JOINT MEMORANDUM ON SOCIAL INCLUSION OF ESTONIA

In accordance with the provisions of the Accession Partnership, the Government of Estonia has prepared, together with the European Commission, Directorate-General for Employment and Social Affairs, a Joint Memorandum on Social Inclusion, with the purpose of preparing the country for full participation in the open method of coordination on social inclusion upon accession. The Memorandum outlines the principal challenges in relation to tackling poverty and social exclusion, presents the major policy measures taken by Estonia in the light of the agreement to start translating the EU’s common objectives into national policies and identifies the key policy issues for future monitoring and policy review. Progress in implementing such policies will be assessed in the context of the EU social inclusion process, whose goal is to make a significant impact on the eradication of poverty in Europe by 2010.

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Estonia

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Member of the European Commission
Responsible for Employment and Social Affairs

Brussels, 18 December 2003
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1. **ECONOMIC BACKGROUND**

Estonia's economic policy aims to support increased productivity and competitiveness and promote sustainable economic growth. Macroeconomic policy is based on a fixed exchange rate system, supported by a currency board system, liberal foreign trade policy, balanced central government budget with limited state borrowing, far-reaching privatisation, simple tax system with proportional income tax\(^1\) and, since 2000, exemption from the corporate income tax on reinvested profits. Since 1995, after the recession due to the transition from a planned to a market economy, developments have been generally characterised by growth and sound performance.

The average GDP growth rate over the period of 1995-2002 was 5% per annum, with economic growth being the fastest in 1997 (9.8%). 1998-1999 witnessed an economic slowdown due to a crisis in the financial sector, a decline in foreign demand and a crisis in the Russian market. As a result, Estonia’s GDP decreased by 0.6% in 1999. However, the economy recovered rapidly from the crisis and the GDP increased by 7.3% in 2000. A relatively high growth rate was also maintained in 2001 and 2002 (respectively 6.5% and 6%) despite the slowdown in the world economy.

GDP per capita in Estonia increased during 1995-2002 from 32% to 42% of the EU average. The Bank of Estonia and the Ministry of Finance expect the GDP to continue growing by 4-5% in 2003. With the anticipated annual mid-term economic growth rates about 5-6%, per capita GDP in Estonia would reach the threshold of 50% of the EU average by 2010.

Economic growth results primarily from the rapid growth of exports to industrial countries, supported by foreign investment flow. Economic growth has also been supported by the growth in domestic demand (private consumption has been increasing since 2000 as a result of an increase in incomes and low inflation). In 1995-2002, exports in goods and services, expressed in current prices and fixed prices, increased 3.1 and 2.0 times respectively. The transition process has been greatly facilitated by large inflows of FDI into Estonia. In 2002 FDI stock amounted to 63.1 billion crowns, mostly of Swedish (41%) and Finnish (27%) origin. The continued foreign investment inflow largely depends upon a continuing stable macroeconomic environment and Estonia's capacity to further develop a labour force with sufficient skills.

The inflation rate, which was very high in the first years of transition, decreased rapidly during 1992-1999 and reached its lowest level (3.3%) in 1999. The main source of inflation has been the domestic and foreign price convergence that started in 1992 after the price liberalisation. For example, the increase in a number of controlled prices (e.g. electricity, heating, public transport) raised the inflation rate in 2000 and 2001. In 2001, the CPI increased by 5.8%; however, there has been a general slowdown in inflation since the summer of 2001, and in 2002 the CPI increased by only 3.6%. The forecast for 2003 indicates a 1.7% increase.

Over recent years the inflation trends in Estonia have followed the dynamics of the EMU area, indicating a close linkage of the Estonian economy with the EU through trade and economic relations. The inflation rate is expected to increase somewhat in 2004 on account of an increase in fuel excise duty up to the EU minimum required level.

\(^1\) Income tax rate is 26%, with the first 1 000 EEK of monthly income being disregarded.
Real wage growth has, in general, been rapid in Estonia and has outpaced productivity (the real wage growth was 6.5% and real productivity growth 5.6% in 2001). In 2002, the average gross wage increased by 11.5%, whereas, as a result mainly of increasing employment, the growth in productivity decreased to 4.5% in 2002 (from the level of 7.4% in 2000). The lowest wages were in agriculture and the highest in the financial sector. However, wages have increased in all fields of economic activity, with the most rapid growth being observed in real estate, renting and business activities (28.9% in 2002). In the coming years, acceleration in productivity growth and a slowdown in the growth of wages are expected.

The tax burden has fallen from 37.3% in 1997 to 34.6% of GDP in 2002, mainly as a result of the abolition of corporate income tax on reinvested profits and an increase in the level of non-taxable personal income. The Government’s programme aims to reduce the flat-rate income tax from 26% to 20% and increase further the level of residential non-taxable income from 1 000 (63.90 Euros) to 2 000 EEK (127.80 Euros) per month by 2006. There has been a growing current account deficit, which reached 12.3% of GDP in 2002.

The rate of social tax of 33% (earmarked tax paid by employers for the State pension insurance and health insurance) contributes additionally to labour costs. However, given the need to ensure adequacy of pensions and satisfy increasing demand for health care in a situation of a rapidly ageing population, reducing social tax has not been under discussion. The Government has therefore decided to address the issue of labour costs through income tax reform (see above).

Total public spending (central government and local municipalities) in the second half of the 1990s was around 40% of GDP. Public social protection expenditure (State pension and health insurance and expenditure financed directly from the central budget) was around 15% in 2002. State pension insurance and health insurance have been operating on a ‘macro-level defined-contribution’ principle whereby expenditure is determined by available revenues from social tax. The proportion of pension expenditure was 6.9-7.5% of GDP in 1999-2002. Health care expenditure has been around 5% of GDP, while expenditure on family benefits accounts for approximately 1.5%. The introduction of a new scheme of social benefits for disabled persons to compensate for disability-related costs in 2000 raised the State’s expenditure on social assistance and services from 0.75% in 1999 to over 1% of GDP in 2001 and 2002.

Expenditure on social protection of the unemployed has stood at 0.3% of GDP since 1999. From 2003 the full implementation of the unemployment insurance scheme is expected to increase the expenditure on social protection of the unemployed to approximately 0.7% of GDP. The overall funding of labour market policy, despite gradually increasing expenditure, remained low at 0.21% of GDP in 2002 (2.8% in the EU countries in 2001). Furthermore, expenditure on active measures comprises just 0.08% of GDP.

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2 The quarterly average gross wage amounted to 5 511 EEK in 2001; the minimum wage was increased from 1 600 EEK in 2001 to 2 150 EEK in 2003.

3 For pension insurance, the timing of pension increases has also influenced annual expenditure. Until 2002 pensions were increased by ad hoc political decisions in the absence of any predetermined rules on the timing and volume of the increase. From 1 April 2002 pensions have been subject to annual indexation (the index comprises an arithmetic average of the annual increase in the consumer price index and the increase in social tax revenues). However, in addition to annual indexation ad hoc increases in pensions were carried out three times in 2002 and 2003.
The continuation of structural reforms is aimed at substantial improvement on the supply side of the economy. The reforms are mostly related to labour quality and supply improvement to reduce corporate costs on training and retraining and sustaining a free labour market. They are intended to support updating the vocational training system and enhancing research and development activities.

2. **SOCIAL SITUATION**

2.1. **Population ageing and changing family patterns**

The Estonian population decreased in the period between the 1989 and 2000 censuses by almost 12.5% owing to a negative natural increase and net migration. On 1 January 2003, the population of Estonia was 1.35 million. By ethnic nationality the population comprises 69% Estonians, 26% Russians and 5% other nationalities. Similarly to countries across Europe, the Estonian population is ageing. The proportion of the population 60+ was 20.3% in 2002 and it is expected to reach 25% by 2020.

The number of births decreased from the all-time high of 25 056 births in 1987 to 12 275 in 1998. Since then the birth rate has stabilised at a relatively low level: 13 001 children were born in 2002. The total fertility rate is 1.37, i.e. well below the population replacement level. The family patterns are characterised by a relatively low level of marriages and high number of divorces. 56% of children are born out of wedlock, reflecting a preference for cohabitation over the registered marriage rather than an increase in single-parenthood. The proportion of children living in single-parent families has remained stable, amounting to 1/5 of all children (under the age of 18).

The average life expectancy at birth declined in the first half of the 1990s, reaching its lowest level in 1994, when it was 61.1 years for men and 73.1 for women. Since then the average life expectancy has been increasing but at a slower pace compared to the EU countries. In 2001 the average life expectancy for men was 64.7 and for women 76.2 years. A significant gender gap in life expectancy means that the majority of older people and, in particular, of the very old are women. Women comprise 60% of the population in the age group 60-64 and 80% of the population aged 85+.

2.2. **Employment and unemployment**

In the 1990s a significant restructuring of the labour force between economic sectors took place. Employment in agriculture and industry decreased substantially (by 2/3 and 1/3 since 1989), whereas the services sector expanded at a rapid pace. Wholesale and retail trade and communication are now among the most dynamic economic activities. Also, the number of people involved in financial services, insurance and real estate business, public administration and education has increased remarkably. Such developments have led to similar employment patterns as in the EU countries.

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4 The number of marriages has remained stable at a fairly low level in recent years. In 2002, 5 853 marriages were registered (4.3 marriages per 1 000 inhabitants as compared to 7.5 per 1 000 in 1990). The number of divorces is decreasing partly because of the small number of marriages. 4 047 divorces (3 per 1 000 inhabitants) in 2002 was the lowest indicator for the most recent decades.

5 This was due to the increased mortality rate in the age groups 30-49 and 50-69. The mortality rate in the age group 70+ declined, i.e. life expectancy at higher ages increased.

6 The difference between the life expectancy of men and women is 11 years at birth, but falls to 5.5 years by the age of 60.
The overall employment rate declined sharply in the 1990s as a consequence of economic restructuring with major job losses concentrated in industry and agriculture, but also a population decrease of more than 100 000 between 1989 and 1996. The total number of employed people dropped from over 760 000 at the beginning of the 1990s to 572 000 by 2000. Since the second half of 2000 employment has increased, but altogether it has fallen by 200 000 persons, or more than a quarter from its 1990 level.

The overall employment rate in 2002 was 61.7%, and was thus below the average for the EU (64%). Employment rates are below the EU average for men aged 25-49 and for both men and women in the 15-24 age groups. The labour market participation rate for older workers (55-64), on the other hand, is higher than the EU average (51.5% as compared to 38.8%) and exceeds the EU target set for 2010 (50%).

The employment rate of women in Estonia (57.8%) is higher than the EU average (54.9%) and, at present, exceeds the target set for 2005 (57%). However, the employment rate of women has been in constant decline since the beginning of 1990s. Furthermore, wages paid to women are, as a rule, 25% lower than those paid to men.

The unemployment rate increased rapidly in the first half of the 1990s – from 1.5% in 1991 to 9.7% in 1995 – mainly as a result of a reduction in the workforce in the course of economic and labour market restructuring. The major economic crisis in Russia in 1998-1999 did not leave Estonia untouched but brought about a series of bankruptcies and raised the unemployment rate to its ‘record’ level of 14.6% in the first quarter of 2000. The labour market situation did not improve until 2001, when the unemployment rate fell to 12.6%. In the second quarter of 2002, the unemployment rate dropped to its lowest level (9.4%) for five years. Compared to the EU average (7.4%), the unemployment rate in Estonia is considerably higher (10.3%).

Relatively favourable economic development alone has not brought about a significant job growth and unemployment reduction, for the following reasons:

- Unemployment is structural: in spite of high unemployment, there is an insufficiently qualified labour force in Estonia. The education, skills and work experience acquired years ago are no longer competitive and do not meet the rapidly changing needs of the economy and the labour market.

- Unemployment is regional: the unemployment rate varies from a low 5.8% in Tartu County (Southern Estonia) to 18.9% in Ida-Viru County. Unemployment is well above the Estonian average also in the south-eastern regions that suffered the most from the economic restructuring. Labour supply and vacant jobs are often located in different regions, whereas labour mobility is restricted for several reasons (lack of financial resources, differences in living costs, inadequate public transport, etc.).

- Long-term unemployment has a high prevalence: the proportion of the unemployed out of work for more than one year increased from 30% in 1995 to 48% in 2001, with long-term unemployment affecting some 6% of the labour force.

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7 This is mostly attributable to the emigration of part of the Russian-speaking minority and Soviet military with families, but is also due to a declining birth rate.
Whereas gender disparities in unemployment are relatively small (the unemployment rate of men exceeds that of women by 1.1% and long-term unemployment is more prevalent among men), many other factors such as age, low or disrupted educational attainment, outdated qualifications and skills, disability or insufficient knowledge of the Estonian language predetermine vulnerability in the labour market. This leads to the following risk groups:

- young people (the youth unemployment rate was 17.6% in 2002), who find it difficult to enter the labour market where high skills are demanded which can often only be gained from work experience and access to in-company training opportunities;
- long-term unemployed (particularly in the 45+ age group and with a low level of education or outdated qualifications), who formed 53% of the unemployed in 2002;
- people with disabilities and long-term health problems, whose employment rate is 25% compared to 61% of the non-disabled population of working age;
- non-Estonians, owing to the lack of Estonian language skills and their concentration in areas with high unemployment: the unemployment ratio of Estonians and non-Estonians was 7.9%: 14.9% in 2002.

Since 2001 there has been a trend towards increasing employment and decreasing unemployment; however, the economic inactivity rates continue to grow owing to increasing numbers of persons studying, taking care of children or other family members, persons with disability or long-term health problems. The activity rate for women has decreased from 66.7% in 1997 to 64.3% in 2002, indicating that women are more likely than men to become inactive.

The number of discouraged persons decreased for the first time in recent years from 22 000 in 2001 to 18 000 in 2002. However, the numbers are still high, with the vast majority of discouraged persons living in rural areas. Persons released from the prison as well as persons with alcohol or drug problems and the homeless are probably among the most excluded groups from the labour market. The latter two groups are nowadays likely to be ‘out of the sight’ of employment offices.

2.3. Financial poverty

Using the EU-agreed indicator on relative income poverty (60% of median income with equivalence scales 1:0.5:0.3), the risk-of-poverty rate at 18% (2002) in Estonia is higher than the EU average rate of 15% (2000) and also than the average for the accession countries (13% in 2000). Income disparities are the highest of the accession countries and significantly higher than the EU-15 average. The ratio between the national equalised incomes of the top 20% of the income distribution to the bottom 20% was 6.1 in 2002, as compared to 4.4 in EU-15 in 2002 and 4.2 in the accession countries in 2001.

Since 2000 there have been improvements in social protection of families with children, disabled persons and the unemployed. The effect of these measures cannot yet be fully

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8 Persons who have given up job-seeking because they do not believe any more in finding a job.
assessed; however, the relative at-risk-of-poverty rate after social transfers has remained stable.

Using the EU relative poverty line may, however, lead to an underestimate of the extent of poverty in Estonia, as well as in some other accession countries. The Estonian authors of the 1999 Poverty Study\(^9\) argued that the relative poverty line (i.e. 50% or 60% of median income) is not the best indicator to characterise the poverty situation in transition economies. This is because incomes are generally low for a large part of the population, varying relatively little from the median income, while 50% or 60% of the median income may not be sufficient to meet even the basic needs of the household. Instead of the relative poverty line, it was therefore suggested to use an absolute poverty line defined in terms of minimum consumption.\(^{10}\)

Using the nationally agreed indicator on absolute poverty shows that, even though the poverty rates are falling with each year, in 2002 some 25% of the population were still living below the absolute poverty line. The most worrying fact is that over a third of children up to 16 years old (33.7%) lived in households with incomes below the absolute poverty line, meaning that they had only a minimal standard of living (see also Annex II and III).

Irrespective of the poverty line applied, the groups at highest risk of poverty are: unemployed (in particular long-term unemployed), large families and single-parent families. According to the study on the effectiveness and impact of social benefits (PRAXIS, 2002), 62% of jobless households\(^{11}\), 37% of families with 3 or more children and 35% of single-parent families were poor.\(^{12}\) The same groups are identified to be at a substantially higher risk of poverty throughout the EU too.

