



**NATIONAL REPORT ON STRATEGIES FOR SOCIAL PROTECTION AND SOCIAL INCLUSION  
2008-2010**

*Under the Open Method of Coordination of the European Union*

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## FOREWORD

This Estonian National Report on Strategies for Social Protection and Social Inclusion 2008-2010 has been prepared under the Open Method of Coordination of the European Union and in compliance with the objectives and principles approved by the European Council.

At the Lisbon Summit of the European Union in March 2000, achieving sustainable economic development, creating more and better jobs and enhancing social cohesion were set as the community's strategic objectives for the next ten years. It was decided that the Open Method of Coordination be used to attain the objectives set. In other words, common targets<sup>1</sup> for alleviating poverty and social exclusion were agreed upon. However, it is up to each Member State to choose the measures to reach the targets. A part of the work under the Open Method of Coordination is national reports on social protection and social inclusion, by which each State informs the other States and the European Commission of its strategies and activities towards reducing poverty and exclusion and establishes specific targets for dealing with the problems. The primary task of the European Union is to support and coordinate cooperation as well as exchange of information and experience between the Member States for the purpose of raising the efficiency of and modernising social protection systems, and increase social involvement.

The Member States have submitted three national action plans for social protection and social inclusion (Estonia and the other States that acceded on 1 May 2004 have submitted two).<sup>2</sup> Beginning from the actions plans for 2006-2008, reports on national pension strategy and on health care and long-term care are also submitted under the Open Method of Coordination.

In March 2006 the European Council approved new common objectives and a new framework for implementing the Open Method of Coordination in the field of social protection and social inclusion. The said framework aims at raising the efficiency of the Open Method of Coordination, better coherence between social protection and inclusion and economic and employment policies, expanding opportunities for experience exchange and simplifying reporting. In practice, this means coherence between the strategies for social inclusion, pensions, health care and long-term care and joint reporting thereof on the basis of agreed common objectives.

The policies of social protection and social inclusion are developed in the EU based on the **concept of active inclusion**, the three areas of which are adequate income, an inclusive labour market and better access to quality social services. In the context of social inclusion, the key words are fighting poverty, longer work life and active ageing, sufficient and sustainable pension systems, growing importance of health and long-term care and general ageing of the population.

In Part 1 of the report – **General Overview** – Estonia's economic, demographic and social situation is analysed and the Government's strategic positions for enhancing social protection and inclusion are presented.

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<sup>1</sup> The common targets of the European Union: (a) to promote social cohesion and equal opportunities for all by means of an adequate, accessible, financially sustainable, adaptable and effective social protection system and social inclusion policy; (b) to support the efficiency and mutual impact of the Lisbon objectives – increased economic growth, more and better jobs and greater social cohesion – and their coherence with the European Union strategy for sustainable development; (c) to strengthen the administrative capacity, transparency and inclusion of all parties involved in the development, implementation and monitoring of the policy.

<sup>2</sup> The Member States of the European Union shall submit national reports on the strategies for social protection and social inclusion every two years. In 2003, Estonia prepared a Joint Memorandum on Social Protection and Social Inclusion to participate in the work under the Open Method of Coordination. The Joint Inclusion Memorandum has been followed up by action plans for 2004-2006 and 2006-2008.

Part 2 – **Social Inclusion** – deals with the main challenges related to poverty and social exclusion, priority policy objectives, existing and planned measures to reduce poverty and exclusion and expected results. Pursuant to the agreement between the Member States the focus is on the attainment of up to four objectives in the field of social inclusion.

Continuity was considered important in the preparation of the National Report on Strategies for Social Protection and Social Inclusion 2008-2010. In the 2006-2008 report two objectives had been set: the prevention and reduction of long-term unemployment and exclusion from the labour market, the prevention and alleviation of poverty in families with children and of social exclusion. Measures to include disabled people had been linked with the provision of education and rehabilitation services to disabled children and the participation in the labour market of disabled people of working age. Issues related to the elderly had been addressed under long-term care.

The objectives and measures for 2008-2010 have been selected with a view that they would be realistically achievable within the implementation period of the plan. The objectives and measures of the report are:

- 1) prevention of long-term unemployment and inactivity and bringing the unemployed and inactive people into employment;
- 2) prevention and alleviation of poverty and social exclusion in families with children;
- 3) supporting the active participation of the disabled in social and working life;
- 4) prevention of the social exclusion of the elderly and supporting active and dignified aging.

The **Pension Strategy** part of the National Report on Strategies for Social Protection and Social Inclusion describes the most significant changes in Estonia's pension system in 2006-2008 (pension indexing changes, reasons for reduced solidarity, changes in the funded pensions system). In addition, forecasts of the balance of the pension insurance budget and of pension replacement rates up to 2050 have been presented.

The objectives and measures of **Health and Long-Term Care** reflect the priorities of the health care sector:

- 1) guaranteeing access to adequate health care services for all people and ensuring that the need for health care would not cause poverty or economic dependency;
- 2) raising the quality of health care services and adjusting the services to the changing needs and priorities of society and individuals;
- 3) prevention of diseases and promotion of health.

This report has been prepared in compliance with the Government's objectives and priority funding areas specified in the State Budget Strategy for 2009-2012 and the National Strategy for the Use of Structural Funds for 2007-2013. No new financial liabilities are incurred by this National Report on Strategies for Social Protection and Social Inclusion. The report reflects the measures and activities to be implemented under different strategies, conceptions and draft acts. All the activities are financed from the structural funds and the state budget.

The strategies for social protection and social inclusion are closely related to the development plans and other strategic documents in other areas. For instance, this National Report on Strategies for Social Protection and Social Inclusion 2008-2010 has been prepared using the Ministry of Social Affairs Development Plan 2008-2013, the Ministry of Education and Research Development Plan 2009-2012 "Clever and Active People", the General Educational System Development Plan 2007-2013, the Estonian Vocational Education Strategy 2005-2008, the Life-Long Learning Strategy 2005-2008, the Estonian Housing Development Plan 2008-2013, the Transportation Development Plan 2006-2013, the Estonian Information Society Development Plan until 2013, the Integration Plan 2008-2013, the Public Health Development Plan 2009-2020, the Strategy of Guaranteeing Children's Rights 2004-2008, the Republic of Estonia General Conception of the Policy for the Disabled "Standard Rules for Creating Equal Opportunities for the Disabled" and the action plans for the implementation thereof, and the Foundations of

the Policy for the Elderly in Estonia and the Action Plan for Implementing the Policy for the Elderly in Estonia 2007-2009.<sup>3</sup>

An action plan will be prepared for the National Report on Strategies for Social Protection and Social Inclusion 2008-2010.

The preparation of the report was coordinated by the Ministry of Social Affairs. Other ministries, social partners and non-governmental organisations were also involved in the preparation process.

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<sup>3</sup> All the abovementioned development plans and strategies are available on the website of the Government of the Republic at [www.valitsus.ee](http://www.valitsus.ee)

## 1. GENERAL OVERVIEW

### 1.1. Economic and demographic situation

The reform plan initiated by the Member States of the European Union in Lisbon in 2000 envisages economic growth and increased employment by the year 2010. Under this policy paper, particular attention is to be paid to areas like social cohesion, social policy and the environment as contributory factors. The first development plans were written already in 2001 by the then Member States. Estonia wrote its first development plan in 2004, when the national action plans for 2004-2006 were worked out. Proceeding from this strategic approach, the Government of Estonia has purposed Estonia's rapid, socially and regionally balanced and sustainable economic development to be its overarching objective in order to approach the goals set.

Estonia's **economic development** in the last ten years has been favourable, growing by 11,2% in 2006 according to Eurostat (the EU27 average growth for the same period 3.1%), and by 7.1% in 2007 (the EU27 average 2.9%). Contrary to the customary rapid and steadily growing economic development of the recent years, Estonia's economic growth in the first quarter of 2008 was slow, reaching a mere 0.1%. According to the Ministry of Finance estimates<sup>4</sup>, no improvement in the situation and drastic acceleration of growth can be expected in 2009 either. In addition, external price pressure has grown, which has led to lesser consumer purchasing power. In the spring forecast of the Bank of Estonia<sup>5</sup> the volume of internal demand has been cut due to reduced consumption resulting from smaller investments caused by a cool-down in the real estate sector as well as by rapid inflation and insecurity in households. In its main-scenario forecast, the Bank of Estonia expects a real economic growth by 2% for this year of 2008, which coincides with the average growth predicted for the 27 EU Member States (2%), and by 3% and 5% respectively for the next two years.

The 2007 **inflation** in Estonia was almost three times as high as the average EU inflation (6.7% in Estonia, 2.3% in the EU). The Bank of Estonia predicts the inflation to be 9.8% in 2008 and 4.5% and 3% respectively in the two following years. The increase in inflation, which has accelerated in early 2008, is partly due to higher food and energy prices as well as to a rise in governmentally regulated prices (excise duties). According to the Central Bank estimates inflation in Estonia will come close to meeting the Maastricht inflation criterion by late 2010.

The decision of the Council of the European Union regarding the existence of excessive budget deficit does not apply to Estonia. Estonia's ratio of general government debt to GDP was 3.4%, remaining significantly lower than the 60% control value.<sup>6</sup> The European Union average for 2007 was 58.7%.

Estonia needs not be ashamed for its **innovation**. This is demonstrated by the fact that this year Tallinn<sup>7</sup> was ranked among the seven most intelligent communities in the world. In 2008, the city of Tallinn was awarded a special prize for establishing a safe e-services environment and building concrete working applications in cooperation with the state. Specifically, the implementation of e-schools, M-Parking and widespread use of ID cards in Estonia were highlighted. Estonia's E-State portal, which offers extensive opportunities for citizens, enterprises and officials, and data exchange portal X-Road, have also attracted special attention.

Based on the statistics of the Statistics Estonia for 2007, 51% of Estonia's households have a computer and 47% also an Internet connection. In Estonia, the development and research of information society is

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<sup>4</sup> The Ministry of Finance of the Republic of Estonia, <http://www.fin.ee/>

<sup>5</sup> The Bank of Estonia, <http://www.eestipank.info/pub/et/majandus/majandus/ylevaade/>

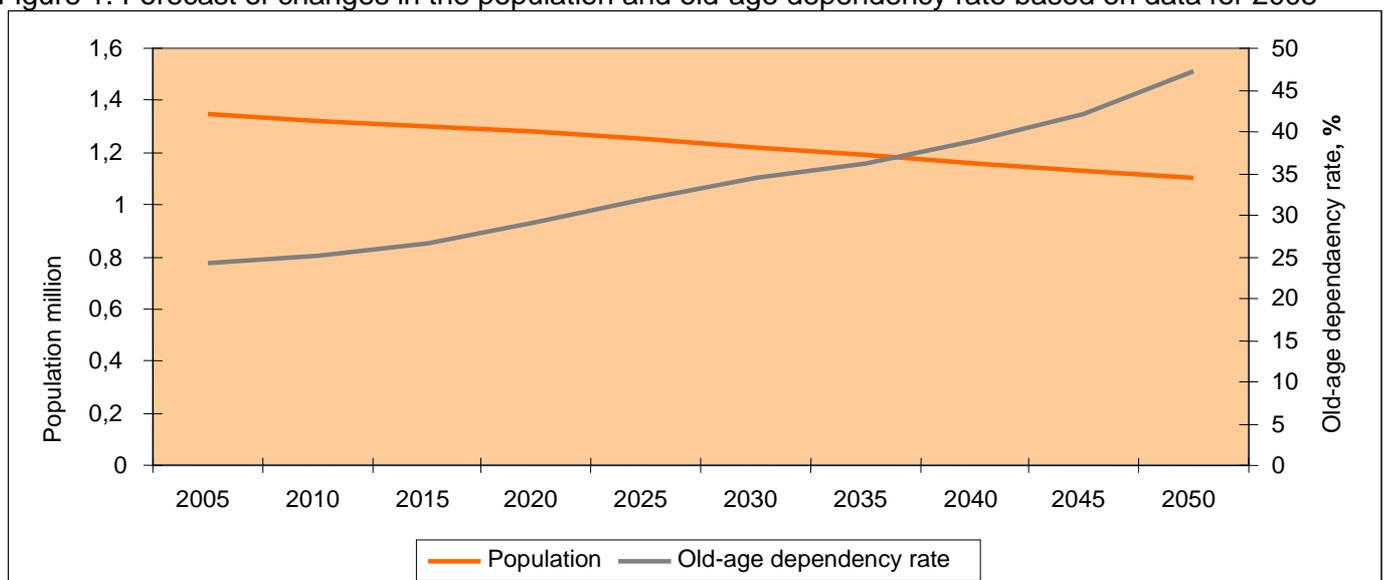
<sup>6</sup> The Maastricht criterion of the maximal general government debt for members of the European Economic and Monetary Union in 1992, pursuant to the Treaty of Maastricht concluded between the EU Member States in 1992.

<sup>7</sup> <http://www.tallinn.ee/>

also addressed by the Ministry of Economic Affairs and Communications<sup>8</sup>. According to the 2006 data, 31% of the households with one or more disabled family members had a computer, with 25.4% of such households having access to the Internet. The success of Estonia's E-State is also illustrated by the fact that more than a million people own an ID card, and the card has been used for digital signing 5.2 million times as of early June 2008. In the first e-elections in the spring of 2007<sup>9</sup>, when the parliamentary assembly was elected, more than 30,000 individuals voted over the Internet. In 2008, eighty-eight percent of natural persons submitted their 2007 income tax returns online.

The reduction in the **size of population** that started in the 1990s and an ageing population continue to be the trends characteristic of Estonia's demographic development. As of 1 January 2008, Estonia's population was 1,340,935 people according to the Statistics Estonia<sup>10</sup>, which is approximately 31,000 people less than in 2000. The greatest reduction has been in the number of children and young people under 18 years of age; it is particularly marked in the age group of 10-14 years, which is smaller by 42,319 children than in 2000. The share of the elderly continues to increase. The old-age dependency rate<sup>11</sup> in early 2008 was 25.2%. The ageing of the population has a strong effect on the labour market. Considering the ratio of 5-14-year-olds to 55-64-year-olds in the population, it is estimated that more people will leave Estonia's labour market than enter it in the coming decade. The birth rate coefficient was 1.64 in 2007, which is better than those of our neighbours Latvia and Lithuania yet continues to be lower than the corresponding figures for Finland and Sweden. The trend of the last years in Estonia has been birth giving at a later age, which is 28 years for an average birth-giving woman and 25 years for one who is giving birth for the first time. An overview of the forecast of changes in the population and in the old-age dependency rate until 2050 is presented in Figure 1.

Figure 1. Forecast of changes in the population and old-age dependency rate based on data for 2005



Source: Eurostat

Estonia is characterised by households with a relatively small number of members. One-member households accounted for 33.4% of all households in 2007. This indicator increased by two percentage points compared to last year yet has remained within the range of 31-33% over the last 7 years. The share of households in which one member is a child constituted 24.9% of the total of households in 2007. A household where two adults are raising one child continues to be common in Estonia, making up 55.3% of the total of households with children in 2007. At the same time, the number of households where one adult is raising one or more children has decreased from 6.6% in 2000 to 3.9% in 2007. The distribution of households by household types is given in Figure 2 below.

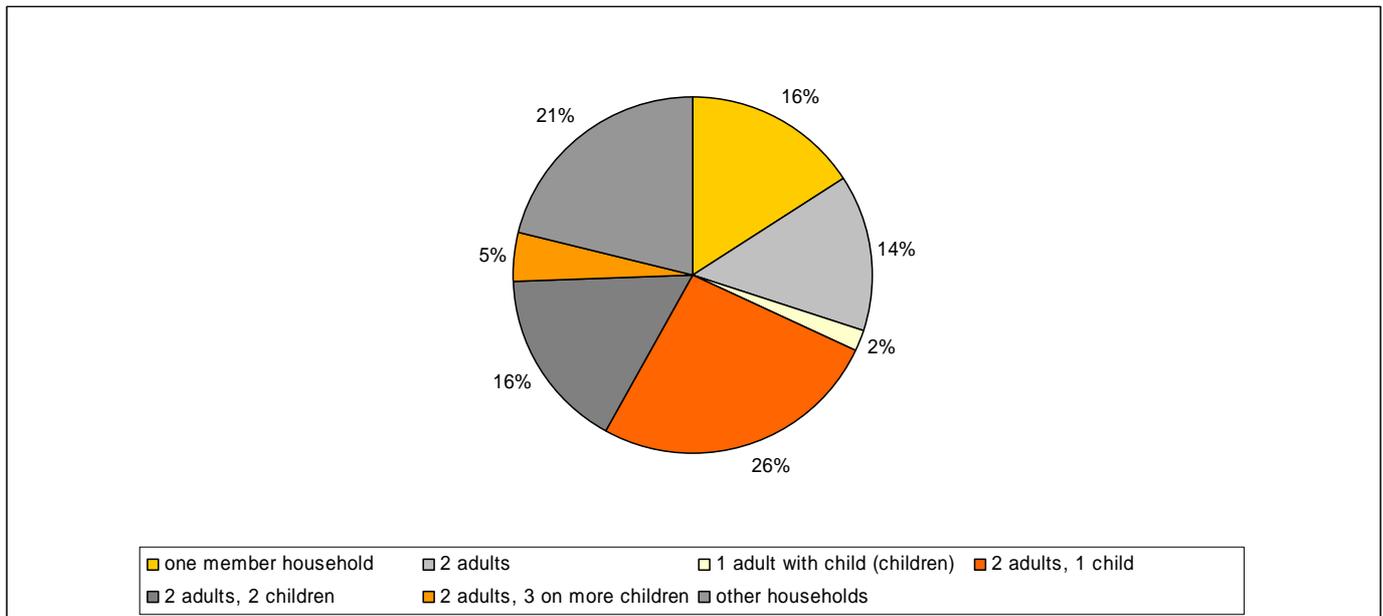
<sup>8</sup> The Ministry of Economic Affairs and Communications, <http://www.mkm.ee/>

<sup>9</sup> <http://www.valimised.ee/>

<sup>10</sup> <http://www.stat.ee/>

<sup>11</sup> The ratio of individuals 65 years old and older to people of working age (15-64 years)

Figure 2. Distribution of households by types, 2007, %



Source: Statistics Estonia

Estonia's **population growth** is consistently negative: in 2007 the number of people who died was greater by 1,634 than that of those who were born. In men, one of the major factors causing death, apart from communicable diseases and malignant tumours are accidents. The number of accidents that have caused death in men is nearly 3 times greater than that in women. For a long period, Estonia was characterised by a great difference between genders in life expectancy; now, it is observed to be reducing. A positive population trend is longer life expectancy as well as healthy life expectancy. In 2006, the average life expectancy was 67 years and the average healthy life expectancy was 49 years in men and 78 and 55 years in women whereas in 2020 the average life expectancy in men is expected to lengthen to 75 years and than in women to 84 years, based on the public health forecasts. The average healthy life expectancy in 2020 is projected at 60 years in men and 65 years in women (Annex 1, Table 33).

Estonia ranks among nations with the most rapidly **ageing populations**. There are several predictions concerning Estonia's demographic development.<sup>12</sup> According to some, the population size will remain at the current level; based on other, more drastic ones, however, it may even drop below one million. Proceeding from traditional projections for calculation, where births and deaths remain unchanged and migration is not taken into account between 2008 and 2050, Estonia's population will shrink to approximately one million by 2050. The trend towards dwindling populations is typical of all EU Member States, with the exception of Sweden, where the population is predicted to grow.

More than two thirds of Estonia's population are Estonians, with the remaining one third made up of Russians, Ukrainians, Byelorussians and other nationalities. Thus, Estonia has a multicultural society, where about a third of the population is non-Estonians and speak a language other than the official language as their mother tongue.

The per-capita **net income** in households was 5286 EEK on average in 2007 and expenditure was 4358 EEK. From 2000 to 2007 the net income for one household member more than doubled and the expenditure increased nearly by a half. As a positive tendency, it was observed that inequality in the distribution of income lessened, dropping from 7.2% in 2004 to 5.5% in 2006.<sup>13</sup>

<sup>12</sup> Population size 2005-2006 (2007), Statistics Estonia

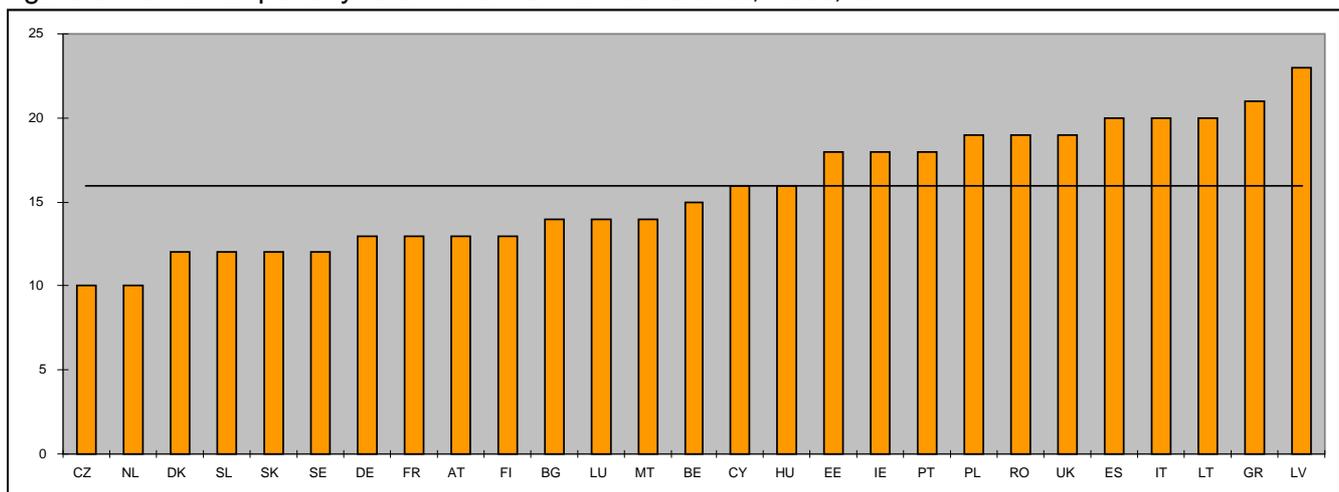
<sup>13</sup> Eurostat, quintile ratio coefficient S80/S20

The most important sources of income in Estonia are paid employment and old-age pension (2/3 and 1/6 respectively of the per-household income), accounting for approximately 85% of the average per-capita net income in households. In 2007, the average monthly gross wages calculated from the standard hours of full-time employment were 11,336 EEK and an average old-age pension was 3,763 EEK.<sup>14</sup> Compared to the previous year, gross wages and old-age pensions increased by approximately 16% on average; however, the increase in consumer prices was significantly higher (34%). According to the Statistics Estonia, per-capita consumption in households increased by 17% compared to 2006.

In 2003<sup>15</sup>-2005 the general **at-risk-of-poverty rate** in Estonia fell from 20.2% to 18.3%. In men, the relative poverty rate declined from 19.5% in 2003 to 16.3% in 2005 whereas in women it diminished by barely 0.7 percent during the same period, from 20.7% to 20.0%. Thus, every sixth men and every fifth woman in Estonia in 2005 ranked among the “relatively poor” by their income. The relative poverty rate in children<sup>16</sup> in 2006 was 19% in the EU and 21% in Estonia<sup>17</sup>.

A comparison of the relative poverty rate with the overall European Union average shows that Estonia exceeds the European average by nearly two percent (according to Eurostat, EU25 16% and EE 18% in 2006). The poorest are the elderly aged 65 and more. In the EU countries the poverty rate for the elderly in 2000-2005 has shot up from 16% to 19%, and the same statistics for Estonia show an increase in the poverty rate from 18% to 25%. Every fourth person of retirement age ranked among the “poor” by their income. An overview of the relative poverty rate in the European Union is presented in Figure 3.

Figure 3. At-risk-of-poverty rate in the EU Member States, 2006, %



Source: Eurostat

At-risk-of-poverty rate can be regarded as an inequality indicator; apart from that, the existence of **absolute poverty**<sup>18</sup> is observable in each State. Absolute poverty is lack of resources for securing a minimal living standard or meeting the basic needs. Beginning from 2004 the absolute poverty rate in Estonia has diminished twice, marking an improvement in public welfare. Compared to 2004, when approximately 15% of all households lived under absolute poverty line, in 2006 every twelfth household (7,6% of all households) lived under absolute poverty line.<sup>19</sup>

According to the Lisbon strategy the EU objective is to become a leading community with a knowledge-based economy capable of ensuring sustainable economic growth, more jobs and social cohesion. In the

<sup>14</sup> Social Insurance Board, as of 1 January 2008

<sup>15</sup> Since 2003 new methods used to measure relative poverty.

<sup>16</sup> Eurostat, “child” an individual aged 0-17. The Eurostat social inclusion statistics are in a one-year shift – the 2006 statistics reflect the situation in Estonia in 2005.

<sup>17</sup> The EU average is calculated and compared with those of the 25 Member States.

<sup>18</sup> Poverty layers: direct or deep poverty - below 80% APL; risk-to-coping poverty - 80-90% APL; risk of poverty 100-124% APL; above risk of poverty – at least 125% APL 8APL – absolute poverty line, 2081 EEK in 2006)

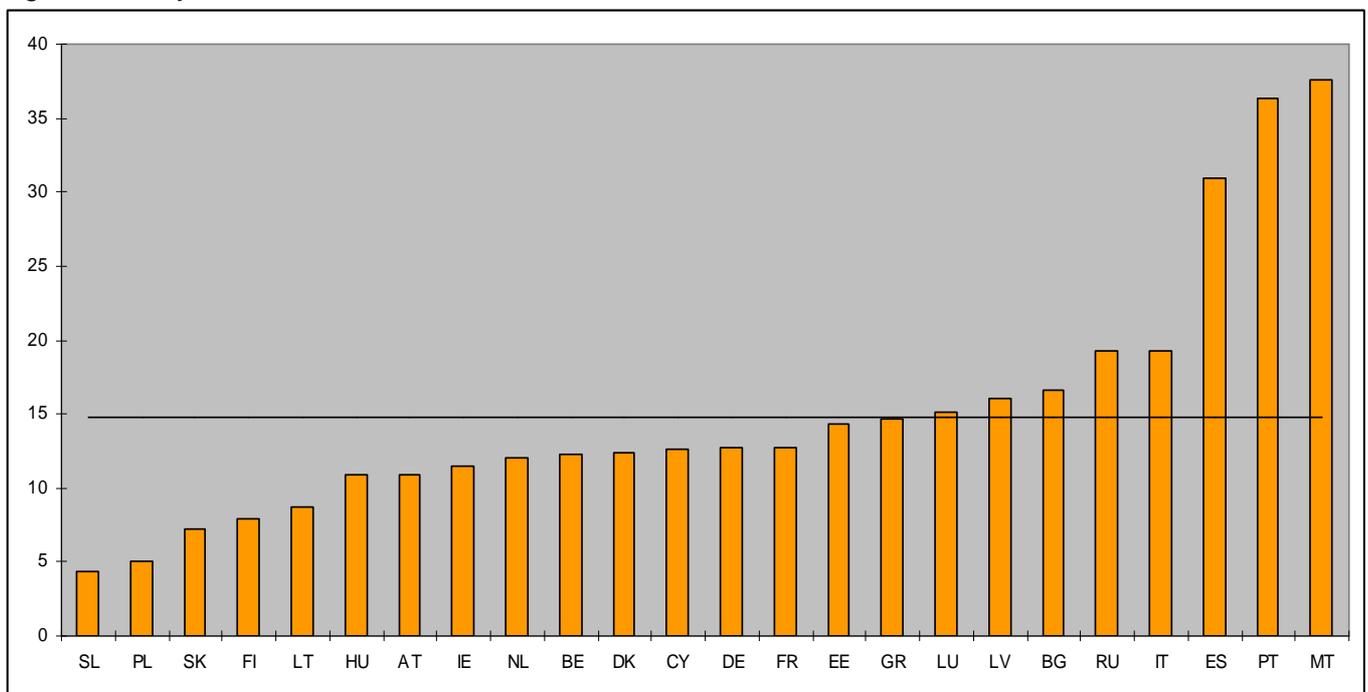
The consumption weights used 1.0 :0.7 (second and each subsequent adult family member):0,5 (every household member up to 13 years of age).

<sup>19</sup> Source: Health, work and social life 2007

Lisbon Strategy much attention is paid to **lifelong learning**. As well, the strategy aims at achieving an 85% mark for people that have acquired at least secondary education. According to the 2006 statistics, 89% of the individuals aged 25-64 have acquired at least secondary education in Estonia, thus exceeding the current objective.

One of the poverty-prevention factors in society is education and the accompanying lifelong learning. According to the statistics, the Estonian nation is increasingly more educated every year, and in international comparison the Estonians occupy a high place in regard to education – 89% of the individuals aged 25-64 years have at least secondary education (ESO, 2006). At the same time, the European Union average is 70%; accordingly, Estonia exceeds the EU average by 19%. According to the Lisbon Strategy, the EU objective is to attain an 85% level as a minimum. Another objective under the strategy is to reduce the share of those young people who only have a nine-year or lower education and who no longer participate in the education system to less than 10%. In 2006, the EU average was 15% while that of Estonia was 13%. A comparison of these statistics with those of 2003 shows that the share of the young people who have dropped out of the education system in Estonia has risen by 1.4 percentage points while the EU average has dropped by 1.2 percentage points. The figure below describes the share of early leavers from the education system in Estonia and in the Member States of the European Union.

Figure 4. Early school leavers, 2007, %



Source: Eurostat

Estonia falls below the EU average by lifelong learning indicators. These indicators have improved gradually at the EU level, rising from 7.1% in 2001 to 9.7% by 2007. The objective for 2010 is 12.5%. The corresponding figure for Estonia, however, was merely 7.0% in 2007, up by 0.5 percentage points on the 6.5% in 2001. This result places us among the stragglers.

