Plan shall compile a performance report each year on the implementation of measures and activities in their area of responsibility, and submit it to the Ministry of Social Affairs by no later than 1 February of the following year with proposals for the amendment of the Development Plan, implementation plan, and, as of 2018, the programmes. On the basis of this information, the Ministry of Social Affairs shall compile a performance report on the fulfilment of the Development Plan, introduce it to the steering committee of the Development Plan and then, submit it to the Ministry of Finance. The Development Plan includes descriptions on activities related to other development plans if it was necessary to provide a comprehensive overview of the field.

The Development Plan, the implementation plan of the Development Plan, and, as of 2018, the programmes shall be reviewed and, if necessary, updated once a year during the budget preparation process. Proposals for the amendment of the Development Plan shall be submitted to the Government of the Republic along with the annual report on the fulfilment of the Development Plan. Mid-term appraisal of the Development Plan shall be executed in 2018.

The Development Plan, its implementation plan, and, as of 2018, the programmes, and their monitoring, supplementing, and reporting shall be organised in accordance with the State Budget Act and its implementing provisions. The (mid-term) appraisal of the Development Plan shall be executed in accordance with the decision of the sectoral commission.

Risks associated with the implementation and risk management

The following risks and the possibilities for managing them can be brought out with regard to the implementation of the Development Plan.

1. The efficiency of the measures and activities planned for the achievement of the Development Plan's objectives significantly depends on the collaboration of different levels. One problem is the collaboration with local governments, as their capacity and readiness for collaboration is uneven. In planning the Development Plan's policy instruments, the need to promote and strengthen collaboration, on the one hand, between state institutions, offices, and local governments and, on the other, between local governments was considered, for example through improving the exchange of data and information, achieving a more efficient coordination of case management work, the development of funding principles, and training activities, etc. Additionally, specific measures and activities have been planned, which are directed at increasing the capacity of local governments in fulfilling the responsibilities and tasks imposed on them, such the provision and organisation of social services, and the fulfilment of obligations assigned to them with the Gender Equality Act and the Equal Treatment Act.

In a broader sense, collaboration is also a risk between ministries and sub-offices.

With regard to the objectives of the Development Plan, the proposed administrative reform and its efficiency have a significant and wide importance.

2. The implementation of the measures and activities of the Development Plan and the achievement of the objectives is related to several major policy changes and reform agendas, such as the launch of a new work ability system and the development of pension schemes, which concern the areas of government of various ministries, other related fields, and major interest groups. Therefore, their efficient implementation requires a thorough and well-thought-out preparation and skilful management.

To this end, major policy changes include outreach activities for different target groups, an active and extensive involvement of interest groups, and the implementation of management and coordination mechanisms, which enhance collaboration between the parties.

3. The implementation of the Development Plan's activities and the achievement of the objectives are partly executed with help of structural funding by the European Union. This constitutes the risk of a situation where upon the termination of the funding period of the funds, the sustainability of the financing is not guaranteed and the achieved results and impacts cannot be sustained for a longer time. The Development Plan has taken this risk into account in several ways.

A majority of the activities funded with the support of EU funds are of so-called encouraging nature, which means that the aim is to achieve a certain leap of development, which shall then, with the following activities, fulfil the objectives and ensure a sustainable funding even after the termination of EU funds.

Firstly, the sub-objectives of the Development Plan have continuously taken into account the sustainable financing of policy measures, and separate measures and activities have been planned to ensure sustainable financing on the basis of the exit strategies for the use of EU funds.

Secondly, the activities financed from EU funds shall first be tested in order to assess their efficiency and efficacy. Only then shall a decision be made on which activities shall be continued and how they shall be funded. At the same time, the operation of existing activities shall also be assessed during the testing.

Thirdly, with regard to strategic policy options, the priority shall be prevention instead of focusing on consequences, as this is more economical in the long term.

Additionally, more and more active measures, i.e. services shall be developed alongside passive measures, i.e. the payment of benefits and grants. Additionally, ways to better connect financial benefits and grants and services shall be explored. Therefore, improving a person's coping shall include the objective of improving their ability to cope as well.

Thorough attention shall be paid to enhancing policies and modernising and improving the quality of public services through the implementation of the possibilities of information and communications technology and the development of support services. The provision of public

services, shaping, and implementation of policies, and the use of public funds shall thereby be executed more effectually and cost-efficiently.

Estimate of the cost

The implementation plan for the Welfare Development Plan 2016–2023 has been, by the time of the confirmation of the Development Plan, compiled for the period of 2016–2020. The implementation plan shall include the activities carried out during that period, their time, main and co-respondents, and sources of resources. The Ministry of Social Affairs shall be responsible for the implementation of the Development Plan. Other involved ministries and organisations have coordinated the activities of their area of responsibility, and are responsible for their implementation.

The estimated total cost of the Development Plan for 2016–2023 is 18.1 billion euros, including 12.1 billion euros for the period of 2016–2020. The approximate cost estimate for the period of 2017–2023 is 6 billion euros, which does not entail an increase in costs. A more specific cost estimate is compiled annually with the implementation plan during the budget planning process. The activities of the Development Plan shall be implemented from the state budget funds, including the measure of the European Structural Funds (ESF and ERDF) and other foreign sources. The civil society initiatives in accordance with the sub-objectives of the Development Plan shall be supported through the Council of the Gambling Tax. The cost estimates of other ministries have been added during the coordination.

Activities where the source of the resource has been marked as the operational costs of the responsible institution (marked with an X in the implementation plan) do not entail the need for additional resources. Instead, these are implemented within the existing personnel and economic costs. Activities, the implementation of which includes an additional budget request, shall be marked with a number in red and in italics in the implementation plan.

Period of 2016–2020

Sub-objective	2016	2017	2018	2019	2020	Total
1. Correlation between the demand and supply of workforce ensures a high level of employment and high-quality working conditions support long-term participation in working life	116.1	267.1	441.1	558.0	556.1	1,938.4
2. Supporting an activating, adequate, and sustainable social protection has increased the economic coping of people	1,821.4	1,943.5	2,021.4	2,100.0	2,100.0	9,986.3
3. Efficient legal protection and high-quality personal assistance have improved people's possibilities for coping independently, living in a community, and participating in society	36.3	47.9	51.5	58.2	59.1	302.3
4. Men and women have equal rights, obligations, opportunities, and responsibilities in all social sectors	0.6	0.6	0.5	0.7	0.3	3.5
Together	1,974.4	2,259.1	2,514.5	2,716.9	2,715.5	12,180.4

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