Poverty also affects the low-paid. Work does not always pay when taking into account work-related costs (transport, eating out, childcare, etc.) and possible loss of benefits (social assistance). Wages are the lowest in high-unemployment regions, in agriculture, but also in public social and health services and welfare institutions.

The average old-age pension keeps pensioners generally above the absolute poverty line (see Annex II), however, elderly people living alone are often among the most vulnerable. Nearly a quarter of them live in absolute poverty due to age-related health needs and respective costs but also due to their housing situation (see 2.7 and 4.2.4).

The income situation of disabled persons has improved following the reform of incapacity for work pensions and the introduction of special benefits to help to cover additional disability-related costs. However, the low employment rates (see 2.2) imply that for a majority of disabled people the only source of income is disability benefits.\(^{13}\) Furthermore, there are many

\(^{9}\) Tartu University, Ministry of Social Affairs, UNDP; the study was based on 1997 data.

\(^{10}\) For measuring and expressing the extent of poverty both absolute and relative poverty lines are used in Estonia. However, in recent years, the difference between the absolute poverty line and the relative poverty line of 60% of median income (in both cases with equivalence scales 1:0.8:0.8) has narrowed. The values of the two indicators in 2002 were respectively 1 593 and 1 292 EEK a month.

\(^{11}\) None of the household members is working and at least one aged 16 or over is unemployed.

\(^{12}\) Here, the EU agreed indicator on relative income poverty (60% of median income) was used.

\(^{13}\) In response to the Labour Force Survey (2002), 75% of economically inactive disabled people described their main source of subsistence as a pension, predominantly for incapacity for work, and 18% as the income of relatives. The pattern is rather different with disabled people who are unemployed (according to the LFS definition). A little over half of them, as compared with 60% of all unemployed people, described their main source of subsistence as relatives’ income and 22% as disability benefits.
other factors, such as problems with access to education, mobility and access to buildings, information and services, as well as public attitudes that increase the risk of exclusion for the disabled.

The overall gender gap in the rate of risk of income poverty appears to be insignificant. However, women are in some instances more likely to be in poverty-prone situations. Women are more likely than men to become a single parent or to have to take care of an elderly or disabled family member and that affects their employment and earning opportunities as well as income from social protection.

The 1999 Poverty Study did not reveal any considerable differences between the poverty rates of Estonians and non-Estonians (mostly Russian-speaking). However, as is the case with age and gender, insufficient command of the Estonian language is among the risk factors that can magnify poverty and social exclusion. The economic situation of non-Estonians is affected by higher unemployment rates – mainly owing to their concentration in regions with higher levels of unemployment.

The regional nature of unemployment leads to regional disparities in income levels. In 2002, the net disposable income per household member varied from 3 085 EEK a month in HARJU County (Northern Estonia, Tallinn included) to 1 636 EEK in JÕGEVA County. The average net wage varied from 5 702 EEK a month in HARJU County (Tallinn included) to 3 324 EEK in PÕLVA County.

2.4. Educational attainment

The overall level of education in Estonia is relatively high. In 1999 the number of people aged 25-59 with at least secondary education was 88%, i.e. higher than the corresponding average EU indicator (64%). There has been an overall increase in the number of students, both young people and adults. In the 1993-2001 period, the number of students more than doubled, while the number of students in vocational educational institutions increased by a quarter. However, at the same time, the proportion of persons with only basic or even lower level of education has increased: it is estimated that up to 10 000 young people (17-24) have not acquired a basic education.14

One of the major concerns is the increasing number of students dropping out of school or having to repeat a school year during the basic educational level. Each year about 1 000 students (0.57%), drop out of basic education. The drop-out rate is highest during the 8th and 9th grades (i.e. the final years of the basic school), when respectively 1.2% and 2% of students leave before graduation. The worrying fact is a very high drop-out rate from schools for students with special needs – 6.7% in the 8th and 10.4% in the 9th grade – which requires further examination.

Overall the drop-out rates are highest in the first year of the upper-secondary school, reflecting the fact that the present proportion of students entering upper-secondary and vocational school (70:30) does not correspond to the abilities of learners. Dropping out is more prevalent among boys, amounting to over two-thirds of all dropouts.

The 1999 Poverty Study showed that a low education level was associated with a higher individual poverty risk. 31.3% of the working age population15 with primary education were

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15 In this study, working age was defined as 15-59.
in poverty. For the working age population with basic education the poverty rate was 26.5%, while among persons with secondary or higher education it was 17.9%.

2.5. Information and communication technologies

Estonia has relatively high levels of ICT. 100% of schools and public-sector agencies are connected to the Internet. For the private sector the coverage is 80%. Over half of the population (56%) own a personal computer, 39% have direct access to the Internet and a majority of employees use the Internet at work.

However, there are certain groups still likely to lose out on the advantages of ICT\textsuperscript{16}: ethnic minorities, people who are 50+ or with only a basic level of education or with lower than average income and the non-working population. Disabled people also face barriers in terms of access to the Internet and on-line services, owing to their disability as well as for other reasons (low level of education, low rate of employment and income).

Altogether, 58% of the population do not use the Internet. Among the non-users there are more women than men (60%; 55%), more non-Estonians than Estonians (69%; 52%). The differences are not significant between urban and rural areas, the capital and other towns.

2.6. Health situation

Regarding population health problems, Estonia is comparable to other developed countries. The main cause of morbidity is cardio-vascular diseases, followed by cancer. On the other hand, there is a high rate of mental health problems and suicides, as well as the recently emerged HIV/AIDS epidemic\textsuperscript{17}. The growth in the incidence of tuberculosis has come to a halt, being presumably affected by the tuberculosis prevention programme, and there has been a steady decrease in several sexually transmitted diseases.

In spite of some positive changes in the population's health behaviour, the high level of alcohol consumption and increasing drug abuse cause health damage, fatal accidents and social problems (unemployment, homelessness, domestic violence, children without parental care, etc.), leading individuals and families into poverty and exclusion.

Findings on health care utilisation\textsuperscript{18} demonstrate that those with low income and low education or unemployed are more likely to visit the general practitioner and to be hospitalised. It may reflect the fact that lower socio-economic groups fall sick more often and, therefore, need to go back to medical services more frequently. These patterns may also reflect problems of accessibility to specialist and advanced health care services, particularly where patient fees and co-payments have been introduced.

For utilisation of health-care services, gender and regional disparities were also noted. Women are more likely to use health-care services than men. The gender differences are significant for most health-care services apart from hospitalisation, and largest in the 25-44 age group. In the use of most health care services there are differences between Tallinn and

\textsuperscript{16} ‘Digital divide in Estonia and opportunities to bridge the divide’, PRAXIS&EMOR, 2002.
\textsuperscript{17} While in 1999 there were only 9 new HIV+ cases, the number of new cases exploded in 2001, reaching 1 474 mainly due to the spread of HIV among injecting drug abusers. In 2002 the number of new cases declined to 899, as a result of increased awareness and a needle-exchange programme.
rural areas. In rural areas there are more persons who have visited a general practitioner, but fewer have visited specialists or dentists.

2.7. **Housing conditions**

Housing reforms (see 4.2.4) have led to a situation whereby nearly 90% of the population own the dwelling where they live, but housing quality and size correlate increasingly with household income. Poor households usually occupy cheap housing and, despite this, one third of the population, including a significant proportion of elderly persons’ households, report difficulties in paying for their housing. In the capital Tallinn it is estimated that long-term indebtedness for rent or other housing costs affects up to 10% of population.

Over 6 000 households (1.2%) live in a dwelling that does not meet the minimum requirements. Their dwelling lacks either electricity, heating, access to water or toilet facilities. Over 130 000 households (23.3%) do not have a shower, bath or sauna and inside toilet. Nearly 150 000 households (25.8%) live in dwellings where they feel a lack of privacy (sharing the dwelling or some facilities with other households).

Vulnerability in the housing market does not arise only from low income, although low income is the difficulty the different vulnerable groups share. Other risk factors include employment status, age, disability and family structure. The vulnerable groups include jobless households, disabled persons’ households, families with many children or a single parent, pensioners’ and young newly formed households. A specific risk group in Estonia is tenants in restituted housing, who may experience insecurity of tenure and difficulties with paying the increased rent.

Young people and young families often lack the resources to enter the housing market and start living independently – 30% of young adults (30+) still live with the older generation or another household. Families with many children lack space, while the elderly have larger than average dwellings, which cause them difficulties with costs.

The number of homeless is estimated to be about 3 500, i.e. about 0.3% of the population. The problem is more evident in Tallinn and other larger towns. Over three-quarters of homeless are men, mostly in the age of 50-60. By ethnic nationality the number of homeless correlates with the division of the whole population of the relevant towns. The main risks leading to homelessness are unemployment (which leads to loss of income) and alcoholism. Other chains of events leading to homelessness include being released from detention and not finding a job and housing owing to lack of income, being rejected by family because of drug addiction, escaping from domestic violence, moving to towns for jobs but failing to find employment.

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20 Following the ownership reform, the law extended rent contracts and the owners do not have right to evict ‘old’ tenants if alternative housing or compensation is not available. However, rent levels in restituted housing have been raised to the market prices and lower-income tenants are forced to move out because they cannot pay. Furthermore, many owners are interested in releasing dwellings for their own use or for transferring them to another tenure, which, in turn, forces former tenants to leave their homes.

21 The ratio of the Estonian and Russian-speaking population as well as that of the homeless population is 70:30% in Tartu, 50:50% in Tallinn, 10:90% in Kohtla-Järve.
Attempts to find a regular place to live often fail because of alcohol and drug addiction, difficulties with getting back to work and earning income, lack of cheap and simple accommodation or supported living arrangements. Two-thirds of the shelters’ clients have been homeless for over 6 months, but many of them for more than 5 or even 10 years.

3. **KEY CHALLENGES**

3.1. **Developing an inclusive labour market**

Exclusion from the labour market is the main single cause of living in poverty in Estonia. Promoting employment of all those who can work is thus not only a key way out of poverty, but also one of the best means of preventing poverty and social exclusion. The challenges here involve promoting entrepreneurship and creation of quality jobs, making the education system more responsive to the needs of the labour market and providing assistance to the already unemployed. Furthermore, helping the most excluded into work requires effectively addressing personal, family or social obstacles to labour market participation as well as creating employment opportunities where engagement on the open labour market is not (yet) feasible. For employment creation among other things the potential of ICT should be fully exploited.

3.2. **Tackling educational disadvantage**

Whereas children and young people, including those with special needs, have increasingly better opportunities to acquire education that meets their interests and abilities, the diversity and quality of learning opportunities still vary from region to region. Further efforts are required to achieve more balanced regional development and inclusion of students with special needs in mainstream education at all levels.

Challenges of preventing educational disadvantage involve ensuring every child a ‘sure start’ through access to pre-school education as well as making lifelong learning a reality for all, regardless of previous educational attainment, social needs or ability to pay. The educational paths should enable transition between the different educational levels and from school to the labour market, i.e. ‘bottlenecks’ should be avoided.

Improved employability of the future graduates presupposes also more effective vocational guidance and attractive vocational training opportunities (including in-company training, apprenticeship and basic vocational training for upper-secondary students). Furthermore, enhancing social skills such as cooperation, communication and problem-solving skills must become an indispensable part of general education.

Interrupted schooling presents a serious risk of exclusion. Preventing young people from dropping out of school and bringing those that have done so back to learning requires integrated responses, including creating flexible learning opportunities and making wider use of individual curricula as well as improving guidance services for children and their families. Special attention should be paid to children whose families are not able to give them the necessary support for various reasons.

3.3. **Guaranteeing adequate income through employment or social security**

For those of working age and employed, work should guarantee sufficient income to live in human dignity and to participate in society as full members. Wage policy, promoted through collective bargaining and agreements, should value productivity and motivate employees for
life-long learning and better working. In the case of low-paid employees, the minimum wage and tax system should be considered against the work-related costs (transport, eating out, child care) and other employment disincentives (i.e. possible loss of benefits). Another important challenge here is tackling the gender gap in income over the course of the lifetime.

For prevention of child poverty, in addition to enhancing employment opportunities of parents, redistribution of resources and other measures should ensure that the birth of every child into a family would not in itself carry a risk of poverty.

For those unable to earn a living owing to incapacity for work or old age, an adequate income should be ensured through the social security system. For guaranteeing adequate income to live in human dignity, the benefits should be at a level that prevents or alleviates economic hardship. For retaining or regaining a job in the event of work accident or occupational diseases, a benefit scheme including rehabilitation measures, needs to be put in place. Social assistance benefit, as the last resort, should be supplemented by other measures that ultimately lift people out of poverty and exclusion. However, the challenge here is also to make social security and social assistance policies compatible with employment policies in order to encourage labour market participation and prevent poverty traps.

3.4. Improving access to health care and health situation of disadvantaged groups

The virtually universal coverage of the health insurance scheme means that for most of the population the health care costs are covered and access to health care is determined by health needs as opposed to ability to pay. Uninsured persons (about 4% of the population) are, however, entitled only to emergency medical assistance. The risk of health deterioration leading into poverty and exclusion raises the question of to what extent and of what quality medical care should be made available for those not covered by national health insurance.

Inequalities in health outcomes cannot be removed solely by better access to medical care, but there is a need for integrated policies that, among other things, promote a healthy living and working environment and address health-damaging behaviour. The challenge here is to ensure that prevention programmes reach also the most vulnerable groups.

High levels of alcohol and drug abuse pose an increasing risk of poverty and exclusion. The necessary treatment and rehabilitation programmes should therefore be made available in addition to taking preventive action.

3.5. Improving housing conditions and preventing homelessness

Housing policy has so far been mainly concerned with support for the purchase of housing and renovation and maintenance of housing stock. Improving housing conditions for vulnerable groups requires also an increase in the supply of cheaper housing stock as well as raising the level of social assistance benefits to help persons and families in need to cover the housing costs and prevent indebtedness.

Prevention of homelessness requires, in addition, application of active employment and welfare measures, also prevention and treatment of alcohol and drug abuse.

3.6. Promoting an integrated approach to tackle poverty and exclusion

The challenge of developing an integrated strategy to tackle poverty and social exclusion means greater integration between different policy domains, particularly education, employment, social protection, health care and housing policies, and better coordination of
different national strategies to avoid overlaps or fragmentation of financial and human resources.

Regardless of the ‘entrance point’, everyone should be provided with more active, tailor-made and integrated help based on individual action plans (i.e. rehabilitation plan, employment action plan). For this purpose, collaboration among different institutions and services at both regional and local level needs to be encouraged through training and necessary institutional adjustments.

3.7. Mobilising all relevant players and promoting local partnerships

Mainstreaming the fight against poverty and exclusion in all relevant policy domains and ensuring integrated responses at all levels requires mobilising all relevant players and sectors. There is a need to build greater public support for social inclusion policies and programmes.

Activities targeted at tackling poverty and social exclusion are in many cases the most effective when carried out at local level. Local partnerships and networks therefore play an important role in reducing poverty and social exclusion and in developing the local community. The challenge here lies in increasing the capacity of local people and institutions to work together and give priority to addressing issues of poverty and social exclusion. In addition to local authorities, the potential of NGOs in combating poverty and exclusion at both national and local level has also yet to be fully exploited.

4. POLICY ISSUES

This section highlights the aspects of the current situation most relevant to social inclusion, identifies the key policies, briefly assesses their effectiveness in preventing and alleviating the risks of poverty and exclusion and sets out the areas to be considered for further actions. The administrative context for delivery of policies is presented in Annex I.

4.1. Facilitating participation in employment

Institutional setting

All registered unemployed persons are entitled to the following labour market services provided by local employment offices: information on the labour market situation, training and employment opportunities (vacancies); vocational counselling and guidance; labour market training; employment mediation; employment subsidy and business start-up subsidies; community placement.

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22 The main labour market policies in response to economic inactivity and unemployment are discussed in the Joint Assessment of Employment Priorities in Estonia (JAP, signed in March 2001): http://europa.eu.int/comm/employment_social/intco/employment/jap/estonia.pdf. Here, the focus is on facilitating participation in employment for the disadvantaged groups.