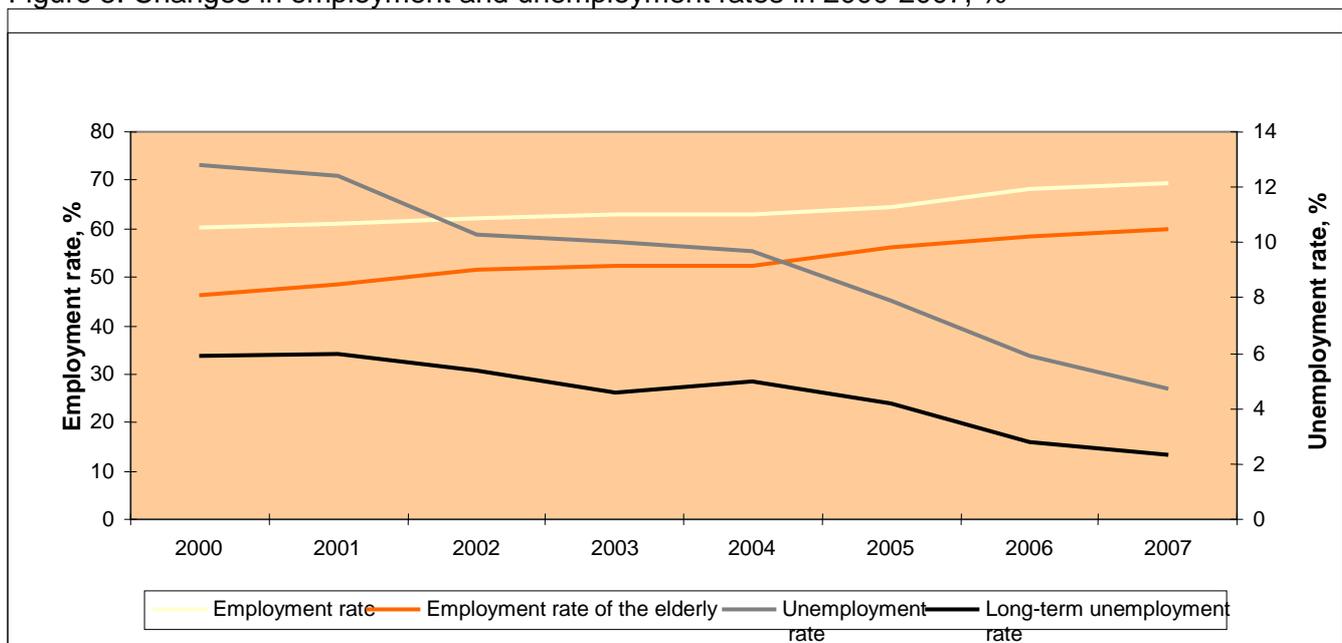
Under the Lisbon Strategy the objective for the **employment rate** in the Member States was to achieve 70% by 2010. The employment rates for women and older people are expected to reach the 60% and 50% marks respectively over the same period. With its employment rate in 2007, Estonia was coming close to meeting the objective. The share of employed people of all the people of working age (15-64 years) was 69.1% according to the 2007 statistics (Figure 5). The employment rate for women in Estonia was 65.9% in 2007 according to Eurostat (EU27 average 58.3%) and that for men 73.2% (EU27 average 72.5%).

Based on the 2007 statistics there were 655,300 people who had jobs in Estonia. This was an increase by 1/8 over 2000, and represented a 69.4% employment rate according to Eurostat. The employment rate in 2007 was 65.9% for women and 60% for the elderly. The last two indicators are among the highest in the EU, thus placing Estonia at the forefront. The number of part-time employees in Estonia is significantly smaller than in the other States, just 7.8%. The EU average is about 18%. More part-time jobs would specifically help to bring to the labour market inactive people (young mothers, students, pensioners, the disabled), who cannot or do not want to work full-time. A significant rise in full-time employment in 2007 compared to 2000 occurred among people aged 50-74, particularly among women, where employment increased by nearly a third. The corresponding figure for men was greater by 14 percentage points.

**Unemployment** has also gone down consistently, having already descended to the level of the early 1990s. The unemployment rate in 2007 was 4.7%, which is below the EU average. What is problematic, however, is long-term unemployment, which afflicts 48% of the unemployed, as well as very long-term unemployment. Fortunately, the long-term unemployment rate has declined in step with the decline in overall unemployment. The long-term unemployment rate in 2007 was 2.3%. The labour market risk groups are not only the young and the elderly but also the disabled, the non-Estonians and the long-term unemployed. The situation at the labour market has improved in all the risk groups.

An overview of the changes in the rates of employment and unemployment in 2000-2007 is provided in Figure 5 below.

Figure 5. Changes in employment and unemployment rates in 2000-2007, %



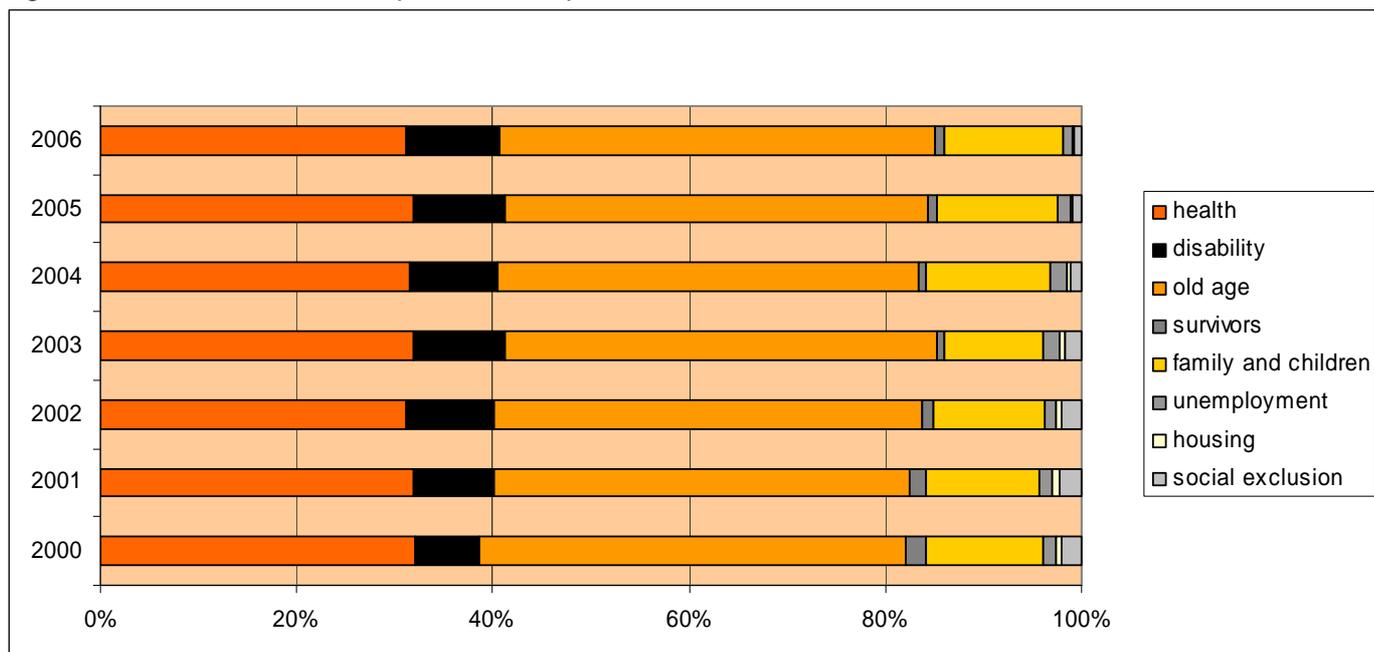
Source: Eurostat

The **wages discrepancy** between women and men in Estonia was 25% in 2005, with Cyprus the greatest in the EU. The EU average was 15%.

The total of **social protection expenditures** in 2006 was approximately 25.4 billion EEK, of which 44.4% were old-age related expenditure.<sup>20</sup> Second by size were expenditure related to diseases and health care (31%), followed by those related to family and children (12%) and disability and incapacity for work (9.5%). The share of unemployment benefits and housing benefits has steadily decreased. This is directly linked with the improved living standards of the people. An overview of the distribution of social protection expenditures in 2000-2006 is given in the figure below.

<sup>20</sup> ESSPROS methodology

Figure 6. Distribution of social protection expenditures in 2000-2006, %



Source: Ministry of Social Affairs

The share of social protection expenditures in the GDP in 2005 was 12.5%. This is one of the lowest in comparison with the other Member States of the European Union, second from bottom after Latvia. The EU average in 2005 was 27.2%.

The largest social protection expenditures in Estonia are those on pensions and health care. The financing of welfare services for disabled adults was transferred to local governments in 2005, reducing funding by the state. In 2006, however, 20-22% was funded by the users of the services themselves. Social transfers have a positive effect on reducing the relative poverty rate; unfortunately, they fall below the European Union average in Estonia. Social transfers brought the relative poverty rate down by 28 percentage points in Estonia in 2005,<sup>21</sup> while the corresponding figure for the EU average was 38.5%. The transfers reduced the poverty rate the most in children (0-17 years), 35.5% in Estonia and 42.4% in the EU. The transfers had the least effect on the elderly (65+ years), 10.7% in Estonia and 17.4% in the EU.

## 1.2. General strategic approach

### 1.2.1. Strategic positions

The prerequisites to economic and social coping are a **competitive education**, participation in **work life** and good **health**. The **social protection system** should guarantee decent coping where social risks (sickness, old age, incapacity for work, unemployment, etc.) emerge. These are the key areas for enhancing social protection and social inclusion in Estonia. Here, the strategic areas of activity are:

- increasing employment, preventing long-term unemployment and inactivity;
- supporting active participation of the disabled and the elderly;
- increasing the efficiency of social protection and applying incentives and services that support working;
- creating equal opportunities for acquiring quality education that is in accordance with one's abilities;
- improving health indicators and extending quality lifetime;
- improving the quality and availability of medical and nursing care.

<sup>21</sup> Eurostat statistics in 2006 (year of publication, the statistics reflect the situation in 2005)

At the Lisbon Summit of the European Union in March 2000, achieving sustainable economic development, creating more and better jobs and enhancing social cohesion were set as the community's strategic objectives for the next ten years. Common targets were agreed upon to alleviate poverty and social exclusion. However, it is up to each Member State to choose the measures to reach the targets.

The strategic positions of Estonia's social protection and social inclusion system, as well as the common principles (see Item 1.2.2 "Compliance of the Strategy with the Overarching Objectives of the European Union") and common messages (see Item 1.2.3 "Overarching Messages"), are supported by a number of other strategies,<sup>22</sup> apart from the national reports on strategies for social protection and social inclusion.

**The State Budget Strategy for 2009-2012** presents the principles of the budgetary policies drafted for the period, the priorities of the Government of the Republic, the analysis of the economic situation and economic development forecast. The general target of the activity of the Government of the Republic is to ensure Estonia's fast and sustainable economic development. Three sub-targets have been set out to achieve the it: increase of economic competitiveness, foster of social inclusion and growth in sustainable utilisation of environment. The state budget strategy is the basis for the compilation of annual state budgets.

**The development plan of the Ministry of Social Affairs for 2009-2012** sets out six strategic goals: ensure economic prosperity and good jobs for people, ensure social prosperity and development of people, ensure better development opportunities and health protection for children, promote mutual care and gender equality, ensure a long and quality life for people, provide families with a necessary state support. The strategic goals of the Ministry of Social Affairs are implemented through the state budget and accordingly the development plan of the Ministry of Social Affairs is the implementation plan in the area of social protection of the state budget strategy.

**The development plan „Clever and active nation 2009-2012“** has been formed by Ministry of Education and Research in order to constantly create conditions for every person to have an opportunity in an innovation-friendly and development-oriented society to learn lifelong. The Ministry of Education and Research is thereat seen in society as acknowledged and expert leader in forming policies concerning education, research, the youth and language. Ministry's activity includes having clear perspective, purposeful and effective leading, sensible system of law, efficient system of evaluation including supervision, continuous and open communication and critical consideration of international experience. Goals and measures of this development plan focus on providing high-level education and equal opportunities for lifelong learning depending on one's abilities and interests. In particular, the plan concentrates on following goals: providing equal opportunities for acquiring first-rate general education depending on one's abilities and interest, assuring suitable circumstances for acquiring modern and excellent vocational education, which considers the needs of learner and society, providing opportunities for lifelong learning by attracting and motivating adult learners, assuring suitable circumstances for acquiring contemporary and first-rate higher education, that takes into account the needs of a learner and society.

**The development plan for general educational system for 2007-2013** dwells on the principle that the future of Estonia, managing and well-being of its residents depends mostly on each individual's educational level. Population's educational level is based on very good general education. General educational system offers each learner opportunities for developing, acquiring knowledge, skills, values and preparedness needed in personal and working as well as in social life, and prepares for lifelong learning. One goal of development plan of general educational system is to create equal opportunities and conditions for each pupil, according to one's abilities and interests, to acquire first-rate general education, which enables to continue on educational path and cope with life. For all that attention is paid to smooth transition from one

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<sup>22</sup> The strategies and development plans are available on the website of the Government of the Republic [www.valitsus.ee](http://www.valitsus.ee).

educational level to the next, to promote competitive education and to assure access to opportunities for learning.

**Estonia's Vocational Education Strategy for 2005-2008** formulates vocational education as an integrated part of the Estonian educational system, which takes into consideration the needs of the Estonian society, employer and student. Vocational education will be more and more appreciated, its accessibility will be provided, and graduates will find jobs on the labour market that correspond to their training. One of the state's goals in the vocational education strategy is to provide access to vocational education to all aspirants, including young people coming from less provided families. Various opportunities and flexible forms of study will be applied to students with special needs. Close attention is paid to special needs and specialized programs of vocational education are drafted for students without basic education.

**Lifelong Learning Strategy for 2005-2008** includes important aims, measures and a plan for their implementation to raise people's motivation to learn, especially those whose access to education is prevented by economic reasons, lack of time or interest, or other causes. The goals of lifelong learning strategy are also raising competitiveness of Estonia and its people, achieving sustainable economic growth, increasing advancing and readiness to cope with life of each individual, strengthening integration in the society in general, supporting development of the citizenry and raising quality of life of every person.

**The fundamental principles of Estonian cultural policy** provide equal rights to participate in cultural life for all members of society, regardless of their gender, nationality and location.

**Estonian Housing Development Plan for 2008-2013** sets out the task in the Estonian housing area to ensure for the residents of Estonia access to suitable and affordable dwelling, ensure high-grade and sustainable housing fund, variety of housing regions, balanced and sustainable development. Among others, one of the main aims of housing area in Estonia is to broaden financing opportunities to acquire housing for social groups such as the youth, children without parental care, the disabled, the elderly, large families, people released from prison, the homeless etc, and to ensure availability of housing for people with special needs such as the disabled and the elderly.

**Transport Development Plan for 2006-2013** aims to increase competitiveness of public transport compared to private transport. To achieve that the goal is set to promote and make more convenient using of public transport and light transport. At the same time, access to the transport service and infrastructure for disabled persons must be provided, while developing and managing infrastructure.

**Estonian Information Society Strategy 2013** follows the principle that each member of the society leads a full life, using the opportunities of the information society in every possible way and actively participating in public life ("nobody will stay or will be left behind"). Open and inclusive information society utilizing possibilities of new IT solutions will ensure more competitive economy, higher productivity, higher employment rate and it will help to raise people's quality of life. For that purpose the following objectives have been set: to ensure the availability of quality internet service, corresponding to the needs of services, at the similar price level throughout the Estonian territory, to provide at least basic computer and internet training for all people and to ensure public sector websites accessibility for all, including people with special needs.

**National Integration Plan 2008-2013** aims to support the sense of belonging of every permanent resident in the Estonian society, based on the common values and proficiency in the official language. Promoting equal opportunities supports every individual's possibility to realise themselves, to feel safe and to participate in the economic, social, political and cultural life of the society. Social integration supports creating equal opportunities for all Estonian residents, regardless of nationality, native language or location, to self-realisation and succeeding socially, which means that competitiveness on the labour market of any Estonian resident must not depend on nationality. In our education system everybody should be able to acquire skills and knowledge (incl. become acquainted with career choices) which are in line with demands

of labour market, and to receive conversion training and additional training in order to enhance one's competitiveness on the labour market.

**The overall objective of the Public Health Development Plan for 2009-2020** is to increase the number of years of healthy life by reducing the premature death and sickness rates. The five areas support meeting the set objective: increasing social cohesion and equal opportunities, ensuring healthy and safe development for children, creating health supportive environment, promoting healthy lifestyle and guaranteeing sustainability of the healthcare system. The sub-goal is to decrease social inequality in health matters and offer empowerment for health for social groups and the community by increasing social cohesion and equal opportunities.

The purpose of the **Child Protection Concept** is to create a comprehensive system for organising the protection of child's rights and submitting proposals for necessary amendments in legislation which establishes and regulates child's rights and welfare. The Child Protection Concept dwells on the general principles of social security. Pursuant to the principle of subsidiarity assistance, decision-making and responsibility should be brought as close to a child as possible. In case of gradual services the individual is provided with services pursuant to his or her unique needs and in the direction from activities that require less intervention towards activities that need in-depth intervention. Partnership with the families represents a principle, according to which families should be involved in solving their own problems, since particular family is the best expert with regard to its situation. Case management organisation and networking are measures that focus on a child and respective needs.

The goal of **the strategy on assurance of children's rights for 2004-2008** is that basic and special needs of all children living in Estonia would be assured by the support of family, community and environment. Strategy aims, as far as social inclusion is concerned, to decrease the number of children living in poverty or at the risk of poverty and to implement measures to include disabled children into the society, also provide necessary assistance and support to the children without parental care.

**The General Concept of the Republic Estonia on the Policy for Disabled Persons** Standard rules for creating equal rights for disabled people and the action plan for implementation contain measures and actions to equalize opportunities of disabled people. The goal of these rules are providing to the disabled the same rights and obligations as any other member of the society have. The action plans for implementation of the general concept of Estonian policy for disabled persons contain aims and measures to improve educational and working opportunities of disabled people, to secure income, develop social security measures and welfare service, provide access to the information and buildings, ensure opportunities for participating in cultural events and spare time activities, enable taking part in the work of organizations of disabled people and to be involved in decision-making processes, also raise the awareness of the society about disabled people.

**The basis of Estonian elderly policy for 2007-2009 and the action plan for implementation** is based on the international principle called 'society for all ages', which means that society consist of people who have different age and they all must have a possibility to participate in the social life regardless of their age. The aim of elderly policy is to create opportunities for the elderly to live an active and dignified life. The policy creates opportunities to participate actively in social life, take part in lifelong learning and work if desired. The actions are aimed to maintain good health of the elderly, help creating accessible environment, support non-formal care, uphold as active and independent coping of the elderly as possible, promote active and healthy lifestyle, foster elderly employment and raise social awareness about active aging.

### 1.2.2. Compliance of the strategy with overarching common objectives of the European Union

The European Union has set three important goals of alleviating poverty and exclusion. Below is the description of Estonia's strategic approach to support achieving overarching common objectives of the European Union.

*(a) Promote social cohesion, equality between men and women and equal opportunities for all through adequate, available, financially sustainable, adaptable and efficient social protection systems and through social inclusion policies.*

To reach that objective Estonia has in diverse concepts and strategies (see Item 1.2.1 "Strategic Positions") set out the following principles:

- **Social protection.** Social protection system has to ensure the feeling of security for future and possibility to lead a decent life. Social protection system must secure decent income and prevent poverty for those, who because poor health, old age, disability or lack of suitable work are not able to earn income by working. At the same time the benefit system should not create a situation where social benefits provide person able to work with income equal or higher than income from work, thus lowering their motivation to work. Such measures which ensure the best possible independence level and coping of a person and his/her family should be preferred while providing assistance.
- **Education.** The objective of the Estonian educational policy is creating equal opportunities for obtaining quality education to everyone in accordance with interests and abilities in a school near home. The Estonian educational strategies support mobility in education and employment, paying attention to shaping of the needed key skills at all levels of education and in all study forms. Offering the in-service training facilitates improving the knowledge of people with lower education level during their employment which helps to prevent unemployment. Lifelong learning supports people's motivation to learn, especially those whose groups whose access to education is prevented by economic reasons, lack of time or interest, or other causes. The activities of the Government of the Republic support the objective to ensure the residents of Estonia with access to competitive education which offers equal opportunities.
- **Work.** The highest possible employment rate of the entire working age population is one of the priorities in Government's general economic policy, but work also has an important role in decreasing poverty and social exclusion and increasing social coherence. Work must secure a better ability to cope economically and a better quality of life than dependency on social benefits. The tax and social protection systems must also favour and support getting work and persistent working.
- **Health.** Health is the most important individual resource. All persons must be guaranteed the needed prerequisites for attaining the best possible state of health – every person in Estonia must have an opportunity to live in a health-supportive environment and make healthy choices. Development of the country is based on healthy population as healthy people are able to contribute more to development of society and economy. Healthy people have higher labour productivity, they consume less social and health care services and they have more opportunities to participate in social, political and economic life. Everybody should be provided with equal access and rights to utilise health care services.
- **Need-based approach.** Providing assistance to a person and his/her family is carried out pursuant to their specific needs and situation. The social services and benefits to a person and his/her family are assigned according to their interests and needs. All decisions concerning assistance to a person and his/her family shall be made in cooperation with a person and his/her family.,

- Social inclusion of disabled people. Disabled persons experience daily difficulties due to disability in all areas of life, from physical barriers to social prejudices. Participation of disabled persons in social life is also hindered by their own prejudices and attitudes. A disabled person can actively participate in society when the social relations and the physical environment developed by the people and reflecting the general attitudes demonstrate consideration for all members of society and any special needs they might have. The government can support active participation of disabled persons in social life primarily by developing services for disabled persons. Income and additional expenses arising from disability are supported by a number of social benefits. Changing people's attitudes and stands is a long-term process. Significantly more changes must be initiated in the Estonian society to create equal opportunities for disabled people.
- Active aging. Estonian elderly policy is based on the international principle called 'society for all ages', which means that society consist of people who have different age and they all must have a possibility to participate in the social life regardless of their age. Changing attitudes towards aging and elderly people enables to strengthen mutual regarding between people and social inclusion. Aging is not only a negative process, this may be considered as a challenge and a favourable change beneficial for the society as a whole. First and foremost, active aging means focusing on the integration of the elderly people in the labour market, enhancing their competitiveness and avoiding their early leave from the labour market, while it is important to keep the active approach of people themselves towards aging and old age. It is essential to create sufficient opportunities for the elderly to participate in everyday life and development of the society, and to include them in the decision-making process related to the elderly.
- Gender equality. Equality between men and women means the equal rights, obligations, opportunities and responsibilities in working life, acquiring education and participation in the other areas of the social life. Gender equality means that the different behaviour, aspirations and needs of men and women are considered and valued and that there is equality of treatment between them. Estonian legislation, strategies and development plans proceed from the principle that gender equality and mainstreaming of equality between women and men is one of the fundamental human rights and common good in all areas of the social life.
- E-inclusion. Development of the information society may cause and increase the disparity between the members of society thus violating the privacy of people and their fundamental rights. There are many people in Estonia who still lack the skills or availabilities to use computer and Internet, although the access to the service is very important nowadays in order to make use of quick and various information changes. Therefore, it is substantial to support the spread of computer literacy that people shall be able to utilise the possibilities of information technology. Development of the e-services is essential, but it brings along even bigger social stratification if no attention is paid to the accompanying problems in proper time. The objective of the Government of the Republic is to develop continuously the information society and to make it available for all the Estonian residents.
- Integration of people of non-Estonian origin. The integration of the population is a long-term process, which aims to support the sense of belonging of every permanent resident in the Estonian society, based on the common values and proficiency in the official language. As a result of successful integration, every person is able to self-realisation, to feel safe and participate in the economic, social, political and cultural life of the society. Arising from the successful integration process, there are opportunities for speaking other languages and developing ethnic cultures in Estonia.
- Universal design. Universal design is an approach to the design of all products, environments, programs and services to be as usable as possible by as many people as possible (children, disabled persons, elderly persons, women with babies, people with temporary health issues, tourists etc.) without need for adaptations or special design. Universal design does not exclude the need for provision of additional technical appliances for some groups of disabled people. Talking about universal design we keep in mind accessibility, applicability and comprehensiveness.

Promoting the principles and wide-range use of universal design, while the final users participate in every stage of the designing process, is crucial to facilitate accessibility to artificial environment, transportation and communication systems and also to enhance utility of the products. Equal access is substantial to develop the all inclusive society.

- Towards knowledge-based policy. Knowledge-based society is constantly developing, sustainability of the society is based on creating and using knowledge aimed at efficient operation of the society and innovative economy, to increase welfare of the people. Sustainable development of the society is ensured by means of research and development activity and innovation. The national research and development plans are implemented in order to solve the socio-economic problems and meet the targets in the socio-economic fields which most affect every resident of Estonia on, these are health care and nursing, protection of environment, information society etc. The principle of forming the knowledge-based policy is proper and thorough information about the situation and needs of the target group. Information gained with studies and analyses facilitates making the most adequate decisions for the target group.

*(b) Supporting the Lisbon objectives – greater economic growth, more and better jobs and greater social cohesion – efficient mutual effect and coherence with the Strategy of Sustainable Development of the European Union*

The goals and measures to achieve economic growth, to create more jobs and greater social cohesion and thus also drive sustainable development are thoroughly described in the Action Plan for Estonian Economic Growth and Employment 2008-2011 (draft)<sup>23</sup> and the National Strategy for Estonian Sustainable Development “Sustainable Estonia 21”.<sup>24</sup>

**Action Plan for Estonian Economic Growth and Employment 2008-2011** presents the objectives of the Government of the Republic to boost economic growth and create more jobs for the period of 2008-2011. The main objective of the plan is to increase the productivity of Estonia by the year 2011 to the 80% of the average level of the European Union. The economic growth and employment plan sets out the objectives for next three years concerning development of macroeconomic environment, competitive business environment and the areas of education and labour market.

Estonian economy is facing the transition from the rapid overpotential development to the adaptation of more sustainable level. In 2005 and 2006 the economic growth reached more than 10% per year being the most rapid growth within the last decade. In 2007 Estonia’s economic growth slowed down to 7.1% and according to the Ministry of Finance estimates, economic growth in 2008 will be 3.7%. This is an expected and necessary scenario in order to enhance the macroeconomic balance. Different institutions have diverse estimations about the length of adaptation period, some of them (incl. the Ministry of Finance) expect the correction to be finished by the second half-year of 2008, some of them predict the longer time period for economic recovery.

The main strength of the Estonia’s macroeconomic environment is good level of working and employability. This is supported by the large share of the working-age population, which will be remarkably decreasing in coming years, and by high employment rate. Especially noteworthy is the high employment level of female and elderly people (aged 55-64 years), thus in this certain area Estonia has already met the objectives of the Lisbon Strategy. Compared to the average level of 15 member states of the European Union, the employment rate of men and young people is relatively low in comparison to the average level. However, the last case can be explained with a large number of young people acquiring higher education. The high employability rate of workforce is also contingent, in addition to the employment indicators, upon the bigger number of working hours of the Estonian residents compared to the average of the European Union.

<sup>23</sup> Action Plan for Estonian Economic Growth and Employment 2008-2011 is available on the website of the State Chancellery [www.rigikantselei.ee](http://www.rigikantselei.ee)

<sup>24</sup> National Strategy for Estonian Sustainable Development “Sustainable Estonia 21” is available on the website of the Government of the Republic [www.valitsus.ee](http://www.valitsus.ee)

The essential component supporting the rise in productivity is also the educational level of employees and development of their skills. Although the share of education in the economic growth of Estonia is somewhat higher in comparison to the average of the 15 member states of the European Union, there are still opportunities to strengthen the training of labour force skills. For that purpose the plans prescribe improving the compatibility of formal education with the needs of labour market and to contribute more resources to employees' in-service training and active labour market measures.

The main challenge in improving the Estonian macroeconomic environment is related to the supportive activities in order to ensure the balanced economic development, including establishing balance between the productivity of labour force and the increase of wages, and also meeting the Maastricht criteria on price stability which is essential for transition to Euro use.

To promote economic growth and create jobs in Estonia for the years 2008-2011 the following goals have been defined: ensuring a stable macroeconomic environment, developing a tax system, which promotes economic growth, ensuring the long-term sustainability of fiscal policy, increasing the international competitiveness of the research and development domain, increasing the productivity and the international competitiveness of companies, development of a business environment favourable to enterprise and entrepreneurship, ensuring the security of energy supply and the development of a competitive and environment friendly energy sector, improving the skills of the labour force, increasing the flexibility of the labour market and improving the quality of working life.

The goal of improving the skills of the labour force, increasing the flexibility of the labour market and improving the quality of working life is supported by the principles and measures established in the task „Prevention of long-term unemployment and inactivity and the employing of unemployed and inactive people” of this report. The amendments in legislation described in the chapter „Pensions” of this report support the measures for ensuring the long-term sustainability of fiscal policy.

The main task of the **National Strategy for Estonian Sustainable Development “Sustainable Estonia 21”** is to answer the question of what should be done to ensure successful functioning of the Estonian society and state also in the longer term. The idea of the strategy is to suggest ways and solutions for harmonised activity of various social actors in ensuring the sustainability of Estonia. Among the other goals, the strategy sets out the objective to reach the situation where all members of the society participate within their powers in the creation of benefits and get a fair share of the creation/production. In practice, this means concerted action in particular in those fields of social life where there is a risk of development of long-term confrontation/exclusion – poverty transferred between generations, closed enclaves of non-Estonians, educational exclusion, development gap of peripheral living regions, aggravation of the economic situation of risk groups (the elderly, disabled people, unemployed persons), etc. Achievement of social cohesion means both social and regional balance, reaching the goal is supported by the measures of social policy and solid civic society.

Estonian National Report on Social Protection and Social Inclusion can contribute to the implementation of the principles of sustainable development by supporting continuously the implementation of the Open Method of Coordination to achieve common objectives in solving the problems which concern alleviating poverty, promoting inclusion and aging population.

