



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Estonia

Merilen Laurimäe and Märt Masso



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Directorate-General for Employment, Social Affairs and Inclusion
Directorate D — Social Rights and Inclusion
Unit D.2 — Social Protection

Contact: Giulia Pagliani

E-mail: Giulia.PAGLIANI@ec.europa.eu

*European Commission
B-1049 Brussels*

European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Estonia

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Merilen Laurimäe and Märt Masso

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

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SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Estonia, it was 9,062. The total number of deaths per 100,000 people was 151 for the EU-27 versus 86 in Estonia.

Several social protection and inclusion measures have been applied in response to the COVID-19 pandemic to mitigate the impact of the crisis. Between March and June 2020, the Estonian Unemployment Insurance Fund (EUIF) started offering wage subsidies to employees whose employers were significantly affected by the crisis, with the aim of providing employees with an income and helping employers to cope with temporary difficulties. A total of 17,553 companies (18% of all companies) and 137,514 employees (21% of all employees) received a wage subsidy (a total of €256 million). Later, at the end of 2020, when stricter restrictions were imposed only on Harju and Ida-Viru counties, the EUIF started offering salary grants to the companies active in areas affected by restrictions. A total of 1,970 employers and sole proprietors received compensation (a total of €20.6 million). During the lockdown between March and May 2021, the EUIF again started to pay temporary wage subsidies to employees and sole proprietors affected by the crisis, to help employees cope with temporary difficulties caused by the restrictions, albeit with different conditions from those between March and June 2020.

In addition, employee sickness benefit rules were amended temporarily during the emergency and between January and April 2021. Although the waiting period (the first three days) of sickness leave are usually not paid, the Estonian Health Insurance Fund (EHIF) started to pay sickness benefit for these days during the emergency (70% of the gross wage). Between January and December 2021, the employer will pay sick leave from the second to the fifth day, and the EHIF from then on. The expected cost of the main measures related to sickness benefits is about €24 million (0.09% of GDP).

The government is suspending its contributions to the mandatory funded pension scheme (4% from the social tax) between July 2020 and August 2021. The aim of the measure is to temporarily save money for the state, and to mitigate the impact of the crisis. According to the Ministry of Finance, this change is expected to save approximately €142 million in 2020 and €211 million in 2021. Employees may also suspend their contributions to a funded pension scheme (2%) between December 2020 and August 2021. A total of 9,575 people made an application for temporary suspension of contributions (1.4% of those who have joined the second pillar). Between 2023 and 2024, the state will reimburse the 4% contribution and the yield of the pension fund to those employees who continued to pay 2%.

In addition, several other minor changes were made, or measures provided, including: it was possible to claim sickness benefits online during an emergency, or apply for quarantine leave; disposable and reusable masks were distributed to people with low incomes; and school lunch boxes were distributed to students.

The measures described above were rather temporary. At the same time, COVID-19 also helped to accelerate permanent changes in the unemployment benefit system. It was decided to increase the levels of unemployment allowance and unemployment insurance benefit to improve the situation of the unemployed during a period of increasing unemployment, when finding a new job is difficult. In addition, it is now possible in Estonia to take on temporary work while being registered as unemployed.

Remaining gaps in the social protection system also arose during the COVID-19 regarding the coverage of self-employed people or non-standard workers. For instance, the wage subsidy covered only those employed under a standard employment contract. In addition, sickness benefits are only available to employees with an employment contract and not to those employed on a non-standard contract (i.e. employed under a contract for services).