23 An employment subsidy is granted to employers who employ ‘less competitive’ persons: disabled, young and long-term unemployed, pregnant women and persons raising children under six years of age, persons who attain retirement age within five years and ex-convicts. The subsidy is paid for the 12 months of employment. It is equivalent to the minimum wage for the first six months and 50% of the minimum wage for the remaining six months.
Since 2001 the National Employment Action Plans\(^\text{24}\) have been prepared annually to develop active labour market measures and launch initiatives targeted at integration of vulnerable groups into the labour market. The action plans focus on the following vulnerable groups: young and long-term unemployed, disabled persons, older workers, and Russian-speaking job-seekers with insufficient command of Estonian. To help these vulnerable groups into employment, the following have been put in place:

- Vocational counsellors and long-term unemployment consultants have been hired in the local employment offices to allow for individual work with the unemployed and the preparation of individual action plans.

- Special projects have been designed and targeted at disadvantaged groups. Ongoing examples are the projects to provide individual support to long-term unemployed (counselling, adjustment training, employment subsidies) and to create subsidised jobs for disabled young people. At the same time, an in-work practice measure is being developed and piloted to enable long-term unemployed without specific skills or work experience to acquire simpler skills, work habits and experience.

- For tackling regional unemployment a special regional employment programme has been put in place in IDA-VIRU County. The programme addresses structural causes of high levels of unemployment and long-term unemployment. The activities facilitate among other things labour market participation of the Russian-speaking population, who form the majority in that region.

- The PHARE-funded project ‘Enhancing employment opportunities for disabled persons’ (2003-2004) in partnership with the UK Department of Work and Pensions aims at helping disabled persons into the labour market through reviewing employment, rehabilitation and benefit services to achieve a better match with the needs of the disabled; promoting collaboration among employment offices, vocational and rehabilitation institutions and benefit departments; designing workplace adaptation programmes; working with employers to raise their awareness of disability issues and provide assistance in recruitment and disability management.

- The other PHARE project (2003-2004) aims at working out integrated labour market measures ‘packages’ and apprenticeships for young unemployed (16-24).

**Assessment**

The labour market services are, in principle, accessible to all registered unemployed persons through local employment offices. However, in practice, the availability of and access to services is limited. For example, only 10% of the registered unemployed could participate in labour market training programmes in 2002, owing to insufficient funding of the active labour market measures (see 1).

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\(^\text{24}\) The NAPs Employment are prepared in accordance with the objectives set out in the European Employment Strategy and the priorities set out in the JAP. The latter emphasises that “given the limited resources available, it is important to ensure that active labour market programmes remain targeted at the most disadvantaged job-seekers, that their impact is closely monitored, and that they are linked to the priorities of an overall activation strategy.”
Limited funding hinders the more extensive implementation of active labour market measures as well as widening their range – the range of labour market services described above can be characterised as traditional. Furthermore, the prevailing approach has been to match individual needs with existing measures, as opposed to providing more individualised help. Insufficient human resources can explain the latter to a certain extent: the ratio of the registered unemployed and staff in local employment offices is 194:1. Although the staff members have obtained training to offer more individualised services, they still lack competence and skills to deal with specific vulnerable groups, such as disabled job-seekers.

Several pilot projects have been successful in providing more integrated support ‘packages’ for the disadvantaged groups, but again the number of participants is marginal compared to the total number of unemployed. Pilot initiatives have yet to be mainstreamed into an overall and integrated strategy for inclusion of the disadvantaged groups in the labour market.

An employment subsidy for employers who employ less competitive persons is the only specific measure targeted at the disadvantaged groups. In practice, the employment subsidy has been mostly used as a wage subsidy. There are successful examples of job creation through such subsidy schemes, but given the multiplicity of difficulties the disadvantaged groups face in the labour market, such a single measure can hardly meet all their needs. Furthermore, as is demonstrated by the analysis of the case of disabled people, the use of the subsidy as a wage subsidy appears to imply, wrongly, that disabled people are more expensive to employ than others.

The disadvantaged groups’ participation in the labour market is often further limited for personal (chronic illness, raising children, taking care of elderly or disabled family members) or social (e.g. housing or mobility and access-related problems) reasons. Today such problems remain largely unaddressed on account of the limited coordination of employment, welfare and other services and the little collaboration between employment offices and local municipalities (see 4.2.3).

**Policy challenges and responses**

The policy responses set out below will be translated into concrete actions in the policy paper on the development of labour market services currently being prepared and will be reflected in a subsequent NAP Employment.

**Immediate priorities**

**Ensure more individual help through tailoring the services to meet specific needs**

Develop and make wider use of individual action plans that are based on an assessment of the competences and capabilities of a job-seeker as well as the barriers to employment faced by him/her and assemble the appropriate package of measures. When assembling the tailored packages, attention should be paid to gender, age and language specific needs. Individual action plans can also be used to coordinate access to other than directly employment-related services (i.e. rehabilitation, health care or social services) through collaboration between relevant institutions.

- Make available adequate funding to meet the provision of services, individual support or specific costs at the point of entry to the labour market, as required by the plan. For financing more intensive support based on individual needs, redesigning the current system of employment subsidies could be considered.
• Equip the employment services' staff members whose task is to help people in vulnerable situations with case-management skills. They should be able to assess the needs, involve the clients and potential employers, put together the individual ‘package’ and coordinate its implementation. Efforts should be made to reduce the caseload per staff member.

• Analyse the effectiveness of the existing measures in helping disadvantaged groups into the labour market. Widen the range of measures provided by the local employment offices and first of all consider putting in place provisions for gaining job experience (work-trials, in-house practice, apprenticeship schemes). In 2004, the workplace adaptation programme for the disabled will be designed and set up within the employment services.

**Address personal, family and social obstacles to labour market participation**

• Ensure better coordination of services and collaboration among employment offices, municipalities and other relevant agencies – for this purpose, the revision of institutional arrangements could be considered. In 2003-2004, as a first step, regional networks of employment offices, benefit departments, vocational training and rehabilitation institutions are being established and strengthened to help disabled people into jobs.

• Increase opportunities to reconcile work and family life and thus combine work and having children.

**Longer-term priorities**

• Timely intervention and support for those at risk of losing their job

• Job creation through more flexible and diverse working patterns

• Integrated measures to support employment of older workers

• Taking an over-the-lifetime approach to employment and training needs to prevent exclusion from employment on account of family or social needs.

**4.2. Promoting access to resources, rights, goods and services**

**4.2.1. Access to education**

**Institutional setting**

Legislation guarantees every child a right to education in accordance with his/her abilities. Every child up to the age of 7 is entitled to pre-primary education in child day-care institutions or in preparatory classes at schools. School attendance is compulsory from the age of 7 until finishing the basic education or attaining 17 years of age.

Each school has a right and responsibility to develop the national curriculum to take into consideration the specific features of the school and the region as well as the students' expectations. The education needs of the disabled have been increasingly catered for in mainstream education. For students with moderate and severe learning disabilities, an adjusted national curriculum is put into practice.
Persons who have passed the minimum school-leaving age, but not yet acquired basic education for various reasons, may continue studies in the form of evening courses or distance learning and at the same time obtain pre-vocational education. Adults have the opportunity to obtain a general secondary education through part-time studies, including in vocational institutions.

The education strategy up to 2010, currently being prepared, sets out strategic goals such as ensuring quality pre-school education for every child, improving access to education through more flexible and diverse learning opportunities, achieving a high quality of general and vocational education in all regions, improving the quality of teaching the Estonian language in non-Estonian language schools, making the education system more responsive to labour market requirements and providing for lifelong learning.

The vocational education reform (launched in 1996) has been aimed at making the vocational training programmes match better with the demands of the labour market. The programmes are being improved and vocational standards developed in cooperation with employers. The Reform Action Plan 2001-2004 focuses on improving the qualification of teachers in vocational institutions, upgrading the study environment, increasing the proportion of in-company work practice and involving the social partners in vocational education management.25

The higher education reform plan setting out goals up to 2008 pays more attention to the quality of higher education and especially the development of applied higher education studies to help meet the demand for a highly qualified labour force.

For adult education the National Lifelong Learning Strategy has been prepared and is currently under discussion. The most important goal is to improve the access to further education and re-training for both employed and unemployed people, including those in the most vulnerable situations. The strategy aims at removing the main barriers to training courses - low motivation and high costs. In order to motivate adults to take part in training, the strategy envisages development and implementation of a study system that takes into account previous work- and study experience.

Assessment

Major changes have taken place in the education systems of Estonia over the last decade. Both the content of training and the organisation of education have been modernised.

There are increasingly better opportunities for all children, including those with special needs, to be prepared for school and acquire education according to their abilities. From July 2002, every child of pre-school age in Estonia is entitled to kindergarten services, but not all children are involved yet in preliminary studies, either for economic or social reasons or owing to the lack of appropriate arrangements.26

The number of disabled pupils in mainstream education has been increasing in both general and vocational education (in the 2001/2002 school year three-quarters of disabled pupils

25 Targets to be achieved by 2004 include increasing the number of students obtaining vocational secondary education (from 7 400 to 8 500), expanding vocational training opportunities for those with special needs (from 220 to 330 openings) and for those without basic education, reducing the drop-out rate from vocational schools (from 13% by 1% per year).

26 11.7% of children aged 6 do not attend kindergarten or preliminary schooling.
attended mainstream schools); however, their level of educational attainment remains on average lower than that of non-disabled. Continuing education is inhibited by mobility and physical access problems as well as the lack of personal support services.

A separate schooling system for Russian-speaking children raises the issue of quality of teaching of the Estonian language. Whereas bilingual study programmes are increasingly being put into practice, there is a need to improve the qualifications of Estonian language teachers in the Russian-language schools. Currently only half the teachers in question meet the qualification requirements.

The relatively high drop-out rate is linked to inflexible teaching arrangements, the deteriorating economic situation in families and the lack of counselling for students and parents. In the past few years several measures, such as increasing variety in the curriculum, individualising studies, providing for special classes and home studies, have been implemented, but there is a need for a more integrated strategy.

The education system has also in many respects failed to keep pace with the rapid changes in the labour market, leading to high rates of unemployment among young people.

Vocational education reform has succeeded in achieving a better match of programmes and labour market needs. However, the number of well-qualified teachers\(^{27}\) is still limited, young people lack opportunities for in-work practice, and the reputation of vocational training remains relatively low. This is reflected in the proportion of students entering upper-secondary and vocational school (70:30), which does not match the needs of the labour market.

There is no State-managed system for the professional training of people in employment at present. Lifelong learning opportunities depend on individual arrangements with employers and favour those better off in the labour market. In 2001, 13% of employees participated in training, compared to 50% in the Nordic countries and 24.3% in Ireland. There is clearly a need to develop a comprehensive system for financing lifelong learning.

**Challenges and policy responses**

**Improve access to learning opportunities**

**Immediate priorities**

- Ensure that every child has a ‘sure start’ at school by making pre-school education available in either kindergartens or preliminary classes at school; enable free child care and pre-school education at least for disabled children and children from low-income families or otherwise disadvantaged backgrounds
- Develop more flexible learning opportunities for disabled students as well as other disadvantaged groups: making more use of individualised programmes, web-based programmes and distance learning

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\(^{27}\) 41% of teachers in vocational institutions are 50+ as against 9% under 30; the ageing of teachers poses a problem at all levels of education – the number of teachers 50+ in general schools has increased by 63% since 1993 and now represents 35% of all teachers; 7% of teachers have reached retirement age.
• Develop teacher-training programmes to help teachers to identify special needs and learning difficulties of students and direct them to relevant advice and help

• Develop and make available support services (e.g. rehabilitation, personal assistance, sign language interpretation service, transport between home and school) and teaching aids for disabled students

• Provide children from families who are unable to secure adequate living and studying conditions with free placements in student homes, free study materials and school meals

• **Longer-term priorities**

• Develop a coherent system (based on case management and collaboration between different services) to help disadvantaged students to transfer from one education level to another or from school into employment

• Ensure adjustment of study facilities and learning arrangements to the needs of disabled students at all education levels

**Enhance employment prospects of graduates**

• Place more emphasis on competences and skills necessary for successful transfer from education to employment: language, communication, teamwork, analysing, decision-making and IT skills should form an integral part of basic, general and vocational education. For better preparation for working life there is a need to raise students’ awareness about employment and labour market issues. In all schools where the study language is not Estonian, it is important to improve the quality and effectiveness of Estonian language training at all levels of education

• Enable vocational guidance and training at the upper-secondary school level to prevent situations where graduates enter the labour market with no job-skills

• Improve the qualification of teachers at all levels of education

• Make arrangements in cooperation with employers for in-company work practice and devise a system of apprenticeship or other systematic arrangements for training students in various occupations

**Ensure access to lifelong learning opportunities**

• Develop and implement a career guidance system (including training of practitioners) and establish a database on adult study opportunities

• Develop a comprehensive system for financing lifelong learning in order to ensure access to learning opportunities for low-income and other vulnerable groups, including people with special needs and ethnic minorities

• Provide opportunities to learn basic skills and new technologies as well as EU languages and civil education
• Create incentives for employers to provide training also for employees with lower skills and qualifications through tax benefits and special grants.

**Develop integrated responses to school drop-out**

• Improve the statistics and understanding of factors leading to drop-outs

• Create and strengthen local networks of school staff, municipalities, social and youth services, parents, police to enable early intervention in case of learning difficulties, behavioural or social problems to prevent drop-outs

• Promote alternative and flexible learning opportunities, including wider use of individual curricula, taking into account abilities and interests

• Enable young people with interrupted formal education (without basic education) to obtain basic skills, vocational training and work experience

• Implement integrated measures against school violence and promote a safe school environment

• Expand and improve psychological services and counselling for children as well as their families both at school and at the municipal social services

• Help families to support a child’s school attendance through family support services (social services and assistance, family benefits, teaching support, providing for temporary placements in student dormitories)

• Encourage after-school activities and holiday programmes

4.2.2. **Access to health care**

**Institutional setting**

Since the 1990s the Estonian health care system has undergone fundamental changes. The following reforms have, among other strategic goals, been aimed at better access to quality health care and sustainable health-care organisation:

• Introducing a national health insurance scheme whereby persons are insured on the basis of the social tax paid for them by either the employer or the State (in the case of unemployed persons, parental leave, etc.). As a number of large population categories (old-age and disability pensioners, children up to age 19, students, pregnant women) are placed on an equal footing with insured persons, the coverage is almost total, reaching 96%.

• Introducing a system of family doctors.

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29 National health insurance covers expenses incurred to finance disease prevention and treatment, to purchase of pharmaceuticals and medical appliances and to pay sickness and maternity benefits.
• Improving the quality of specialised health care - ongoing reform here is aimed at recentralisation of specialised care and hospital care after initial rapid decentralisation in the early 1990s. The underlying principle is that as a rule people should have acute care available within the distance of 70 km (or a one-hour journey) from home.

• Reforming the nursing care system – the main objective is to move from institutionalised nursing care to a community care system with greater reliance on home care and support to families and other informal care-givers.

Assessment

The virtually universal coverage of the health insurance scheme means that for most of the population the Health Insurance Fund covers health care costs. Only a few services are excluded from the health insurance coverage, e.g. cosmetic surgery and alternative therapy. Health-care services are therefore, in principle, accessible in accordance with health situation and needs, not with the patient’s ability to pay. On the other hand, uninsured persons (about 70 000 in 2001) are, as a rule, entitled only to emergency medical assistance (financed from the State budget), unless municipalities make their own financial arrangements to enable uninsured persons access to family doctor and necessary care.

Positive developments include improvement of quality of care, promotion of patients’ rights and responsibilities, efforts to reduce waiting lists.30

For access to primary care (family doctors) there are no patient's fees for insured persons. Otherwise, as in many other countries, there is a trend towards increasing co-payments and patient’s fees. Co-payments have been recently introduced for some health-care services, for example for abortions and certain medical rehabilitation services. Patients also share the costs by paying fees for home visits, for outpatient specialist consultations and for ‘bed-days’ in the case of hospital treatment. Although the fees are subject to ceilings and some exemptions31, they may restrict access to services for low-income groups and those needing frequent treatment. The proportion of out-of-pocket payments has increased to 22% of total health care expenditure.