*(c) Strengthening of governance, transparency and involvement of all stakeholders in the design, implementation and monitoring of policy*

The Government of the Republic supports the principle that engaging the public in the decision-making process must be open, transparent, and flexible. The objective of Good Engagement Practices,<sup>25</sup> approved

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<sup>25</sup> The Good Involvement Practice is available on the website of the Government of the Republic [www.valitsus.ee](http://www.valitsus.ee)

by the Government of the Republic, is to harmonise the principles followed by the public sector agencies while engaging the public and interest groups in the decision-making process.

The Good Engagement Practices are a partnership and cooperation document, which includes recommended principles, which place great importance on the clarity of goals, openness of relationships, and dedication to goals. The Good Engagement Practices are a basis for non-profit organizations and government institutions to work out more specific engagement directives for themselves and to find answers to questions that arise in the practice of engagement.

The Ministry of Interior is systematically tackling with the engagement of the community, raising citizen's activity and the acknowledgement of volunteer activities in order to ensure more efficient cooperation between government structures, local governments and citizens associations with the view to form a secure and open society. The developing of civil society means first and foremost the engagement of citizens and raising their self-initiative, while bearing in mind also very important goal to raise the sense of responsibility of citizens. Participating actively in the community life people acquire skills and knowledge, they are able to make valued proposals concerning better regulation of local community life, planning local government's activities and providing better services.

The Estonian Civil Society Development Concept<sup>26</sup> describes the different roles of the public sector and the non-profit sector which supplement each other, and the co-operation principles in developing and implementing public policies and building up the civil society in Estonia. The concept is based on the understanding that in the name of a lasting and developing democratic regime, the public sector needs to hear its citizens and co-operate with possibly many of them. In decision-making, the public sector must consider the special interests, values and goals of the members of the society and their associations, and take them seriously also in case they form a numerical minority.

The aforesaid principles were considered also in preparing current Estonian National Report on Strategies for Social Protection and Social Inclusion. Having gained valuable experience in the course of preparation previous national reports on social protection and inclusion, we have tried to carry out more consultations with social partners, non-governmental organisations and representatives of non-profit organisations, while preparing the current report.

In promoting social protection and inclusion the Government of the Republic is guided by the understanding that in order to solve problems and achieve the expected goals, it is essential to provide coherence between measures of policies in different fields as well as coordinated implementation thereof. This can be achieved through close cooperation between all stakeholders, including active participation of local governments. Such integrated cooperation started in compiling previous national report on social protection and inclusion for years 2006-2008 and the cooperation was followed up during the preparation of current report. The joint seminar for national agencies, local governments and the representatives of the non-profit sector was organised in order to tighten the cooperation. The main challenges in the field of social protection and inclusion to be solved during next two years were outlined on the seminar. Cooperation within the framework of the joint seminar was followed up by submitting written proposals and comments.

### 1.3. Overarching messages

**Work is the best protection against poverty and exclusion.** A presupposition in decreasing poverty and exclusion is the highest possible employment rate of the entire working age population. Work must secure a better ability to cope economically and a better quality of life than dependency on social benefits. The tax and social protection systems must also favour and support getting work and working.

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<sup>26</sup> The Estonian Civil Society Development Concept is available on the website of the Ministry of Interior [www.siseministeerium.ee](http://www.siseministeerium.ee)

Welfare and other public services that promote involvement in labour market are necessary in order to prevent inactivity and exclusion from the labour market.

**Education is an investment in the individual.** A good level education that meets the expectations of the labour market extends everyone's opportunities for work and self-realisation, promotes independence and well-being, and active participation in society. The education system must ensure everyone benefits from a good pre-school education, study possibilities that meet their interests and abilities, and a preparation for working life – among other things it also prevents transfer of poverty from generation to generation. Lifelong learning must be available to everybody, independently from previous education, social status or solvency.

**Health is a crucial resource.** Healthy people are more productive, they consume less social and health care services, they have more opportunities to participate in social, political and economic life. Each person should have an opportunity to live in a healthy environment and make healthy choices. Everybody, irrespective of their age, gender, residence, special needs or social ranking, should be provided with equal rights and opportunities to use health care services. Availability, quality and sustainability of health care services is possible, provided that liabilities are justly distributed between the state, local governments, health care service providers, employers and individuals.

**Adequate social protection.** For those, who because poor health, old age, disability or lack of suitable work are not able to earn income by working, decent income must be provided by social security. The benefits must be on such a level that they will prevent poverty where social risks emerge. In case of poverty, assistance must be provided which eliminates the reasons for poverty and avoids long-term dependency on social assistance.

**Integrated approach.** Enhanced social protection and social inclusion in a society require one common strategy based on coherence between the measures of policies in different fields – in particular, economic, educational, work-related, social protection, health care and housing policies. For the individual this means providing coherent assistance in accordance with their needs, which, in turn, assumes cooperation between different institutions at both local and national levels.

## 2. SOCIAL INCLUSION

### 2.1. Summary of the strategies of the previous period

In the national report on strategies for social protection and social inclusion for 2006-2008 two objectives were set:

- 1) prevention and reduction of long-term unemployment and exclusion from labour market and
- 2) prevention and alleviation of poverty and social exclusion of families with children.

Next, the summary of planned activities and set targets by objectives for 2006-2008 has been presented.

#### *Prevention and alleviation of long-term unemployment and exclusion from the labour market*

The positive developments that took place in the Estonian economy in 2006 and 2007 had favourable effect on the labour market, creating good opportunities for the implementation of the Employment Services and Benefits Act that came into force on 1 January 2006. The new act thoroughly reformed the principles of employment services and their provision, and the result was an effective labour market policy. In 2007 the elaboration of the implementation mechanism of employment services was continued, while introducing the approach proceeding from the client (preparation of an individual action plan for search of work, implementation of case management principles) and the needs of each concrete client which would in the best possible way be connected to the needs of the labour market (including the implementation of the principles of suitable work). During the period the training of customer services officers had as important position as before (raise of administrative capacity of the Labour Market Board). At the same time more attention was paid to increase the publicity of the Labour Market Board among inactive population.

The increase of the expenses on the labour market policy in 2006 and 2007 was stable, reaching to 309.3 million EEK in 2007. Essential role was played here by the increased capacities of foreign means as well as by the increased rates of unemployment allowance. 83.6 million EEK was spent on the implementation of passive employment measures (unemployment insurance benefits not included) in 2007, i.e. 44.8 million EEK more than in 2006. However, the costs of active employment measures decreased – in 2006 the cost of active employment measures was 108.6 million EEK but in 2007 the indicator decreased by 30.9 million EEK. The reason of this is the decrease of the number of unemployed people and also the fact that in 2007 lots of projects financed by the European Social Fund (which formerly allotted supplementary money for active employment measures) came to end.

During the reporting period the access to the active employment measures was made more attractive by two amendments made in legal acts on 1 January 2007. First, in accordance with the amendment of the Social Tax Act passed at the end of 2006, all officially registered unemployed are from 2007 ensured **health insurance** during the period of registration as unemployed, starting from the 31<sup>st</sup> day of registration. This has created access to the active employment measures (and through this to open labour market) also for those people whose earlier entering of the labour market was hindered by problems proceeding from health. Another step was the rise of the **daily rate of unemployment allowance** in 2007 by which the amount of the average unemployment allowance increased from 400 kroons to 1,000 kroons. From 1 January 2006 the participants in labour market training, work practice and work exercise can get a stipend, and the participants in labour market training and work practice can get travel and accommodation support.

In 2007 changes in legal acts concerning unemployment insurance also took place: by the extension of reference period (from 24 month to 36 months) the basis for the extension of the circle of people who are

entitled to get **unemployment insurance** was created. In addition the administrative load of employers was decreased and the procedure of calculating the amount of unemployment insurance quickened by transferring it into an electronic data base.

The activities of the previous period were also targeted to the **creating of the principles of lifelong learning**<sup>27</sup>: at the beginning of 2008 the principles of financing lifelong learning were accepted. It is a three-pillar approach where vocational schools, enterprises and the Labour Market Board through the labour market training service contribute to adult training. The scheme is a new initiative of state financing of the in-service training of workforce. It can be presumed that the offer of in-service training will contribute to the knowledge of people with lower level of education during work and will prevent unemployment.

An essential measure in the spring of 2008 was the **cooperation agreement for the development of career counselling** concluded between the Ministry of Education and Research and the Ministry of Social Affairs. In connection with this the need for systematic development of career counselling was perceived which would, at the same time, raise the qualification of specialists providing counselling as well as make their methods more effective and ensure consistent advancement of quality. The priority is also the fact that career counselling should be accessible for all people notwithstanding their labour market status, educational background, age, etc.

At present the state employment services in Estonia are targeted only towards the unemployed. This principle is going to be changed (by extending services also to inactive people and the employed) in the framework of a new financing plan of the European Social Fund (2007-2013). Essential stress will be laid on **the activity of inactive population and the prevention of unemployment**.

During the last years a new Employment Contracts Act has been under preparation in Estonia. The objective of the new act is to make the labour market more flexible, retaining security to employees. To this effect, at the beginning of 2008 the Ministry of Social Affairs introduced a draft act to their social partners which was followed by the negotiations between the parties of the labour market and the representatives of the government. The government accepted the draft in June 2008; in September 2008 it will be at the first reading in the parliament of Estonia. At the moment the issue of **the labour market flexibility** is characterised by relatively inflexible and obsolete labour legislation and small share of the usage of flexible forms of work (e.g. part-time jobs, remote working). For the more extensive use of flexible forms of work more attention should be paid to the raise of the awareness of employees and employers. At this, upon the promotion of flexible forms of work it is essential to focus on those people for whom full-time or regular work is not always suitable (parents of small children, older people, disabled people, etc.). Flexible forms of work would enable the mentioned target groups to enter the labour market and remain in the labour market.

In 2007 the **amendments of Occupational Health and Safety Act** came into force. Proceeding from this and in order to ensure effective prevention activity, employers are obliged to register all so-called almost happened accidents – emergency situations and breakdowns that could have led to occupational accidents. Additionally the definition of an occupational accident was concretised, the organisation of safety and responsibilities in a situation where at the work place there are the employees of several employers were specified. Still the problem is little motivation of employers to improve the working environment. The main reason here can be the lack of insurance against accidents at work and occupational diseases. The existence of this kind of insurance type would probably motivate both employers and employees to register more instances of occupational diseases and accidents at work.

The stage of analysis in the elaboration of an information system for employment policy statistics (TöIS) which is developed in order to get data from **operative registries** and interconnect them, has been

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<sup>27</sup> In 2007 the share of adults in Estonia taking part in lifelong learning was 7.0% which is substantially less than the target of the European Union for 2010 – 12.5%). The participation in lifelong learning is problematic among the people with lower level of education and the people belonging to risk groups. At the same time these people need more in-service training because of their obsolete know-how and the structural changes of economy.

completed and the preparation for the stage of loading data is going on. The information system will be completed in the first half-year of 2009. The information system will enable the performance of deeper analyses of the policy and the assessment of the effects of the policy and the continuous monitoring of the results of the implementation of the policy.

### *Prevention and alleviation of poverty and social exclusion of families with children*

To support the families with children and combine working and family life better the system of paying parental benefits has been implemented during the last years. To decrease the poverty of children and to improve the financial situation of the families with children, several types of family benefits have been increased and added; the circle of beneficiaries has been extended and tax incentives have been introduced for the families with children. The development of a born child is supported so that he/she would be an educated and active member of the society. To ensure the support of a child by family, community and environment, our objectives are to ensure each child the opportunity to grow in a family, secure and child-friendly development environment and the existence of effective system of protection of children.

In order to enable the parent to be at home with a child longer, the duration of the payment of **parental benefit** was in 2008 extended by 120 days and, in the place of former 455 days, it is now paid for 575 days from the decision of maternity benefit. In case of parent who was not employed prior to the birth of the child, beginning from 2008 the benefit is paid, in place of former 14 months, until the child is 18 months old. From September 2007 an amendment came into force by which fathers have the right to get a parental benefit beginning from the day when the child is 70 days old, instead of former six months.

During the years 2006-2008 several amendments have been introduced to “**State Family Benefits Act**”:

- 1) The quarterly benefit paid to the families with three or more children and the families raising triplets ceased and it was replaced by a rise of monthly child benefit for the families with three or more children. The child benefit to the first and second child is paid in double rate, to the third and each subsequent child six times the child benefit rate. The amendment supported coping of the families with children because a remarkable increase of the benefit beginning from the third child is reasoned as a measure preventing the poverty of children. The amendment decreased the poverty of children by 1 percentage point.
- 2) The rise of financial support for children in foster care or guardian families came into force, from 2007 ten times the child allowance rate (1,500 EEK a month) and from 2008 twenty times the child allowance rate (3,000 EEK a month). The objective of the rise of financial support of the children in foster care or guardian families was to support the children of foster care or guardian families and thus contribute to the raising of children without parents in a family.
- 3) The circle of persons entitled to get the child allowance was extended – the child allowance is also paid to 16–19-year-old children who study at basic school, upper secondary school or, on the basis of basic school, vocational schools in other formats of study than daytime study – evening courses, distance learning, and to children who study at vocational schools without having passed basic education. Earlier the child allowance was paid to 16–19-year-old children who studied at daytime format. By the extension of the circle of persons entitled to get the child allowance the acquiring of secondary education is supported that in its turn is a prerequisite for successfully gaining and keeping a position in the labour market.
- 4) The payment of Start in Independent Life allowance was extended to the children without parental care who in the childhood have been in a foster or guardian family, similarly to the children raised in a social welfare institution or in a school for children with special needs.

From 1 October 2008 the principles of paying **disabled people allowances** shall be altered. The basis of calculating the amount of an allowance of an adult disabled person shall be the additional costs of a disabled person. The basis of calculating the amount of an allowance up to now has been the level of the seriousness of a disability. The change was made in order to achieve the more precise target by what a person with bigger additional costs shall get bigger allowance. The experiences of the people with

disabilities have shown that very often the people with not very serious disabilities bigger expenses in order to overcome difficulties than the disabled people with more serious level of disability.

From January 2008 working disabled people are paid working allowance for the compensation of additional costs which proceed from the disability and are connected to the work.

**Amendments of the Income Tax Act** – from 2006 the calculation of the minimum of income tax exemption from the second child and from 2008 from the first child in a family. One parent, foster parent or person providing maintenance to a child can make an additional tax-free deduction from the income of the taxation period per each up to 17-year-old child.

In the development of social welfare services the provision of services answering to the individual needs of a child and a family and the cooperation between different supporters are of great importance. In 2007 the services of child care and substitute home came into force.

The objective of a **child care service** is to help a parent to combine working and family life as well as personal time. The child care service is a service supporting a parent's working, studying or coping during which a child care service provider ensures that the child is taken care of and developed in safe conditions. By the implementation of the child care service financed by the state, a person raising a child with severe or profound disability has an opportunity to leave the child with a qualified child-minder and at the same time the person raising the child can use the free time for other business or also rest. The child care service for the children with severe or profound disability, financed by the state, relieves the caretaking load of families upon the upbringing of a disabled child. If the child care service is financed from the budget of local government, the local government council shall establish the circle of persons entitled to get the child care service, the capacity of financing child care service and the conditions and order of the provision of child care service. In order to ensure the safety of a child, minimum requirements of child care service as social service were established for service providers, child-minders and the provision of child care service.

Although **substitute home service** was provided under the name of children's home for years, the notion was not used in law. The objective of a substitute home is to satisfy the basic needs of a child, create for him/her a safe and favourable environment for development and prepare the child for adequate coping in the future. By the regulation of substitute home service at the level of law the requirements for substitute homes were specified. The regulation of substitute home service mainly concerns the arrangement of the service and the personnel which effect the children needing the service.

From 2008 the **case management** principle came into force which was provided for the improvement of independent coping upon the provision of long-term and diversified assistance. The assistance on the basis of the principle of case management includes: assessment of a person's case, setting of objectives and planning of activities, composition of a case plan and an activity plan belonging to it, counselling and supervision of the person upon the implementation of the activity plan, execution of activities by various persons or institutions and assessment of the results, and in case of need, alteration of the case plan and the activity plan belonging to it. The case management principle contributes to the complex solution of the problem of a person and in cooperation between the person in need of assistance and several institutions.

## **2.2. Main tasks and objectives**

### *2.2.1. Prevention of long-term unemployment and inactivity and the employing of unemployed and inactive people*

#### Main tasks

Although the employment rate in Estonia is now essentially over the average of the European Union, in order to maintain the level and ensure the sustainable development of economy more attention must be

just paid on the **prevention of unemployment and inactivity**. One of the essential components of prevention is the **raise of the level of the awareness about career choices** through a counselling system functioning effectively and being accessible to all target groups. At the same time the maintaining of qualifications answering to the needs of labour market are important for people as well as its continuous advancement together with the ensuring of possibilities to work in a suitable form of work during the whole life cycle.

- Prevention does not concern only the employed people whose raise of awareness would prevent them from turning inactive or unemployed in the future. It is very important to do prevention work in schools too in order to share the youth the knowledge about the prerequisites that ensure successful competing in the labour market and about the dangers that exclusion from the labour market may involve. Raising the awareness of the present-day young people, it would be possible in the future to alleviate the formation of new generations of long-term unemployed<sup>28</sup> and inactive people.
- Imprisoned persons (especially those who have been in prison for a long time) comprise an essential separate target group of preventive actions. Scarce knowledge of the events happening in society and the labour market (but also preparations for this through training and counselling, e.g. in which it is possible to get a job) may turn out to be a drawback on successful entering of the labour market and competing there.
- Awareness does not concern only the target group of long-term unemployed and inactive people. A separate group is also comprised by employers who, as a final link, play an important role in the supporting of long-term unemployed and inactive people entering the labour market.

While planning activities for the prevention of unemployment and inactivity, one of the most essential challenges is the complexity and difficulty of the problems of the target group, i.e. the reasons of the inactivity or unemployment of a person cannot be solved by the liquidation of one problem (there is a need for various **support measures**):

- It is important to consider that long-term unemployment and inactivity problems are often connected to the state of health. It may be a long-term health disorder, disability, alcoholism or drug addiction, etc. It is relatively simple to solve a problem proceeding from the state of health (for example a suitable technical aid for a disabled person), but it is more difficult to deal with the problems of addiction to alcohol or drugs where the greatest hindrance can be the person's own inadequate preparedness to solve his/her problem, at the same time also insufficient accessibility of treatment.
- An essential influencing factor is also **community** where a person lives. The environment of people may, from one hand, favour the solution of problems (for example a supporting family, harmonious relationship between partners, etc.), but from the other hand, it may deepen problems (problematic fellowship, broken family relations, etc.). Physical environment also has effect on a person, for example what kind of possibilities of spending free time exist in a region.

Additionally one reason why entering the labour market (and that's why it is a stage of a long-term unemployment-inactivity) is hindered, is also the so-called **nursing obligation** of family members which refers to the fact that the providing of nursing care service in Estonia is at the moment rather uneven. But the need to take care of children or other family members may set hindrances that prevent an unemployed person from participating in active employment measures (to raise and maintain his/her working habits and skills) and further in the labour market.

In Estonia the awareness (both among employees and employers) of **flexible forms of work** is rather scarce. At the same time the creation of different forms of work contributes to the remaining in the labour market of those target groups who cannot work full-time due to various reasons (for example the need to nurse). The following could be brought forward regarding the main problems of the regulation of valid

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<sup>28</sup> Pursuant to the methodology of International Labour Organisation a long-term unemployed is a person who has searched for work for 12 months or longer. Very long-term unemployed is regarded a person who has searched for work for 24 months or longer. Notwithstanding the explicit definition regarding time dimension, the target group of long-term unemployed and inactive people is not a homogeneous group. On the contrary, the target group is extremely diversified and the failures of the target group upon entering the labour market are complex. Therefore solution schemes ought to involve the measures of various spheres in order to alleviate or liquidate failures on employing.

individual labour relations in Estonia: high costs of an employer in case of the termination of labour relations, few possibilities to agree between the employer and the employee concerning labour relations, relatively big administrative load. The problem of the inflexibility of Estonian labour law has been pointed out by the European Commission, the International Monetary Fund (in the report of the mission of 2007) as well as OECD. The priority should remain that the increase of the share of part-time workers would not take place on account of full-time employees (which would mean the increase of the share of underemployment).

### Existing national measures

Pursuant to the Employment Service and Subsidy Act that came into force on 1 January 2006 13 active employment measures are provided. For the effective implementation of measures different work principles of individual approach, case management and networking are used. The implementation of measures takes place through 15 regional departments of the Labour Market Board who do it in cooperation with different partners (for example, with educational institutions to provide the service of labour market training, with local governments and non-profit associations to provide the services of work exercise and public work, with employers to provide the service of work mediation and practical training, etc.).

### Further measures

In order to prevent unemployment and inactivity more effectively (including to decrease hindrances upon entering the labour market), in the framework of new European Social Fund programming period (2007–2013) it is planned to implement the employment services and the supporting measures that are tailor-made and more flexible, developing the existing employment services and piloting new ones. In cooperation with the Ministry of Education and Research a single high-quality system of career counselling will be developed which would be a basis for rendering services of high level to the clients of various profiles both in the system of education and labour market.

The existing state employment services are planned to be elaborated through the following measures.

1. Through the programme of the Ministry of Social Affairs “Increase of the availability of qualified labour force 2007–2009” that is financed by ESF and implemented by the Labour Market Board the target group of active employment measures will be extended to inactive population. Duration: 2008-2009. Cost: 94.4 million EEK.

Inactive people turn to the Labour Market Board relatively rarely. Therefore, at first a contact with the Labour Market Board for those people should be created and after that assistance should be given to those people through such measures that would enable them the alleviation-liquidation of the hindrances upon entering the labour market and after that their entering the labour market. It is essential to note that before getting employment services lots of people need different pre-services (for example social rehabilitation, psychological counselling regarding working life, etc.) – these are measures that the Labour Market Board does not offer as state services.

2. Development of career services system (raise of the qualifications of service providers, development of methodology, quality management) in cooperation with the Ministry of Education and Research and the Ministry of Social Affairs (joint programmes “Development of career counselling system 2008-2011” and “Increase of the availability of qualified labour force 2007–2009” financed by ESF. Duration: 2008–2013. Cost 72 million EEK.

The system of career counselling provided in Estonia is rather incoherently divided between two spheres – the labour market and education – and the incoherence is noticeable even within a sphere (in the labour market system career counselling is provided through the regional departments of the Labour Market Board, in educational system the accessibility to career services is ensured in the framework of formal

education and through information and counselling centres of counties). Partly it is proceeding from the different target groups of two systems, but to the great extent the reasons are also an inadequate systematic development of career services, the rise of quality and the development of the competencies of the specialists providing the service. In cooperation between two ministries and with the support of the European Social Fund it is planned to elaborate a single system of career counselling by 2013 which would enable people to get effective career services notwithstanding an institution that he/she turns to in order to get a service.

3. Provision of measures facilitating the entering the labour market of the persons released from a custodial institution through the programme "Increase of the availability of qualified labour force 2007–2009" of the Ministry of Social Affairs, financed by ESF and implemented by the Labour Market Board. Duration: 2008-2009. Cost 599,520 EEK.

In order to ensure the persons released from a custodial institution with the opportunities for entering the labour market smoothly, a response service will be performed in prisons in the course of which the information about the situation of the labour market and possible vacant jobs are disclosed to prisoners.

4. Elaboration of support measures supporting active employment measures and their testing through the programme "Increase of the availability of qualified labour force 2007–2009" of the Ministry of Social Affairs, financed by ESF and implemented by the Labour Market Board. Duration: 2008-2009, Cost: 7.84 million EEK.

As to inactive, discouraged and long-term unemployed people, the provision of active employment measures is not often sufficient to bring them (back) to the labour market because the reason why a person does not participate in the open labour market may not be connected to the lack of job but this person may have more complex social or health problems. On state level, at present, there is no such complex system of providing measures and that's why new measures are going to be elaborated and cooperation points created with the support of ESF in the framework of new programming period.

5. Training of the unemployed to become home and community care workers and the purchase of nursing care service through the programme "Increase of the availability of qualified labour force 2007–2009" of the Ministry of Social Affairs, financed by ESF and implemented by the Labour Market Board. Duration: 2008-2009. Cost: 4.9 million EEK.

For the unemployed people who have a nursing obligation, it is complicated to take active part in employment measures to raise his/her level of working habits and skills and to enter the labour market in a situation where due to the financial situation it is not possible to purchase a nursing care service for example from a private service provider. The problem is also the fact that at present in Estonia the number of qualified care workers is insufficient and that's why even local governments are not able to offer nursing care services as much as needed. This too hinders the active participation in working life of people who have a nursing obligation. With the help of ESF, from one hand, it has been planned through special training to increase the number of competent people in order to provide a nursing care service (it has been planned to extend the circle of the providers of nursing care service). As a parallel activity, the people with nursing obligations are supported so that nursing care service purchased to them for the period of the participation in active employment measures (up to six months) and during the first working months.

6. Increase of the awareness of people about flexible work forms and the inclusion of a worker through the programme "Improvement of the quality of working life 2007-2008" of the Ministry of Social Affairs financed by ESF. Duration: 2007-2008. Cost: 4 million EEK.

A reason why the use of flexible forms of work (distance work, rental work, part-time work) in Estonia is relatively little, can be a low awareness of people (both employees and employers) about the implementation of the possibilities of flexible forms of work. The activities of the programme "Improvement of the quality of working life 2007-2008" (including information about a new Employment Contracts Act) are

partly directed to the elimination of this deficiency and through this probably also to the more extensive use of flexible forms of work.

The following **indicators** and their target levels are used to assess the effectiveness of existing and supplemental measures:

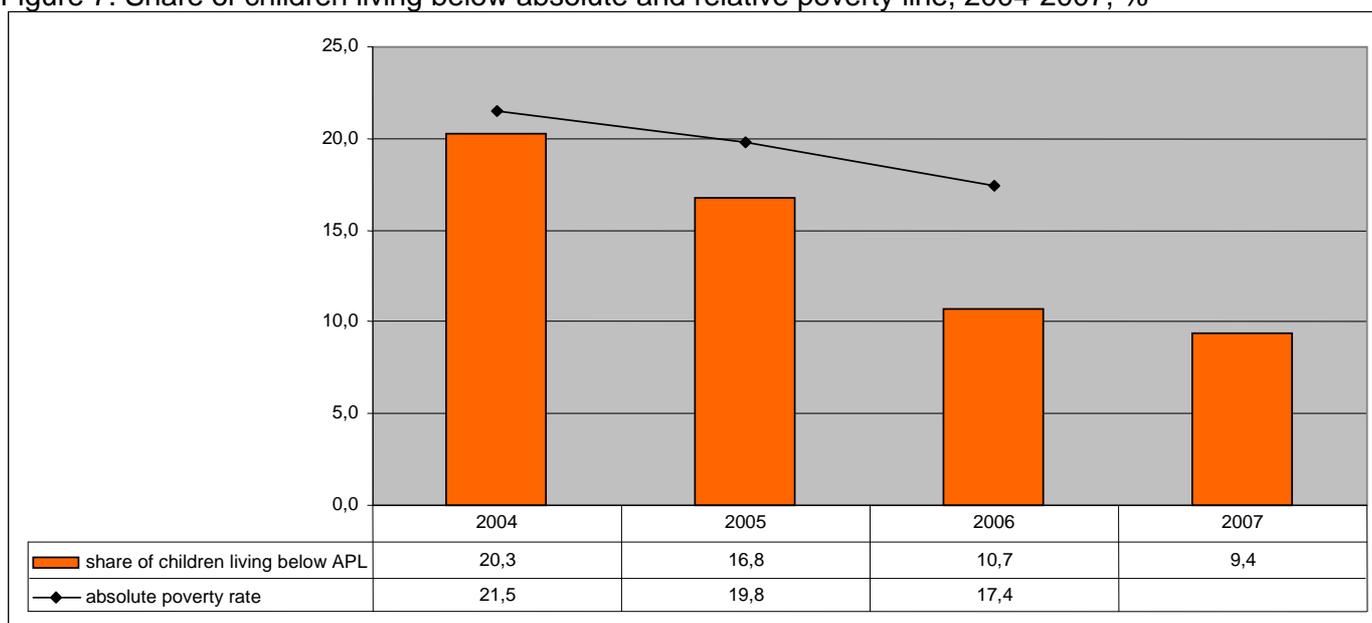
Indicator	Current level (2007)	Predicted level (2010)
Employment rate	69.1%	70%
Unemployment rate	4.7%	5,5%
Long-term unemployment rate	2.2%	2%
Activity rate	72.5%	73.8%
Employment rate of older people	59.5%	63.5%
Employment rate of women	65.7%	68.3%

## 2.2.2. Prevention and alleviation of poverty and social exclusion of children and families

### Main tasks

During the period 2003-2007 the **income** of households with two adults has increased but it exceeds the average of the year 2007 of Estonia only by 2 percentage points. The net income per each household member in the households where one parent raises children has turned lower by each year, comprising only 63.9% from the year 2007. During the years 2003-2007 the share of children living in **absolute poverty** has continuously decreased as also the share of children living in **relative poverty** during the years 2003-2005. In addition to the improved economic state and the increase of general employment rate, the decrease of the poverty of children has also been influenced by family allowances, including the increase of parental benefit during the period. Besides family allowances also leave and care allowances, tax incentives, decrease of the expenditures connected to the raising of children (catering at school without charge and other educational expenses, health care expenses, etc.) as well as the payments and services by local governments effect the coping of the families with children. During the years 2003-2007 the share of families with children has decreased among the families getting subsistence benefit, reaching 32% in 2007. The following diagram describes the change of the rate of absolute and relative poverty of children.

Figure 7. Share of children living below absolute and relative poverty line, 2004-2007, %



Source: Statistics Estonia

In Estonia the high rate of parental benefit has been implemented. The next essential issues for Estonia are the increase of the level of parental education, the organisation of child care, the development of welfare services and opportunities of education.

In comparison to other European countries, Estonia shows up by scarce skills of communication with a partner and children<sup>29</sup>. 72% of Estonian parents consider physical punishment of children to a lesser or a greater extent acceptable.<sup>30</sup> These circumstances refer to the need of **parental education**, at the same time the rate of people participating in lifelong learning in Estonia is low as compared to the European average (in 2007 7.0% of 25-64-year-old adults, the EU objective for 2010 is 12.5%, in the Nordic countries in 2006 it was about 30%).