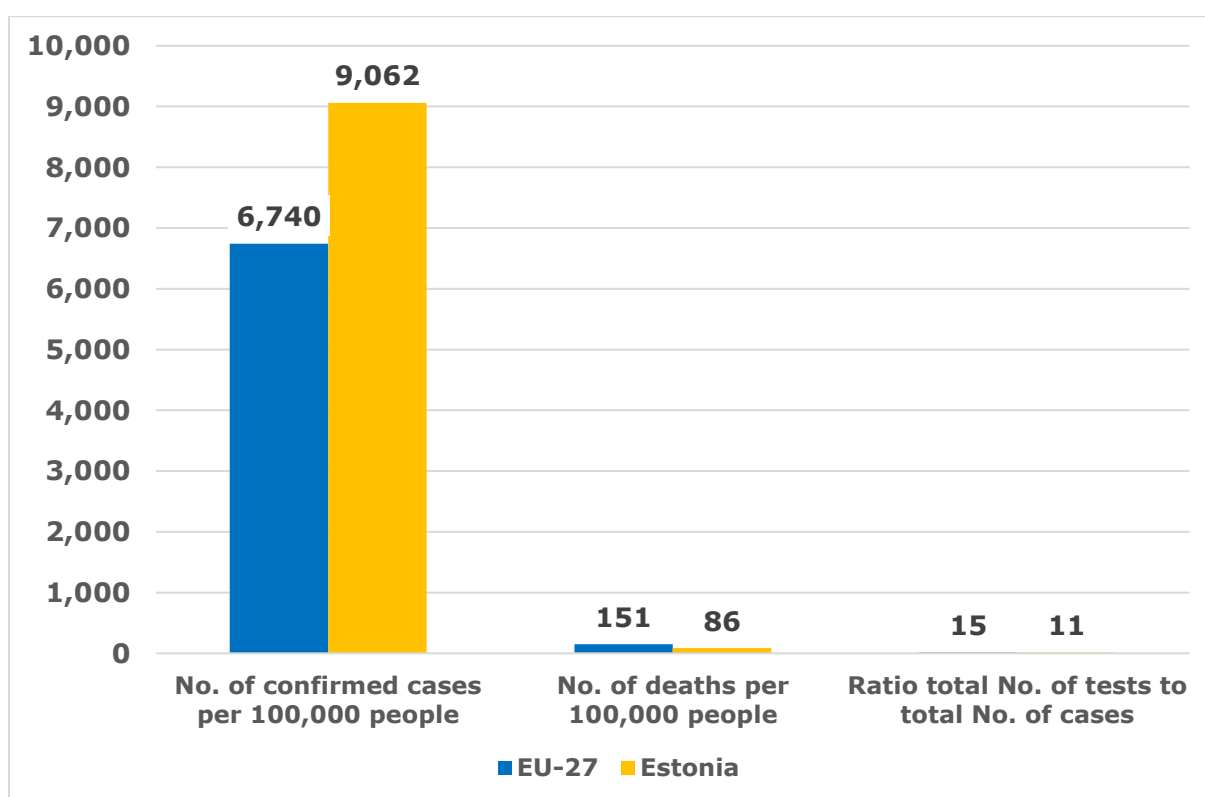
However, when the new wage-support measure was introduced in Harju and Ida-Viru counties at the end of 2020, and when temporary subsidies were offered between March and May 2021, sole proprietors were also included as beneficiaries.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Estonia, it was 9,062. The total number of deaths per 100,000 people was 151 for the EU-27 versus 86 in Estonia. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 10.5 for Estonia.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Estonia)