Issues of access to health care have not been studied in depth. The differences in extent of use of services (see 2.4) do not necessarily imply that there are differences in accessibility of services for certain groups. Also it is unclear to what extent people from different social groups experience differences in the quality of care received, and whether these differences contribute to inequalities in health outcomes. For a more comprehensive picture, in-depth analytical studies on access to health care focusing on the quality and costs of the care are needed.32 The latter is especially relevant for persons with long-term or excessive health care needs (children, elderly, chronically ill, etc.).

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30 Although waiting lists exist for certain types of treatment, the contract requirement of the Health Insurance Fund for primary health care doctors is that patients in an acute conditions must get an appointment or home visit for the same day or in the case of a chronic condition within 72 hours. For specialist care, the maximum allowed waiting period is four weeks; however, for service providers this is sometimes difficult to guarantee. Emergency care should be provided immediately.

31 The maximum allowed fee for specialist consultations and home visits is 50 EEK (3.2 Euro). Hospitals may charge a fee for the first 10 days up to 25 EEK per day. Hospital fees must not be charged for children, intensive care, pregnancy and giving birth.

Challenges and policy responses

Facilitate access to health care for disadvantaged groups

- Improve understanding of inequalities in health and access to health care: identify barriers (social, economic, cultural, physical, administrative) in access to health care and monitor continuously inequalities in access to health care and quality of care received (impact of patient's fees and co-payments should be especially considered).

- Meet the needs of persons living in vulnerable situations within the existing health system in order to prevent stigmatisation; promote skills to recognise and address special needs through professional and further training at all levels.

- Find opportunities to ensure free access to primary health care also for all uninsured persons and facilitate their referral, where necessary, to treatment or rehabilitation.

- Achieve better integration of health care, social rehabilitation and employment services to support the faster return of persons with health problems to the labour market.

4.2.3. Access to social protection

(1) Access to social security and minimum income guarantee

Institutional setting

Estonia started building up and strengthening its social security system in the early 1990s with the introduction of the national health insurance scheme. A comprehensive social security reform was enacted in 1997 with the following main objectives that have relevance to social inclusion issues:

- establish a three-pillar pension system to maintain adequacy and financial sustainability of the pension arrangements;

- strengthen the link between contributions and benefits to promote labour market participation and reduce tax evasion;

- introduce unemployment insurance and insurance against occupational diseases and work accidents;

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33 The policy responses set out here are described at greater length in the National Public Health Strategy for 2004 – 2014 based on health determinants. The strategy that is currently being worked out in the Ministry of Social Affairs includes activities to tackle inequalities in health and access to health care.


35 The Estonian pension system is composed of three schemes: State pension insurance scheme (employment- and contribution-related benefits financed on a pay-as-you-go basis), compulsory privately managed funded pension scheme (mandatory for those new entrants to the labour market who are born after 1982 and voluntary for all other employees) and voluntary supplementary pension scheme (individual pension plans).
• raise the level of social security benefits to meet at least the minimum European social standards (European Code of Social Security).

At present, the social security system comprises pension insurance (old age, work incapacity, survivor’s benefits); health insurance (sickness and maternity benefits); unemployment insurance; family benefits; social benefits for disabled persons; funeral grants; compensation for victims of violent crimes.

The first two schemes are financed from the social charges paid by employers. Unemployment insurance is financed from the contributions paid by employees and employers. The latter four schemes are non-contributory schemes financed from general taxes.

There is not yet a separate scheme for work accidents and occupational diseases. In these cases health insurance covers health-care costs and sickness cash benefits, while pension insurance provides for incapacity for work pensions.

**Minimum wage**

The minimum wage rate is being increased gradually as agreed between the social partners. In 2003 the minimum wage stands at 2 160 EEK (138 Euro) per month, comprising 34% of the average monthly wage in Estonia (6 333 EEK/406 Euro in the first quarter of 2003). In 2001, the social partners concluded an agreement on the principles of reviewing the minimum wage. The objective is to raise the minimum wage at least to 41% of the average monthly wage by 2008.

**National pension**

The national pension guarantees a minimum pension to persons who have attained 63 years of age, but do not qualify for the old-age pension, i.e. they have not worked in Estonia for at least 15 years. The national pension also serves as a basis for calculating the minimum pension in cases of incapacity for work or loss of breadwinner if persons do not qualify for normal incapacity for work pension or survivor’s pension. The rate of national pension in 2003 is 931 EEK (60 Euro) a month.

**Social assistance**

Social assistance benefit is granted if the person’s income after payment of housing costs (up to certain limits) falls below the subsistence level. The income of the entire household is taken into account and the amount of the benefit is calculated as the difference between the subsistence level and the disposable income of the household. Currently, the subsistence level stands at 500 EEK (32 Euro) per month for a single person and 400 EEK (25 Euro) for the second and each subsequent household member. When establishing the subsistence level, minimum expenditure on consumption of food, clothing, footwear and other goods and services is to be taken into account.

The right to social assistance is a constitutional right. Benefits are provided by municipalities but financed from the State budget. The eligibility rules are stipulated in the law and

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36 The risk of unemployment is now covered by two-tier cash benefits: contributory earnings-related unemployment insurance benefit (to provide primary protection) and non-contributory flat-rate State unemployment allowance (to provide secondary protection).
municipalities have no right to lay down any additional criteria or treat different groups differently when granting social assistance benefits. Municipalities may grant supplementary benefits from their own revenue and under their own rules.

Emergency social assistance is available to everyone staying in the territory of Estonia who is in need of urgent assistance owing to the loss or lack of means of subsistence. Emergency social assistance represents welfare provisions necessitated by the situation of the person concerned and must guarantee at least food, clothing and shelter. Guaranteeing emergency social assistance is a responsibility of municipalities.

Assessment

Estonia has achieved a social security system that provides mostly universal coverage and protection in the case of all ‘traditional social risks’. The minimum standards as set out in the European Code of Social Security are now exceeded in the branches of old-age pension, medical care, sickness and maternity benefits, survivors’ pensions, unemployment insurance and family benefits. There has been a significant improvement of social protection in cases of unemployment and disability — respectively through the introduction of unemployment insurance and social benefits for disabled persons to compensate for the extra costs of living with disability. Within the universal family benefit scheme, targeting has increased on more vulnerable families, such as families with small children and/or with many children and single-parent families.

In 2002, the relative poverty rate before social transfers (pensions included) was 25.3% and after social transfers 17.9%. Excluding pensions, the risk-of-poverty rate before other social transfers, would be as high as 41.6% of the population (see also Annex 2).

On the other hand, the real values of benefits are relatively low and do not always prevent economic hardship or lift recipients out of poverty:

- The low level of the State unemployment allowance (400 EEK/25 Euro) means that the unemployed who do not qualify for unemployment insurance benefit fall into poverty and need to apply for social assistance or rely on the incomes of their household. The high prevalence of long-term and youth unemployment implies that fewer than 20% of the newly unemployed qualify for unemployment insurance benefit.

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37 The municipality can exercise discretion only within the limits set out by the Social Welfare Act; for example, it can deny the benefit if the person capable of work and not studying has repeatedly refused to take up a suitable job or participate in activation programmes.

38 Estonia signed the Code of Social Security in 2001 and is now preparing for its ratification.

39 Social benefits for disabled persons are aimed at offsetting the additional costs that arise from disability, i.e. costs that are higher for disabled persons than for other members of society, and are primarily associated with medical and social rehabilitation; special educational needs, vocational training and retraining; the need for personal assistance or special technical aids; use of transport, communication and other public services.

40 Attempts to respond to the high poverty risk of families with children include: (a) introduction of the child-care allowance, the amount of which depends on the age and number of children in the family and is paid regardless of the parents' employment status (the parameters of the scheme favour families with 3 or more children of pre-school age); (b) supplementary benefit for a child with a single parent was doubled (from 150 EEK to 300 EEK a month); introduction of additional quarterly benefit for families raising 4 or more children or triplets (150 EEK per child); (c) extending the right to additional quarterly benefit to families raising 3 children (provision will take effect from 1 January 2004).
• For old-age pensions the average replacement rate is slightly above the minimum standard of the European Code of Social Security - 42.7% of the average net wage of an ordinary male worker. However, maintaining even a minimum acceptable level of old-age pensions remains challenging. The State pensions are increased annually by an index depending equally on the increase in consumer prices and the increase in social tax revenues. The indexation rules ensure that pensions keep pace with the inflation rate, as wage growth is likely to exceed the inflation rate in the coming years. On the other hand, it implies that the average replacement rate of pensions is likely to decline and differences between employees and pensioners continue to increase.

• The subsistence level for granting social assistance, which is determined annually by the Parliament, reflects political decisions and budgetary constraints rather than any other considerations. It has remained unchanged from November 1997, inflation has eroded its real value and it does not even cover the cost of the minimum food basket.

However, despite relatively low rates of benefits, in various cases benefits also provide disincentives to work for a minimum wage or a wage slightly above the minimum wage (this is a result of the relatively low level of the minimum wage and additional costs that arise in connection with working and ordinary working life). 41 Assistance to persons and families in need is often limited only to granting social assistance cash benefits, meaning that the causes of poverty are not sufficiently tackled by using active labour market measures, housing, social counselling, rehabilitation and care services and other social work measures.

Challenges and policy responses

Immediate priorities

Ensure adequate income in old age

• Keep the average replacement rate of old-age pensions above the level of 40% of the average net wage of an ordinary male worker. In addition to annual indexation, three ad hoc increases in pensions have been carried out in 2002 and 2003 that, when combined with indexation, have raised the average old-age pension from 1 635 EEK to 2 075 EEK. The Government has proposed further additional ad hoc increases in pensions in 2004, 2005 and 2006 to balance out the impact of income tax reform on the ratio of average old-age pensions and average net wage. Measures to sustain the adequacy of pensions will be set out in the National Pension Strategy (to be prepared by mid-2005).

Prevent and alleviate the poverty risk of families with children

• Increase financial support for larger and single-parent families through the universal family benefits system as well as other provisions (i.e. helping single parents to claim support from the ‘missing’ parents; provide free day-care and pre-school education as well as school meals and study materials for children

41 Social benefits: efficiency and impact on work incentives, Praxis 2002.
from poor families or otherwise disadvantaged backgrounds, see also 4.2.1 and 4.4.1).

Provide for adequate and integrated assistance for those in need

- Provide recipients of social assistance, where necessary, with other measures such as labour market services, social rehabilitation, counselling or workplace adaptations to help them out of poverty (see also Social services).

- Improve work incentives for social assistance claimants by strengthening the link between participation in employment or activation programmes and granting social assistance; consider introduction of in-work benefits to avoid poverty traps.

- Increase the subsistence level (including compensation for housing costs) gradually to the level of 'the estimated minimum means of subsistence' (see 6) – subject to revision of the benefit eligibility rules and improvement of the needs assessment by taking into account assets and other means than regular income.

- Promote joint working of social, employment and other relevant services in providing assistance for persons and families in need (see also 4.1).

Longer-term priorities

Make social security and employment policies compatible

- Achieve better alignment of employment and social security policies: steps have already been taken within the old-age pension scheme to encourage longer working life and working after retirement age. There is, however, a need to review the work incapacity, early retirement and special pension schemes in the light of labour market conditions.

- Incorporate rehabilitation provisions into the assessment of work incapacity and review the scheme of incapacity for work pensions.

- Analyse the impact of the tax system and social charges on employment of different groups and job creation and, if necessary, make employment-friendly adjustments.

Provide adequate protection in cases of work accidents and occupational diseases

- Establish a scheme for adequate and fair compensation in the event of work accidents and occupational diseases. Such a scheme should include rehabilitation measures to help retaining or regaining a job.

(2) Access to social services

Institutional setting

Social services in general fall within the responsibility of local municipalities. The State finances maintenance of children without parental care in foster families and institutions, rehabilitation services for disabled children, rehabilitation, supported living, employment and institutional care for people with psychiatric needs or intellectual disability and technical aids for disabled persons. Municipalities provide counselling, rehabilitation, accommodation,
personal assistance, care and other services that are aimed at supporting independent living, improving the quality of life and promoting social integration.

Several State-managed and -funded programmes have been implemented to design, develop or deliver welfare services at either national or local level. Overall these programmes have aimed at diversifying service provision, setting quality standards, improving access to social services for different groups. In 2000-2003 the following welfare programmes with relevance to social inclusion were carried out:

- Implementing Community Care Arrangements (foster families scheme for children without parental care; rehabilitation, supported living and employment arrangements for people with special psychiatric needs as well as for people with intellectual disability).

- Preventive work in the social sector (preparation of the child protection strategy to ensure better-coordinated services and support to families with children and children at risk; development of a family and community network to reduce the number of placements of people with psychiatric needs or intellectual disability in special care institutions; establishing a free Estonia-wide help-line in cases of psychological crises).

**Assessment**

There has been a significant shift from institutional to community-based care, rehabilitation and other welfare services over the past decade. Developments also involve the establishment of social workers’ institutions in all municipalities and attempts to increase the proportion of preventive and activation measures.

The supply of services depends, however, on the priorities and resources of each local authority. The range and diversity of services therefore varies. Further development of social services has been hindered owing to the weak legal basis and lack of consensus on fundamental issues such as which services are to be guaranteed and what are the quality standards, what is a reasonable division of obligations to provide and finance welfare services between the State and local authorities, how to balance services and benefits, etc. These issues are being dealt with in a Social Welfare Strategy that is currently being prepared by the Ministry of Social Affairs.

**Challenges and policy responses**

**Put in place social services that support employment and social integration**

- Finalise and implement a Social Welfare Strategy that sets out the framework of developing social services, including delivery and funding arrangements.

- Implement the State welfare programme for children, the elderly and people with special needs (2004-2006) to develop needs-based and preventive services and help municipalities to put in place care arrangements for the disabled and elderly.

- Improve the quality of social services: set guidelines, provide training for specialists working with vulnerable groups and ensure regular monitoring and evaluation of services and their effectiveness as regards social integration.
• Develop public services, including social services, that help to remove or ease obstacles to labour market participation; for example, there is a need to address housing and transport problems, provide care services to release informal carers for paid work, increase the flexibility and diversity of child day-care provision and promote after-school activities to support reconciling family and working life.

4.2.4. Access to housing

Institutional setting

As a result of liberal housing reforms most of the housing stock in Estonia is privatised. Currently only 4% of housing stock is in public ownership, rent regulations are being gradually abolished and housing management to a great extent transferred from public companies to residents’ management or private companies.

National measures have been confined to allocating funds for alternative housing or resettlement for tenants in restituted housing, providing financial support to renovation and development programmes and guaranteeing ‘young family loans’ for the purchase of housing. The Housing Development Strategy for 2003-2008 prioritises three areas: subsidising renovation of apartment buildings, subsidising building, purchase or renovation of municipal rental housing, guaranteed loans for young families, young specialists, home-owners’ associations and tenants in restituted housing for purchase or renovation of dwellings.

Municipalities are required to provide housing for persons and families who cannot afford adequate housing and, where necessary, provide for social housing. Municipalities also assist persons who have difficulties with independent living to adjust the dwelling to their needs or find more suitable housing. To help poor families to maintain their housing standard and prevent homelessness, normative housing costs are taken into account when granting social assistance (see 4.2.3).

Assessment

The housing market provides satisfactorily for those who have sufficient resources to arrange their own housing in a rented or purchased home. The public sector has few means to intervene in housing processes. National measures, as demonstrated above, support mainly the purchase and renovation of housing. However, such measures are not accessible for the poor and do not improve their housing situation.

Municipalities have many responsibilities with regard to ensuring access to decent housing; however, many of them lack a sufficient supply of cheaper housing. Offsetting housing costs within the social assistance scheme is, in practice, often the only measure available to prevent indebtedness and risk of loss of home.

On a positive note, socio-spatial segregation is not yet clearly apparent in Estonia. However, there is a risk of concentration of poverty, as municipal housing appears to be planned in less

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43 In 1992 the public housing stock amounted to 61%.
44 Subsidies are to be allocated at the request of municipalities and amount to up to 10% of total costs.
45 Subsidies are planned to cover up to 50% of total costs and are aimed at expanding rental housing to solve the problems of tenants in restituted dwellings and provide affordable housing to encourage labour mobility.
attractive areas and there is a trend towards creating segregated ‘security housing areas’ for better-off families.