To make the work of child protection and welfare more effective it is essential **to increase the number of child protection officials** in order to reach the situation where per 1,000 children there would be 1 child protection official. In 2007 there were on an average 1,630 children per one child protection official. An essential indicator of children's welfare is the number of children without parental care and in need of assistance who are registered for the first time by a social or child protection official which in 2007 has decreased in comparison with 2006. One of the objectives of child welfare is to ensure a family environment for a child needing substitute care. On an average 7 of 10 children who have substitute care live in a family and 3 in an institution.

Holding in mind the coping and competitiveness of people, **dropping out of school** is a problem in the system of education. The share of young people who drop out<sup>31</sup> has not essentially changed during the years 2000-2006 – with minor changes the indicator has been on the same level during the whole period. Although the problem has been perceived in society, the implemented measures have not brought along a change. In 2007 the share of dropouts from school in the group of 18-24-year-old students increased to 14.6% (13.2% in 2006). In vocational education in the academic year 2006/07 14.7% and in higher education 15.9% of students terminated their studies<sup>32</sup>.

The increased social and economic stratification and the growing number of **students with special educational needs** require the organisation of studies that is more flexible and takes into account the individuality of children. In the academic year 2006/07 the share of the students of ordinary classes who learned one or more subjects according to individual curriculum or who studied in remedial groups comprised 8% of the total number of students who were acquiring basic education that year. 7% of the students who studied at home on the basis of national curriculum dropped out. In general education schools the necessary support service is not provided for 3% of students with various special needs. Counselling of children with learning difficulties and special educational needs is problematic; it takes place only in some centres and does not reach all the students needing it<sup>33</sup>.

Traditionally a model with two people who earn a family's bread is peculiar to Estonia (in 2007 on an average 65.7% of women and 72.6% of men were employed), i.e. it means that for good coping of a family **the employment** of both family members is needed. The general employment of women in the labour market in Estonia is higher than the average of Europe (EU 27 58.3% in 2007), but the employment gap that characterises the employment of women with up to 6-year-old children and the women who do not have up to 6-year-old children shows up as essentially bigger than that of the European average (in Estonia in 2006 25.7%, the European average (EU27) 13.6%, in Denmark for example 3.4%). It refers to the fact that in Estonia it is difficult for women to enter the labour market again when she is raising a small child. The salary gap on the ground of sex is also distressing in Estonia; it is the highest in Europe (Estonia 25%, the average of EU 15%). The problems concerning generally the employment of the youth, including scarce or non-existent work experience, can be added to this kind of issues.

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<sup>29</sup> Source: European Social survey. University of Tartu. 2006

<sup>30</sup> Source: Survey RISC Estonia 2006. TNS Emor.

<sup>31</sup> 18-24-year-old young people with basic or lower education who are currently not studying.

<sup>32</sup> Source: Ministry of Education and Research

<sup>33</sup> Strategy of the Ministry of Education and Research "Clever and active population" 2009-2012

In order to avoid the exclusion of women from the labour market it is necessary to elaborate policies that would decrease the care obligation of women and contribute to the combining of family, work and private life. One of the measures is the development of flexible and accessible **child care**.

In Estonia pre-school education is relatively well organised in municipal kindergartens for the age group 3-7 years, for example approximately 90% of 4-6-year-old children go to kindergartens<sup>34</sup>. At the same time the inclusion of children with special developmental needs into special and adjustment groups of pre-school child care institutions is only approximately 40%<sup>35</sup>. At the same time the number places for the children of the creche age (0-3-year-old children) is several times smaller than the real need. Private kindergartens have been mostly established in bigger towns and county centres. In Estonia the child care service is advanced – at the moment there are 114 child care service providers having activity licenses and 430 childminders with professional certificates. The care service is provided in different forms from personal care at home up to big groups in the rooms of a service provider. Although the services of a private kindergarten and child care are more flexible and enable the parents to get the service at a suitable time for them, these are not sufficiently accessible due to their rather expensive price. Thus the question of the accessibility of child care opportunities in Estonia is a burning issue.

### Existing measures

The objective of the allowances of Estonian families is to compensate partly the expenses connected to the care, upbringing and learning of children. The types of family allowances are as follows: childbirth allowance, child allowance, child care allowance, single parent's child allowance, conscript's child allowance, child's school allowance, foster care allowance, start in independent life allowance, adoption allowance and the parent's allowance of a family with seven or more children. The government pays a family allowance to all children until they are 16 years old. When a child goes to basic school, upper secondary school or a vocational institution on the basis of basic education, he/she has the right to get the family allowance until he/she is 19 years old.

In order to compensate the additional costs of disabled children (e.g. purchase of technical aids, transport, additional costs related to learning), the disabled child allowance, the caregiver's allowance for taking care of a disabled child and the education allowance are paid. The assessment means for the assessment of the need of care and social services of disabled children is used to assess the need for assistance by disabled children and caregivers. A rehabilitation plan is composed for disabled children. To support the learning of disabled children several local governments provide the service of a support person and/or a personal assistant. The disabled parents are paid the disabled parents allowance.

Tax incentives for families with children are implemented in two ways. First, the inhabitants of Estonia can deduct the education costs (including interests of study loan) of their under 26-year-old child or dependant) from their yearly income. Second, one of the parents (or a person providing maintenance) can make an additional tax-free deduction from the income of the taxation period per each up to 17-year-old child.

To decrease the expenses of a family the expenses of child care, education and health care are compensated. As a measure supporting birth-rate the state partly writes off a **study loan** of a parent who raises a small child and has graduated from an institution of higher education or vocational school.

The parents have equal rights and obligations regarding their children. A parent is obliged to provide maintenance to his/her minor child. In the case only one parent provides maintenance to his/her children, alimony support of a state as a short-term allowance for a child whose parent does not perform his/her maintenance obligation is established. The aim of the support is to make parents to demand lawfully the alimony and thus improve the situation of their children.

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<sup>34</sup> Source: Statistics Estonia

<sup>35</sup> Source: Ministry of Education and Research

Child care service has been implemented as a service backing the working, learning or coping of a parent. Local governments can decide whether and to what amount the expenditures of child care are compensated to parents. The state helps to cover the child care costs of children with severe and profound disabilities up to 5800 EEK a year.

The employment of parents is supported in the framework of general employment measures (see Item 2.2.1 “Prevention of long-term unemployment and inactivity and the employing of unemployed and inactive people”). To combine the work and family life better, parents have the right to use paid leaves: maternity leave (adoption leave in case of adoption), parental leave and additional child care leave. In case of childbirth fathers have the opportunity to use the leave for parent. Additionally, all parents having children younger than 14 years (younger than 18 years in case of disabled children) have the right to use additional child care leave without pay. In the case of a child’s illness parents can make use of a certificate for care leave, and the labour income not received because of nursing care of a child shall be partly compensated.

While organising children’s welfare, the priority is to support the upbringing of children in a family, create a safe and favourable environment for the development of a child as well as prepare a child for adequate coping when being an adult. When a family is in difficulties, they can turn to a counsellor. In several local governments the service of a loan counsellor is used. On the site of Financial Supervision Authority [www.minuraha.ee](http://www.minuraha.ee) it is possible to get advice about reasonable handling of pecuniary means. The obligation of local governments is to provide housing for those families who themselves do not have possibilities for it (e.g. families can rent a social housing). When all other measures of the alleviation of poverty and need have not been successful, a family is paid a subsistence benefit.

If a child cannot live in his/her family, he/she shall be ensured a family-like growing environment in a substitute home. A child is given to a guardian family if he/she is separated from his/her own home and family. To develop the skills of foster parents they have to pass the training PRIDE; for adoptive families the training is optional.

In Estonia compulsory basic education without pay and the opportunity to study at a school near home is guaranteed by law. The state supports catering at school, the purchase of teaching aids and boarding school facilities. School catering benefit is guaranteed for children in forms one to nine and for the students of vocational schools. All children in forms one to nine are provided with free teaching aids. The task of a school is to involve a student in study process and adjust the teaching environment so that every learner (including a learner with special needs) can learn and advance his/her abilities maximally.

It is very important to identify the educational special needs of a child early and plan intervention strategies. The task of counselling committees is to recommend a student which curriculum and support system would help to ensure his/her maximum development, acquiring of basic education and readiness for life-long learning. In case of need, an individual curriculum is composed for a student where also the need and capacity of support education is noted. A parent has the freedom to decide whether an ordinary school or a school for the children with special needs suits his/her child with special needs better.

### New measures

1. Advancement of parent education through the implementation of “Concept of family policy” and “Development plan of the quality of life of families for 2010-2015”. Duration: 2008–2015. Cost: the measures of family policy (including the advancement of parent education) are specified in the state budget every year.

Through the skills of being a parent and acquiring new knowledge a person is satisfied with him/herself, couple and family relationship. The training of parents helps to avoid and decrease the abuse and negligence of a child, the behavioural difficulties of a child and the rise of social problems (including exclusion, bullying) during school years. In order to advance the skills of being a parent at the end of 2008 a conference “One is not born to be father or mother, one has to learn to be a parent” will be organised; a

social campaign “Hands are meant for creation, not for hitting” will also be started which deals with the prevention of physical punishment and introduces parent education. While supporting under-aged parents, attention is paid to coordinated work of different sectors and areas (social, education, third sector).

In the framework of the “Development plan of the quality of life of families for 2010-2015” one of the objectives is the increase of parental responsibility through the raise of parental knowledge and skills. In order to achieve the objective, different measures and activities are implemented, for example the introduction of human education (the parts of which are sexual education and family education) into the curriculum of upper secondary schools, provision of common content in the subject syllabus of human education, stressing of the importance of sexual education in the life of a person, perceiving and valorisation of the roles of man and woman in everyday family life, support of parents upon entering the labour market again and participation in the labour market beside family obligations, valorisation of the experiences of being a parent in the labour market, facilitating the spending free time of parents and children together, stressing of the acquiring of social skills of parents, stressing of the acquiring of partnership skills of parents as well as supporting of the spread of programmes providing parent education and parents’ counselling.

2. Support of parents and provision of welfare services based on needs through the implementation of a new Social Welfare Act and “Estonian housing development plan 2008-2013”. Duration: 2008–2013. Cost: the measures of welfare services and housing are specified in the state budget every year.

As family allowance and other allowance (e.g. alimony support) systems are by nature one-time benefits, it is essential for the families with children to provide them with assistance based on need by elaborating the services directed to them. In addition to the existing welfare services by the implementation of a new Social Welfare Act a family conciliation service will be established for the parents who do not wish to continue living together. The family conciliation service helps parents to reach an agreement regarding a child’s further life, paying of alimony and other rights and obligations of a parent. By the new Social Welfare Act the requirements for the provision of social counselling and loan counselling service will be established. The service of a support person will be developed for the families with disabled children and support persons will be trained.

The acquisition of housing and independent solution of housing problems is difficult for lots of population groups. The housing services directed to people with difficulties in coping help to decrease the risk of being excluded. Upon the development of Estonian housing and the ensuring of families with children with appropriate living conditions the acquisition possibilities of housing and housing conditions will be improved. Possibilities will be found for the families in coping difficulties to cover the housing expenses (including the payment of subsistence benefit). The system of paying home allowance will be implemented for the families with several children. In the framework of the introduction and distribution of universal design concept architects, urban planners and other specialists will be trained regarding the needs of the families with children, attention will also be paid to the development of accessible environment and the formation of public transport so that they shall answer to the needs of the families with children.

To ensure the development possibilities of children without parental care cooperation between the officials of children welfare institutions and child protection networks is considered essential. For that purpose in-service training of the personnel of children’s homes, specialists who work with children as well as the circle of foster and guardian families is organised.

3. Providing equal opportunities for obtaining quality education through the implementation of the development plan “Clever and active population” 2009-2012 of the Ministry of Education and Research and the state programme “A kindergarten place for every child”. Duration: 2008–2013. Cost: 375 million EEK, in addition the costs connected to the implementation of the development plan of the Ministry of Education and Research (confirmed in the financial plan of the named development plan).

Good education ensures a person better possibilities for the participation in the labour market. To provide good education equal opportunities will be created to obtain quality education that answers to the abilities and interests of students. For that purpose, for example, modern curricula will be elaborated, the acquisition of quality teaching aids and textbooks is supported, the development plan of e-education "Learning tiger" will be implemented, etc. Counselling networks (learning support centres, counselling committees) and integrated counselling models will also be developed (regional pedagogical-psychological systems and career counselling systems) that support the opportunities of the children with special educational needs to get assistance and generally improve the opportunities of employment and learning of the young people.

Upon the development of pre-school child care institutions and general education schools the objective is to form a modern teaching environment that supports multifaceted development of students and provides even quality of education all over Estonia. To improve the accessibility of kindergartens more places in pre-school child care institutions will be created and renovated. Attention will be paid to early identification of the special needs of children and the implementation of the support of special pedagogy. The places in boarding schools will be created for the children from the families with difficulties in coping whose family situation does not support the acquiring of education. The teaching aids of the children with special educational needs will also be developed. The students with behavioural difficulties will have the opportunities to acquire basic education together with a vocation. For that purpose supplemental learning opportunities at vocational educational institutions will be created.

While providing the opportunities for the acquiring of vocational education flexible opportunities will be created that consider the needs of a student and the society, and in vocational educational institutions modern environment supporting the development of learners will be created. For example, the state-commissioned education will be reorganised and the cost of an educational place will be raised, the system of in-service training of teachers and national curricula will be developed and the appropriate teaching materials will be developed. The system of support for vocational training for the students who come from families of difficult financial situation will be developed. Learning opportunities and support services will be extended for the students with special educational needs, the children with learning and behavioural difficulties and the learners in custodial institutions.

For the purpose of creating equal opportunities for the accessibility of higher education by talented students and their dedication to studies notwithstanding their socio- economic situation, the system of education allowances will be developed in higher education as well.

4. Supporting of the participation of parents in the labour market through the implementation of the ESF programme "Increase of qualified labour force 2007-2009" and "Development plan of the quality of life of families for 2010-2015". Duration: 2008-2015. Cost: 37.7 million EEK, the measures of family policy (including the advancement of parent education) are specified in the state budget every year.

The parents of small children are often less competitive in the labour market and need supplemental measures for entering the labour market and remaining there. The employment opportunities of people with less competitiveness are supported in the framework of the objective "Prevention of long-term unemployment and inactivity and the employing of unemployed and inactive people". The participation of disabled parents in the labour market is supported similarly to all other disabled people (see Item 2.2.3 measure 2 "Supporting of the income of disabled people and the advancement of employment opportunities").

Upon the advancement of employment of young people attention is paid to the extension of the circle of services provided to the young as well as the raise of the awareness of employers about flexible forms of work. Various active employment measures will be provided for the young, for example career counselling, speciality training, practical training, work exercise, work club and social rehabilitation. To promote flexible forms of work the awareness of the parties of labour market will be raised (composition and dissemination of information materials) and the distance work form in the Labour Market Board will be piloted. The

counselling networks and models of education system (learning support centres, counselling committees, regional pedagogical-psychological systems and career counselling systems) also support the activities enhancing the employment of the young.

One of the strategic objectives of the development plan of the quality of life of families is the provision of child care to all up to 10-year-old children who need it. With a state programme “A kindergarten place for each child” the creation and renovation of pre-school child care institutions has been started. In the framework of the development plan of the quality of life of families the extension of child care opportunities and accessibility for up to 3-year-old children is continued and the cooperation between public, non-profit and private sector is enhanced. Attention is also paid to the improvement of the opportunities of flexible (i.e. part-time) child care, the accessibility of 7-10-year-old children to spend free time under supervision and the extension of the possibilities of spending time in long day groups.

In order to have an overview of child care opportunities a data base will be created the objective of which is the improvement of the accessibility of child care services, raise of the effectiveness and transparency of providing child care services, operative informing of service providers and users about the size of kindergartens, alternative child care opportunities and qualified childminders both in state and local government units.

5. Surveys and analyses concerning children with the help of the ESF programme “Welfare measures supporting employment 2007-2009”. Duration: 2008-2009. Cost: 0.45 million EEK, additionally the budgets of surveys are specified in the state budget every year.

A special module will be added to the surveys of the Estonian Statistical Office the results of which enable to analyse the opportunities of the use, accessibility and need of combining work and family life. With the help of the quality and accessibility survey of child care the accessibility of child care service for the families with children will be ascertained, and the quality of child care service will also be analysed. By the survey of disabled children and families to be conducted in 2009 an overview of the situation and needs of the disabled children and their families, including the education opportunities of disabled children, socio-economic coping of families, accessibility of different social services and allowances, but also the care load of the families with disabled children and the accessibility of measures decreasing it will be ascertained. Earlier surveys of disabled people have, first of all, concentrated on adults and have not reflected the situation and needs of disabled children. It is the first survey dealing with disabled children.

The following **indicators** and their target levels are used to assess the effectiveness of existing and supplemental measures:

INDICATOR	Current level (2007)	Predicted level (2010)
Share of 0-15-year-old children living below absolute poverty line	9.4%	6.2%
Share of 0-15-year-old children living below relative poverty line <sup>1</sup> (2006)	17.4% (in 2006)	16.8%
Share of households with children getting subsistence benefit <sup>2</sup>	32.0%	30.1%
Number of children without parental care and in need of assistance who have been registered for the first time, per 10,000 0-17-year-old children a year	60	54
Average number of children per 1 child protection official	1630	1350
Young people who are not learning, have acquired basic education or have lower education level	14.6%	10%
Share of 15-year-old children with low reading skill	13.7%	decreasing 20%
Employment gap of the parents with small children (in 2006) <sup>3</sup>	38.5 (in 2006)	35

<sup>1</sup>60% median value of the net income of population with equivalence scales 1:0,5:0,3.

<sup>2</sup> From satisfied applications

<sup>3</sup> 0-6-year-old children, percentage points

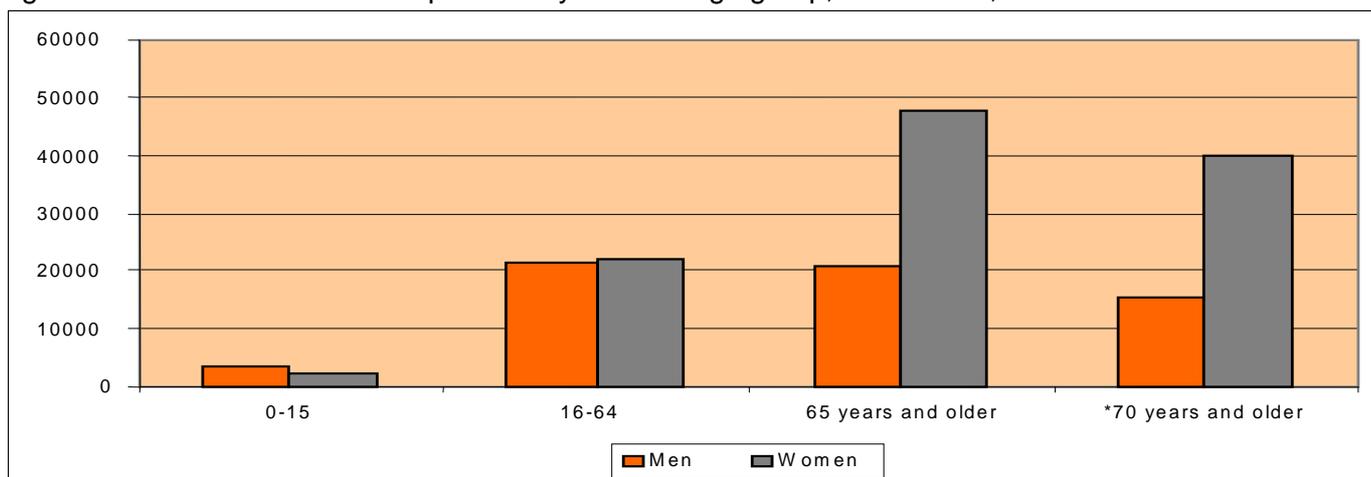
### 2.2.3. Supporting participation of disabled persons in social life and employment

#### Current situation and main challenges

Disabled persons<sup>36</sup> experience daily difficulties due to disability in all areas of life, from physical barriers to social prejudices. Participation of disabled persons in social life is also hindered by their own prejudices and attitudes. A disabled person can actively participate in society when the social relations and the physical environment developed by the people and reflecting the general attitudes demonstrate consideration for all members of society and any special needs they might have.

As on 1 January 2008, there were a total of 117 600 persons<sup>37</sup> with an established degree of disability<sup>38</sup> in Estonia. 111,900 of these people were aged 16 years or older. The persons with an established degree of disability amounted in 2007 to 8.3 % of the entire Estonian population, which represents an increase by 0.3 per cent in comparison to 2005. The majority of them are senior citizens – 60 % of all disabled persons are 63 years or older. The increase in the percentage of disabled persons is partially due to general ageing of population (the number of disabled children, aged 0-15, was 5 810 in 2005 and 5 699 in 2007). More than half of persons with established degree of disability had severe disability, nearly one third had moderate disability and slightly less than one eighth had profound disability. The following Figure 8 provides an overview of the distribution of disabled persons between age groups.

Figure 8. Distribution of disabled persons by sex and age group, 01.01.2008, %



Source: Social Insurance Board

\* Persons aged 70 years and older are also included in the age group of persons aged 65 years and older.

The level of income, welfare and opportunities for active participation in social life of disabled persons largely depend on their close social network, in particular the household.

The **income** of households with at least one member with disability amounted to only 76% of the Estonian average in 2005.<sup>39</sup> As the level of employment of disabled persons was low, the percentage of salaries in their income was also very small. Consequently, income of disabled persons largely depends on social transfers. A total of EEK 598.5 million were used for social support of disabled persons in 2007. Recipients of adult benefits (110 495 persons) were the largest group among different categories of supported

<sup>36</sup> In Estonia, disabled persons are defined as persons with a loss or an abnormality in an anatomical, physiological or mental structure or function who need personal assistance, guidance or supervision.

<sup>37</sup> Social Insurance Board <http://www.ensib.ee/>

<sup>38</sup> The degree of disability is: profound if a person needs constant personal assistance, guidance or supervision twenty-four hours a day; severe if a person needs personal assistance, guidance or supervision in every twenty-four hour period; moderate if a person needs regular personal assistance or guidance outside his or her residence at least once a week.

<sup>39</sup> M. Masso, K. Pedastsaar „Survey on Coping and Needs of the Disabled”, Ministry of Social Affairs' editions 1/2007, Tallinn 2007

persons. The amount of this type of benefits in 2007 was EEK 501.3 million, which accounted for 83.8% of the total expenditures on social support of disabled persons. The next highest expenditure category was disabled child allowance, which accounted for 14.1% of the total expenditures on social support of disabled persons.

The purpose of **social services** for disabled persons is, on the one hand, to help the disabled persons cope in the society as independently as possible and to support their active participation in the social life and, on the other hand, to relieve the care burden on family members of disabled persons. For example, 22,600 disabled adults received caregiver services at the end of 2007, with 73% of them aged 65 years or older and 99% being either old-age pensioners or persons receiving pension for incapacity for work. Approximately one fifth of all disabled persons had been appointed a caregiver. Domestic care services were used in 2007 by 3,500 disabled persons, accounting for 57% of all users of domestic services and the percentage of disabled persons among service users has been constantly increasing. The personal assistant service was used in 2007 by 126 persons, including 67 women and 59 men, and more than half of the users of the personal assistance service (59%) were persons in employable age. However, a problem is insufficient information and lack of access to the services that support independent domestic life and employment of disabled persons. In addition, standards that would ensure uniform quality of the services throughout Estonia have not established for all services for disabled persons.

Persons with disabilities experience several difficulties with **participation in the labour market**. According to the Survey on Coping and Needs of the Disabled<sup>40</sup>, only 14% of disabled persons of employable age were employed. The 2006 Labour Force Survey<sup>41</sup> indicated that the employment rate of disabled persons (age group 15-64) was only 32.6% while the general population employment rate in the same period was 67.7%. The survey ordered by the Ministry of Social Affairs revealed that readiness for work was low among the unemployed disabled persons and they did not picture themselves as employed persons. Therefore, the main challenge for participation in employment is to increase the motivation for work among disabled persons.

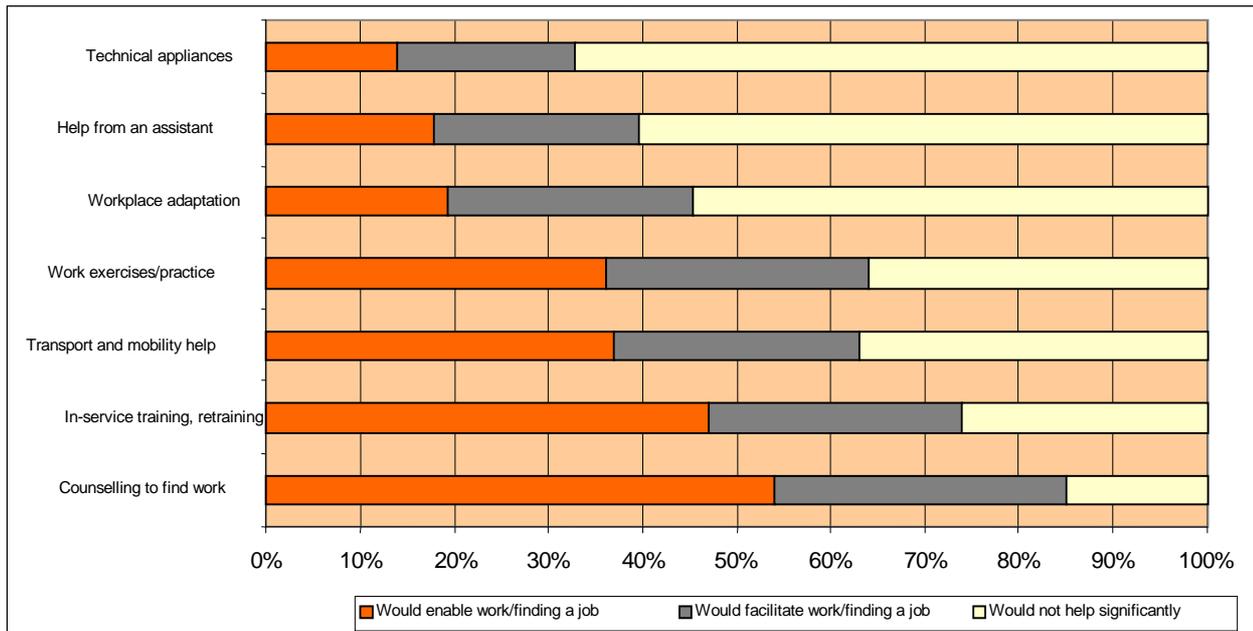
Generally, disabled persons are motivated to work by a desire for economic welfare (88 % of disabled persons) and for self-accomplishment (80 % of disabled persons). However, 60 % of the disabled persons who were willing to work preferred part-time work, which is not very common type of employment in Estonia. In addition, a frequent obstacle to participation of disabled persons in the labour market is lack of sufficient transport opportunities. Many local governments do not provide transportation for the disabled. According to the 2002 Labour Force Survey, 25 % of disabled persons believed that their opportunities for commuting between home and work were restricted. The survey on disabled persons indicated that, in order to start employment, they need primarily assistance to develop human capital – training, induction and counselling, as well as transport opportunities and a work environment that facilitates coping with work. Figure 9 shows the types of assistance required by disabled persons for participation in the labour market.

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<sup>40</sup> Ministry of Social Affairs „Survey on Coping and Needs of the Disabled“ (2007). This was a survey of persons with an established degree of disability. A random sample of 3,657 registered persons was created and 967 persons aged 16-74 from all over Estonia responded. [http://www.sm.ee/est/HtmlPages/Puuetega\\_inimeste\\_uuringu\\_raport/\\$file/Puuetega\\_inimeste\\_uuringu\\_raport.pdf](http://www.sm.ee/est/HtmlPages/Puuetega_inimeste_uuringu_raport/$file/Puuetega_inimeste_uuringu_raport.pdf)

<sup>41</sup> Statistics Estonia, Estonian Labour Force Survey 2005. Disability has been defined on the basis of respondents' own assessments.

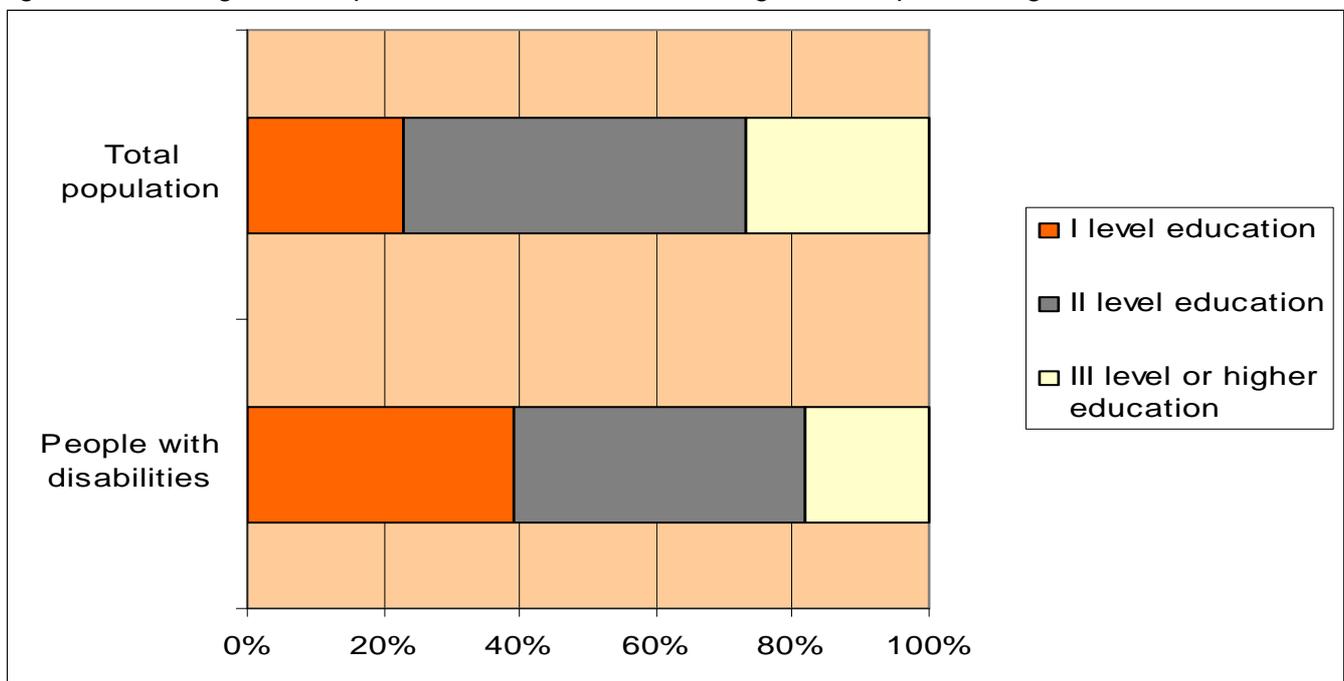
Figure 9. Types of assistance required for finding and maintaining a job, 2005, %



Source: Ministry of Social Affairs

A disability has a significant impact on a person's **educational opportunities**. According to the Survey on Coping and Needs of the Disabled, nearly one fifth of the disabled adults reported receiving less education than they would have liked. In comparison to general population, the group of disabled persons includes more people with basic or lower level of education and less people with vocational secondary or higher education. The highest level of education acquired by disabled persons is illustrated on Figure 10.