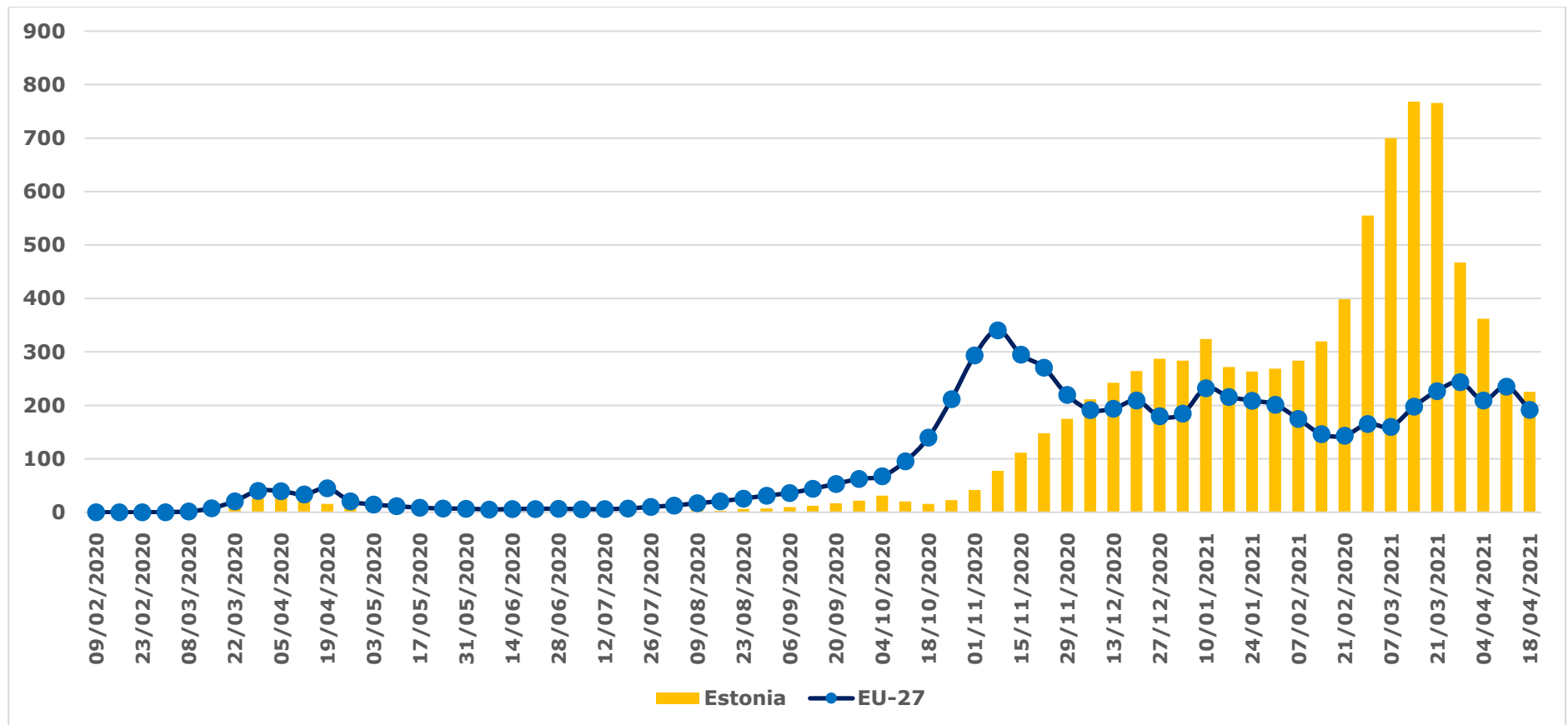


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Estonia, it was 225.3.

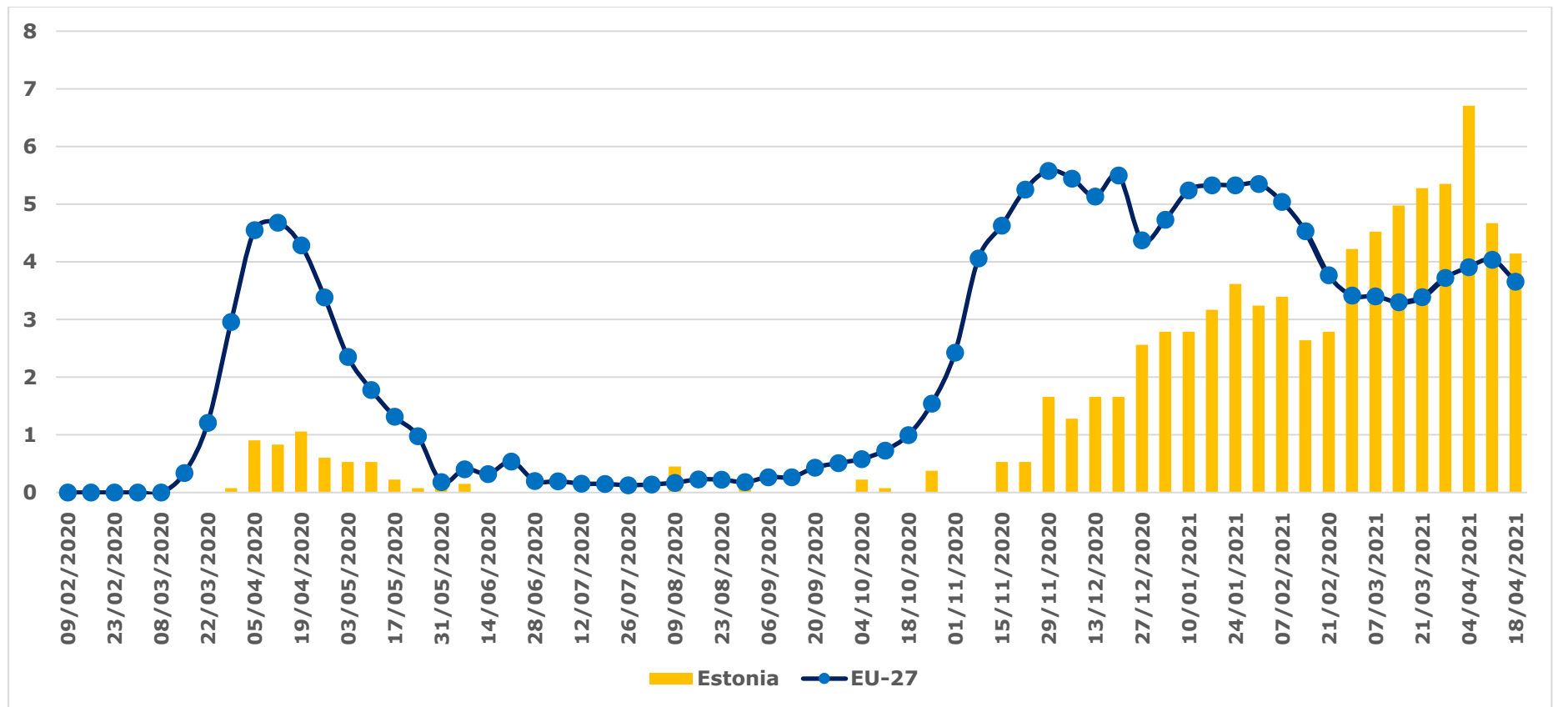
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Estonia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Estonia, it was 4.15.