The Housing Development Strategy for 2003-2008 sets out an ambitious objective to ensure everyone a choice in the housing market. The new strategy is a welcome step forward, but, given the limited resources, the number of beneficiaries among target groups (young families with children, young specialists, tenants in restituted housing and home-owners’ associations) remains fairly small. The strategy focuses also, and importantly, on issues of renovation and maintenance of housing stock, given the deteriorating quality of buildings. However, there is a need for integrated measures to improve the access to housing and the housing situation of different population groups.

**Challenges and policy responses**

**Improve access to housing for vulnerable groups**

- Increase the supply of affordable housing and accommodation in public-private partnership: the public sector could, given the limited resources, promote an increase in the supply of affordable housing through making available land and infrastructures rather than direct subsidies. This should be conditional upon developers allocating an agreed share of dwellings to low-income families at an affordable price.

- Set up a reliable housing exchange services through partnerships involving the public, private and NGO sectors, so as to enable a better match between housing supply and households’ needs as well as the labour market's needs.

- Review the social assistance benefit to provide more adequate help with housing costs in order to maintain a decent living standard and prevent indebtedness.

- Extend the support for local municipalities in developing and implementing their housing strategies and providing municipal or social housing for those in need of help. Currently the Housing Development Strategy provides subsidies for building municipal rental housing that cover up to 50% of total costs in cases of expanding rental housing to solve the problems of tenants in restituted dwellings.

**Prevent deterioration of the housing standard and loss of home**

- Draw up a minimum housing standard: the current standard, which includes health and safety requirements, should be supplemented to satisfy minimum social needs such as washing and cooking, minimum privacy, reasonable security of tenure. The minimum standard should be taken into account when providing for housing

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46 2/3 of the housing stock was built between 1950 and 1989 and, of this, 1/3 between 1971 and 1989.


48 The minimum acceptable housing as suggested by the research project ‘Access to housing for vulnerable groups in Estonia’ satisfies basic needs: it is safe for health, has electricity and heating facilities, there is access to drinking water, some kind of washing and cooking facilities, toilet (either inside or outside). Also, a reasonable security of tenure must be guaranteed.
and housing services. In the longer term, an adequate housing standard\textsuperscript{49} should be achieved for the majority of the population.

- Provide financial support for less-solvent households for renovation of housing.
- Ensure early intervention in cases of indebtedness, provide counselling and help to find alternative ways of recovering the debt (e.g. with participation in maintenance works).
- Ensure legal protection and appropriate assistance in cases of eviction.
- Continue addressing the problems faced by tenants in restituted housing.

**Longer-term priorities**

**Prevent concentration of poverty and socio-spatial segregation**

- Avoid large concentrations of public and social housing clients and support the development of neighbourhoods with mixed housing types and mixed tenure.
- Increase public awareness about the risks and consequences of area-based exclusion and improve the low reputation of municipal and social housing stock.
- Develop and implement area-based initiatives to prevent the emergence of socially excluded neighbourhoods. Such initiatives should aim at creating recreation areas, developing infrastructure and public services and improving the physical accessibility of dwellings for the disabled, elderly and families with small children.

**4.3. Preventing the risks of exclusion**

**4.3.1. Promoting e-inclusion**

**Institutional setting**

The potential of new information and communication technologies (ICT) has been consistently exploited to prevent the digital divide by region, age, education, employment and income status. The Information Policy Fundamentals, approved by the Parliament in 1998, emphasise the importance of avoiding the emergence of ‘information-rich’ and ‘information-poor’ regions or communities.

Initiatives undertaken in the field of ICT promoting e-inclusion have focussed on raising the awareness and use of new technologies and on-line services, teaching ICT basic literacy and enhancing ICT skills, developing on-line services, fostering e-democracy and fostering local communities.

\textsuperscript{49} The housing is adequate when access to drinking water as well as sanitary conditions and a safe environment are guaranteed, legal security of tenure and protection against discrimination are ensured and the location of the dwelling enables access to education, labour market, health care and other services. Housing costs should not be too excessive as compared to satisfying other basic needs.
In 1996-2000, as part of a Government-supported project ‘Tiger Leap’, all schools in Estonia were computerised and connected to the Internet. Today, training in ICT is compulsory at every level of formal education. It is also being increasingly used in labour market programmes for the unemployed.

A public-private partnership project ‘Look@world’ aims at providing free basic ITC courses for 100 000 non-users, targeting 50-74-year-olds and blue-collar workers. The initiative is also intended to double the current number of Public Internet Access Points. The project thus helps to ensure access to the Internet and on-line services for people who cannot afford to pay for training and use of ICT.

The E-Government initiative has made a considerable amount of public information (including draft legislation) as well as public services available on the Internet. Also, a rapidly increasing number of private services are available on the Internet, Internet-banking being the most widespread. Introduction of the ID card and digital signature contributes further to the development of e-services in both sectors.

The majority of public agencies have their own websites and there are also single-entry portals such as E-Government, E-Citizen and TOM (Täna Otsustan Mina/ Today I Decide). The portals serve as gateways to public information and services as well as providing new channels of participation and interaction.

The Government’s Information Policy Strategy is currently being revised to determine the principles and priorities in developing the information society. The draft document stipulates promoting the ‘information society for all’ by ensuring equal access to information and services. Making use of the potential of ICT is to be especially considered in the fields of education, culture and employment.

Assessment

The developments and activities described above have significantly contributed towards enhancing social inclusion through increased competitiveness and employability (command of ICT skills) and better access to information and services. On the other hand, the increase in the number of ICT users seems to have stopped recently at a level which is still lower than in the Nordic countries, and there are certain groups likely to lose out on the advantages of ICT (see 2.5).

There are encouraging examples of how the use of ICT has created new jobs and attracted (foreign) investment, but the potential of ICT for enhancement of employment opportunities has not been fully exploited.

Challenges and policy responses

Increase the number of ITC users among the general population and vulnerable groups

- Expand the network of Public Internet Access Points, making among other things better use of schools’ computer classes and local libraries.

50 In 2002 over 200 PIAPs were opened both in towns and in rural areas.
51 Electronic facilities allow for declaring taxes, receiving information on social insurance records, obtaining and submitting various application forms for documents and benefits. Shortly, web-based job-search will be made available by the public employment services.
• Increase the number of people benefiting from ICT by targeting special initiatives at risk groups (school drop-outs and persons with disrupted formal education, long-term unemployed, elderly, disabled, non-Estonian speaking population, homeless). Some of these groups are already in the focus of the ‘Look@world’ initiative, whereas some groups such as the homeless or ex-prisoners are very difficult to reach.

• Enhance ICT skills learning opportunities through State-funded courses, in particular for those who are unemployed or at risk of losing their job, and through tax advantages for employers. Voluntary mentors could be trained to provide assistance and support the use of the Internet and e-services in local communities.

• Take into account the needs of people with disabilities. There is a need to raise awareness about the difference that the use of ICT can make to the lives of disabled people and the barriers they face in terms of access to e-services. To remove such barriers, minimum accessibility standards or guidelines could be considered. A ‘Disability and Employment’ website that is currently being designed under the PHARE 2002 initiative\(^\text{52}\) can serve as an example of a disabled user-friendly website. When opening PIAPs, attention should be paid to physical accessibility.

• Help people with low incomes or belonging to other risk groups to obtain personal computers and use the Internet – selling computers used in the public sector at a favourable price and finding ways to partly compensate for the costs of ICT use for those who are not able to pay for it themselves.

• Improve the content and consistency of public e-services.

Enhancing employment opportunities by using the potential of ICT

• Use the potential of ICT for job creation, promotion of flexible forms of working (distance working) and entrepreneurship.

• Create incentives for employers for covering the costs of using ICT when working from home (at present, compensation for these costs is treated as a fringe benefit and taxed).

4.3.2. Improving the health situation of disadvantaged groups

Although persons living on low incomes or in poverty more often report poor health, including both mental and physical health problems, and are also more often engaged in health-damaging behaviour, there is no specific ‘disease of the poor’ but rather a risk of health deterioration due to a vulnerable social situation.

Access to quality health-care services (see 4.2.2) has an important role in reducing the impact of the socio-economic situation on health outcomes. However, inequalities in health cannot be eliminated solely by better medical care. Over recent years efforts have been made to extend and strengthen public health functions other than health-care services. Public health services

\(^{52}\) PHARE twinning project ‘Enhancing Employment Opportunities for Disabled Persons’.
are being developed in order to achieve a proactive and community-based public health system.

More emphasis is placed on development and implementation of strategies for disease prevention and health promotion. National health programmes such as the Heart Health Programme 1993-2003 (prevention of cardiovascular diseases), Safe Community Programme 1994-2004 (prevention of traumas), Tobacco or Health 1993-2003 have aimed at promoting healthy and safe behaviour and improving the overall health situation. Differences in health outcomes by socio-economic group are more directly tackled in specific strategies: National Tuberculosis Control Programme (until 2008), Prevention of HIV and AIDS (2007), Prevention of Alcohol and Drug Abuse (2007).

Challenges and policy responses

Improving the health situation of vulnerable groups requires integrated social and health policy measures, among other things ensuring adequate income through employment or social protection, enabling access to education and lifelong learning opportunities, promoting quality jobs and long-term preservation of working capacity, improving access to housing and housing conditions (see 4).

Promote integrated policies and health impact assessment in all policy areas

- Implement effectively the National Health Strategy, currently in preparation, which sets out objectives and activities to ensure a healthy living and working environment and promotes healthy choices and lifestyles - nationwide implementation should lead to control of the main health determinants, integration of social and public health measures and strong involvement of local communities.

- Support community-based initiatives: this means, as a priority, achieving better integration of local services and setting up multidisciplinary teams and local partnerships to tackle health inequalities.

- Motivate employers to improve the working environment and participate in cost-sharing and improvement of employees’ health.

Address the relatively high prevalence of mental health problems

- Implement the Mental Health Policy Strategy, which focuses on mental health problems that may lead to social exclusion: increasing frequency of mental disorders, particularly among young people; continuously high risk of suicide; increased frequency of substance-dependency, especially in the younger age groups. The main target groups are children and adolescents, elderly, adults with severe or long-term special mental needs, working-age population suffering from stress and depression.

The strategy envisages raising public awareness about mental health issues, providing information about available support, promoting a safe and people-friendly living and working

53 The Mental Health Policy Strategy was prepared by the Policy Study Centre PRAXIS at the request of the Ministry of Social Affairs and in cooperation with different experts, professionals and also consumers of mental health services. For the document, see www.praxis.ee/vaimnetervis.
environment, designing and implementing a Programme of Suicide Prevention. It proposes to create a network of mental health and other support services through cooperation between national and local authorities and the public, private and third sectors; strengthening the existing system of treatment, care and rehabilitation and making it more responsive to customers’ needs

Address health-damaging behaviour

- Implement additional measures for reducing tobacco consumption through raised taxation and further limiting public smoking (including all workplaces).
- Continue implementation of the National Programme on Prevention of Alcohol and Drug Abuse (envisaged until 2007) and create opportunities for affordable alcohol and drug dependency treatment and rehabilitation.
- Continue implementation of the National Programme on Prevention of HIV and AIDS (envisaged until 2007).

4.4. Helping the most vulnerable

4.4.1. Helping children at risk

Children from poor families or with special needs are often at risk of missing out on development and education that, in turn, can mean living with poverty and limited choices over the lifetime.

Poverty of families with children is dealt with in mainline policy areas such as employment (addressing family obstacles to employment), social protection (providing adequate family benefits, income support and social services) and housing. Educational disadvantages and exclusion from school are addressed in section 4.2.1.

Here, the focus is on the most vulnerable children, preventing them from facing multiple risks and becoming ‘street children’. The target groups are children without parental care, children with special psychological/psychiatric needs or delinquent behaviour, abuse victims, young drug abusers, HIV positive children and adolescents.

- **Children without parental care** are increasingly placed in foster families, but the proportion of children in institutional care remains high. 36% of children without parental care are placed in childcare institutions or shelters, indicating a limitation of measures to support families, prevent the need to separate the child from the family or enable him/her to return to parents after temporary separation.

- **Delinquent behaviour** has become more prevalent among adolescents. In 2001 children committed 2 206 crimes, 7.7% more than in the previous year. Children were responsible for 15.4% of recorded crimes in 2001; in the same year 1 617 children were sentenced.
• **Violence in school** is a growing problem – about 16% of primary school students have experienced physical abuse (hitting and beating at school)\(^{55}\), but this is often not recognised by either adults or children. Implementing integrated measures against school violence and promoting a safer school environment is envisaged under the policy responses to school drop-out (see 4.2.1).

A 1999 study revealed that 70% of school-age children had experienced either verbal or physical violence. There is little reliable evidence of sexual abuse, but it is estimated that 3-8.5% of children may have been sexually abused. Children’s Support Centres in Tartu and Tallinn provide counselling and help for abused children, but there is a need for a wider range of services, including psychological and social rehabilitation, across the country.

• **Drugs** are regularly used among 5-7% of pupils. In 2002, 64 children received treatment and rehabilitation, but there are only four institutions providing rehabilitation for minor drug addicts and one organisation providing medical treatment. The number of specialists in the treatment and rehabilitation of minor drug addicts is insufficient.

• **The HIV-positive risk** is extremely high among young people in the age of 15-24, who account for 75% of registered HIV+ cases. The majority of them are injecting drug-addicts. Random test results\(^{56}\) indicate that not all cases are detected. There is a need for a treatment and rehabilitation system for such a risk group.

**Challenges and policy measures**

**Prevent risks of exclusion among children** (see also 4.2.1 and 4.2.3)

• Launch a public awareness campaign to promote everyone’s responsibility to inform the competent authorities about children at risk; to this end, open a nationwide ‘social emergency’ line.

• Ensure free child-care and pre-school learning opportunities for children from disadvantaged backgrounds.

• Provide free school meals and free study materials (workbooks) to children from poor families, at least at the basic level of education.

• Increase availability of free leisure-time and youth activities.

**Improve cooperation of child protection authorities and services**

• Create a network of regional child protection workers and assign a caseworker to every child and family in risk.

• Improve cooperation among the different institutions and specialists ‘around’ the child; provide for training of networks and develop common working methods.

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\(^{55}\) Study conducted in 2001. It also revealed that 46.97% of pupils have experienced violent pushing and 39.57% have experienced teasing.

\(^{56}\) In Tapa special school 18 children were tested. Out of those 18 boys, 5 were HIV positive and 1 had syphilis. Out of 17 children tested in Tallinn Child Shelter, 1 was HIV positive and 7 had hepatitis.
• Engage and encourage volunteers to work with children.

• Put in place an effective procedure for receiving, controlling and investigating alerts and intervening to protect children from abuse.

**Increase availability of counselling and rehabilitation services**

• Develop a systematic approach to providing and financing psychological and psychiatric counselling and therapy to ensure a holistic response to special needs.

• Develop specialised rehabilitation and socialisation services to provide necessary help to street-children, young drug addicts and delinquents and their families.

**Enhance alternative care arrangements; improve the quality of institutional care**

• Establish qualification and training requirements for staff in childcare institutions.

• Reorganise large institutions to smaller, family model-based homes.

• Encourage alternative care arrangements by providing training and other support for foster families; consider professional foster families for children with delinquent behaviour or drug problems.

4.4.2. **Persons with intellectual disability**

Persons with intellectual disability are often among those most at risk of exclusion, thus this group has been given a priority, when putting in place state-funded rehabilitation, supported living and employment provisions or other community-based services (see also 4.2.3 (2) Access to social services). However, diversity and quality of services needs to be improved and funding gradually increased to make provisions more widely available and accessible.

For students with moderate and severe learning disabilities, an adjusted national curriculum is put in practice, promoting learning opportunities at mainstream schools. The integrated learning opportunities involve also special classes at mainstream schools and combined teaching, for example in cooperation of special basic school and mainstream vocational school (see also 4.2.1 Access to education). However, intensified efforts are required to promote early intervention and provide mainstream day-care institutions and schools with the necessary competence and skills.