Figure 10. The highest completed level of education among disabled persons aged 16-74, 2005, %



Source: Statistics Estonia, Ministry of Social Affairs

So

The level of participation of disabled youth in qualification studies was nearly half in comparison to their peers. For example, 19 % of disabled people aged 16-34 participate in qualification studies while the level

is 40 % in the same age group in general population. 8% of disabled persons aged 16-74 took part in some form of in-service training.

### Existing measures

The government can support active participation of disabled persons in social life primarily by developing services for disabled persons. Income and additional expenses arising from disability are supported by a number of social benefits. Inclusive educational policy has brought a need to identify the students that need alternative organisation of studies or additional studies. The principles of equal opportunities, availability and accessibility are relied on to ensure education opportunities for everyone and additional measures are frequently required to implement these principles. Changing people's attitudes is a long-term process.

Local governments provide to the disabled persons the **social services** prescribed by the Social Welfare Act – counselling, rehabilitation service, provision of technical appliances, domestic services, housing services, foster care and care in social welfare institutions (incl. day centres). The local governments have additionally the right to establish other social services required for coping (e.g., transportation service, personal assistance service, support person service, catering service, laundry service, etc.) according to their resources and requirements. The social services are provided according to the principle of case management.

The organisation of welfare for disabled adults was transferred from the state to the local governments in 2005. On the one hand, it provided the opportunity to provide customised measures for disabled persons – the local governments, being the closest public authorities to the disabled persons, can decide whether a disabled individual needs caregiver's allowance, additional social benefits offered by the local governments (e.g., for buying medication) or social services. On the other hand, the reform enabled to reduce the care burden on the family members of disabled adults by offering caregiver's allowance and various social services.

Various benefits are paid to disabled persons since 2000 pursuant to the Social Benefits for Disabled Persons Act – disabled parent's allowance, education allowance, disabled adult allowance, rehabilitation allowance and in-service training allowance. The principles of allocating disabled adult allowance were amended in 2008, replacing the disabled adult allowance with allowances for disabled persons of employable age and for old-age pensioners. Another benefit in the form of employment allowance was also created to compensate partially the actual costs associated with employment to the extent of up to then times the social benefit rate<sup>42</sup> during three calendar years as of the first grant of the allowance (EEK 4,000)<sup>43</sup>. In addition to social benefits, the state compensates the loss of income due to incapacity for work through the incapacity pension.

Thirteen active **labour market measures** are provided pursuant to the Labour Market Services and Benefits Act. Four of these measures are designed specifically for disabled persons. In order to maximise the extent of involvement of disabled persons in the labour market, an employer can, after a disabled person commences employment<sup>44</sup>, apply for 50% compensation of the cost of adaptation of premises and equipment but not exceeding the upper limit established for the support<sup>45</sup>. In addition, an employer can apply for wage subsidy in the amount of 50% of the wage or salary of the employee but not more than the minimum wage established by the Government of the Republic (EEK 4,350 in 2008). Further to the compensation of the cost of adaptation of premises and equipment, a disabled person or his or her employer can apply for free use of special aids and equipment required for work. A disabled person can also use communication support at interviews and work with support person if necessary. Like all

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<sup>42</sup> The social benefit rate is established by the Riigikogu separately for each budget year. Since 2000, the social benefit rate of disabled persons has been EEK 400.

<sup>43</sup> RT I 1999, 16, 273. Social Benefits for Disabled Persons Act. <http://www.riigiteataja.ee/ert/act.jsp?id=924204>

<sup>44</sup> RT I 2005, 54, 430. Labour Market Services and Benefits Act. <https://www.riigiteataja.ee/ert/act.jsp?id=12924873>

<sup>45</sup> In 2008, the upper limit for the support for adaptation of work premises and equipment was EEK 30,000.

<https://www.riigiteataja.ee/ert/act.jsp?id=12901846>

unemployed persons, unemployed disabled persons have access to all other labour market services, as well as unemployment allowance, grants, and transport and accommodation benefits for participation in labour market training.

The Republic of Estonia Education Acts secures the right for young people with special needs to continue their **education path** at the level following basic education. The school, state and the appropriate local government create conditions for vocational studies for students with special needs, trying to take into account the wishes of the student, specific nature of special needs and suitable job opportunities. Recommendations included in the rehabilitation plan are considered when implementing support services for disabled students.

According to the Vocational Education Institutions Act, individual curricula shall be compiled for students with special needs on the basis of the school curriculum, taking into account the needs and wishes of the student, incl. their special talents or capability for particular profession. Appropriate support systems and services are used for efficient involvement of students with special needs in vocational and higher education (e.g., e-Learning, involvement of assistant teacher in classroom work, social pedagogy support service, special needs education assistance service, psychological counselling, speech therapist service, use of sign language in learning, support service for disabled university students, etc.).

### New measures

1. Development of services to support the rehabilitation system and independent coping of disabled persons by implementing the ESF programme "Welfare measures to support employment 2007-2009", the new Social Welfare Act and "Estonian Housing Development Plan 2008-2013". Period: 2008-2013. Cost: EEK 4.9m, plus specification of the expenditures on welfare services and adaptation of housing annually in the state budget.

A rehabilitation plan will be drawn up for all disabled persons and the services specified in the rehabilitation plan will be provided in the framework of the rehabilitation services. The reform of the rehabilitation system started in 2005 to make it facilitate employment. So far, the problems with the provision of rehabilitation service have been mapped and process-based descriptions of the rehabilitation service have been developed. The measures for the implementation of the new rehabilitation system, implementation principles and documents, criteria for assessment of the need for rehabilitation services, guidelines for the rehabilitation process and a mechanism for evaluation of rehabilitation based on needs are currently being developed. A methodological plan, guidelines and tools for training the rehabilitation teams will be developed as well and the rehabilitation teams will be trained according to the new system.

Implementation of the new Social Welfare Act will establish several new social services and improve the existing social services for disabled persons to support independent coping and living in the normal environment. The new social services include: daily life support service, supported life service, employment support service, living in community service, 24-hour care service, home care service, personal assistant service, support person service, care service (24-hour and day care in social welfare institutions, long-term nursing care service), adapted dwelling service and transportation service for the disabled.

Creation of a network of counselling centres is expected to start in 2008-2009 as a pilot project in Ida-Virumaa and Pärnu and to solve the problem where offering of counselling services to persons with special needs and their family members is fragmented, the services are unevenly distributed across the country, several services are provided for a fee, there is no trained professional staff and diversity of services is ensured only in larger centres. The standards for Estonia-wide counselling services and counselling centres and information materials will be developed and cooperation with different sectors will be improved in the course of the pilot project of counselling centres. Creation of a centre for disability information and equipment helps to relieve the need for a centre of competence. The centre of competence will be one of the chains in the future network of counselling centres, providing information on technical aids, adaptation

of homes and workplaces and universal design. Information will be distributed to disabled persons through a web portal as well as counselling services and training.

The Estonian housing fund has not been built or adapted to be accessible to and usable by disabled persons. In order to adapt the housing to the needs of disabled persons, adaptation of dwellings will be supported and guidelines on adaptation of dwelling for disabled persons will be developed for apartment associations and local governments.

2. Supporting income and employment opportunities of disabled persons by implementing the ESF programme "Increasing the supply of qualified labour 2007-2013", the new Social Welfare Act and the new Social Benefits for Disabled Persons Act. Period: 2008-2013. Additional specification of the expenditures on welfare services annually in the state budget.

The experiences of the Labour Market Board with disabled persons have indicated that, in addition to unemployed disabled persons, employed disabled persons also need labour market services. At the moment, the Labour Market Board lacks resources for increasing support to disabled persons, but the offers of active labour market measures to the employed and unemployed disabled persons will be expanded in 2009. Employed disabled persons will be offered the opportunities for adaptation of workplace, appliances required for work, career counselling, specialist training and support person services in case of repeated training of the employee. Unemployed disabled persons will be offered career counselling, specialist training, work practice, work exercises for disabled persons, psychological counselling associated with employment, social rehabilitation and customised solutions. A system of professional evaluation of disabled persons will be launched in 2010 and the knowledge of trained experts will be used in the provision of labour market services.

The new Social Welfare Act establishes the transport service for the purpose of studying, working and using public services for these persons with physical or mental disability or impaired vision whose disability complicates the use of personal or public transport.

The Social Benefits for Disabled Persons Act will be amended and the social benefits of the disabled persons of employable age will be associated with employment. The purpose of the amendment is to activate disabled persons and involve them in social life, encourage them to start employment and support those who cannot work. To achieve this objective, different systems of granting social support will be developed for different age groups. According to the concept, compensation of additional costs due to disability and support of employment of persons of employable age will continue. To prevent inequality of a disabled employee in comparison to colleagues without disabilities, additional disability-related costs of working (alternative means of transport, faster wear of prosthetic appliances, etc.) will be partially compensated. Allowance for disabled persons of employable age will be granted on case-by-case basis.

3. Promoting education of disabled persons with the help of the ESF programme "Development of the content of vocational education 2008-2013" and the "Estonian Higher Education Strategy Implementation Plan 2008-2010". Period: 2008-2013.

The content of vocational education should correspond to the needs of the society, economy and labour market as well as personal development. Study and methodological resources (e.g., workbooks, textbooks, etc.) for students with special needs will be developed and/or improved in the course of developing the vocational education system. Materials from abroad will be adapted and translated as needed. Pedagogic and methodological in-service training will be provided to the teachers in vocational education institutions to foster their professional success and skills, including skills to support students with special needs and to direct them towards lifelong learning.

Flexible opportunities that take account of the needs of the student and society will be created when securing opportunities for vocational education and a modern learning environment will be developed in vocational education institutions to support the development of students. For example, the state-commissioned education will be restructured and the cost rate of one study place will be increased, the

teacher in-service training system and national curricula will be developed together with the supporting study resources. A benefits system will be developed for vocational students from difficult economic background. Educational opportunities and support services for students with special educational needs, with learning difficulties and behavioural problems, and for students in penal institutions will be expanded.

4. Conducting surveys and analyses on disabled persons with the help of ESF programmes "Improving the quality of working life 2007-2008" and "Welfare measures to support employment 2007-2009". Period: 2008-2009. Cost: EEK 1.7m.

Five major surveys have been planned:

- The survey on disabled persons should map the changes in the coping and employment of disabled persons since 2005 to evaluate the implementation and efficiency of the policies and measures for disabled persons.
- The survey on employment support measures for disabled persons will collect in-depth information on the employment barriers and motivators of disabled persons and assess the efficiency of employment support measures offered to disabled persons. The data collected in the survey will serve as an input for developing and improving the measures to support employment of disabled persons, incl. professional and vocational rehabilitation, and improve the quality of social and labour market services.
- The survey on care burden on the families of disabled persons will be used to obtain the missing information on the care burden of the family members of disabled persons, the associated restrictions to employment and participation in social life, as well as the need for and availability of services that reduce the care burden.
- The survey on the provision and organisation of rehabilitation services will map the current situation and problems of the providers of rehabilitation services and rehabilitation teams. The conclusions of the survey will be used to develop the rehabilitation system, incl. vocational rehabilitation and training of rehabilitation teams and specialists.
- The survey on the attitudes of employers will identify the attitudes and practices of employers when employing people from different social groups (incl. disabled persons) and managing their professional lives.

The following **indicators** and target levels will be used to evaluate the efficiency of existing and additional measures:

INDICATOR	Current level (2007)	Predicted level (2010)
Employment rate of persons (age group 15-64) with restricted capacity for work due to long-term illness	32.6 % (2006)	38.5 %
Percentage of disabled person on 24-hour welfare services of all adults with disabilities	6.4 %	6.2 %

#### 2.2.4. *Prevention of social exclusion of the elderly and support for active and dignified ageing*

Rapid **population ageing** has become a global problem. A society is ageing when the percentage of elderly people (65 years and older) exceeds 7%. As on 1 January 2008, nearly 17.2% of the Estonian population were elderly people and the old-age dependency ratio<sup>46</sup> was 25.2%. According to the UN population forecast, elderly population may increase to a quarter of Estonian population by 2030.<sup>47</sup> The percentage of people over 65 years is expected to rise from 15.5% in 2002 to 25.4% by 2050 and the percentage of persons of employable age (16-64 years) is expected to drop to 59.4%. Ageing of population creates additional requirements for the healthcare and welfare system, because the capacity for work and coping ability decrease and health deteriorates with age.

<sup>46</sup> Percentage of persons of 65 years and older in relation to population of employable age (15-64 years)

<sup>47</sup> <http://www.sm.ee/est/pages/goproweb0047>

The **employment rate** of older people in Estonia is relatively high – the employment rate of older men was 59.4% in 2007 (EU average is 53.9%) and the employment rate of older women was 60.5% (EU average is 36%),<sup>48</sup> which already exceeds the target of 50% established by the Lisbon Strategy. According to Statistics Estonia data from 2007, unemployment rate was 5.1% among men aged 50-74 and 1.8% among women in the same age group. The following Figure 11 illustrates the changes in employment rate of older people in the period 2000-2007 in comparison to the EU average.

Figure 11. Employment rate of older people, 2000-2007, %



Sources: Eurostat, Statistics Estonia

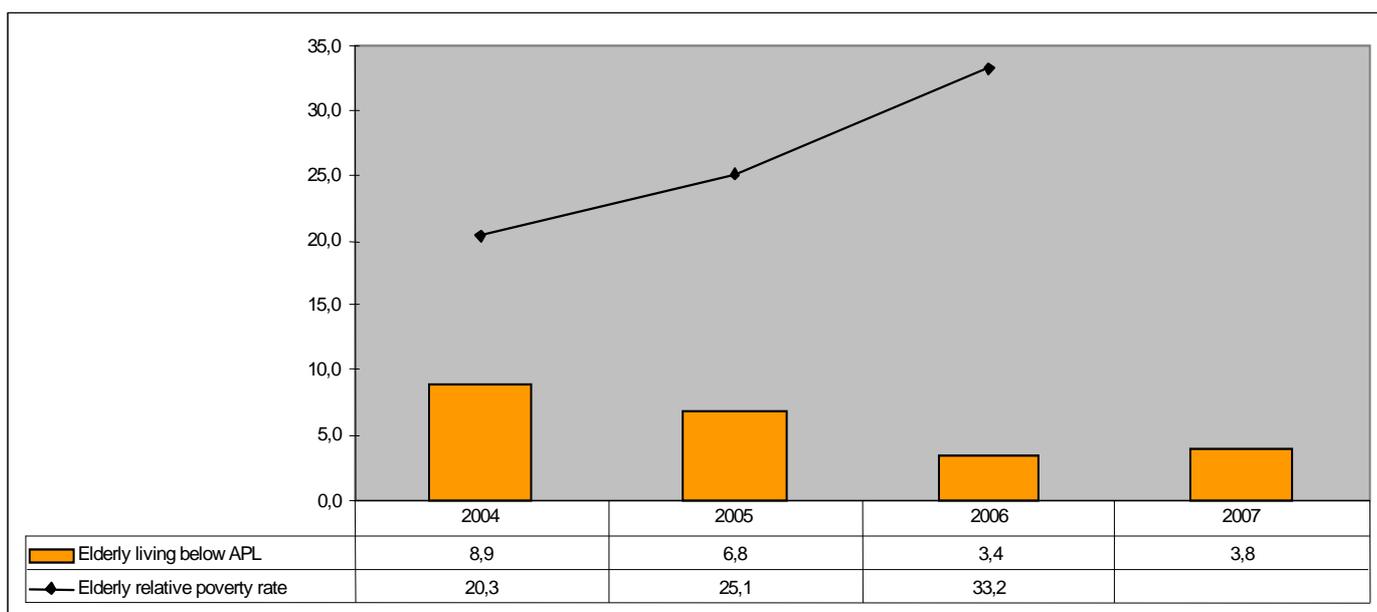
In a situation of increasing labour shortage and ageing of population, more attention should be paid to **motivating participation in the labour market** by older people who would be willing and able to work. Current studies and data indicate that older people experience several obstacles in the labour market (e.g., lower level of education, lower salaries, poorer health, prejudices of employers, lack of part-time work opportunities), which affect their competitiveness, endurance in and return to the labour market. **Long-term unemployment** is a problem for older unemployed persons: 38% of job seekers in age group 50-74 find a job in six months while 66.7% seek a job for more than two years. In addition, employment of the older people has segregated – a part of them have been excluded from the labour market even before retirement age while others continue working even after the retirement age.

Despite Estonia's high employment rate of older people, the **relative poverty rate** of the older people is high as well<sup>49</sup>. While the relative poverty rate of elderly men was 20.7% in 2006, it was nearly twice as high (39.4%) in case of women. Single people over 65 years are at the highest risk of poverty; their relative poverty rate in 2006 was 69.0%. Consequently, the poverty risk in elderly people has an age dimension. The high relative poverty rate among women is caused, on the one hand, by longer life expectancy of the women, which increases the percentage of women in this age group, but, on the other hand, the high level of this indicator is also related to younger retirement age of women (currently 60 years) and more frequent leaving of work after the retirement age. Men reach the retirement age at 63 years but tend to continue working beyond that age more frequently than women, receiving additional income from salaries in addition to pension. According to the state pension register, 31.7% of men and 26.2% of women in the age group 63-70 were employed in April 2007. The following Figure 12 provides an overview of the percentages of elderly people living under the absolute and relative poverty lines.

Figure 12. Percentages of elderly people living under the absolute and relative poverty lines, 2004-2007, %

<sup>48</sup> Source: Eurostat

<sup>49</sup> The rate indicates the percentage of persons whose equivalent income is below the relative poverty line. The relative poverty line in 2005 was EEK 2,846 per month (EEK 34,153 per year).



Source: Statistics Estonia

Welfare of elderly people in Estonia mainly depends on state pension. The average calculated old-age pension in the beginning of 2008 amounted to 3,763 EEK, which represents an increase by EEK 634 or 20.3% since 2006. In case of persons of 65 years or over, other social transfers besides pensions do not have any significant effect on reducing the relative poverty rate. The relative poverty rate of women before social transfers in 2006 was 42.1% and it was reduced only by 2.7 percentage points after the transfers. The relative poverty rate of men before social transfers in the same period was 22.8% and the transfers reduced it by 2.1 percentage points.

General ageing of population and increase in average life expectancy have **increased the need for social services**. For example, elderly people are the main users of domestic services – in 2007, domestic service was provided to 6,400 persons and 82% of them were aged 65 years or older. 1,950 persons of retirement age used a housing service at the end of 2007, which constituted 33% of all users of this service (5,900 persons in total). The services of day care centres or recreational activities were used in 2007 by 54,200 persons and nearly three quarters of them were elderly. The need for various appliances increases with age. 29,000 persons who received appliances in 2007 were of retirement age, which constituted 68% of all recipients of appliances<sup>50</sup>.

Welfare and coping of the elderly is frequently affected by household type and ownership status of the dwelling. According to Statistics Estonia data from 2007, 85.2% of persons over 65 years owned their residence. It means that these people only need to pay for the housing maintenance costs. Approximately 71,000 persons over 65 years lived with a person of similar age, but more than 91,000 persons lived alone. The net income per person was nearly 1.2 times higher for people over 65 years living together compared to people living alone. People over 65 years living together receive twice as high income from paid job compared to the elderly who live alone.

The Estonian **housing fund** has not been built or adapted to be accessible to and usable by the elderly. At the same time, the local governments are unable to offer sufficient opportunities for adaptation of housing. According to an assessment by the local governments, nearly 1,000 dwellings would need to be adapted for the elderly.

According to Estonian law, the primary responsibility for the care for the elderly lies with the family. The local governments provide various **social services**. Only if the family is unable to care for the elderly and the services provided by the local government are insufficient are elderly persons referred to a care home.

<sup>50</sup> Source: Ministry of Social Affairs

The percentage of elderly people living in care homes is low. 4,970 persons were provided adult care service in social welfare institutions at the end of 2007 (excluding persons with special mental needs) and 80 % of them were aged over 65 years and two thirds were women. While 1.7% of all persons over 65 years lived in care institutions in 2003, the percentage was 1.72 in 2007.<sup>51</sup>

Reducing the care burden on persons caring for the elderly and disabled persons who need care and supporting their employment requires development of an efficient **integrated care and nursing care system**. The current network of care institutions in Estonia is irregular and all people do not have similar levels of access to the care services. Staff turnover among care workers is very high, because the workers often lack motivation and have no special training. The current financing system in the care for the elderly is not sustainable – it is unfair and unequal, because the levels of customer and family contributions for care and nursing care services can be very variable.

### Existing measures

The priority in the Estonian policy for the elderly is to create opportunities for supporting independent coping and active ageing of elderly people. The Estonian policy for the elderly is based on the international principle of Society for All. People of different ages should have an opportunity to participate in social life irrespective of their age. That preference tends to be given to young people is noticeable in Estonia in all spheres of life and this could create a feeling of exclusion among the older generations. The responsibility for creating equal opportunities for all generations based on solidarity needs further development.

The welfare system includes various **social services** to ensure better coping of the elderly and support their independent life. Pursuant to the Social Welfare Act, the elderly are provided the rehabilitation services, domestic services, housing services, technical appliances, care services in day centres (incl. recreational activities, training, organisation of events, participation in self-help groups) and, as a last resort, 24-hour care in social welfare institutions. The local governments have additionally the right to establish other social services for the elderly (e.g., transportation service, personal assistance service, support person service, catering service, laundry service, etc.) according to their resources and requirements. The social services are provided according to the principle of case management.

An **Elderly Policy Committee** has been established at the Ministry of Social Affairs to include elderly people in the development of the policies that concern them. The tasks of the Elderly Policy Committee include advising the ministry in the issues of the elderly, making proposals to the ministry for adopting decisions and measures at the national level to improve the situation of the elderly, intermediating between the government and the organisations that represent the interests of the elderly, presenting international experiences in improving the situation of the elderly, organising workshops, conferences, information days, etc. The Committee publishes a monthly newsletter "Elukaar" (*Lifespın*). The interests of pensioners are represented by the Estonian Association of Pensioners' Societies.

### New measures

Securing sufficient income in the old age is as important as creating comprehensive opportunities for active living – work, self-education, hobbies, recreation, participation in cultural and social life. Dealing with the problem of population ageing and its impact on labour force requires increased implementation of integrated strategies.

1. Increasing employment opportunities for the elderly through the ESF programmes "Increasing the supply of qualified labour 2007-2013", "Improving the quality of working life 2007-2008" and "Welfare measures to support employment 2007-2009". Period 2008-2013. Cost EEK 32.3m; additional specification of the expenditures on welfare services annually in the state budget.

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<sup>51</sup> Source: Ministry of Social Affairs

Various active labour market measures – counselling (incl. career counselling), specialist training, work practice, work exercises, adaptation of work premises and equipment, psychological counselling on working life and social rehabilitation – will be implemented to support the endurance of the elderly<sup>52</sup> in the labour market and to reduce unemployment. Employed old-age pensioners will have access to personal assistance service after entry into force of the new Social Welfare Act. A survey on factors affecting employment rate of the elderly and their family members will be conducted to collect additional information on the coping of the elderly as well as the opportunities and needs of employment.

Employers tend to have several prejudices in connection with older people. A survey on employer attitudes will be conducted in order to acquire an overview of the attitudes and practices of employers in employing people with lower competitive abilities (incl. the elderly) and in organising their working life.

Information materials will be distributed to raise the awareness of flexible forms of work among social partners. Attention will be paid to increasing the awareness of social partners of the opportunities of labour market participation of elderly people. Respective information materials will be developed and distributed for that purpose and information days will be organised for employers.

2. Supporting longer independent life at home through the new Social Welfare Act, "Estonian Housing Development Plan 2008-2013" and "Elderly Policy Implementation Plan 2007-2009". Period: 2008-2013. Cost: specified in the annual state budget.

Implementation of the new Social Welfare Act will expand the range of welfare services for the elderly. The Act will introduce home care services, support person services, personal assistance services for employed old-age pensioners and care services (incl. 24-hour and day care in social welfare institutions and long-term nursing care). The principles of providing rehabilitation services and technical appliances will be elaborated as well. A methodology of preventive home visits will be developed and/or adapted for Estonia's needs and support for informal care will be continued to ensure early detection of problems.

The Estonian housing fund has not been built or adapted for the needs of the elderly. In order to adapt the housing to the needs of the elderly, adaptation of dwellings will be supported and guidelines on adaptation of dwelling for the elderly will be developed for apartment associations and local governments. The current situation will be analysed and, based on the analyses, proposals will be made to the Government of the Republic for improving the housing conditions of the elderly in order to raise the quality of housing and living conditions for the elderly residents.

Architects, engineers and designers will be provided training on universal design and the needs of the elderly to create an accessible environment. Respective lecture courses will be added to the curricula. The awareness of the local governments on accessible (adapted) public transport and transportation services will be raised. Web-based services and accessibility of ICT resources will be developed to reduce the digital divide, i.e., to improve accessibility and use of the web environment. The annual e-Inclusion project competition will support distribution of information on e-Inclusion, raising the level of information literacy and internet use, increasing the opportunities for e-learning, expanding the range and accessibility of public e-services, using ICT resources to increase employment rate, developing participatory democracy through IT solutions, and promoting information society at the regional and local level to prevent and reduce regional poverty and exclusion.

3. Developing a network of care institutions for the elderly, raising the qualification of the staff in the care institutions for the elderly and developing a sustainable financing system for the elderly care system through the European Social Fund programme "Welfare measures to support employment 2007-2009". Period: 2007-2009. Cost: EEK 5.2m.

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<sup>52</sup> Registered unemployed persons in age group 50-74, unregistered unemployed persons, elderly people at risk of unemployment, persons approaching retirement and pensioners who wish to work.

County-level workshops will be organised and counselling will be provided to local governments to establish a shared vision of the potential locations of the welfare institutions in the county in order to create an optimal Estonia-wide network of care and nursing care services. A model for long-term planning of social welfare measures, resources and jobs in the area of social services will be developed to create an knowledge-based foundation for identification of the need for social services and regional needs for general and special welfare services. A manual on the care for the elderly will be prepared and training will be provided to the users of the manual in order to raise the qualification of the staff in elderly care institutions. In addition, training on working with dementia patients will be provided to care assistance workers and staff of the care homes and activity instructors of people with special needs will be educated. Expert workshops will be organised, different financing models will be analysed and a description of the future financing system will be prepared to develop financial sustainability of the elderly care system.

The following indicators and target levels will be used to evaluate the efficiency of existing and additional measures:

INDICATOR	Current level (2007)	Predicted level (2010)
Employment rate of older people	59.5 %	63.5 %
Health-related restrictions to daily activities among persons of 65 years or older	35.1 % report restrictions to their daily activities due to health reasons	33 % of the population over 65 years do not report any restrictions to their daily activities due to health reasons
Percentage of persons over 65 years on 24-hour care services among the total population of the same age	1.72 %	1.8 %
Percentage of elderly people living under the absolute poverty line	3.8 %	3.7 %
At-risk-of-poverty rate of persons over 65 years	33.2 % (2006)	35 %
Percentage of households with retired members who have received subsistence benefits among all households with retired members	2.0 %	1.7 %

### 2.3. Better governance

The purpose of inclusion is to improve the quality and social legitimacy of decisions by increasing the involvement of the non-governmental, private and public sectors in the preparation and adoption of decisions. An administrative agency, citizens' association or representative organisation that creates a document should involve stakeholders from all sectors in the decision-making process. This ensures that the developed strategic document is balanced and based on public interest.

The Government of the Republic of Estonia believes that inclusion of the public in decision-making should be open, transparent and flexible. The objective of the good inclusion practice is to harmonise the principles of inclusion of the public and stakeholders in the decision-making by public sector agencies and citizens' associations. Balanced inclusion of interest is increasingly becoming a natural part of policy development and decision-making that helps to prevent subsequent implementation problems. Inclusion works best when the stakeholders are satisfied with the actual level of inclusion – those who do not wish to take active part receive information and are consulted occasionally while those who want to participate actively can do so. The national report on social protection and inclusion is based on the understanding that non-governmental organisations and non-profit associations are the fastest route to the target group of the report.

Preparation of the national report on social protection and inclusion 2008-2010 was based on the principle of the Good Engagement Practices adopted by the Government of the Republic<sup>53</sup>. The good engagement

<sup>53</sup> Good Engagement Practices is available on the website of the Government of the Republic [www.valitsus.ee](http://www.valitsus.ee)

practice is a partnership and cooperation document, which includes recommendatory principles that place great importance on the clarity of goals, openness of relationships and dedication to goals. The good engagement practice is a basis for citizens' associations and government institutions to develop specific inclusion guidelines for themselves and to find answers to questions that arise in the practice of inclusion.