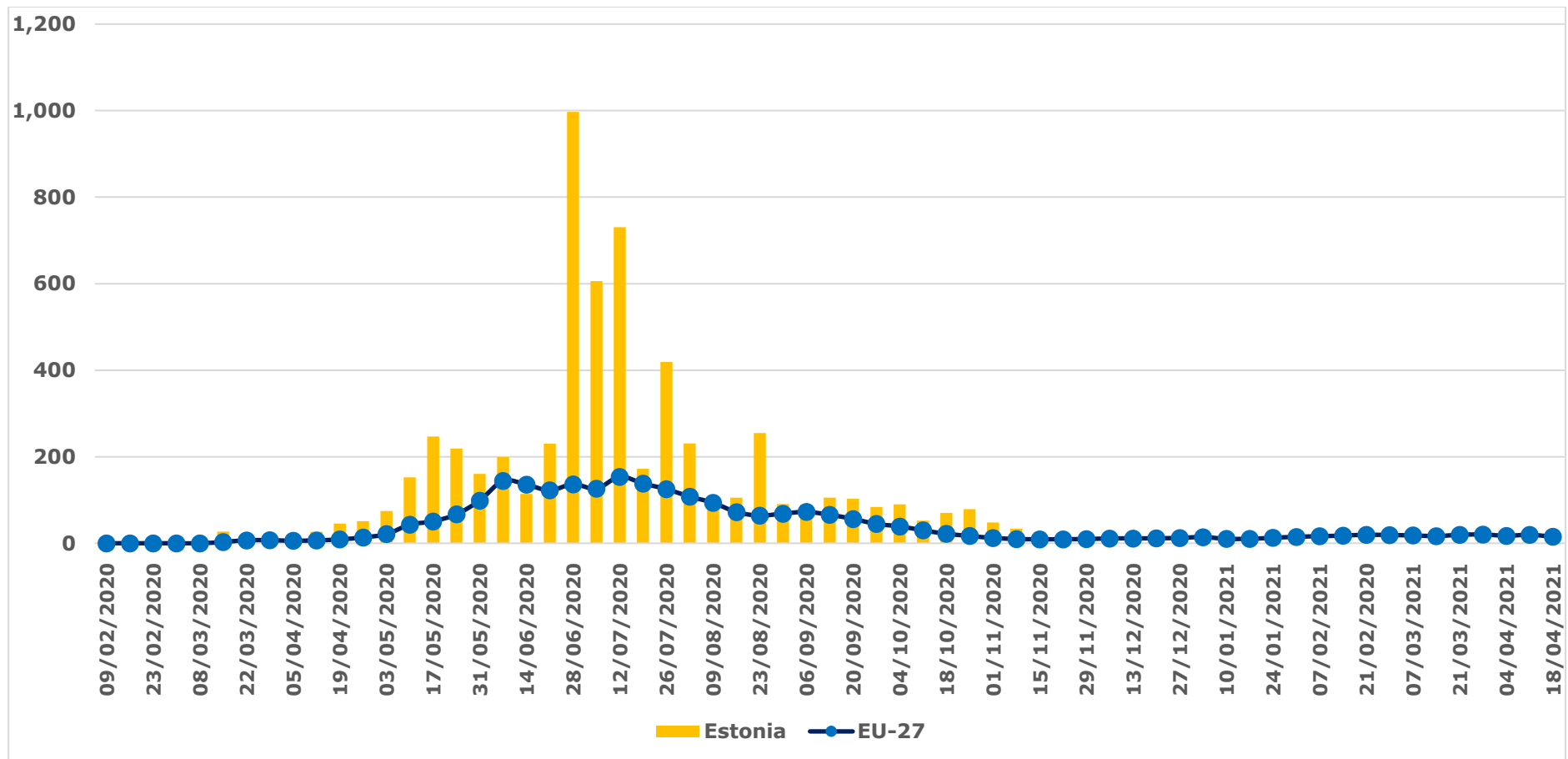
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Estonia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Estonia, it was 10.5.