Joint efforts of national and local agencies and NGOs are needed to promote positive attitudes towards persons with intellectual disabilities and to guarantee their human rights and full participation in society. Facilitating access to (easily comprehensible) information, advice and support to persons with intellectual disabilities as well as families will be important.

4.4.3 **Support to integration of the homeless**

There are two main fields of work with adult homeless: providing temporary accommodation in both shelters and rehabilitation centres and providing primary rehabilitation services. Ensuring help for the homeless and persons in housing crisis situations is the responsibility of local municipalities. Rehabilitation services for persons released from detention are financed from the State budget. NGOs and the Church have the best practical experience in work with the homeless.
Placements and the number of service users in shelters and rehabilitation centres have doubled over the last five years; however, it is estimated that shelters accommodate only 1/5 of homeless adults. Rehabilitation centres accommodate mostly persons released from detention who have great difficulties with access to housing or maintaining housing.

All the institutions provide shelter but also help with clothes, facilities for washing and doing one’s laundry. Most of the shelters provide basic medical care, food or cooking facilities. Services provided under the title of ‘rehabilitation’ are social counselling, help with obtaining documents and applying for disability benefits or social assistance, enabling access to medical care paid for by municipalities. Few institutions have succeeded in organising temporary work for the homeless and made attempts to work with family members or other relatives to establish the social network necessary for reintegration of the homeless person.

Over half of the shelters’ clients are alcohol or drug addicts and the specialists are unable to solve their problems owing to lack of financial resources and treatment arrangements, as well as for other reasons (lack of motivation and social network).

There is rarely a progression from the shelter to the rehabilitation centre, from the rehabilitation centre to supported living and then to independent living. Some shelters have recently set up ‘social accommodation’ - smaller private rooms for the homeless.

Challenges and policy responses

Key activities for preventing homelessness are prevention of alcohol and drug abuse, treatment, employment and social welfare initiatives, and housing policy measures to create incentives for supplying public and social housing (see also 4.1, 4.2.3, 4.2.4).

Reintegration of the homeless requires the following responses:

- Expand the existing network of shelters and rehabilitation centres and promote a holistic rehabilitation process that would aim at alleviating personal social problems, re-establishing the social network, finding suitable employment and living arrangements.

- Establish regional rehabilitation or activation centres with greater competence and mobilised resources to provide socialisation and work rehabilitation programmes.

- Create living arrangements with different standards and extent of support to enable the homeless to move from a lower to a higher housing standard (for example, from a room at the shelter to social or municipal housing). There is also a need for basic care homes or communal living arrangements for those heavily addicted to alcohol or drugs – for either temporary or permanent living.

- Strengthen cooperation between professionals and institutions involved with the problems of the homeless – police, health care institutions, municipal social workers, employment and benefit services, housing organisations and experts and others.

4.5. Mobilising all relevant actors

The JIM was drawn up by the central government under the coordination of the Ministry of Social Affairs. Different public authorities were involved and consulted within the usual
structures - no specific bodies or structures were set up. The JIM process was strongly linked with the process of preparing the application for aid from the Structural Funds.

Challenges and policy responses were discussed in different thematic working groups - in many cases as part of the preparation of different social inclusion related strategies, action plans or projects. For example, policy responses for better access to housing stem from the expert round-tables held within the research project ‘Access to Housing for Vulnerable Groups’. Recommendations on better inclusion of disabled people in the labour market were put forward following the expert analysis and discussions with disability organisations within the ongoing PHARE project ‘Enhancing Employment Opportunities for People with Disabilities’.

The Ministry of Social Affairs played a leading role, but different working groups and networks involved, as necessary, other ministerial departments, the Statistical Office, Labour Market Board, representatives of regional and local municipalities, researchers and interested NGOs. NGOs contributed the most to identifying policy responses for helping children at risk and supporting the reintegration of the homeless.

For participation of people suffering from exclusion, the interviews with homeless people were carried out within the research project ‘Access to housing for vulnerable groups’. When identifying the challenges and policy responses, the interviews with the long-term unemployed from the respective study were also taken into consideration. Indirectly, the self-expression of people suffering from exclusion was ensured through NGOs.

A number of lessons can be learned from the preparation of the JIM, which will be useful when Estonia comes to prepare and submit its first National Action Plan on Inclusion after accession in 2004:

- The JIM process positively brought along and promoted the advancement of new strategies and initiatives. The multiplicity of simultaneous processes and attempts to mainstream social inclusion aspects, however, proved to be challenging in terms of keeping focus on the JIM. For preparing and future assessment of the NAP Inclusion, setting up a coordinating and mainstreaming team in the field of poverty and social exclusion within the Ministry of Social Affairs could be considered.

- There is a need for greater involvement of local authorities and other local actors, as in many respects policies relevant to social inclusion are within the local competence and best delivered at local level. Therefore, when preparing the NAP Inclusion, the measures to fight poverty and social exclusion at local level should be planned and put forward in close partnership with the representatives of local authorities. For effective implementation of the NAP Inclusion at local level, it is important, that municipalities have to this end adequate human and financial resources, and, where necessary, the sharing of funding responsibilities between the national and local governments is considered. At regional and local level more structured coordination of social inclusion activities could be achieved in the form of partnerships. Here, positive experiences can be obtained from partnerships

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57 For example, preparing a public health strategy to tackle health inequalities, developing new concepts of employment and welfare services to provide more individualised, integrated and active support for vulnerable groups, analysing compatibility of social protection and employment provision, examining housing-related exclusion, etc.
established in southern Estonia under the “Baltic Rural Partnerships Programme for Sustainable Rural Livelihoods”.

- The JIM process highlighted the need to mainstream the issue of poverty and exclusion in other policy domains than just those within the competence of the Ministry of Social Affairs. Elimination of poverty and exclusion should therefore be carried out in any policy area as part of the process of decision-making.

5. **Promoting Gender Equality in All Action Taken to Fight Poverty and Exclusion**

5.1. **Gender-related risks of poverty and social exclusion**

The existing data show that gender disparities in unemployment and poverty rates are rather insignificant. However, there is a lack of gender-related data and statistics in many areas, and the gender-specific risks and their relevance to poverty and social exclusion have not been studied in depth.

Women and men appear to be prone to different vulnerability factors. Women are more likely than men to:

- become economically inactive after becoming unemployed;
- become a single parent or take care of elderly or disabled family members;
- live alone in old age and have to rely on a single income;
- become a victim of domestic violence;\(^58\);
- end up in prostitution and be stigmatised and socially excluded.

For men, the following vulnerabilities occur:

- high drop-out rate from school;
- alcohol and drug abuse;
- men comprise majority of homeless and the same applies to ex-convicts;
- men have higher mortality from most causes of death and they are more often engaged in health-damaging behaviour.

5.2. **Gender mainstreaming in the overall strategy**

The gender mainstreaming commitment is incorporated into the Ministry of Social Affairs' Strategic Action Plan, which sets as a long-term objective integration of the gender equality

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\(^{58}\) The 2001 study highlighted that there are 285 cases of physical and sexual violence against women per day, 44 000 acts of violence against women resulting in physical injuries, two-thirds of cases of violence against women occur at home, in 9 cases out of 10 the victim of domestic violence is a woman and the victims of domestic violence do not search for help through the public institutions (only 10% of victims report the matter to the police).
principle into all national policies, programmes and projects. In 1996, the Gender Equality Bureau was established within the Ministry for better coordination of gender equality measures across the policy fields.

The measures taken by the Ministry have been aimed at raising public awareness of gender equality issues, supporting political activity of women, training of civil servants, social partners and women's organisations, analysing legislation and data from social surveys and launching projects to address gender imbalances.

The gender equality unit applied the gender mainstreaming approach in the development of the JIM by making sure that gender analysis and gender-related risks of poverty and exclusion form an integral part of each section. For the NAP Inclusion there is a need to develop the capacity of gender impact assessment. The full transposition of the Community acquis on equality between men and women will be an important step in further strengthening gender mainstreaming in the context of promoting social inclusion.

5.3. **Specific measures and structures**

Social policy systems in Estonia are based on individualised rights that should enhance gender equality. Also, achieving more individualised and integrated provision for those in poverty or exclusion should help to address gender-specific needs within mainstream policies. However, there are some areas where specific measures and structures are required:

**Identify gender-specific patterns in the risks of poverty and social exclusion**

- Identify and respond to gender gaps in statistics and other data and carry out gender impact assessments backed up by appropriate indicators.
- Promote specific gender research and competence, provide training in gender issues and access to the information about best practices to various stakeholders.

**Respond to violence against women**\(^59\)

- Implement a national strategy to combat violence against women. The strategy was prepared on the basis of a relevant research project (2001) and has the following strategic objectives: raise public awareness about violence against women, amend relevant legislation, empower the police, promote a victim-centred approach, establish networks of different authorities and institutions.
- Continue training programmes for police officers to help them recognise incidences of family violence and provide assistance to victims.
- Expand the existing network of shelters, rehabilitation centres and counselling services\(^60\), organise consultation and rehabilitation services for violent men.

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\(^{59}\) In 1999, at the initiative of the Baltic-Nordic working group for gender equality cooperation, the situation of both family violence and violence against women was mapped out in Estonia. It was noted that owing to the lack of information the general public, as well as health care specialists and police officers, does not fully recognise the seriousness of the problem. The statistical data do not reflect the real scope of the problem and the need for help.
• Establish a network of victim support services whereby primary assistance (counselling, informing about the victim’s rights and available help, coordinating access to other services) is made available for all victims, including those suffering from domestic violence, and in all regions. The scheme is already in preparation.

• Promote better inclusion of rural women

• Implement initiatives to develop varied small business activities in rural areas to improve women’s employment and entrepreneurship prospects in rural areas.

Take action against prostitution and trafficking

• Respond to children’s exposure to abuse, as many prostitutes enter the sector before they turn 18 after experiencing sexual abuse and violence.

• Put in place a national action plan against trafficking in human beings that includes raising public awareness of the consequences of prostitution and trafficking in women, increasing the police’s competence and capacity to prevent prostitution and trafficking, establishing an institutional network for aid to victims.

6. Statistical systems and indicators

Most of the social exclusion indicators adopted at the Laeken Council are available in Estonia. The main data sources for social exclusion indicators are the Household Budget Survey (HBS) and the Labour Force Survey (LFS), which are conducted annually by the Estonian Statistical Office. Data from the LFS has been transmitted to Eurostat since 1997 in accordance with Council Regulation (EC) No 577/98.

In the context of cooperation between EUROSTAT and the statistical authorities of the candidate countries on statistics on income, poverty and social exclusion (in 2000), comparable structural indicators related to monetary income and poverty statistics were made available in Estonia in September 2002. In 2002 the cooperation project coverage was extended to the list of indicators adopted at Laeken. A second round of data collection was undertaken in 2003 and the results have just been validated by Eurostat allowing for comparisons with other acceding countries and EU Member States.

The Estonian Statistical Office has been introduced to the methodologies and definitions used in Eurostat for the calculation of the Laeken indicators. The income definition used in the calculation has been also harmonised as far as possible with the Eurostat income definition. It was done in cooperation with Eurostat experts. For now, indicators such as at-risk-of-poverty-rate with breakdown by age, gender, activity status and household type have been calculated.

60 There are altogether 23 shelters and rehabilitation centres (with 626 places) in Estonia. However, especially for the victims of domestic violence there is only one shelter. In three shelters the target group is children with mothers.

61 Under the ILO programme ‘More and better jobs for women’ (operational since 1999).

62 Prostitution has major physical and mental health consequences, irrespective of how the sex trade is organised. Prostitutes often show the effects of long-term financial and social exclusion. Many of them suffered childhood abandonment, and prostitution leads to further disadvantages, such as loss of self-esteem and problems with social and emotional relations.
from 1996 onwards. The difficulties lie with measuring the persistence of poverty (e.g. indicators of persistence of low income and persistence of low income below the threshold of 50% of median income) owing to missing longitudinal data. The Estonian Social Survey, which is aimed at collecting longitudinal data too, has been prepared and will be launched in 2004.

There is no legal definition of poverty or social exclusion, nor a national poverty line laid down in Estonia. Nationally, both absolute and relative poverty indicators are used to express the extent of poverty (see 2.3). In addition, the Estonian Statistical Office calculates regularly an indicator called 'the estimated minimum means of subsistence'. This is defined as the smallest amount of means of subsistence needed by a person to enable him or her to preserve and restore the ability to work. In determining the estimated minimum means of subsistence, the Statistical Office has started with the statistically average person and, by relying on expert evaluations, has tried to observe the consumption pattern, which is close to the actual consumption, which should cover the person's primary needs (food, clothing, housing) and enable him/her to make some other necessary purchases over a 30-day period.

In 2002 the average estimated minimum means of subsistence was 1 389 EEK (89 Euro) per person, of which the minimum food basket accounted for 669 EEK (43 Euro), i.e. nearly 50%. However, it should be stressed that the estimated minimum means of subsistence is calculated per person, not per household member, and therefore equivalence scales are not taken into account. The calculation is based on the assumption that all goods and services are purchased at average prices and possible self-production of the household is not taken into account.

It should be also noted that according to the 1999 Poverty Study the equivalence scales used by the OECD and the EU – (1; 0.7; 0.5) or even (1; 0.5; 0.3) – are not adequate for Estonia's situation. The empirical analysis of consumption by Estonian households indicated that the bulk of consumption comprises the satisfying of individual basic needs. In countries with a generally higher welfare level the average household uses a large part of its expenditure on the living environment and leisure activities and accordingly the equivalence scales of household members are relatively lower. The authors of the study suggested that in order to ensure in Estonia's situation a normal level of individual consumption, it would be optimal to use equivalence scales 1; 0.8; 0.8, which characterise the major and most typical proportions of Estonian households' consumption behaviour. However, this needs to be reviewed. In this respect it is worth noting that Eurostat has launched a limited sensitivity analysis of the Laeken indicators to the choice of equivalence scale, for EU and for Acceding/Candidate countries.

In addition to the HBS and LFS, the data on poverty and exclusion can also be obtained from the observations and surveys carried out by the statistics and analysis department of the Ministry of Social Affairs. The Ministry collects data on social assistance recipients, children without parental care and their placement in institutions and foster families, observes provision of rehabilitation and care services and supported living arrangements (social housing) for different groups of the population.

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63 Calculated by the Estonian Statistical Office on the basis of suggestions from nutritional scientists, according to which the energy value of the minimum food basket is 2 400 kcal per day. This corresponds to the consumption of food by a man with a moderate workload. The WHO recommends for the determination of the poverty line the food consumption corresponding to 2 100 kcal per day.
The following recent studies and reports have also contributed to a more in-depth assessment of poverty and exclusion issues:

- ‘Living conditions in Estonia’, 1999, NORBALT, Tartu University, Statistical Office, Ministry of Social Affairs
- ‘Social benefits and their effectiveness on poverty alleviation and impact on employment incentives’, 2002, PRAXIS Centre for Policy Studies
- ‘Survey on long-term unemployed’, 2002, PRAXIS Centre for Policy Studies
- ‘Digital divide in Estonia and opportunities to bridge the divide’, 2001, Praxis
- ‘Violence against women’, 2001, Baltic-Nordic cooperation research project

In the process of preparing the JIM a need for more data emerged in following areas:

- extent of and factors leading to school drop-outs;
- differences in access to health care services;
- causes and consequences of violence against children (including sexual abuse);
- gender-specific risks of poverty and social exclusion.

7. SUPPORT TO SOCIAL INCLUSION POLICIES THROUGH THE STRUCTURAL FUNDS

The key social inclusion activities identified in the JIM, for which support from the Structural Funds over the next three-year period could be considered, are:

- Enhancing the employment prospects of graduates through developing an education system that is adjustable to labour market demands and making arrangements for in-company work practice; improving access to lifelong learning (4.2.1).
- Creating subsidised workplaces for less qualified and low-skilled persons; supporting work arrangements that favour reconciliation of work and family life (4.1).
- Addressing personal and social obstacles to labour market participation through rehabilitation and activation programmes and workplace adjustments (4.1, 4.2.3.b).
• Providing training for local employment services’ staff as well as other professionals working with vulnerable groups in order to teach skills to assess individual needs, plan activities that increase employability and coordinate their implementation (4.1).