Preparation of the national report on social protection and inclusion was coordinated by the Social Work and Social Inclusion Unit of the Social Welfare Department of the Ministry of Social Affairs. As was the case with the previous national report on social protection and inclusion 2006-2008, several work groups and expert panels were established to create this report. A number of workshops and roundtables were organised. The following sections provide a more detailed description.

At the first stage of drafting the national report on social protection and inclusion, the Ministry of Social Affairs organised internal expert workshops. For example, debate on child poverty was based on the analysis of child poverty in EU Member States<sup>54</sup> prepared in 2007 by the Social Protection Committee. The new topics of debate included addition of actions on the social protection and inclusion of disabled and elderly persons in the national report.

Following on from the proposals developed in expert discussions, a workshop on "Priorities of Social Inclusion" was organised in June 2008 for the representatives of the public sector, local governments and non-governmental sector. Presentations at the workshop presented the proposals developed in previous discussions and participants were encouraged in work and discussion groups to raise the topics, problems and challenges that they deem important and to make additional proposals.

The proposals received at the June workshop were used by the Ministry of Social Affairs to prepare a working draft of the national report on social protection and inclusion 2008-2010, which was presented to the steering committee in August 2008. In order to ensure continuity in the preparation of the reports on social protection and inclusion, the steering committee of the previous report was involved on the drafting of the new report. From the government side, the steering committee included representatives of the Ministry of Social Affairs, Ministry of Education and Research, Ministry of Economic Affairs and Communications, Office of the Minister for Population and Ethnic Affairs and the Ministry of the Interior. The third sector was represented in the steering committee through major non-profit associations (e.g., Union for Child Welfare, Estonian Chamber of Disabled People, Association of Estonian Cities, and Confederation of Estonian Trade Unions) and Estonian representatives of European umbrella organisations for social protection and inclusion (e.g., Caritas, Estonian Association of Pensioners' Societies, Tallinn City Government).

The members of the steering committee had the opportunity to make additional proposals for improving the texts of the national report on social protection and inclusion 2008-2010 both during and after steering committee discussions. After these proposals were added, the draft of the national report on social protection and inclusion 2008-2010 was sent to the participants in the steering committee discussions for endorsement. After endorsement by the members of the steering committee, the national report was submitted to the Government of the Republic for approval.

Systematic and coordinated alleviation of poverty and exclusion is a very high priority for Estonia. For that purpose, preparations for a detailed action plan for the national report on social protection and inclusion 2008-2010 will be started in October 2008. Implementation of the national report on social protection and inclusion will be also supported by the internal procedures of the Ministry of Social Affairs that require regular reporting on the progress of implementation of strategic documents.

Thematic roundtables and workshops will continue to ensure better monitoring of the implementation of new and additional measures presented in the social inclusion part of the report. The representatives of the government, local governments and non-governmental sector will be involved in the roundtables and

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<sup>54</sup> „Child Poverty and Well-Being in the EU. Current status and way forward”, available at [http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/child\\_poverty\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/child_poverty_en.pdf)

workshops. The third sector organisations that participated in the preparation of this national report as well as new organisations will be invited to participate in the roundtables and workshops. The members of roundtables will be responsible for monitoring the drafting of strategies and development plans in their respective fields to achieve integration of the social inclusion policy in relevant policy areas and at all government levels (national, regional and local).

The report on social protection and inclusion consolidates the objectives and planned actions from the strategic documents of different fields. Therefore, the Ministry of Social Affairs will monitor and evaluate the implementation of the report. All ministries will be responsible for monitoring and evaluation of their respective action plans. In addition, every field will be responsible for the involvement of stakeholders.

The materials on social protection and inclusion (such as action plan, studies, reports, indicators) as well as current information on events, workshops, etc., will be published on the social inclusion website of the Ministry of Social Affairs at [www.sm.ee/kaasatus](http://www.sm.ee/kaasatus).

### 3. PENSIONS

When compared to the strategy described in the National Report on Pension Strategies (put forward in 2005) there have not been significant changes in the Estonian pension system. A brief summary of Estonian strategy for pension system, description of passed amendments in legislation and outline of main intended changes in coming years are provided below.

#### 3.1. Brief description of the Estonian pension system

In order to provide better pensionable age and increase financial sustainability of pension system, a pension reform was carried out in Estonia during 1999-2002, resulting in three-pillar pension system comprising of:

- 1) state pension insurance;
- 2) mandatory funded pension;
- 3) supplementary funded pension.

Multi-pillar pension system is based on the prerequisite that the income at pensionable age should be drawn from several different sources with different legal, organizational and funding principles. The current legal principles of state pension insurance took effect in 1999-2000 when granting of pension rights was tied to the amount of social tax paid for the person. Mandatory funded pension was introduced in 2002. Options for supplementary funded pension were created in 1998.

Reform has brought about new opportunities for increasing income of the retired people, by enhancing the interest and responsibility of people with regard to formation of their future pension. The rules for granting pension rights and financing have become clearer.

Compared to earlier, pension was more closely connected with working and remuneration-related payments in order to motivate people to participate in financing the pension system. However, closer relationship between pension, work and remuneration involves a risk that people with lower income or short professional career may not have sufficient income to ensure decent subsistence at pensionable age.

Measures for increasing employment rate and extending working life are also important for ensuring the adequacy and sustainability of the pension system. Pension reform prescribed an increase in the pensionable age and gradual equalisation of the pensionable age of men and women (63 years) by 2016. About half of the retiring persons retire before common pensionable age by using the right of early-retirement pension, special pension and pensions under favourable conditions.

According to the Action Plan for Estonian Economic Growth and Employment 2008-2011 (draft)<sup>55</sup>, state pension insurance, being a part of the central government contributions, has been in deficit over the previous years (except for 2007) and the deficit remains for the period of 2008-2011. In order to strengthen the financial position of pension insurance it was decided to transfer EEK 1.8 billion from the 2005 surplus as well as EEK 2.0 billion from the 2006 budget into the pension insurance reserve. In spite of the rather large pension insurance reserves, the financial sustainability of Estonian pension insurance system is weak, according to the 2008 requirements.

According to the estimate of the Ministry of Finance, current reserves will run dry already in 2011 and additional state budget funds will have to be found for the reimbursement of pensions. Likewise, the positive effect of the second pillar of pension insurance on the balance of pension insurance will not come

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<sup>55</sup>Action Plan for Estonian Economic Growth and Employment 2008-2011 (draft) is available on the website of State Chancellery [www.riigikantselei.ee](http://www.riigikantselei.ee)

about until after decades, which is why, in the meantime, pension insurance's additional need for funds may amount to tens of billions of kroons.

Generally, the financial incentives for working at retirement age are good in Estonia, as upon this occasion the person shall keep the entire pension prescribed to him. As a result, Estonia's indicators of the employment of older people are higher than the EU average.

### **3.2. Main changes in the state pension insurance system**

As of 01.04.2008, the annual indexation of pensions was tied even more to the accrual of social tax. Until then, current regulation stipulated that the index was to be based on 50% of the annual increase in consumer price index and 50% of the annual increase in the accrual of the portion of social tax that is related to pension insurance. Pursuant to the new regulation, the rate of pension increase will be more equal to that of the accrual of social tax, as 20% of the value of the index relies on the annual increase in consumer price index and 80% on the annual increase in the accrual of the portion of social tax that is related to pension insurance. The change increases pensions' adequacy without jeopardizing the sustainability of the system.

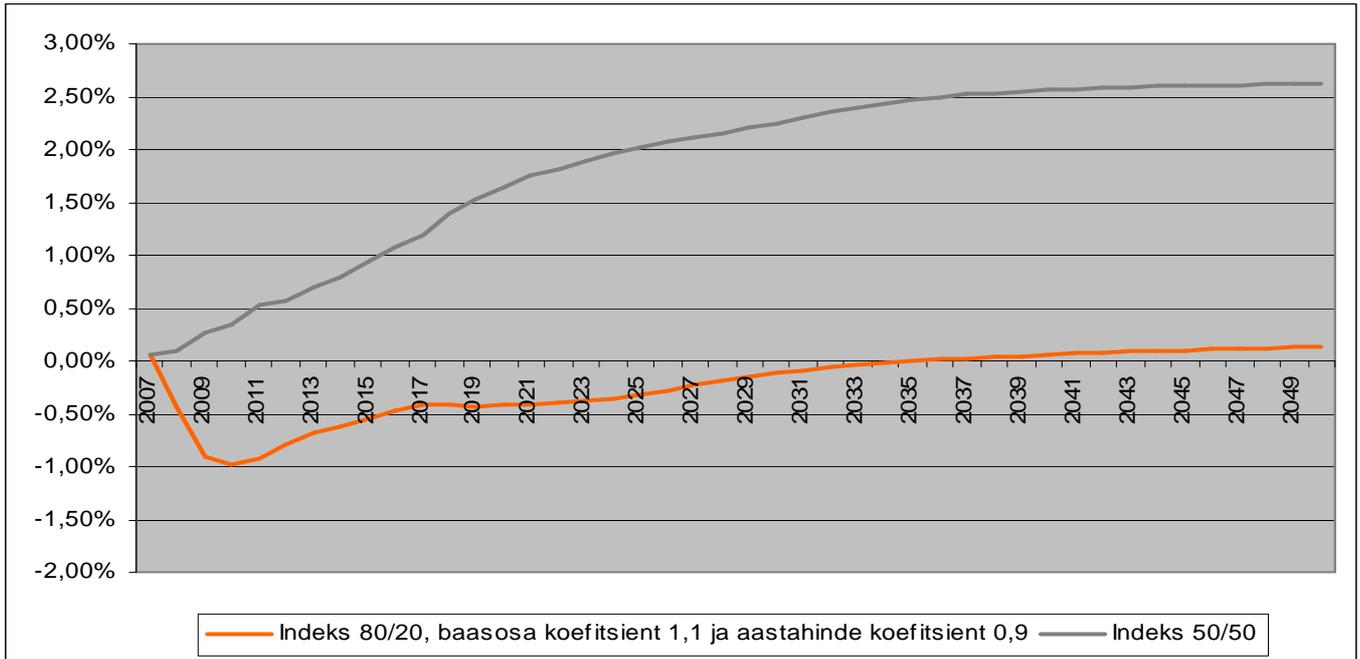
In addition to adequacy and sustainability, the state pension system must also adhere to the principles of solidarity. In this case, solidarity within generations, i.e. between pensioners, is the most important. Up to now, the Estonian pension system has experienced a relatively extensive intra-generational redistribution. The rather small differentiation of state pensions is mainly due to two circumstances: base amount of the equal pension rate and the fact that until 1999, pension rights were accounted only on the basis of the length of pension qualifying period. As of 1999, pension rights are accounted only on the basis of the amount of social tax paid and that increases the diffusion of pensions, resulting in the bigger differentiation of the values of new old-age pensions granted over the last few years. The amounts of state pensions shall reflect, more than ever, the differences in previous wages. This means that the role of pension as deferred wages will increase and the role of intra-generational redistribution will decrease. In addition to state old-age pension, the Estonian pension system also includes mandatory funded pension (as of 2002) and supplementary (or voluntary) funded pension (as of 1998). Decrease in solidarity in the Estonian pension system is inevitable if the current policy continues – instead of years of pensionable service, insurance coefficients are calculated, and mandatory funded pension as well as supplementary funded pension has been added.

The portion demonstrating solidarity in the three-pillar pension system is only the base amount. As of 01.04.2008, the solidarity of state pension was increased by increasing the proportion of pension's base amount. Pension's base amount is increased with the index and in addition to that, the growth amount shall be multiplied by the coefficient 1.1. The value of a year of pensionable service is increased with the index and in addition to that, the growth amount shall be multiplied by the coefficient 0.9. Over the years, the use of additional coefficients will increase the proportion of the pension's base amount.

According to the mentioned change, in an average state old-age pension the proportion of base amount shall reach approximately 55-60% by 2050. If mandatory funded pension is added, the base amount shall form ca 30-35% of the pension.

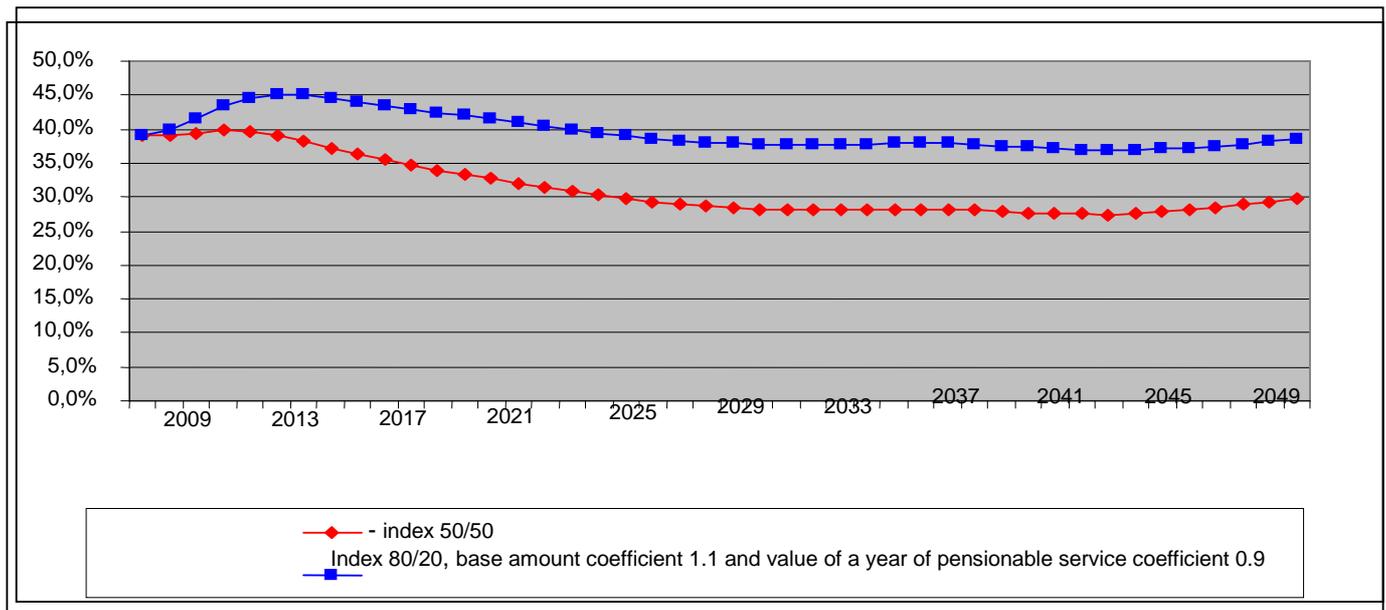
The figures 13 and 14 below describe the estimate of the balance of the budget of state pension insurance for the period of 2007-2050 and the estimate of pensions' average replacement rates for the period of 2007-2050 in the case of index used before April 2008, currently used index and additional coefficients.

Figure 13. Estimate of the balance of the budget of state pension insurance for 2007-2050 (% of GDP)



Source: Ministry of Finance

Figure 14. Estimate of average replacement rate for 2007-2050



Source: Ministry of Finance

A requirement stipulated in the State Pension Insurance Act was implemented in 2008, according to which the Government of the Republic must, once in five years, carry out an analysis of the current effect of the bases for calculating state pensions on the financial and social sustainability of pension insurance system, and if necessary, submit to the Parliament a proposal recommending a change in the calculation methods of state pension index as well as in the index's adjustment requirements.

Definition of the calculation methods and adjustment requirements of the new index is based on extremely long-term estimates. The conclusive force of such estimates and prerequisites used for it significantly worsens with time. The actual situation may not respond to the estimates and there may be other changes that substantially affect the situation. Thus, an opportunity has been provided for changing the calculation methods of the state pension index and its adjustment requirements (e.g. adjusting coefficients). Changes

are justified only if there is reason to doubt that if the old rules remain in effect, the pension system will not be financially (impact on state budget) and/or socially (impact on the adequacy of pension level) sustainable. In the interest of the stability of the pension system it is important that such analyses and revisions would not be carried out more often than once in every five years.

### **3.3. Main changes in the funded pension system**

The Funded Pensions Act was passed by the Parliament on September 12, 2001. The first round of switching to the Pillar II scheme started on May 3, 2002. Six fund management companies received licenses to manage Pillar II pension funds and 15 funds were registered (6 conservative, 3 balanced and 6 growth funds). According to law, every fund management company (FMC) has to manage a fund that is limited to investment in fixed income instruments (a conservative fund). In addition they can operate funds which invest up to 25% (balanced fund) or up to 50% to equity (growth fund). 50 % is the maximum limit of equity investment allowed by law. Growth funds have proven to be the most popular type of fund among second pillar members.

The Pillar II regulatory framework has remained basically the same. Some changes introduced since 2002 are described below. In 2004, the new Funded Pensions Act was passed. It was mainly renewed because new Investment Funds Act was passed and the contents of both these laws were restructured. The new law made following main changes in Pillar II rules:

- Initially it was possible to join with Pillar II on a voluntary basis until 2022. Due to very high switching activity in the beginning, the decision was made to shorten this date to 2010. So, after 2010 it will no longer be possible for persons born before 1983 to join Pillar II .
- Self-employed persons can contribute to the Pillar II. Initially there was no possibility for this.
- Contributions to Pillar II pillar are also made from parental benefits (paid until 1.5 years after birth of a child). The contribution rate in this case is 1 percent.

Regulations restricting investment of pension funds in venture capital funds and real estate funds were eased starting from the beginning of 2007. Investment limits for real estate and real estate funds were increased from 10 to 40 percent and for venture capital funds from 30 to 50 percent. This change was institute to encourage the activity of these types of funds in Estonia and to encourage longer-term investment behaviour of management companies. Currently only about 0.3 percent of Pillar II pension fund assets are invested in real estate.

#### *3.3.1. Possible amendments in future*

During 2008 it is planned to amend and correct the regulatory framework for Pillar II pillar. Topics under discussion are mainly related to the payment phase, investment restrictions of pension funds, and fee structures.

The biggest challenge is completing the regulatory framework for the payment phase, which will start from 2009. Basic features of the payment phase were stipulated in law already in 2001. According to the existing law the main payment modality is a compulsory lifetime annuity. Insurers are allowed to offer only base (insurance) products for policy holders. Joint products are also allowed but they have to meet the requirements of the base product. A guaranteed period may be stipulated so that the beneficiary or beneficiaries specified in a contract are entitled to payments made pursuant to the contract if the insured dies during the guaranteed period.

With respect to the accumulation phase and investment regulations, the proposals to increase the equity investment limit (form 50 to 75 percent or higher) and to remove some other restrictions are under discussion. For voluntary pension funds (Pillar III) the equity limit is already 100 percent. The main reason

for considering an increase in the equity limit is equities' higher long-term rate of return. Current statistics (although short-term) indicate that all pension funds with highest return are equity-based pension funds. Around three quarters of investors prefer such funds

Another ongoing debate concerns the structure of pension fund fees. Currently there are three types of fees – entry, exit and management fees. It is very difficult to compare which funds have the lowest fees. To improve transparency, the proposal under consideration is to keep only exit and management fees. In certain cases (such as when an investor is close to retirement) the exit fee could be removed, as well. Additionally, pension funds must use regressive management fees depending on the volume of assets. Investors should get then the advantage of scale effect of the pension fund like fund managers.

## 4. HEALTH AND LONG TERM CARE

### 4.1. The main tasks, priority objectives and expected results

Population health has significant impact on the people's ability to cope in everyday life, on their social and economic contribution to building up the country and to the success of the country in general. Therefore, health is the important national resource which is worth to be developed persistently and systematically. At the same time, the right to the protection of health is a part of every person's fundamental rights and all people must be ensured the prerequisites for attaining the best possible state of health - every person in Estonia must have an opportunity to live in a health-supportive environment and make healthy choices.

The development plan for public health approved by the Government in July 2008 sets out the strategic objectives to preserve and enhance continuously the health status of population. Among the priorities of the plan are increasing the population growth rate, raising the average life expectancy and healthy life expectancy, these trends are the basis of all goals and recommended activities set out in the development plan for public health.

Estonia's recent years' developments in public health and in the country as a whole have been positive – the economy has grown, decrease in the number of population has slowed down, the birth rate has risen and the lifespan of the population has lengthened, to mention some important indicators. It is remarkable that such health indicator as average lifetime of population has been growing faster in Estonia than the respective indicator in the European Union and the Estonian public health system is estimated as one of the most cost-effective in Europe.

However, new challenges arise to promote current developments in parallel with alleviation of the existing problems. The issues concerning health behaviour choices, social protection, better integration between divisions of the health care system and health supportive environment are gaining ever increasing importance.

The solutions for upcoming problems can proceed only from common values as solidarity between people, equal opportunities and rights, access to the high-quality health care service and empowerment of the civic society. Sharing the common values with the other members of the European Union, several pan-European activities shall support the aspirations of Estonia in achieving the objectives related to public health.

**The overall objective** of „The public health development plan for the 2009-2020 period” **is raising the average life expectancy and primarily healthy life expectancy:** to increase the number of years of healthy life to 60 years for men and 65 years for women by the year 2020 (in 2004 the same indicator was accordingly 49.41 and 55.25 years), and to increase the average life expectancy to 75 years for men and 84 years for women (in 2006 the same indicator was accordingly 67.36 and 78.45 years). Sub-targets have been set out separately for years 2012 and 2016:

Indicator	Basic level 2006	Year 2012	Year 2016	Target level 2020
Life expectancy at birth - men. <i>Source: Statistics Estonia</i>	67.36	71	73	75
Life expectancy at birth - women. <i>Source: Statistics Estonia</i>	78.45	80	82,5	84
Healthy ( <b>without health-related activity limitations</b> ) life expectancy at birth - men. <i>Source: Eurostat</i>	49.41 (2004)	54.5	57,5	60
Healthy ( <b>without health-related activity limitations</b> ) life expectancy at birth - women. <i>Source: Eurostat</i>	55.25 (2004)	60	62,5	65

The strategic objectives to reach the target are provided to develop the following areas: social inclusion and equal opportunities, children's healthy and secure development, health supportive environment, healthy lifestyle and health care system.

General goal in the area of the long-term care is **defined as supporting dignified ageing through the stronger integration of the health care and social services**. The principle is to provide assistance in accordance with the person's needs and to support as long as possible his/her coping in habitual environment (at home) and increasing the effectivity of care, including purposeful utilising of the expensive welfare services.

## 4.2. The health and long term care

### 4.2.1. Summary of the activities in 2006-2008 and answers to the estimates provided in the Joint Report

As of the beginning of 2007 Estonian population was 1.34 million. The year before it was still characterised by the decrease of the number of population as the number of deaths surpassed the number of births in spite of ongoing increase of the number of births and decrease of deaths. Considering the continuation of current trends the increase of population number may be expected after the year 2013, however, due to low birth rate during past 15 years, the trend may be of short-term nature or occur even in more distant future.

Average estimated life expectancy at birth in Estonia was 73.2 years in 2006 and in case of continuation of the positive trends of the past five years, we will reach the average level of the EU during 10 to 20 years. However, it is possible to speed up reaching the above mentioned average level first of all through the reducing inequality between diverse population groups – so the gap between the average life expectancy of men and women was 11 years in 2006 and it has retained approximately the same level since the year 1996. During the same period the gender related difference in lifetime has decreased in the European Union and at today it is nearly two times lower compared to Estonia.

In addition to the gender related difference in average estimated life expectancy there are also other factors causing the difference, the level of education among them. For example, women with higher education can expect to live 13 years longer than a man with the basic education.

The efficiency and cost-effectiveness of the Estonian health care system are good. In addition to the national statistics, this fact is referred also by the international surveys like Euro Health Consumer Index (*Euro Health Consumer Index, EHCI*), according to which Estonia was among the best in the European Union in 2007 regarding the ratio of cost to health benefit.

The increasing cost-effectiveness of the health care system throughout the years reflects in the increasing share of outpatient care and ongoing development of the family physician system, which have supported also the efficiency of the in-patient treatment. The indicator of increasing efficiency of the health care

system as a whole is the rapid fall of infant mortality rate to the average level of the EU, while in the year 1995 the difference was nearly double.

Long time surveys carried out in cooperation between the Health Insurance Fund and the Ministry of Social Affairs show the positive trend in development of patient-friendliness in the health care system, throughout the years the availability of health care services and the patients' content with the received services has remained on the same level or, moreover, increased, against the background of ever increasing social expectations. The share of respondents who assessed the availability of medical care as „good” or „rather good” was 52% in 2003 and 60% in 2007. The quality of received medical care was assessed „good” or „rather good” by 56% of respondents in 2003 and accordingly 69% in 2007.

However, constant urbanization, ageing population and other concurring factors may in the future bring along problems with the availability of health services especially in thinly populated rural areas and among economically less provided population.

Mortality rate of the young people is in general low in Estonia as well as serious chronic diseases are rather exceptional among young people. Nevertheless, the health behaviour choices of young people significantly affect their later health status, therefore we have to recognise that health behaviour of young people has remarkably deteriorated from mid 1990s.

Constantly is growing the share of young people who smoke, consume alcoholic beverages and use illicit drugs and the level of injury is still high among young people – the injuries are to great extent preventable, thus in 2006 it would have been possible to save the life of 92 child and young people while applying proper total preventive measures. The same time, the cumulative effect of insufficient physical activity, unbalanced diet and body weight, combined with previously mentioned poor health behaviour habits will most likely result in several health problems while reaching adulthood. The changes in the health behaviour of adult population follows the patterns of teenagers and at the present moment the main problems are increasing smoking, excessive consumption of alcohol, overweight or obesity. However, decreasing trends were detected in health hazardous behaviour, for example the fall in number of deaths caused by accidents and suicide incidents. The exception to the before said is the number of victims in traffic accidents, in this sphere no persistent decrease has been achieved during recent years.

Promoting better health behaviour habits is now probably the best possibility to enhance the health status of the population of Estonia and in this context the personal contribution of every citizen is important.

Increasing spread of chronic illnesses comes along with ageing of population and according to a recent study 87% of respondents face limits in their everyday life due to ill-health. In 2006, slightly more than half of total population assessed their health status as good or rather good, while only approximately one third of population recognised to lead the healthy lifestyle.

Cardiovascular diseases represent the main cause of high disease burden, while in arising of these diseases every person's health behaviour plays great role (diet, alcohol consumption, smoking and physical activity). Specific to Estonia in comparison to the West European countries and the Nordic countries is occurrence of these diseases at an early age and consequently high mortality rate among relatively young people. The same tendencies can be detected also in the other groups of diseases which is proved by fact that more than half of the total burden of disease among the population in Estonia takes place in people of productive/working age (aged 20 – 64 years).

Concerning health loss, malignant tumours come second after cardiovascular diseases. Based on contemporary knowledge about reasons and prevention of malignant tumours, approximately 40% of new cancer incidents are preventable. To reach such results, the great role of health behaviour choices must be again emphasised, particularly in connection between increasing cancer morbidity and ageing population.

Proceeding from the aforementioned, the complex measures are applied in the framework of heart and cancer strategy, which priority action lines are following:

- shaping health supportive social standards and values in the Estonian society
- more active engagement of private sector (incl. media) and non-governmental organisations in creating the favourable environment which promotes healthy choices
- creating health supportive environment for children and young people through increasing the impact of protective factors

Compared to the previously mentioned two groups of diseases, the share of injuries has downward tendency, still injuries form the third important group of disease in the total burden of disease. This is illustrated by the rate of injury mortality in comparison with the average of the EU – the number of preventable injury death in Estonia exceeds it more than four times, while the share of injured people is unproportionally high among children, young people and working-age population.

Among the groups of diseases which have been receded into the background until today, there are emerging now mental health problems, psychiatric disorders and infectious diseases, the latter mainly due to the increasing number of new HIV incidents and new incidents of tuberculosis. Especially rapid loss of health is connected with HI virus, by the middle of the year 2007 more than 6,000 infection incidents were registered. Similarly to the other main groups of diseases, the general risk behaviour of a person plays important role in relation with mental health condition and possible HIV-infection, for instance, there is strong connection between alcohol consumption and depression and suicides as well as between drug use, unsecured sexual intercourse and the spread of HIV.

Step-by-step the improvement in the availability of services, addressed mainly to the elderly, can be seen in the domain of nursing care (long term nursing care) and long-term care – the number of care beds has increased both in the health care and welfare systems, the share of home nursing care and number of home visits of nursing specialists has also grown. The estimated necessary number of long-term beds (30 beds per 10,000 inhabitants aged 65 and more) in year 2006 was covered to extent of 88% in total. As before, more attention must be attached to the quality of services and assessment of needs in providing services. Possibilities to integrate two different systems are still the subject to discussions, as well as devising new funding models to ensure the sustainability of long-term integrated care and equal availability of the services.

#### 4.2.2. Access to adequate health and long term care

*Ensure access for all to adequate health care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed.*

Estonian population is almost entirely (to the extent of 96%) covered with health insurance, which compensates for their health care expenses. Insured persons are charged for fee only in case of some services (see above). In addition to that family physicians may charge a fee for home visit (up to 50 EEK), medical specialists may receive visit fee (up to 50 EEK) and hospitals bed-day fee (up to 25 EEK per day for the first 10 hospitalisation days), which however, in consideration of service prices and average income cannot be considered as an obstacle in using health care services.