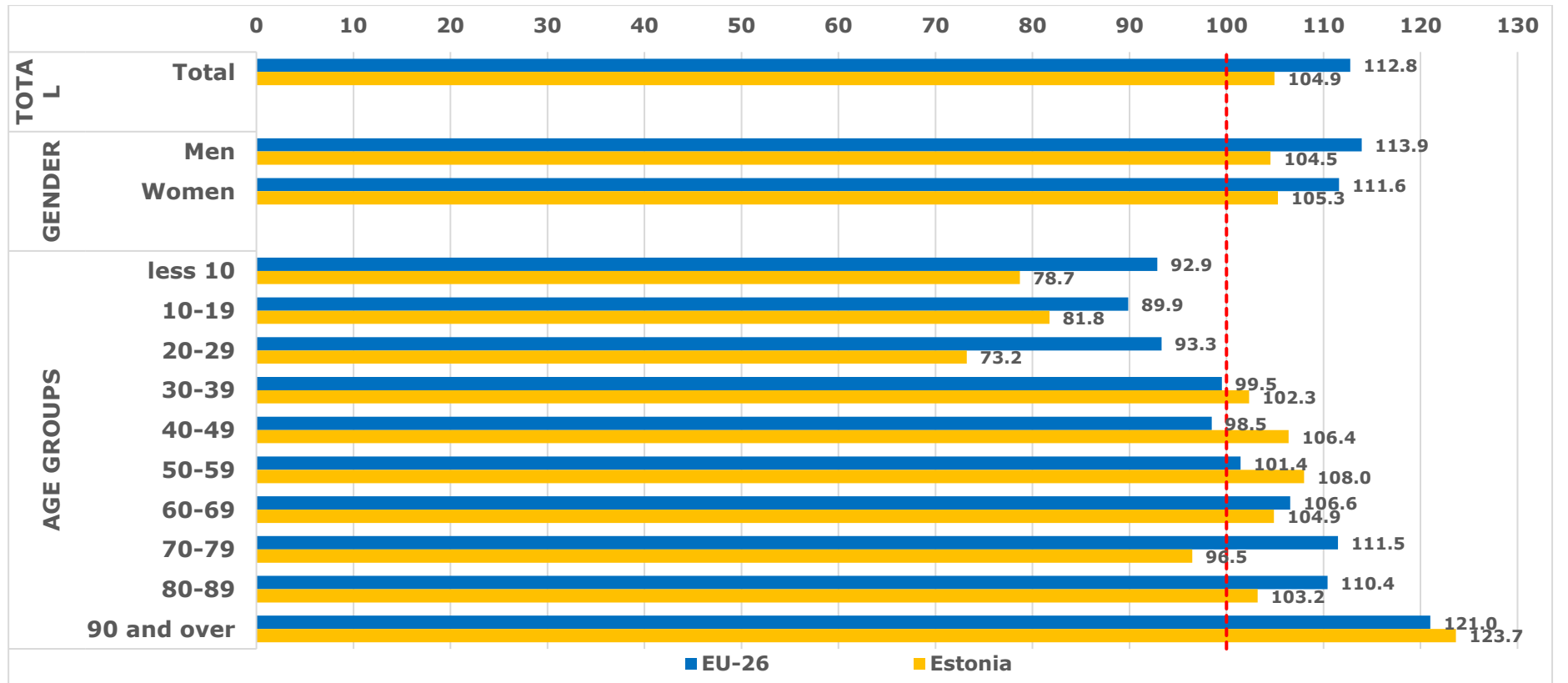
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Estonia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 104.9% in Estonia. For the EU-26, it is 113.9% for men and 111.6% for women. In Estonia, these gendered ratios are 104.5% and 105.3% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 123.7% for Estonia.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Estonia))