• Promoting area-based partnership projects and thereby increasing the capacity of disadvantaged rural communities (3.7, 4.5).

Support from the EQUAL programme could be considered for facilitating labour market participation of vulnerable groups and tackling inequalities in employment.

8. Conclusion

The Estonian Government is fully committed to participation in the EU’s social inclusion process, the Open Method of Coordination on poverty and social exclusion (OMC), after accession. The process of drawing up the Joint Inclusion Memorandum has been an important opportunity to prepare for this participation and in particular for the preparation of Estonia's first National Action Plan on poverty and social exclusion which is due to be submitted to the Commission in 2004. Preparing the Estonian JIM has provided an opportunity to review the main trends and challenges, to review and assess existing policies and programmes and to identify key policy priorities for future development in the context of the common objectives that underpin the EU’s social inclusion process.

Work on the JIM has served to emphasise the need for a multi-dimensional and strategic approach to preventing and eradicating poverty and social exclusion. This means mainstreaming a concern with poverty and social exclusion across all relevant policy domains – economic, social and employment – and ensuring that policies and programmes are coordinated and integrated at the different levels of governance and that all relevant actors are mobilised in their support.

Estonia’s strategy for promoting the social inclusion of disadvantaged groups should involve transposition and effective implementation of the European Community anti-discrimination legislation. This prohibits discrimination on the grounds of racial and ethnic origin in employment, education, social security, health care, housing and access to goods and services. Discrimination on grounds of religion or belief, age, disability and sexual orientation are also covered in the areas of employment and training64.

The analysis undertaken in the preparation of the JIM draws particular attention to the link between poverty and unemployment, especially long-term unemployment, and the high risk of poverty faced by large families and single-parent families. Among other particular features of the analysis are the increased number of young people dropping out of school and the variations in poverty and social exclusion on a regional basis. The JIM has also highlighted a number of particular problems in relation to health inequalities, housing and homelessness. These and many other important issues identified in the course of preparing the JIM serve to emphasise the need for a long-term approach and for progressively addressing the challenges as resources become available.

64 Directives 2000/43/EC and 2000/78/EC.
The Government of Estonia and the European Commission have identified the following as the most urgent challenges in relation to tackling poverty and social exclusion:

– to increase labour market participation, focusing in particular on the long-term unemployed and others who face difficulties with finding or maintaining employment;

– to ensure an adequate income for people who are not able to support themselves due to old age, incapacity for work or unemployment;

– to ensure adequate financial and other support to families with children to prevent and alleviate child poverty;

– to tackle problems of educational disadvantage so as to increase the ability of all citizens to participate in civil society and as appropriate the labour market;

– to achieve a better integration of education, employment, social protection, health care, housing and other policies at national and local levels so that those in need of assistance can receive more individualised and integrated supports related to their particular situation.

In the light of the analysis undertaken in this report, the Government of Estonia and the European Commission have agreed that the most immediate policy priorities in relation to tackling poverty and social exclusion are:

– to expand and resource active labour market measures so as to support the reintegration of those who are unemployed, especially the long-term unemployed, ethnic minorities and other vulnerable groups, into the labour market and in particular to provide more individualised and tailor-made help through developing and implementing personalised action plans;

– to increase support for larger and single-parent families through the family benefits system as well as social services and other provisions;

– to raise the level of old-age pensions;

– to ensure that social assistance benefit, as a help of last resort, should be at a level that satisfies the basic needs to live in human dignity, and integrate financial support more closely with rehabilitation, activation, employment, care or other provisions in order to tackle the causes of living in poverty and prevent dependency on benefits;

– in the context of developing lifelong learning opportunities for all to reduce educational disadvantage by ensuring every child a "sure start" at school through expanding pre-school education with provision for children with a disability and from disadvantaged backgrounds, to put in place integrated responses to prevent school drop out and to improve the employability of graduates by developing an education system that is responsive to labour market needs.

– to increase the supply of affordable housing and accommodation through public private partnerships and to extend support for local municipalities in developing and implementing their housing strategies.

In meeting the range of outlined challenges and implementing the above listed priorities the Government recognises that it will be important to ensure that arrangements for coordinating and integrating policies that were developed during the preparation of the JIM are continued.
and that there is a continuous process of monitoring and evaluating progress in the reduction of poverty and social exclusion. To this end it will consider setting up a coordinating and mainstreaming team in the field of poverty and social exclusion or making other relevant arrangements within the Ministry of Social Affairs.

The Government also recognises that its participation in the Open Method of Co-ordination after accession to the EU will contribute significantly to the continued updating and improving of measures. In particular, the Government is committed to following up on the work begun in the JIM with the preparation of its first National Action Plan on Poverty and Social Exclusion to be presented to the Commission in 2004.
ANNEX I

Administrative context

Employment

The overall responsibility for employment policies lies with the Ministry of Social Affairs. The Estonian Labour Market Board operates as an implementation agency: administers and supervises labour market measures, registration of unemployed and granting and payment of State unemployment allowances and provides information on training opportunities and vacancies. The local employment offices in each of the 15 counties and in Tallinn register unemployed persons, provide employment services and grant and pay State unemployment allowances. Employment offices also accept and process the applications for unemployment insurance benefit, which is then granted and paid by the Unemployment Insurance Fund.

Education

The Ministry of Education and Research is responsible for ensuring access to learning opportunities over a person's lifetime and for the quality of education through the formulation, development and coordination of education policy, standard-setting and supervision. Several other institutions within the administration of the Ministry of Education and Research, such as the Schools Network Bureau, the Foundation for Vocational Education and Training Reform in Estonia and others, play an important role in policy implementation. Municipalities are responsible for running and maintenance of general education and municipal vocational training institutions.

Health care

The general administration of health care policy in Estonia is the responsibility of the Ministry of Social Affairs. The responsibilities of the Ministry include health-care policy formulation and development; coordination of disease prevention, health promotion, health protection, diagnosis and medical care; ensuring equal access to care and provision of high-quality health services; ensuring the quality and safety control of pharmaceutical products; collection and analysis of health statistics. The Estonian Health Insurance Fund, a public-law body, administers the health insurance scheme. The Fund contracts most of the health-care providers who meet certain requirements, including quality criteria such as access to services and maximum length of waiting lists. The other functions of the Fund involve payment of sickness and maternity benefits and reimbursements for pharmaceutical products.

Social security

Social security schemes are administrated at national level either by specialised State agencies (Social Insurance Board, Labour Market Board) or by autonomous public-law bodies (Health Insurance Fund, Unemployment Insurance Fund); the latter bodies include representatives of the social partners.

Housing

Housing policy in general is within the competence of the Ministry of Economics and Communications. The Ministry of Social Affairs has overall responsibility for the development of the social assistance benefit scheme and social services, including housing
services for those in need. However, the organisation of housing as well as social assistance and services is among the functions of local municipalities. Help for the homeless is mainly provided by NGOs in cooperation with municipalities.

**Information policy**

The Information Policy Council has been established to advise the Government on the development of the information society. At regional level, ICT councils are playing a similar role. The public and private sectors have jointly formed foundations to run ICT initiatives such as ‘Tiger Leap’ and ‘Look@world’. For monitoring and further policy formulation a regular survey on ICT users is carried out.
ANNEX II

The Laeken indicators

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### 1b At-risk-of poverty rate by activity status and gender

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<td><strong>Female</strong></td>
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<td>28.3</td>
<td>25.7</td>
<td>27.2</td>
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</table>

### 1c Risk-of-poverty rate by household type

<table>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td>34.1</td>
<td>28.5</td>
<td>33.5</td>
<td>17.2</td>
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<td><strong>Male</strong></td>
<td>32.5</td>
<td>29.3</td>
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<tr>
<td><strong>Female</strong></td>
<td>34.6</td>
<td>28.2</td>
<td>35.1</td>
<td>14.9</td>
<td>29.3</td>
<td>33.6</td>
<td>34.8</td>
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<tr>
<td><strong>1-person household, under 30 years</strong></td>
<td>25.9</td>
<td>20.3</td>
<td>14.3</td>
<td>16.0</td>
<td>33.6</td>
<td>31.2</td>
<td>39.0</td>
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<tr>
<td><strong>1-person household, 30-64 years</strong></td>
<td>29.6</td>
<td>28.1</td>
<td>30.3</td>
<td>20.1</td>
<td>28.5</td>
<td>32.3</td>
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<tr>
<td><strong>1-person household, 65 years or over</strong></td>
<td>41.8</td>
<td>30.5</td>
<td>43.0</td>
<td>13.8</td>
<td>31.0</td>
<td>34.9</td>
<td>32.7</td>
</tr>
<tr>
<td><strong>2 adults, no dependent children both adults under 65 years</strong></td>
<td>NA</td>
<td>12.7</td>
<td>14.7</td>
<td>14.7</td>
<td>11.8</td>
<td>13.6</td>
<td>14.6</td>
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<td>---------------------------------------------------------------------------</td>
<td>------</td>
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<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>2 adults, no dependent children, at least 1 adult 65 years or over</td>
<td>NA</td>
<td>9.0</td>
<td>8.9</td>
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<td>9.0</td>
<td>10.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Other households without dependent children</td>
<td>NA</td>
<td>10.5</td>
<td>15.1</td>
<td>11.1</td>
<td>13.5</td>
<td>11.5</td>
<td>13.1</td>
</tr>
<tr>
<td>Single-parent households, 1 or more dependent children&lt;sup&gt;65&lt;/sup&gt;</td>
<td>NA</td>
<td>29.0</td>
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<td>28.6</td>
<td>37.2</td>
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<td>35.2</td>
</tr>
<tr>
<td>2 adults, 1 dependent child</td>
<td>NA</td>
<td>15.4</td>
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<td>13.0</td>
<td>15.6</td>
<td>12.7</td>
</tr>
<tr>
<td>2 adults, 2 dependent children</td>
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<td>14.1</td>
<td>16.2</td>
<td>16.4</td>
<td>15.1</td>
<td>15.2</td>
</tr>
<tr>
<td>2 adults, 3 or more dependent children</td>
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<td>24.7</td>
<td>24.7</td>
<td>22.9</td>
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<td>20.0</td>
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<tr>
<td>Other households with dependent children</td>
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<td>17.3</td>
<td>19.3</td>
<td>18.5</td>
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1d At-risk-of-poverty rate by tenure status

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</thead>
<tbody>
<tr>
<td>Owner or rent-free</td>
<td>19.3</td>
<td>17.7</td>
<td>19.6</td>
<td>16.0</td>
<td>16.9</td>
<td>16.9</td>
<td>16.9</td>
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<tr>
<td>Tenant</td>
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<td>29.0</td>
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1e At-risk-of-poverty threshold: (in kroons)

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</thead>
<tbody>
<tr>
<td>1-person household</td>
<td>11261</td>
<td>12497</td>
<td>14929</td>
<td>15744</td>
<td>17880</td>
<td>18905</td>
<td>20768</td>
</tr>
<tr>
<td>2 adults + 2 dependent children</td>
<td>23648</td>
<td>26244</td>
<td>31351</td>
<td>33062</td>
<td>37548</td>
<td>39700</td>
<td>43613</td>
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1e At-risk-of-poverty threshold: (in Euro)

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</tr>
</thead>
<tbody>
<tr>
<td>1-person household</td>
<td>737</td>
<td>795</td>
<td>948</td>
<td>1006</td>
<td>1143</td>
<td>1208</td>
<td>1327</td>
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<tr>
<td>2 adults + 2 dependent children</td>
<td>1548</td>
<td>1670</td>
<td>1990</td>
<td>2113</td>
<td>2400</td>
<td>2537</td>
<td>2787</td>
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1e At-risk-of-poverty threshold: (in PPS)

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</tr>
</thead>
<tbody>
<tr>
<td>1-person household</td>
<td>1798</td>
<td>1871</td>
<td>2116</td>
<td>2166</td>
<td>2464</td>
<td>2359</td>
<td>2440</td>
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<tr>
<td>2 adults + 2 dependent children</td>
<td>3775</td>
<td>3929</td>
<td>4443</td>
<td>4548</td>
<td>5174</td>
<td>4954</td>
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2 Inequality of income distribution - S80/S20 quintile ratio

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</thead>
<tbody>
<tr>
<td>7.0</td>
<td>7.0</td>
<td>6.7</td>
<td>6.5</td>
<td>6.3</td>
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</table>

3 At-persistent-risk-of poverty

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<tbody>
<tr>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>NA</td>
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</table>

<sup>65</sup> Compared to 1997-1999 the definition of dependant child is more precise from 2000.
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</thead>
<tbody>
<tr>
<td>rate (60% median)</td>
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<td></td>
<td></td>
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<tr>
<td>4 Relative at-risk-of-poverty gap</td>
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<tr>
<td>Total</td>
<td>9.0</td>
<td>27.1</td>
<td>23.2</td>
<td>28.0</td>
<td>24.7</td>
<td>23.8</td>
<td>24.0</td>
</tr>
<tr>
<td>Male</td>
<td>33.8</td>
<td>30.9</td>
<td>28.1</td>
<td>31.3</td>
<td>26.7</td>
<td>27.6</td>
<td>27.6</td>
</tr>
<tr>
<td>Female</td>
<td>26.3</td>
<td>24.8</td>
<td>19.8</td>
<td>25.8</td>
<td>23.2</td>
<td>21.7</td>
<td>21.9</td>
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<tr>
<td>5 Regional cohesion</td>
<td>Not applicable</td>
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<td></td>
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</tr>
<tr>
<td>6 Long-term unemployment rate</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>NA</td>
<td>4.5</td>
<td>4.8</td>
<td>5.5</td>
<td>6.3</td>
<td>6.2</td>
<td>NA</td>
</tr>
<tr>
<td>Male</td>
<td>NA</td>
<td>5.2</td>
<td>5.2</td>
<td>6.2</td>
<td>7.1</td>
<td>6.8</td>
<td>NA</td>
</tr>
<tr>
<td>Female</td>
<td>NA</td>
<td>3.7</td>
<td>4.4</td>
<td>4.7</td>
<td>5.4</td>
<td>5.4</td>
<td>NA</td>
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<tr>
<td>7 Persons living in jobless households</td>
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<td></td>
</tr>
<tr>
<td>Persons aged 0-60</td>
<td>NA</td>
<td>8.3</td>
<td>7.6</td>
<td>9.0</td>
<td>8.1</td>
<td>9.4</td>
<td>9.0</td>
</tr>
<tr>
<td>Persons aged 0-65</td>
<td>NA</td>
<td>11.7</td>
<td>10.1</td>
<td>11.6</td>
<td>11.0</td>
<td>12.0</td>
<td>11.3</td>
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<tr>
<td>8 Early school-leavers not in education or training</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total</td>
<td>NA</td>
<td>17.6</td>
<td>12.6</td>
<td>14.0</td>
<td>14.2</td>
<td>14.1</td>
<td>12.6</td>
</tr>
<tr>
<td>Male</td>
<td>NA</td>
<td>17.8</td>
<td>15.0</td>
<td>19.0</td>
<td>16.3</td>
<td>17.1</td>
<td>15.6</td>
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<tr>
<td>Female</td>
<td>NA</td>
<td>17.5</td>
<td>10.1</td>
<td>9.2</td>
<td>12.1</td>
<td>11.0</td>
<td>9.6</td>
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<tr>
<td>9 Life expectancy at birth(^{69})</td>
<td></td>
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<tr>
<td>Male</td>
<td>64.47</td>
<td>64.68</td>
<td>64.4</td>
<td>65.35</td>
<td>65.15</td>
<td>64.73</td>
<td>65.2</td>
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<tr>
<td>Female</td>
<td>75.48</td>
<td>75.97</td>
<td>75.45</td>
<td>76.09</td>
<td>76.05</td>
<td>76.22</td>
<td>77.0</td>
</tr>
</tbody>
</table>

---

\(^{66}\) Unreliable or uncertain data.

\(^{67}\) Unreliable or uncertain data.

\(^{68}\) Unreliable or uncertain data.