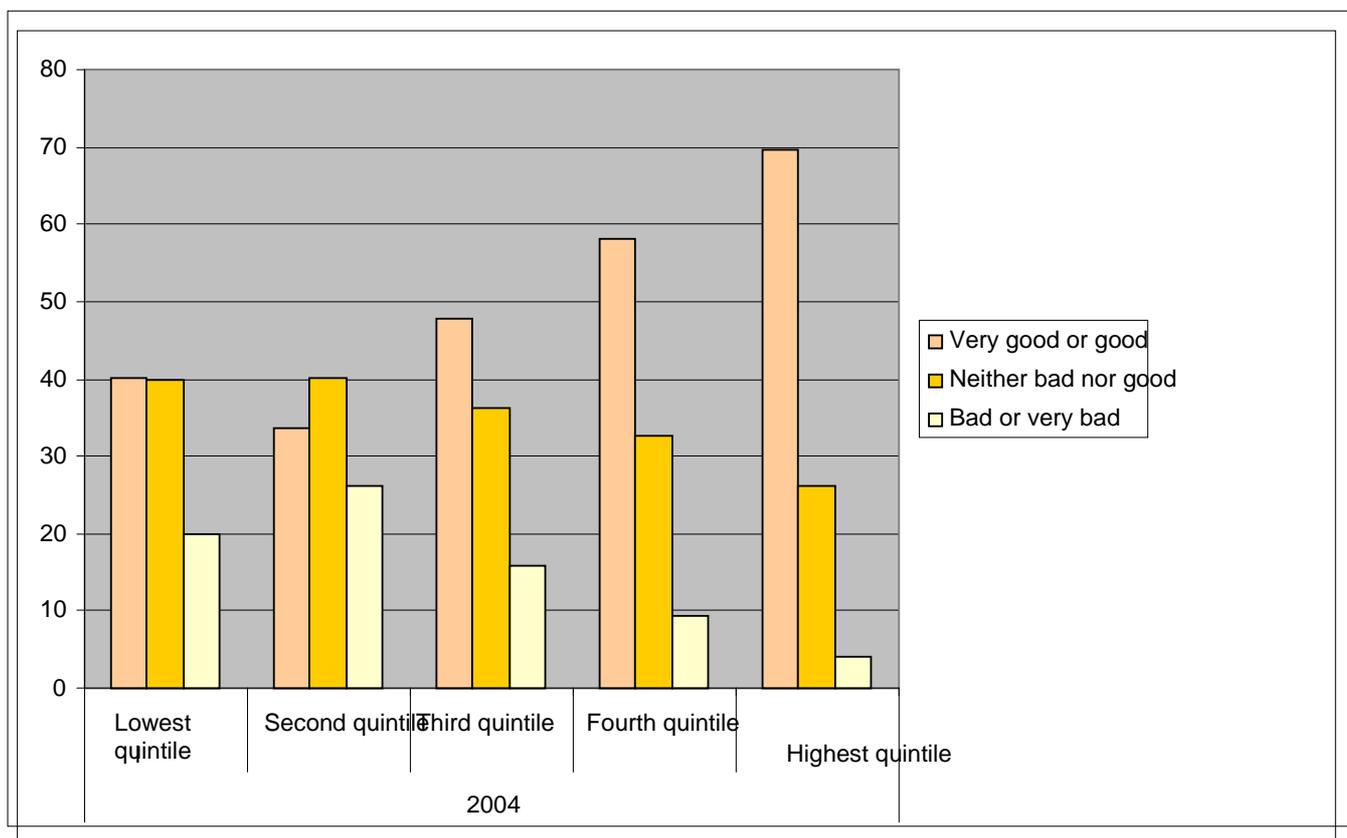
Although, as a rule, the insured persons have no obstacles in receiving general and specialised medical care, including hospitalization, people with higher income still tend to have better access to the health care services than those with lower income. Studies have revealed that there is a difference in the structure of health care expenditure by the richest and the poorest residents. While the poorest households spend mostly on medicines, the richest households can afford to use dental care (fee-charging service) and other paid services.

Another problem with insured persons is the temporal availability of certain special medical care services (both ambulatory and in-patient services)<sup>56</sup>. At the same time the temporal availability of family physician is good: 99.8% of the persons in need are able to make an appointment with the family physician within prescribed three days, all patients suffering from acute disease are received already on the first day.

As a rule, uninsured persons are entitled to receive emergency medical care at family physician or medical specialist or at hospital. Uninsured person must pay for the rest of health services. One main reason for lack of insurance cover is long-term unemployment, therefore most of uninsured persons cannot afford paid medical care.

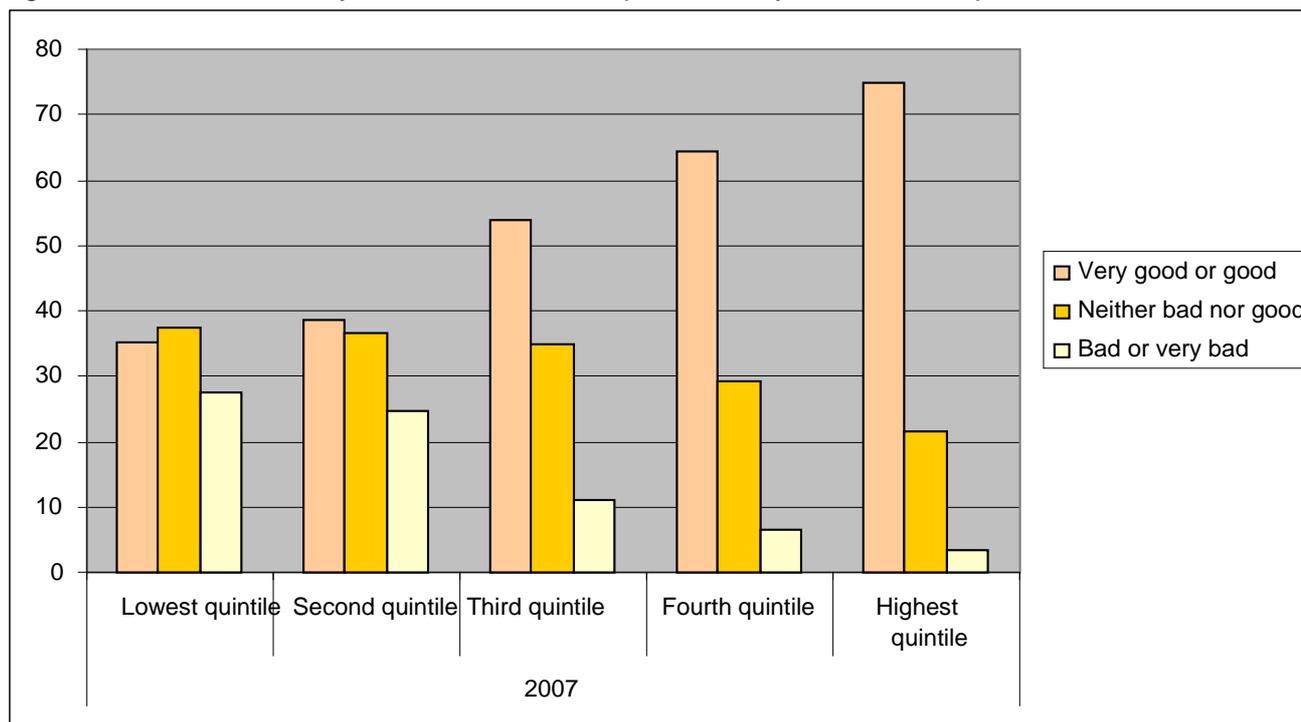
The health status disparity between the different socioeconomic groups is pictured by the regular surveys on people's self-assessment their health, the results are presented by the people's income quintiles. According to this survey the share of respondents who assessed their health status as bad or very bad was significantly bigger in the two lowest income quintiles. Whereas the share of them has increased – in the year 2004 it was 19.9% of respondents belonging to the lowest quintile, the respective number in the year 2007 was 27.4%. The share of persons belonging to the same quintile and assessing their health status as good or very good was 40.2% in 2004 and the respective number in the year 2007 was 35.2%. The comparative data are provided in the figures 15 and 16 below.

Figure 15. Health of 16 years old and older persons – year, income quintile and health status, 2007, 2004.



<sup>56</sup> Maximum waiting list period for specialised medical care is four weeks, but sometimes the service providers cannot ensure that.

Figure 16. Health of 16 years old and older persons – year, income quintile and health status, 2007



### Priorities in Estonia:

#### 1. Increased availability of medical care

Ongoing efforts are made to shorten and arrange the waiting lists in specialised medical care. For that purpose each year additional means are allocated to finance the services with the longest waiting lists. Active treatment hospitals provide the Health Insurance Fund with information on the length of waiting list on a regular basis and this information is published on the webpage of EHIF. In order to ensure that people with urgent need for medical care are treated in time, central treatment waiting lists have been established for some services (e.g. cardio-surgical operations, endoprosthetics of major joints, inner ear implants), where the position of the patient in the list is based on fixed protocol. This, in turn, helps to prevent potential complications and resulting need for additional support. In total, the maximum lengths of central treatment waiting lists for specialised medical care have been reduced in the amount of one year in 2007 and 2008 compared to year 2006.

In order to improve availability of primary health care family physician counselling phone was opened in 2005. Advisory line is free of charge (when calling from fixed telephony) and works 24 hours a day. A patient can consult with a specialist with the qualification of family nurse or family physician concerning the steps to be taken in case of simple disturbances, instructions for first aid and information on the organisation of health care. The popularity of counselling phone in 2006 and 2007 demonstrates rather extensive need for such type of service. The survey on the patients' assessment on health care shows that number of persons aware of family physician counselling phone has risen from 10% in 2006 to 17% in the year 2007.

Family physician and specialised ambulatory medical care is provided as close as possible to the patient's place of residence, thus avoiding transportation costs for reaching medical specialist, as such costs are not affordable for risk groups.

#### 2. Providing uninsured persons with general and specialised medical care

As uninsured population mostly belongs to the lowest income quintiles, more attention must be paid in order to ensure better availability to health care services of the certain group.

In 2007 the conceptual document on improving the availability of medical care for uninsured population was worked out in cooperation with local governments and at the beginning of 2008 it was submitted for consideration to the Government of the Republic. According to the concept the goal of the first stage is to ensure for everybody the equal availability of primary health care. The state still covers the emergency special medical care costs, planned special medical care costs may be financed by the local governments, but there is no direct obligation to do that.

In the interest of financial sustainability of health insurance system it is still recommended to avoid further increase of the share of people equal to the insured (already about 50% of residents covered with health insurance are insured on the principle of solidarity – i.e. no contributions are made for them). Considering that 2/3 of uninsured persons are long-term unemployed, the first step implemented in 2007 was granting health insurance to all **unemployed persons participating in active labour market measures**. At present providing medical care for the rest of uninsured population is carried out in cooperation with local governments. Pursuant to the law all uninsured persons belong to the list of family physicians and the funding of the services provided to them by family physicians is carried out by the local governments in diverse ways. Thus, in most cases uninsured persons are entitled to receive primary health care, although today our laws do not provide direct obligation of the local governments to do that. In case of uninsured persons state still covers the emergency hospitalization costs.

### 3. Ensuring the sustainability of health care system

Among other things, aging population means that on the one hand there is an increase in the number of insured people at pensionable age, for whom no contributions are made, on the other hand the share of persons at the working age and subject to social tax decreases. Extra burden on the health insurance budget comes from significantly higher treatment costs of the elderly. At the same time (due to introduction of new technologies and staff costs) there is an increase in the price of health care services and social expectations with regard to the selection and level of health services.

In view of the aforesaid it is intended to apply supplementary measures for ensuring the long-term sustainability of health insurance and thereby the entire health care system. The preparation of the plan for supplementary measures was commenced in 2005. Measures involve control and optimization of health insurance cost (incl. continued application of cost-based prices and DRG-s) and increase of health insurance tax base (incl. gradual increase of the minimum social tax rate to the same level with minimum wages and extension of the list of persons subject to social tax).

An important role in ensuring long-term sustainability of health insurance is promotion of healthy lifestyle and improved public health, which reduces the number of people needing medical care services (for details see 4.2.3).

#### 4.2.3. Quality of health and long term care services

*Enhance the quality of health care services and adjust services according to the changing needs and preferences of society and individuals. For that purpose it is necessary to establish quality standards that take into consideration the best international practices, and strengthen the responsibilities of health care professionals and patients.*

In the light of demographic tendencies, changes in morbidity and mortality and technological development, it is necessary to reorganise the provision of health services so that it would meet people's actual needs and would ensure efficient use of resources.

Estonian health care system is still too hospital-centred. Although the number of hospitals and beds has decreased year-by-year, the active treatment hospital network still exceeds actual need and the maintenance of its inefficient and depreciated infrastructure is rather costly. The number of beds for active treatment exceeds that target set in the Development Plan for Hospital Network for 2015 (3200 beds) by half. In order to continue optimisation of hospital network, it is necessary ensure fully functional first stage care and the availability of quality nursing care and rehabilitation care that would ensure required services for patient who discontinues active treatment and are crucial when considering the needs of aging population and increasing spread of chronic illnesses.

As for rehabilitation services another problem beside insufficient availability concerns application of modern evidentiary methods that requires continuous attention, and also the lack of certain specialists (physiotherapists, activity therapists).

Most acute problem related to nursing care concerns insufficient availability caused by financing, particularly in terms of domestic services (domestic nursing care). Beside availability, recently greater emphasis has been put on the need for improvement of the quality of the nursing care services.

#### Priorities in Estonia:

1. Extension of the selection of primary (incl. disease prevention) health services

The development plan for primary health services was drafted to more purposeful development of primary health services. The essence of the renewed concept is supplementing current primary health services, including services of family physician, by other (such as nursing care) services. It also sets out required staff training and creation of cooperation networks between various service providers. Cooperation networks shall comprise family physician, domestic nursing care specialist, obstetric care specialist, physiotherapist, mental health nurse and other service providers depending on the region either as a single centre or as physically separated, but logically co-functioning structures. Main objective is to facilitate the access to primary health services as close to person's home as possible.

2. Enhancement of quality nursing and rehabilitation services for patients leaving active treatment, but also for older and chronically ill people

The opportunities for rehabilitation in hospitals comply with the need set out in the professional development plan (approximately 400 paid beds), but beside that it is necessary to develop the network, quite modest at present, of ambulatory rehabilitation services, which according to the new development plan comprises a part of primary health care. For improving the quality of rehabilitation, the professional development plan (from 2004) provides that rehabilitation should be active and provided by multidisciplinary teams consisting of trained specialists. Experts have prepared modern treatment guidelines for rehabilitation of disease conditions significant in terms of the size of target group – apoplexy and cardiologic diseases, guidelines for rehabilitation of arthritic patients are under way.

In order to improve the availability of nursing care services the development plan for nursing care network and the conception of integrated long-term care are being implemented, which aims at covering the need by 2015 and designs activities necessary to accomplish its goal. For enhanced quality of services the guidelines for in-patient and ambulatory nursing care services have been prepared by the geriatric experts. The financier (Estonian Health Insurance Fund) also monitors compliance with existing treatment guidelines and following the treatment guidelines is considered while choosing partners. Estonian Health Insurance Fund motivates the preparation of modern treatment guidelines by professional associations and is financing the process.

Similar to the active treatment service providers the provision of rehabilitation and nursing care services requires activity licence, which is issued by the Health Care Board after establishing the compliance of facilities, equipment and staff. Thus the activity licence ensures conditions for providing quality services.

Estonian Health Insurance Fund in cooperation with professional experts carry out diverse quality audits in order to monitor the compliance with treatment guidelines and in 2007 the respective substantial audit was carried out in nursing hospitals. The legislative drafts which at present are under coordination process with target groups and stakeholders have been worked out to standardise long-term integrated care and nursing care services.

### 3. Utilisation of IT solutions

The objective is to use IT development for strengthening the cooperation between service providers and integrated provision of services. This also helps to reduce infrastructure maintenance costs, alleviate lack of labour force and improve the availability and quality of services also in rarely settled rural areas. Application of IT solutions also allows to improve the quality and availability of data necessary for planning and monitoring. Currently there are several insufficiencies in collection of data required for planning evidentiary intervention.

For complex implementation of IT solutions in health care eHealth project has been launched in Estonia, final aim of which being creation of all Estonian-wide digital documentation system by the end of 2008. Development of eHealth services comprises development of infrastructure (computerization, IT-solutions, security systems), standardisation (application of international classifiers, medical standards, integration of treatment guidelines into information systems) and provision of personal data protection and security (security requirements, system of rights, supplementation of judicial area). Digital case history will provide necessary information concerning person's health (history of diseases, currently used medicines, allergies, etc.) at any time, thus helping to prevent hazardous interactions and allergic reactions and provides the doctor with additional information for accurate diagnosis, etc.

### 4. Inclusion, selection and notification of a patient

Patients are free to select both family physician and the person providing specialised medical care. Since 2006 the Estonian Health Insurance Fund introduces more flexible contract system, which allows the insured person to address any person providing specialised medical care in the region.

The task of patient inclusion and notification is fulfilled by the information line of Estonian Health Insurance Fund and web information concerning the waiting list for specialised medical care in hospitals. In several larger health care institutions it is possible to use electronic system to make the appointment with medical specialist.

During recent years patient associations have been included in preparation of important national strategies (e.g. HIV Strategy) and in the composition of national committees (e.g. committee on medicinal products distributed at a discount, expert committee on the quality of health care, etc.). The most active patient association – Representative Association of Estonian Patients (EPE) – is an active and functional non-profit association, the activities of which are focused on helping people with health problems and protection of their rights. The objective of EPE is to protect the interests of patients and disabled people in arranging social and health care system, execute patients' rights in case of practical problems and distribute information concerning the rights of people consuming social and health care services. State has provided the activities of EPE with financial support from the budget of the Ministry of Social Affairs for counselling psychiatric patients.

Good example of enhanced notification of patients is the family physician counselling line 1220 launched in 2005, which provides consultations in Estonian and in Russian. A patient can consult with a family physician or a specialist with the qualification of family nurse concerning the steps to be taken in case of simple disturbances, receive instructions for first aid and information on the organisation of health care.

#### 4.2.4. Constant sustainability of health and long term care services

*Ensure constant sustainability and availability of adequate and high-quality health services. This requires promotion of healthy and active lifestyle, good human resource and rational use of resources, motivation for service providers and users, enhancement of good governance and close cooperation between systems and institutions.*

##### Disease prevention and health promotion

One important priority of Estonian state – improvement of public state of health – requires both need-based, fair and efficient health care system and well-functioning public health system, which allows to carry out activities oriented towards efficient disease prevention and health promotion.

#### 1. Promotion of healthy choices and lifestyle

Central issues involve the increase of public mobile activity, improved eating habits, reduction in consumption of addictive substances (e.g. tobacco, alcohol, drugs), better availability of health care services aimed at disease prevention and improvement of physical and psychosocial environment facilitating health. In order to create an environment facilitating health, it is necessary to increase the health awareness and value health on individual, organisational and national level, develop skills necessary for making healthy choices and health supportive decisions, strengthen the cooperation between public, private and third sector. Appropriate development plans for achieving described objectives shall be implemented within the framework of Heart Strategy.

Considering that the basis for healthy behaviour is established in childhood, particular attention should be paid to health-supporting environment in schools and preschool childcare institutions. Legislative amendments arising from the strategy for school health care were developed in 2006.

#### 2. Control of communicable diseases

State continues activities for controlling the spread of HIV-epidemics and tuberculosis by implementing relevant strategies. In order to achieve constant decrease in HIV infection preventive activities are carried out among various target groups, HIV testing and counselling services, preventive, treatment and nursing services for people infected with HIV and AIDS are developed. In order to ensure the efficiency of activities it is necessary to provide constant surveillance, monitoring and evaluation, and development of human and organisational resource. Considering the epidemics started in 2001 the treatment needs for HIV/AIDS and related costs is predicted to boost in near future. At the same time it is necessary to ensure sustainable financing of HIV prevention for controlling the spread of epidemics.

As a result of implementing national programme for eradication of tuberculosis Estonia has achieved downward tendency in first outbreak of tuberculosis. To maintain the downward tendency of outbreak of tuberculosis and to cope with predicted double epidemics of tuberculosis and HIV/AIDS it is necessary to continue systematic prevention and control of tuberculosis, coordinated and financed by state.

National immunisation against major infectious agents is continued in order to prevent diseases that can be prevented by vaccination.

#### 3. Human resources, motivation

The quality of health services is closely related to the qualification of health care professionals. In cooperation with professional associations a voluntary re-registration system is being developed in order to motivate the health care professionals to increase their competence and express it via re-registration.

Main task of the Estonian Health Insurance Fund is to be an active purchaser of health services. However, financing may have an impact on both the availability and quality of health services.

In order to strengthen work on the primary level and increase quality motivation system for family physicians is being implemented for monitoring chronically ill people and conducting preventive actions. Family physicians shall collect bonus points by carrying out listed activities (vaccinations and prophylactic examinations of children, mammography, gynaeco-cytological examination, cholesterol and glucose levels in blood of risk groups), these bonus points are converted into additional remuneration. The system was introduced in the beginning of 2006, first results can be obtained in 2007.

Already since 2005, for improved control of costs on specialised medical care, Estonian Health Insurance Fund applied cost-based prices established in cooperation with service providers and professional experts. Since 2004 the payment for in-patient services is partially based on DRG-based (*Diagnose Related Groups*) prices, which constituted 50% of the total service price in 2006. The DRG system is applied in order to optimise the costs of specialised medical care. Estonian Health Insurance Fund and hospitals in cooperation with WHO have started to create a system of quality indicators for measuring the quality of hospital services.

The sustainability and availability of health care system is also closely related to sufficient human resources. Based on the data of 2003 the number of doctors in Estonia (315 per 100 000 people) is comparable to EU Member States (the average of „old“ EU states being 360 and the average of „new“ EU states 278). The number of nurses in Estonia is 651 per 100 000 people, which is lower than in „old“ EU states, but is slightly more than the average of „new“ EU states. At the same time a lack of health care professionals is observed all across European Union. After Estonian accession to EU the migration of health care professionals has become a problem. Annual subscription for educating health care professionals is based on relevant tendencies in the labour market.

#### 4. Ensuring the sustainability of the health care system

Among other things, aging population means that on the one hand there is an increase in the number of insured people at pensionable age, for whom no contributions are made, on the other hand the share of persons at the working age and subject to social tax decreases. Extra burden on the health insurance budget comes from significantly higher treatment costs of the elderly. At the same time (due to introduction of new technologies and staff costs) there is an increase in the price of health care services and social expectations with regard to the selection and level of health services.

In view of the aforesaid it is intended to apply supplementary measures for ensuring the long-term sustainability of health insurance and the entire health care system. The preparation of the plan for supplementary measures was commenced in 2005. Measures involve control and optimization of health insurance cost (incl. continued application of cost-based prices and DRG-s) and increase of health insurance tax base (incl. gradual increase of the minimum social tax rate to the same level with minimum wages in 2009 and the extension of the list of persons subject to social tax is under consideration).

In 2005, for improved control of costs on specialised medical care, Estonian Health Insurance Fund applied cost-based prices established in cooperation with service providers and professional experts. Since 2004 the payment for in-patient services is partially based on DRG-based (*Diagnose Related Groups*) prices, which constituted 50% of the total service price in 2006. The DRG system is applied in order to optimise the costs of specialised medical care. Estonian Health Insurance Fund and hospitals in cooperation with WHO have started to create a system of quality indicators for measuring the quality of hospital services.

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health care professionals has become a problem. Annual subscription for educating health care professionals is based on relevant tendencies in the labour market.

#### 5. Good governance, coordination, cooperation

For more efficient application of public interest through hospital councils and in order to increase the competence of council members a training programme for hospital council members was started in 2006 in cooperation with WHO.

Problems have also occurred in the coordination the long-term care of elderly people, in this area the different service providers in different systems are in business and also the funding mechanism is different. The excessive separation of health and nursing care services has deteriorated the availability of health and nursing care services for the elderly receiving daily nursing care. To solve the situation the Strategy for Integrated Services for the Elderly has been developed in cooperation between nursing and health specialists, by implementing the strategy there will be centres providing both nursing and medical care services thus providing the services necessary for elderly in a more smooth manner. In cooperation with representatives of the regions the developments plans will be drafted for each county in order to ensure coordinated development of this area.

Until now health and nursing care services have been separated, which has deteriorated the availability of health and nursing care services for the elderly receiving daily nursing care. To solve the situation the Strategy for Integrated Services for the Elderly has been developed in cooperation between nursing and health specialists, by implementing the strategy there will be centres providing both nursing and medical care services thus providing the services necessary for elderly in a more smooth manner.

## ANNEX 1 INDICATORS

**Table 1. At-risk-of-poverty, 2000-2007**

<i>in kroons</i>	2000	2001	2002	2003	2004	2005	2006	2007*
1-person household	17 880	18 905	20 768	23 236	24 073	27 981	34 153	41 756
2 adults + 2 dependent children	37 548	39 701	43 613	48 796	50 554	58 760	71 720	87 688
<i>in euros</i>	2000	2001	2002	2003	2004	2005	2006	2007*
1-person household	1143	1208	1327	1485	1539	1788	2183	2669
2 adults + 2 dependent children	2 400	2 537	2 787	3 119	3 231	3 755	4 584	5 604

Source: Eurostat, Statistics Estonia

Note: Presented data express the publishing year of the data, the data is collected in a period of previous year.

\* Year 2007 is representing the data by Statistics Estonia. The data is collected and published under year 2006.

**Table 2. At-risk-of-poverty rate by age and sex, %, 2000-2007**

		2000	2001	2002	2003	2004	2005	2006	2007*
total	total	18	18	18	18	20	18	18	20
	men	17	17	17	17	19	17	16	17
	women	19	19	19	20	21	19	20	22
0-17 years	total	...	...	...	...	20	18	20	17**
	men	...	...	...	...	23	21	20	17**
	women	...	...	...	...	23	22	21	17**
18-64 years	total	...	...	...	...	19	17	16	17**
	men	...	...	...	...	20	17	15	16**
	women	...	...	...	...	19	17	17	17**
65 years and older	total	16	18	16	17	20	20	25	33
	men	8	9	7	7	13	10	14	21
	women	21	23	21	22	24	26	31	39

Source: Eurostat, Statistics Estonia

Note: Presented data express the publishing year of the data; the data is collected in a period of previous year.

\* Year 2007 is representing the data by Statistics Estonia. The data is collected and published under year 2006.

\*\* The data presented by Statistics Estonia presents the information in age groups 0-15 and 16-64.

... The data is not available or it is not reliable for publishing.

**Table 3. At-risk-of-poverty rate by most frequent activity status and sex, %, 2000-2007**

		2000	2001	2002	2003	2004	2005	2006
Employed								
wage employee	total	9	9,1	8,7	9,1	5,4	5,7	6,3
	men	7,7	8,1	7,7	8,4	4,3	4,0	4,3
	women	10,1	10,0	9,7	9,7	6,5	7,3	8,2
self-employed	total	...	...	...	...	31,1	31,1	28,2
	men	...	...	...	...	30,4	28,1	27,2
	women	...	...	...	...	32,6	37,1	30,5
Economically inactive								
unemployed	total	49,5	46,9	48,4	49,0	60,0	59,5	61,7
	men	49,0	50,0	49,8	49,4	61,4	64,8	64,4
	women	50,0	43,4	46,8	48,6	57,5	51,8	56,0
retired	total	18,1	21,0	20,6	19,4	22,8	28,7	37,1
	men	14,3	15,7	15,2	14,5	10,8	17,4	25,2
	women	20,0	23,7	23,4	22,2	28,0	33,7	42,3
other economically inactive	total	27,9	27,0	28,3	30,9	29,2	28,8	30,3
	men	27,3	29,1	30,0	30,2	31,6	31,0	35,0
	women	28,3	25,7	27,2	31,4	27,6	27,3	27,2

Source: Statistics Estonia

Note: Change in data source in 2004 should be taken into account when comparing data for 2000-2003 with the following years.

The year shows the income year.

... The data is not available or it is not reliable for publishing.

**Table 4. At-risk-of-poverty rate by household type, %, 2000-2006**

		2000	2001	2002	2003	2004	2005	2006
All households without dependent children								
1-person household	total	30,1	33,3	34,9	33,2	33,3	42,5	49,4
	men	31,7	32,5	35,2	29,4	32,5	37	41,6
	women	29,3	33,6	34,8	34,8	33,6	45,4	53,5
single person aged under 65		29,4	32,0	36,5	31,7	32,5	34,1	33,1
single person aged 65 and over		31,0	34,9	32,7	35,0	40,9	52,8	69

couple aged 65 and less without children	11,8	13,6	14,6	13,4	14,8	14,0	14,4	
couple without children, at least one partner is aged over 64	9,0	10,2	6,9	9,3	10,6	7,6	10,9	
other household without children	13,5	11,5	13,1	10,7	7,8	7,0	7,5	
<b>All households with dependent children</b>								
Adult and child(ren)	37,2	29,2	35,2	32,8	39,8	40,8	44,4	
Couple with	1 child	13,0	15,6	12,7	14,9	13,2	13,5	11,5
	2 children	16,4	15,1	15,2	18,1	12,3	12,0	11,9
	3 or more children	22,9	20,8	20,0	24,4	25,1	23,5	21,4
Other household with children	19,3	18,5	15,7	16,2	13,0	11,4	10,5	

Source: Statistics Estonia

Note: The year shows the income year.

**Table 5. At-risk-of-poverty by tenure status, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007*
owner or rent-free	17	17	17	18	19	18	18	19
tenant	27	29	26	23	41	34	30	27

Source: Eurostat, Statistics Estonia

\* Year 2007 is representing the data by Statistics Estonia. The data is collected and published under year 2006.

**Table 6. At-risk-of-poverty by work intensity of household, %, 2004-2007**

		2004	2005	2006	2007*
household without dependent children	minimum work intensity	50	57	58	62
	partial work intensity	14	12	14	16
	maximum work intensity	6	5	5	5
household with dependent children	minimum work intensity	77	81	87	86
	low, but not minimum work intensity	56	56	51	48
	high, but not maximum work intensity	18	15	16	15
	maximum work intensity	8	7	8	9

Source: Eurostat, Statistics Estonia

\* Year 2007 is representing the data by Statistics Estonia. The data is collected and published under year 2006.

**Table 7. At-risk-of-poverty anchored in time by age and sex, %, 2000-2006**

		2000	2001	2002	2003	2004	2005	2006
total	total	19,7	18,5	15,2	14,5	9,6	6,7	5,2
	men	18,5	17,7	14,7	14,8	10,2	6,9	5,4
	women	20,8	19,2	15,5	14,3	9,1	6,5	4,9
0-15 years		22,7	19,3	15,8	18,8	13,1	8,7	6,4
16 years and more	total	19	18,3	15	13,6	8,9	6,3	4,9
	men	17,5	17	14,3	13,7	9,4	6,3	5,3
	women	20,2	19,4	15,6	13,5	8,5	6,3	4,6
65 years and more		18,3	18,6	10,3	8,2	4,1	2,7	2,3

Source: Statistics Estonia

Note: The year shows the income year.