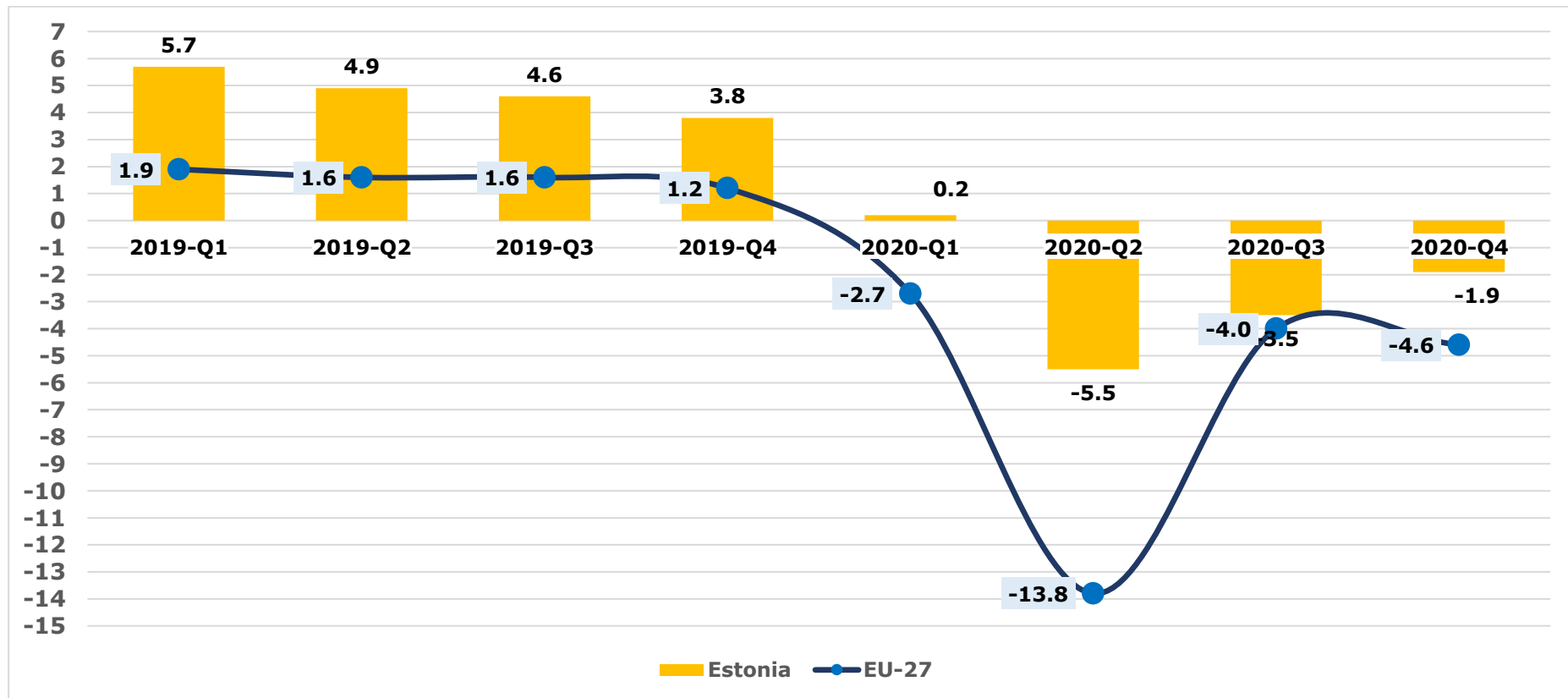


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Estonia, the decrease was 1.9% for the same period.