\(^{69}\) Life tables estimates are not yet recalculated after Population Census 2000 and revising of population numbers.

\(^{70}\) Provisional data.

\(^{71}\) Provisional data.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>10 Self-defined health status by income level</td>
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<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>No methodology</td>
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<td>11 Dispersion around the at-risk-of-poverty threshold</td>
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<tr>
<td>40% of median equalised income</td>
<td>8.9</td>
<td>7.7</td>
<td>7.0</td>
<td>7.2</td>
<td>6.4</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td>50% of median equalised income</td>
<td>13.6</td>
<td>11.9</td>
<td>12.0</td>
<td>11.4</td>
<td>11.8</td>
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<td>11.1</td>
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<tr>
<td>70% of median equalised income</td>
<td>28.0</td>
<td>27.1</td>
<td>27.8</td>
<td>24.9</td>
<td>26.8</td>
<td>26.3</td>
<td>25.9</td>
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<tr>
<td>12 At-risk-of-poverty rate anchored at a moment in time</td>
<td>19.9</td>
<td>18.6</td>
<td>14.8</td>
<td>12.9</td>
<td>10.9</td>
<td>10.5</td>
<td>9.2</td>
</tr>
<tr>
<td>13a At-risk-of-poverty rate before social transfers, pensions excluded from social transfers</td>
<td></td>
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<tr>
<td>Total</td>
<td>24.4</td>
<td>23.3</td>
<td>25.5</td>
<td>24.5</td>
<td>25.5</td>
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<tr>
<td>Male</td>
<td>22.5</td>
<td>22.2</td>
<td>23.8</td>
<td>25.0</td>
<td>24.5</td>
<td>24.5</td>
<td>24.8</td>
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<tr>
<td>Female</td>
<td>25.8</td>
<td>24.1</td>
<td>26.7</td>
<td>24.2</td>
<td>26.4</td>
<td>25.7</td>
<td>25.7</td>
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<tr>
<td>13b At-risk-of-poverty rate before social transfers, pensions included in social transfers</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41.1</td>
<td>42.2</td>
<td>41.1</td>
<td>44.4</td>
<td>42.4</td>
<td>41.5</td>
<td>41.6</td>
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<tr>
<td>Male</td>
<td>37.1</td>
<td>38.3</td>
<td>37.1</td>
<td>41.0</td>
<td>39.5</td>
<td>38.7</td>
<td>39.4</td>
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<tr>
<td>Female</td>
<td>44.0</td>
<td>45.1</td>
<td>44.1</td>
<td>47.0</td>
<td>44.8</td>
<td>43.8</td>
<td>43.4</td>
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<td>14 Gini coefficient</td>
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<td>37.0</td>
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<td>35.3</td>
<td>35.2</td>
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<tr>
<td>15 Persistence of low income (below 50% of median income)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>16 Long-term unemployment share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>NA</td>
<td>39.3</td>
<td>46.3</td>
<td>42.7</td>
<td>45.8</td>
<td>48.4</td>
<td>52.3</td>
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<tr>
<td>Male</td>
<td>NA</td>
<td>42.5</td>
<td>44.7</td>
<td>43.8</td>
<td>48.4</td>
<td>52.4</td>
<td>59.0</td>
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<tr>
<td>Female</td>
<td>NA</td>
<td>35.3</td>
<td>48.4</td>
<td>41.3</td>
<td>42.9</td>
<td>44.0</td>
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<td>17 Very long-term unemployment proportion</td>
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<tr>
<td>18 Persons with low educational attainment</td>
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<td></td>
<td></td>
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</tbody>
</table>
Note: NA – not available
Compared to 1997-1999 the definition of dependent children is more precise from 2000
(1) provisional, unreliable or uncertain data
(2) life tables estimates are not yet recalculated after Population Census 2000 and revising of population numbers
Live births and deaths

Source: Statistical Office of Estonia

Ethnic composition of the population (per 10 000 population)

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Count</th>
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<tbody>
<tr>
<td>Estonians</td>
<td>6 790</td>
</tr>
<tr>
<td>Russians</td>
<td>2 563</td>
</tr>
<tr>
<td>Ukrainians</td>
<td>212</td>
</tr>
<tr>
<td>Belorussians</td>
<td>126</td>
</tr>
<tr>
<td>Finns</td>
<td>86</td>
</tr>
<tr>
<td>Tatars</td>
<td>19</td>
</tr>
<tr>
<td>Latvians</td>
<td>17</td>
</tr>
<tr>
<td>Other nationalities</td>
<td>130</td>
</tr>
<tr>
<td>Unknown</td>
<td>58</td>
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</table>

Source: Statistical Yearbook of Estonia 2002
Labour force participation rate 2002

%  

<table>
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<tr>
<th>15-24 yrs</th>
<th>25-49 yrs</th>
<th>50-69 yrs</th>
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</thead>
<tbody>
<tr>
<td>27,8</td>
<td>77,9</td>
<td>50,9</td>
</tr>
<tr>
<td>33,6</td>
<td>81,4</td>
<td>54,9</td>
</tr>
<tr>
<td>21,6</td>
<td>47,8</td>
<td>40,7</td>
</tr>
<tr>
<td>6</td>
<td>9</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Statistical Office of Estonia

Unemployment rates in Estonia 1997-2002

Unemployment rate  

Youth unemployment rate  

Long-term unemployment rate

Labour market indicators for young people (age group 15-24) 1997-2002 (annual average, %)

<table>
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<tbody>
<tr>
<td>Employment rate</td>
<td>38,6</td>
<td>37,1</td>
<td>32,1</td>
<td>31,5</td>
<td>31,1</td>
<td>27,8</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>14,5</td>
<td>15,8</td>
<td>19,7</td>
<td>23,8</td>
<td>22,2</td>
<td>17,6</td>
</tr>
<tr>
<td>Youth unemployment ratio</td>
<td>6,5</td>
<td>7,0</td>
<td>7,9</td>
<td>9,9</td>
<td>8,9</td>
<td>6,0</td>
</tr>
</tbody>
</table>

Source: Labour Force Surveys
### Unemployed persons by ethnic nationality and duration of unemployment, 1997-2002
(annual average, '000)

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<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 6 months</td>
<td>21.7</td>
<td>22.9</td>
<td>27.6</td>
<td>35.7</td>
<td>29.9</td>
<td>21.3</td>
</tr>
<tr>
<td>6-11 months</td>
<td>14.0</td>
<td>12.1</td>
<td>16.0</td>
<td>13.4</td>
<td>13.0</td>
<td>10.4</td>
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<tr>
<td>12 months or more</td>
<td>30.1</td>
<td>31.1</td>
<td>36.9</td>
<td>40.8</td>
<td>40.1</td>
<td>35.5</td>
</tr>
<tr>
<td>24 months or more</td>
<td>17.8</td>
<td>17.1</td>
<td>21.3</td>
<td>24.0</td>
<td>25.6</td>
<td>23.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>65.8</td>
<td>66.1</td>
<td>80.5</td>
<td>89.9</td>
<td>83.1</td>
<td>67.2</td>
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<td></td>
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</tr>
<tr>
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<td>12.5</td>
<td>13.3</td>
<td>15.5</td>
<td>19.1</td>
<td>18.5</td>
<td>11.8</td>
</tr>
<tr>
<td>6-11 months</td>
<td>7.5</td>
<td>6.3</td>
<td>7.9</td>
<td>6.9</td>
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<td>15.1</td>
<td>18.4</td>
<td>21.0</td>
<td>19.7</td>
<td>17.7</td>
</tr>
<tr>
<td>24 months or more</td>
<td>9.0</td>
<td>8.3</td>
<td>10.9</td>
<td>13.0</td>
<td>11.9</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34.9</td>
<td>34.6</td>
<td>41.8</td>
<td>47.0</td>
<td>45.0</td>
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</tr>
<tr>
<td>Less than 6 months</td>
<td>9.2</td>
<td>9.6</td>
<td>12.1</td>
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<td>9.5</td>
</tr>
<tr>
<td>6-11 months</td>
<td>6.5</td>
<td>5.8</td>
<td>8.0</td>
<td>6.5</td>
<td>6.2</td>
<td>5.5</td>
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<tr>
<td>12 months or more</td>
<td>15.3</td>
<td>16.0</td>
<td>18.5</td>
<td>19.9</td>
<td>20.4</td>
<td>17.9</td>
</tr>
<tr>
<td>24 months or more</td>
<td>8.7</td>
<td>8.8</td>
<td>10.5</td>
<td>11.0</td>
<td>13.7</td>
<td>11.7</td>
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<tr>
<td><strong>Total</strong></td>
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<td>31.5</td>
<td>38.7</td>
<td>42.9</td>
<td>38.0</td>
<td>32.9</td>
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</table>

Source: Labour Force Surveys

### Unemployed persons by ethnic nationality and duration of unemployment, 1997-2002
(annual average, %)

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</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 6 months</td>
<td>33.0</td>
<td>34.7</td>
<td>34.3</td>
<td>39.7</td>
<td>36.1</td>
<td>31.7</td>
</tr>
<tr>
<td>6-11 months</td>
<td>21.2</td>
<td>18.3</td>
<td>19.8</td>
<td>14.9</td>
<td>15.6</td>
<td>15.4</td>
</tr>
<tr>
<td>12 months or more</td>
<td>45.8</td>
<td>47.1</td>
<td>45.9</td>
<td>45.4</td>
<td>48.3</td>
<td>52.9</td>
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<tr>
<td>24 months or more</td>
<td>27.0</td>
<td>25.8</td>
<td>26.5</td>
<td>26.7</td>
<td>30.8</td>
<td>34.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Estonians</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 6 months</td>
<td>35.8</td>
<td>38.3</td>
<td>37.1</td>
<td>40.7</td>
<td>41.1</td>
<td>34.3</td>
</tr>
<tr>
<td>6-11 months</td>
<td>21.5</td>
<td>18.1</td>
<td>18.9</td>
<td>14.6</td>
<td>15.1</td>
<td>14.1</td>
</tr>
<tr>
<td>12 months or more</td>
<td>42.7</td>
<td>43.6</td>
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<td>44.6</td>
<td>43.7</td>
<td>51.6</td>
</tr>
<tr>
<td>24 months or more</td>
<td>25.9</td>
<td>24.0</td>
<td>26.0</td>
<td>27.8</td>
<td>26.4</td>
<td>33.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Non-Estonians</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 6 months</td>
<td>29.7</td>
<td>30.6</td>
<td>31.3</td>
<td>38.6</td>
<td>30.1</td>
<td>28.9</td>
</tr>
<tr>
<td>6-11 months</td>
<td>20.9</td>
<td>18.5</td>
<td>20.8</td>
<td>15.1</td>
<td>16.2</td>
<td>16.8</td>
</tr>
<tr>
<td>12 months or more</td>
<td>49.4</td>
<td>50.9</td>
<td>47.9</td>
<td>46.2</td>
<td>53.7</td>
<td>54.3</td>
</tr>
<tr>
<td>24 months or more</td>
<td>28.3</td>
<td>27.9</td>
<td>27.0</td>
<td>25.6</td>
<td>36.0</td>
<td>35.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Labour Force Surveys
Participation in labour market measures in 1995-2001

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of registered unemployed per year</td>
<td>77 294</td>
<td>93 649</td>
<td>85 890</td>
<td>81 638</td>
<td>105 782</td>
<td>120 921</td>
<td>136 861</td>
</tr>
<tr>
<td>Passive measures: Receiving unemployment benefit</td>
<td>39 789</td>
<td>44 421</td>
<td>46 679</td>
<td>48 428</td>
<td>63 610</td>
<td>67 412</td>
<td>70 438</td>
</tr>
<tr>
<td>Active measures: Labour market training</td>
<td>9 809</td>
<td>9 343</td>
<td>8 241</td>
<td>7 956</td>
<td>7 027</td>
<td>8 150</td>
<td>10 233</td>
</tr>
<tr>
<td>Employment subsidy to employer</td>
<td>121</td>
<td>249</td>
<td>216</td>
<td>136</td>
<td>265</td>
<td>189</td>
<td>366</td>
</tr>
<tr>
<td>Employment subsidy to unemployed</td>
<td>459</td>
<td>456</td>
<td>434</td>
<td>380</td>
<td>433</td>
<td>413</td>
<td>425</td>
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<tr>
<td>Community placement</td>
<td>5 741</td>
<td>4 089</td>
<td>4 661</td>
<td>3 771</td>
<td>3 667</td>
<td>4 177</td>
<td>125</td>
</tr>
<tr>
<td>Vocational guidance</td>
<td></td>
<td></td>
<td>2 055</td>
<td>8 159</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active measures in total</td>
<td>16 130</td>
<td>14 228</td>
<td>13 552</td>
<td>12 243</td>
<td>11 366</td>
<td>14 795</td>
<td>19 308</td>
</tr>
<tr>
<td>Relative proportion of job-seekers participating in active measures</td>
<td>20.9</td>
<td>15.2</td>
<td>15.8</td>
<td>15.0</td>
<td>10.7</td>
<td>12.2</td>
<td>14.1</td>
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</tbody>
</table>

Source: Labour Market Board

Share of Households and Children Below the Absolute Poverty Line

Source: Statistical Office of Estonia
Dynamics of average pension and old-age pension

Source: Statistical Office of Estonia

Educational indicators in Estonia and the EU

<table>
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<tr>
<th>Indicator</th>
<th>Estonia</th>
<th>EU</th>
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<tr>
<td>Relative proportion of 4-year-old children in pre-school child care institutions, 1997 (%)</td>
<td>69</td>
<td>79</td>
</tr>
<tr>
<td>Relative proportion of people with at least secondary education among people aged 25-59, 1999 (%)</td>
<td>88</td>
<td>64</td>
</tr>
<tr>
<td>Relative proportion of education-related costs in GDP, 1997 (%)</td>
<td>6.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Relative proportion of students continuing their studies in accordance with the vocational education curriculum in 1996/97 (%)</td>
<td>37</td>
<td></td>
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</tbody>
</table>


Source: Statistical Office of Estonia
Young people involved in educational systems, aged 13-16, in 2000

<table>
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<tr>
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<tbody>
<tr>
<td>13</td>
<td>21 917</td>
<td>21 427</td>
<td>97.8%</td>
<td>100%</td>
</tr>
<tr>
<td>14</td>
<td>21 892</td>
<td>21 242</td>
<td>97.0%</td>
<td>98%</td>
</tr>
<tr>
<td>15</td>
<td>22 320</td>
<td>21 081</td>
<td>94.4%</td>
<td>97%</td>
</tr>
<tr>
<td>16</td>
<td>22 165</td>
<td>20 903</td>
<td>94.3%</td>
<td>91%</td>
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</tbody>
</table>

The number of students dropping out from basic school by gender, 1993-2000

<table>
<thead>
<tr>
<th>IN TOTAL</th>
<th>Girls</th>
<th>Boys</th>
<th>IN TOTAL</th>
<th>Girls</th>
<th>Boys</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993/94</td>
<td>782</td>
<td>249</td>
<td>533</td>
<td>0.43%</td>
<td>0.28%</td>
</tr>
<tr>
<td>1994/95</td>
<td>871</td>
<td>251</td>
<td>620</td>
<td>0.48%</td>
<td>0.29%</td>
</tr>
<tr>
<td>1995/96</td>
<td>799</td>
<td>228</td>
<td>571</td>
<td>0.44%</td>
<td>0.26%</td>
</tr>
<tr>
<td>1996/97</td>
<td>830</td>
<td>278</td>
<td>552</td>
<td>0.45%</td>
<td>0.31%</td>
</tr>
<tr>
<td>1997/98</td>
<td>819</td>
<td>214</td>
<td>605</td>
<td>0.44%</td>
<td>0.24%</td>
</tr>
<tr>
<td>1998/99</td>
<td>920</td>
<td>220</td>
<td>700</td>
<td>0.50%</td>
<td>0.25%</td>
</tr>
<tr>
<td>1999/00</td>
<td>998</td>
<td>277</td>
<td>721</td>
<td>0.54%</td>
<td>0.31%</td>
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</tbody>
</table>

Source: Ministry of Education and Research; 2001, Eurostat