**Table 8. Quintile share ratio - S80/S20, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007*
	6,3	6,1	6,1	5,9	7,2	5,9	5,5	5,6

Source: Eurostat, Statistics Estonia

\* Year 2007 is representing the data by Statistics Estonia. The data is collected and published under year 2006.

**Table 9. Gini coefficient, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007*
	36	35	35	34	37	34	33	34

Source: Eurostat, Statistics Estonia

\* Year 2007 is representing the data by Statistics Estonia. The data is collected and published under year 2006.

**Table 10. At-risk-of-poverty rate before social transfers (excluding pensions) by age and sex, %, 2000-2006**

		2000	2001	2002	2003	2004	2005	2006
total	total	25,5	25,2	25,3	24,8	24,2	24,6	25,2
	men	24,5	24,5	24,8	23,2	23,2	23,0	22,7
	women	26,4	25,7	25,7	26,1	25,1	26,0	27,4
0-15 years		33,2	29,7	29,2	28,3	31,8	30,6	28,1
16-64 years	total	24,5	24,5	25,3	24,5	22,7	22,3	21,9
	men	24,3	24,6	25,6	24,3	20,7	21,9	21,2
	women	24,7	24,5	25,1	24,7	23,1	22,8	22,6
65 years and more	total	19,4	22,1	20,4	22,1	22,4	27,9	35,7
	men	9,8	12,0	10,3	11,3	11,2	15,9	22,8
	women	24,5	27,5	25,9	28,0	27,9	33,8	42,1

Source: Statistics Estonia

Note: The year shows the income year.

**Table 11. Dispersion around the at-risk-of-poverty threshold, 2000-2006**

	2000	2001	2002	2003	2004	2005	2006
40% of median equivalised income	6,4	6,7	6,9	6,5	7,1	5,8	6,2
50% of median equivalised income	11,8	11,2	11,1	11,2	11,3	10,8	11,1
70% of median equivalised income	26,8	26,3	25,9	26,1	26,2	26,3	27,1

Source: Statistics Estonia

Note: The year shows the income year.

**Table 12. Activity rate, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
total	70,2	70,0	69,3	70,1	70,0	70,1	72,4	72,9
men	75,6	74,9	74,6	75,0	74,4	73,6	75,8	77,5
women	65,3	65,5	64,4	65,7	66,0	66,9	69,3	68,7

Source: Eurostat

**Table 13. Employment rate, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
total	60,4	61,0	62,0	62,9	63,0	64,4	68,1	69,4
men	64,3	65,0	66,5	67,2	66,4	67,0	71,0	73,2
women	56,9	57,4	57,9	59,0	60,0	62,1	65,3	65,9

Source: Eurostat

**Table 14. Employment rate of older workers, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
total	46,3	48,5	51,6	52,3	52,4	56,1	58,5	60,0
men	55,9	56,7	58,4	58,9	56,4	59,3	57,5	59,4
women	39,0	42,1	46,5	47,3	49,4	53,7	59,2	60,5

Source: Eurostat

**Table 15. Unemployment rate, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
total	12,8	12,4	10,3	10,0	9,7	7,9	5,9	4,7
men	13,8	12,6	10,8	10,2	10,4	8,8	6,2	5,4
women	11,8	12,2	9,7	9,9	8,9	7,1	5,6	3,9
under 25 years	23,9	23,2	17,6	20,6	21,7	15,9	12,0	10,0
25 years and more	11,4	11,1	9,4	8,7	8,2	7,0	5,2	4,0

Source: Eurostat

**Table 16. Long term unemployment rate, %, 2000-2007**

	2003	2004	2005	2006	2007
total	4,6	5,0	4,2	2,8	2,3
men	4,8	5,6	4,2	3,1	2,9
women	4,4	4,4	4,2	2,6	1,7
under 25 years	6,7	7,3	5,4	2,4	3,0
25 years and more	4,3	4,8	4,1	2,9	2,2

Source: Eurostat

Note: The long term unemployment rate of under and over 25 years old is calculated by Ministry of Social Affairs.

**Table 17. In-work poverty risk, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	...	...	...	...	9	7	8	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 18. Dispersion in regional employment rate, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	Not applicable							

**Table 19. People living in jobless households by age and sex, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
0-17 years	8,6	11,2	10,1	9,0	9,6	9,1	8,2	7,3
18-59 years	total	9,6	11,0	10,8	10,9	9,5	8,5	6,0
	men	9,7	10,9	10,6	11,3	10,2	10,2	6,1
	women	9,6	11,1	10,9	10,5	8,7	7,0	5,8

Source: Eurostat

**Table 20. Population with low level of education by age and sex, %, 2004-2007**

		2004	2005	2006	2007
25-49 years	total	8,9	8,9	9,5	9,2
	men	11,0	10,7	12,0	12,0
	women	7,0	7,2	7,2	6,6
50-64 years	total	17,7	15,5	14,5	14,2
	men	19,3	17,4	16,5	15,3
	women	16,5	14,0	13,0	13,2
65 years and more	total	50	47,6	44,8	40,8
	men	45,5	42,6	41,1	36,6
	women	52,2	50,2	46,6	42,9

Source: Statistics Estonia

**Table 21. Early school leavers, not in education or training by sex, %, 2004-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
total	16,9	15,4	12,9	13,6	14	12,4	14,3	14,6
men	21,6	19,3	16,8	18	19,9	15,5	19,9	21,2
women	12,2	11,5	9	9	8	9,3	8,4	7,9

Source: Statistics Estonia

**Table 22. Low reading literacy performance of pupils, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	Not applicable							

**Table 23. Old age dependency ratio for 65 years and more, %, 2004-2050**

	2004	2005	2006	2007	2010	2020	2030	2040	2050
	23,9	24,3	24,5	25,1	25,0	29,2	34,4	39,0	47,2

Source: Eurostat

**Table 24. Median relative income of elderly people, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	...	...	...	0,76	1,35	1,37	1,44	...

Source: Eurostat

Note: the calculations are made by Ministry of Social Affairs  
 ... The data is not available or it is not reliable for publishing.

**Table 25. Theoretical pension replacement ratios, 2004-2007, 2010, 2030, 2050**

	2004	2005	2006	2007	2010	2030	2050
1 <sup>st</sup> pillar gross replacement rate	32,7	31,7	32,2	31,2	35,3	24,7	16,8
2 <sup>nd</sup> pillar* gross replacement rate	0	0	0	0	0,8	5,7	18,9
total gross replacement rate	32,7	31,7	32,2	31,2	36,1	30,5	35,7
total net replacement rate	41,1	39,8	40	38,8	42,9	36,4	43

Source: Ministry of Finance

\* Estonian second pillar is not an occupational scheme, but is a mandatory funded pension based on full pre-financing and covering the risk of old age.

**Table 26. Change in projected public pension expenditure, 2004-2007, 2010, 2030, 2050**

	2004	2005	2006	2007	2010	2030	2050
	6	6	6	6	6,1	4,1	3,6

Source: Ministry of Finance

**Table 27. Unemployment trap, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	...	48,2	50,4	50,0	50,4	64,0	64,0	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 28. Inactivity trap, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	Not applicable							

**Table 29. Low-wage trap, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
1 adult household	...	26	28,2	28,2	28,2	26	25	...
2 adults (one earner) + 2 dependant children	...	77,7	73,8	85,1	80,1	22	19	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 30. Net income of social assistance recipients as a % of the at-risk-of-poverty threshold by jobless household types, 2000-2007**

	2000	2001	2002	2003	2004	2005	2005	2007
	Not applicable							

**Table 31. Infant mortality rate, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
total	8,4	8,8	5,7	7	6,4	5,4	4,4	5
boys	9,5	10	7	8,4	6,6	5,7	5,7	5,2
girls	7,2	7,5	4,4	5,5	6,3	5,1	3,1	4,8

Source: Statistics Estonia

**Table 32. Life expectancy by sex, 2000-2006**

		2000	2001	2002	2003	2004	2005	2006
at birth	women	76,2	76,4	77,0	77,1	77,8	78,2	78,6
	men	65,5	64,9	65,3	66,1	66,4	67,3	67,4
at 45 years of age	women	33,6	33,7	34,0	34,1	34,6	35,0	35,1
	men	25,3	24,9	25,3	25,6	25,8	26,2	26,3
at 65 years of age	women	17,0	17,3	17,3	17,4	17,8	18,0	18,3
	men	12,8	12,7	12,8	12,7	13,0	13,1	13,2

Source: Eurostat

**Table 33. Healthy life expectancy by sex, 2000-2006**

		2000	2001	2002	2003	2004	2005	2006
at birth	women	...	...	...	...	52,5	52,2	...
	men	...	...	...	...	49,2	48	...
at 45 years of age	women	...	...	...	...	14,6	...	...
	men	...	...	...	...	13,4	...	...
at 65 years of age	women	...	...	...	...	4,4	3,4	...
	men	...	...	...	...	4,3	3,4	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 34. The proportion of population covered by health insurance, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	93,4	93,9	94,7	94,2	94,5	94,5	95,2	96,0

Source: EHI, Statistics Estonia

**Table 35. Self reported limitations of everyday activities by sex, %, 2004, 2006-2007**

	Very much restricted			To some extent restricted			Not at all restricted		
	2004	2006	2007	2004	2006	2007	2004	2006	2007
total	12,7	11,0	11,1	20,6	23,0	22,3	64,5	66,0	66,6
men	10,8	9,7	8,7	18,6	21,2	22,3	68,6	69,1	69,0
women	14,3	12,0	13,1	22,2	24,4	22,4	61,2	63,5	64,5

Source: Statistics Estonia

**Table 36. Self reported limitations of everyday activities by age, %, 2004, 2006-2007**

	Very much restricted			To some extent restricted			Not at all restricted		
	2004	2006	2007	2004	2006	2007	2004	2006	2007
16-24 years	2,7	1,8	1,6	9,2	8,6	7,9	86,5	89,6	90,5
25-34 years	3,8	2,9	1,5	12,7	10,3	9,7	81,1	86,8	88,8
35-44 years	5,6	3,2	3,0	14,8	18,0	15,1	77,9	78,8	81,9
45-54 years	9,2	6,8	6,9	23,0	24,0	25,4	66,2	69,3	67,7
55-64 years	15,1	13,7	14,1	32,7	34,6	35,7	49,7	51,7	50,2
65 years and more	36,5	33,8	35,1	31,6	41,5	39,6	28,5	24,7	25,3

Source: Statistics Estonia

**Table 37. Self reported limitations of everyday activities by income quintile, %, 2004, 2006-2007**

	Very much restricted			To some extent restricted			Not at all restricted		
	2004	2006	2007	2004	2006	2007	2004	2006	2007
the lowest quintile	18,0	21,0	21,5	22,9	28,7	29,8	56,4	50,3	48,7
the 2nd quintile	22,9	19,1	19,8	26,4	30,8	28,6	48,7	50,2	51,6
the 3rd quintile	12,7	7,8	7,7	20,9	22,9	21,8	63,2	69,2	70,5
the 4th quintile	7,2	4,8	3,9	17,8	20,0	18,5	73,3	75,2	77,6
the highest quintile	3,3	2,3	2,3	15,0	12,6	12,7	80,4	85,1	85,0

Source: Statistics Estonia

**Table 38. Accessibility of health care of persons aged 16 and older, %, 2004, 2006-2007**

	Family physician			Specialized doctor			Dentist		
	2004	2006	2007	2004	2006	2007	2004	2006	2007
did not get help or consultation	6,6	5,3	5,7	8,2	7,7	9,5	15,5	13,3	13,6
did not have a problem	93,2	94,7	94,3	91,6	92,3	90,5	84,3	86,7	86,4

Source: Statistics Estonia

**Table 39. Acute care beds per 100 000 inhabitants, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	556	520,3	451,2	440,4	426,7	382,2	393,8	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 40. Practicing physicians or doctors per 100 000 inhabitants, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	309,7	303,9	314,7	316,6	321,7	320,2	328,9	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 41. Practicing nursing and midwives staff per 100 000 inhabitants, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	631,2	625,3	640,3	650,1	642,2	656,4	654,7	...

Source: Statistics Estonia

... The data is not available or it is not reliable for publishing.

**Table 42. Self-perceived health by age and sex, %, 2004, 2007**

		Very good or good		Neither good nor bad		Bad or very bad	
		2004	2007	2004	2007	2004	2007
16 years and more	total	50,0	53,3	34,9	32,0	15,0	14,7
	men	53,8	55,4	33,7	32,2	12,4	12,4
	women	46,9	51,7	35,9	31,7	17,2	16,6
16-24 years	total	85,1	88,2	12,3	10,1	2,6	1,7
	men	82,8	87,0	13,9	10,9	..	2,1
	women	87,4	89,4	10,6	9,2	..	..
25-34 years	total	75,5	82,2	22,0	14,9	..	2,9
	men	74,2	78,6	23,1	17,4	..	4,0
	women	76,7	85,8	20,8	12,5	..	1,7
35-44 years	total	59,1	67,0	35,5	28,6	5,5	4,4
	men	57,8	62,9	35,4	32,6	6,8	4,5
	women	60,1	70,8	35,5	24,8	4,2	4,4
45-54 years	total	42,2	44,4	45,7	44,8	12,1	10,8
	men	44,8	43,3	43,3	46,2	11,9	10,5
	women	40,0	45,4	47,7	43,6	12,3	11,0
55-64 years	total	27,5	27,6	51,1	50,4	21,5	22,0
	men	29,5	26,8	48,0	51,6	22,5	21,6
	women	26,0	28,3	53,3	49,5	20,7	22,2
65 years and more	total	12,6	13,3	44,7	44,5	42,8	42,2
	men	16,9	14,8	47,0	45,4	22,5	39,8
	women	10,4	12,6	43,5	44,1	46,1	43,3

Source: Statistics Estonia  
 ..not applicable

**Table 43. Prevention measures: infant vaccination, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
diphtheria	96,0	99,0	99,0	99,0	98,0	99,0	98,0	98,0
tetanus	96,0	99,0	99,0	99,0	98,0	99,0	98,0	98,0
pertussis	96,0	99,0	99,0	99,0	98,0	99,0	98,0	98,0
poliomyelitis	93,0	94,0	94,0	95,0	95,0	96,0	95,0	95,0
hepatitis B	16,0	11,0	34,0	69,0	98,0	95,0	...	...
measles	93,0	95,0	95,0	95,0	96,0	96,0	96,0	96,0
mumps	...	94,7	...	95,2	...	...	...	...
rubella	...	94,7	95,0	95,2	95,5	...	...	...

Source: WHO Health

**Table 44. Total health expenditure per capita, PPS, 2000-2007**

<i>in kroons</i>	2000	2001	2002	2003	2004	2005	2006	2007
	375	391,7	437,7	502,4	576	652,1	787,6	...

Source: Ministry of Social Affairs

... The data is not available or it is not reliable for publishing.

**Table 45. Source of health care financing, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
national health insurance	66,0	67,0	65,6	65,2	65,9	66,1	66,6	63,2
state budget	8,4	8,2	8,1	8,8	9,7	8,1	9,0	9,0
local government	2,0	2,6	2,6	1,5	1,2	1,2	0,9	1,6
private sector	23,3	22,2	23,7	24,5	23,1	24,1	23,1	25,9
foreign aid, loan	0,3	-	-	-	0,1	0,4	0,3	0,4

Source: Ministry of Social Affairs

- The phenomenon did not exist

**Table 46. Social protection expenditure by function, 2000-2006**

		2000	2001	2002	2003	2004	2005	2006
<b>total expenditure, million kroons</b>		13 358,3	14 176,6	15 404,6	17 108,0	19 693,4	21 967,4	25407,0
sickness, healthcare	total, million kroons	4 221,4	4 448,2	4 719,4	5 369,0	6 106,4	6 913,8	7831,3
	share of total expenditure, %	32,1	31,9	31,1	31,8	31,5	31,9	31,2
disability, incapacity for work	total, million kroons	869,3	1 146,3	1 355,0	1 571,6	1 774,0	2 031,5	2378,2
	share of total expenditure, %	6,6	8,2	8,9	9,3	9,1	9,4	9,5
old age	total, million kroons	5 704,5	5 928,0	6 617,0	7 420,7	8 320,9	9 337,5	11118,5
	share of total expenditure, %	43,4	42,5	43,6	44,0	42,9	43,1	44,4
survivors	total, million kroons	258,1	238,3	188,9	135,2	157,3	185,2	214,3
	share of total expenditure, %	2,0	1,7	1,2	0,8	0,8	0,9	0,9
family and children	total, million kroons	1 568,4	1 598,6	1 725,6	1 681,7	2 464,0	2 630,1	3044,4
	share of total expenditure, %	11,9	11,5	11,4	10,0	12,7	12,2	12,1
unemployment	total, million kroons	167,8	189,7	166,0	304,9	309,9	286,1	226,1
	share of total expenditure, %	1,3	1,4	1,1	1,8	1,6	1,3	0,9
housing	total, million kroons	93,3	84,6	96,2	103,6	70,3	50,3	83,0
	share of total expenditure, %	0,7	0,6	0,6	0,6	0,4	0,2	0,3
social exclusion	total, million kroons	266,1	315,9	306,4	273,3	211,9	211,2	166,2
	share of total expenditure, %	2,0	2,3	2,0	1,6	1,1	1,0	0,7

Source: Statistics Estonia

**Table 47. Social protection expenditure share of GDP, %, 2000-2006**

	2000	2001	2002	2003	2004	2005	2006
	14,0	13,1	12,7	12,6	13,1	12,5	12,3

Source: Statistics Estonia

**Table 48. Social protection expenditure share of GDP by type, %, 2000-2006**

	2000	2001	2002	2003	2004	2005	2006
total	14,0	13,1	12,7	12,6	13,1	12,5	12,3
sickness, healthcare	4,4	4,1	3,9	3,9	4,1	3,9	3,8
disability, incapacity for work	0,9	1,1	1,1	1,2	1,2	1,2	1,1
old age	6,0	5,5	5,5	5,5	5,6	5,3	5,4
survivors	0,3	0,2	0,2	0,1	0,1	0,1	0,1
family and children	1,6	1,5	1,4	1,2	1,6	1,5	1,5
unemployment	0,2	0,2	0,1	0,2	0,2	0,2	0,1
housing	0,1	0,1	0,1	0,1	0,0	0,0	0,1
social exclusion	0,3	0,3	0,3	0,2	0,1	0,1	0,0
administration expenditure	0,2	0,2	0,2	0,2	0,2	0,2	0,1

Source: Statistics Estonia

**Table 49. GDP growth, %, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	9,6	7,7	8	7,2	8,3	10,2	11,2	7,1

Source: Eurostat

**Table 50. Distribution of population by household type, 2000-2007**

		2000	2001	2002	2003	2004	2005	2006	2007
All households without dependent children									
total		43	43	43	43	44	43	44	...
1-person household	total	12	12	12	12	13	13	14	...
	men	4	4	4	3	5	5	5	...
	women	8	8	9	8	9	9	9	...
single person aged under 65		7	7	7	7	7	7	8	...
single person aged 65 and over		5	5	5	5	6	6	6	...
couple aged 65 and less without children		13	12	12	11	11	11	11	...
couple without children, at least one partner is aged over 64		9	9	9	11	9	9	9	...
other household without children		9	9	9	9	11	10	10	...
All households with dependent children									
total		57	57	57	57	56	57	56	...
Adult and child(ren)		7	7	6	7	7	7	7	...
Couple with	1 child	15	16	15	16	16	15	15	...
	2 children	16	16	17	15	14	14	14	...
	3 or more children	7	7	8	6	7	7	6	...
other households with children		11	11	11	13	13	14	14	...

Source: Eurostat

... The data is not available or it is not reliable for publishing.

**Table 51. General government debt, % of GDP, 2000-2007**

	2000	2001	2002	2003	2004	2005	2006	2007
	5,2	4,8	5,6	5,5	5,1	4,5	4,2	3,4

Source: Eurostat

## ANNEX 2 SUMMARY OF SOCIAL INCLUSION AND SOCIAL PROTECTION GOALS AND MEASURES

MEASURES	MAIN ACTIVITIES	RESPONSIBLE MINISTRY	INDICATORS (2010)
<p><b>Prevention of long-term unemployment and inactivity and bringing the unemployed and inactive people into employment</b></p> <p>In order to maintain the level and ensure the sustainable development of economy more attention must be paid on the prevention of unemployment and inactivity. One of the essential components of prevention is the raise of the level of the awareness about career choices through a counselling system functioning effectively and being accessible to all target groups. Maintaining of qualifications answering to the needs of labour market are important for people as well as its continuous advancement together with the ensuring of possibilities to work in a suitable form of work during the whole life cycle.</p>			<ul style="list-style-type: none"> <li>▪ employment rate 70%</li> <li>▪ unemployment rate 5,5%</li> <li>▪ long term unemployment rate 2%</li> <li>▪ activity rate 73,8%</li> <li>▪ employment rate of older workers 63,5%</li> <li>▪ employment rate of women 68,3%</li> </ul>
extend the target group of active employment measures to inactive population	alleviation-liquidation of the hindrances upon entering the labour market – development of pre-services (for example social rehabilitation, psychological rehabilitation etc) for those non-active in the labour market	Ministry of Social Affairs	
	improving the administrative capacity of Estonian Labour Market Board in offering labour market services		
	increasing the number of service providers		
development of career services system	development of single career services system	Ministry of Social Affairs, Ministry of Education and Research	
provision of measures facilitating the entering the labour market of the persons released from a custodial institution	response service will be performed in prisons in the course of which the information about the situation of the labour market and possible vacant jobs are disclosed to prisoners	Ministry of Social Affairs	
training of the unemployed to become home and community care workers and the purchase of nursing care service	carrying out the raining of the unemployed to become home and community care workers	Ministry of Social Affairs	
	purchase of nursing care service for		

	the period of the participation in active employment measures (up to six months) and during the first working months		
elaboration of support measures supporting active employment measures and their testing	implementation of social services that support working and studying (for example personal assistance service, support person service)	Ministry of Social Affairs	
increase of the awareness of people about flexible work forms and the inclusion of a worker	carrying out a survey on equal opportunities concerning the access and participation in the labour market	Ministry of Social Affairs	
	carrying out information days for employers and employees		
	elaboration and spreading of information materials		
<p><b>Prevention and alleviation of poverty and social exclusion in families with children</b></p> <p>Every child and his/her welfare are of crucial importance. The best living, development and growth environment for a child is home and family. Every child needs secure environment. While supporting families with children, the most important is to deliver necessary (welfare) services. In addition, the state supports families to cover costs that occur with raising, giving education and taking care of children. For those children, whose parents do not provide safe growth environment, the state guarantees it through child protection and welfare system.</p>			<ul style="list-style-type: none"> <li>▪ share of 0-15-year-old children living below absolute poverty line 6,2%</li> <li>▪ share of 0-15-year-old children living below relative poverty line 16,8%</li> <li>▪ share of households with children getting subsistence benefit 30,1%</li> <li>▪ number of children without parental care and in need of assistance who have been registered for the first time, per 10,000 0-17-year-old children a year - 54 children</li> <li>▪ average number of children per 1 child protection official 1350</li> <li>▪ young people who are not learning, have acquired basic education or have lower education level 10%</li> <li>▪ share of 15-year-old children with low reading skill – lessened 20%</li> <li>▪ Employment gap of the parents with small (0-6 yrs) children - 35 percentage points</li> </ul>
advancement of parental education	elaboration of the principles of parental education in the framework of development plan for the quality of life of the families	Ministry of Social Affairs	
	supporting the cooperation of third sector organisations in the development of parental education		
support of parents and provision of welfare services based on need	development of services that support the family – for example, loan counselling, development of support person service for families with children with disabilities, training of support persons etc	Ministry of Social Affairs, Ministry of Economic Affairs and Communications	
	establishment of family conciliation service		
	development of substitute home		

	<p>service</p> <p>development of housing possibilities - ensuring of families with children with appropriate living conditions, improving the acquisition possibilities of housing and housing conditions, development of possibilities for the families in coping difficulties to cover the housing expenses, introducing the universal design concept</p>		
providing equal opportunities for obtaining quality education	<p>taking account the students individuality in the education system</p> <p>guaranteeing the access to education for students with disabilities</p> <p>development of study-, vocational and career counselling system</p> <p>supporting the hobby education</p> <p>development of possibilities for e-studies</p> <p>development the accessibility and quality of boarding school facilities</p> <p>family oriented approach – training of specialists</p>	Ministry of Education and Research	
supporting of the participation of parents in the labour market	<p>parents of small children as less competitive in the labour market are supported in the framework of the objective ““Prevention of long-term unemployment and inactivity and the employing of unemployed and inactive people”</p> <p>increasing the employment possibilities for young people (aged 15-24) through different active labour market measures (career counselling, work practice, practical training, work club, social rehabilitation etc)</p> <p>the participation of disabled parents in the labour market is supported similarly to all other disabled people</p>	Ministry of Social Affairs	

	under the measure “Supporting of the income of disabled people and the advancement of employment opportunities”		
	increasing the possibilities for childcare – establishment of places in the kindergartens, implementation of child carers register	Ministry of Education and Research, Ministry of the Interior, Office of the Minister for Population and Ethnic Affairs	
carrying out surveys and analyses concerning children	survey of quality and accessibility of childcare	Ministry of Social Affairs	
	survey of disabled children and families		
	Statistics Estonia special module for combining work and family life		
<b>Supporting the participation of disabled persons in social life and employment</b>  The state supports the participation of disabled persons in social and work life by providing necessary services. The incomes and additional costs that are derived from disability are supported by different social benefits. Inclusive education policy has brought out the necessity to define the students who need unconventional organisation of studies or additional courses. To guarantee the possibility to obtain the education the principles of equal opportunities and accessibility are applied. Frequently, the implementation of aforementioned principles needs additional measures. The change in people’s attitudes is a long term process.			<ul style="list-style-type: none"> <li>▪ employment rate of persons (age group 15-64) with restricted capacity for work due to long-term illness 38,5%</li> <li>▪ percentage of disabled person on 24-hour welfare services of all adults with disabilities 6,2%</li> </ul>
development of services to support the rehabilitation system and independent coping of disabled persons	development of rehabilitation service	Ministry of Social Affairs Ministry of Economic Affairs and Communications, Ministry of Education and Research	
	development of services that support coping – support in everyday life, supported living, home care, personal assistance service, care service		
	establishment the network of counselling centres		
	raising the quality of living environment – elaboration of guidance notes, training of architects etc on universal design, development of accessible environment according to the needs of persons with disabilities		
supporting income and employment	offering of labour active labour	Ministry of Education and	

opportunities of disabled persons	market measures also for people with disabilities	Research	
	implementation of a system of professional evaluation for people with disabilities		
	Using the knowledge of trained experts in the provision of labour market services		
promoting education of disabled persons	development of vocational education system	Ministry of Education and Research	
	supporting the smooth transition from school to working life		
	development of retraining possibilities for people in the working age		
conducting surveys and analyses on disabled persons	survey on disabled persons	Ministry of Social Affairs	
	survey on employment support measures for people with disabilities		
	survey on care burden on the families of disabled persons		
	survey on the provision and organisation of rehabilitation services		
	survey on the attitudes of employers		
<p><b>Prevention of social exclusion of the elderly and support for active and dignified ageing</b></p> <p>The priority in the Estonian policy for the elderly is to create opportunities for supporting independent coping and active ageing of elderly people. The Estonian policy for the elderly is based on the international principle of Society for All. People of different ages should have an opportunity to participate in social life irrespective of their age. That preference tends to be given to young people is noticeable in Estonia in all spheres of life and this could create a feeling of exclusion among the older generations. The responsibility for creating equal opportunities for all generations based on solidarity needs further development.</p>			<ul style="list-style-type: none"> <li>▪ employment rate of the older people 63,5%</li> <li>▪ health-related restrictions to daily activities among persons of 65 years or older 33 % of the population over 65 years do not report any restrictions to their daily activities due to health reasons</li> <li>▪ percentage of persons over 65 years on 24-hour care services among the total population of the same age 1,8%</li> <li>▪ percentage of elderly people living under the absolute poverty line 3,7%</li> <li>▪ at-risk-of-poverty rate of persons over 65 years 35%</li> <li>▪ percentage of households with retired members who have received subsistence benefits among all households with retired members 1,7%</li> </ul>
increasing employment opportunities for the older people	widening the active labour market measures target group to the older employees	Ministry of Social Affairs	
	supporting the endurance of the elderly through various active labour market measures – for example counselling, specialist training, work practice, work exercise, adaptation of work premises and equipment etc		

	<p>raising the awareness of flexible forms of work among labour market partners – elaboration of information materials, organising information days</p> <p>survey on measures affecting the employment of older people and their family members</p> <p>survey on the attitudes of employers</p>		
developing a network of care institutions for the elderly	<p>development of social services for the elderly (for example home services, support person service, personal assistance service, rehabilitation service, providing with technical devices etc)</p> <p>elaboration of methodology for preventive home visits</p> <p>increasing the accessibility of housing and the improvement of housing conditions – adaptation according to the special needs, elaboration of guidance materials for companies active in the housing sector</p> <p>raising the quality of housing environment, elaboration of guidance materials</p> <p>implementation of the universal design concept, improving the accessibility of public buildings, services etc</p> <p>diminishing the digital divide – for example implementation of e-inclusion project tenders, increasing the opportunities for e-learning and range of e-services for the elderly</p>	Ministry of Social Affairs, Ministry of Economic Affairs and Communication	
raising the qualification of the staff in the care institutions for the elderly and developing a sustainable financing system for the elderly care system	<p>development of shared vision of the potential location of the welfare institutions</p> <p>development of social welfare measures planning model</p> <p>raising the qualifications of the staff</p>	Ministry of Social Affairs	

	in the elderly care institutions		
	development of the financial sustainability of the elderly care system – elaboration of the description of the future financing system of the elderly care		