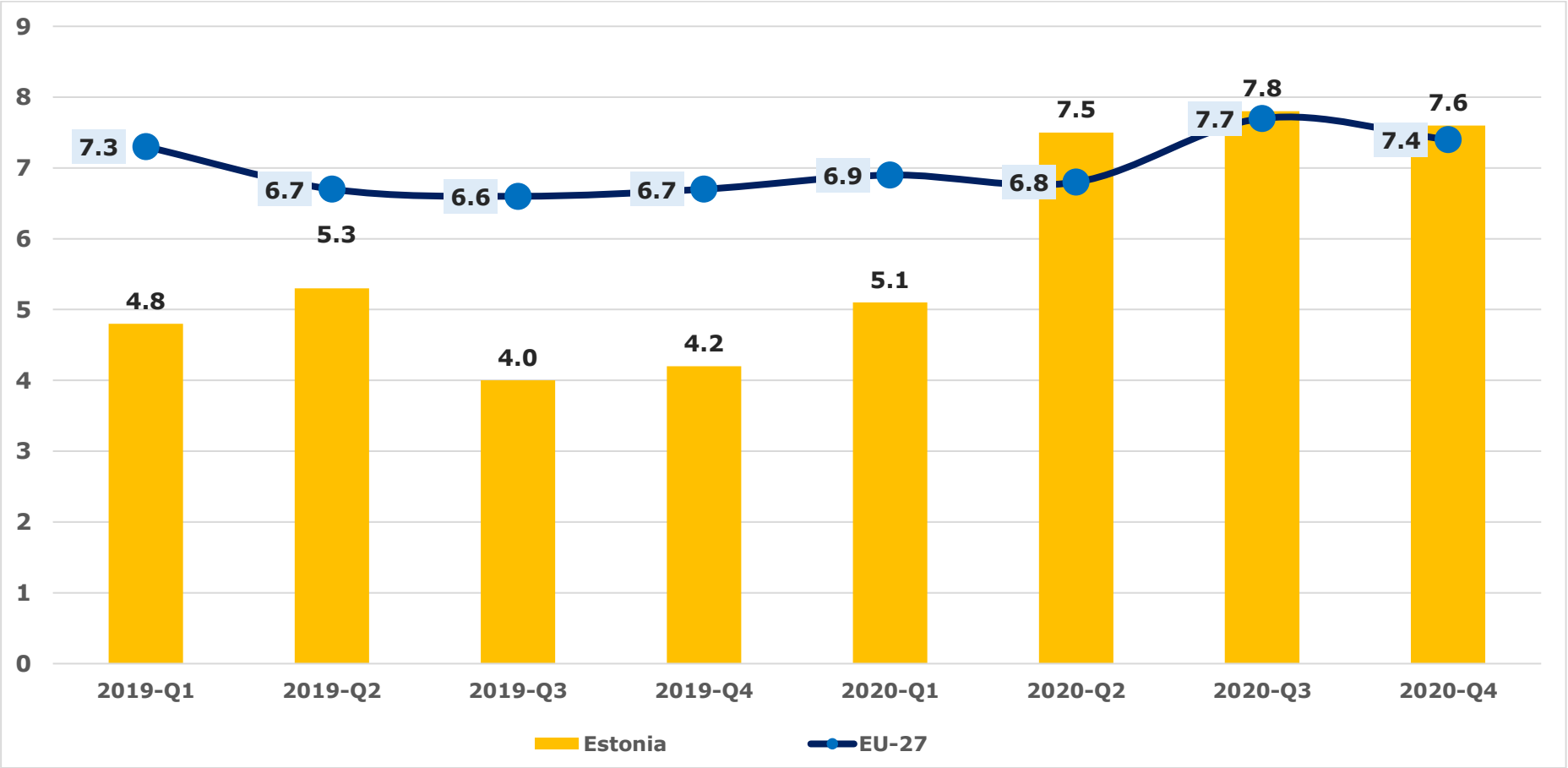
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Estonia, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Estonia, it is 7.6%.

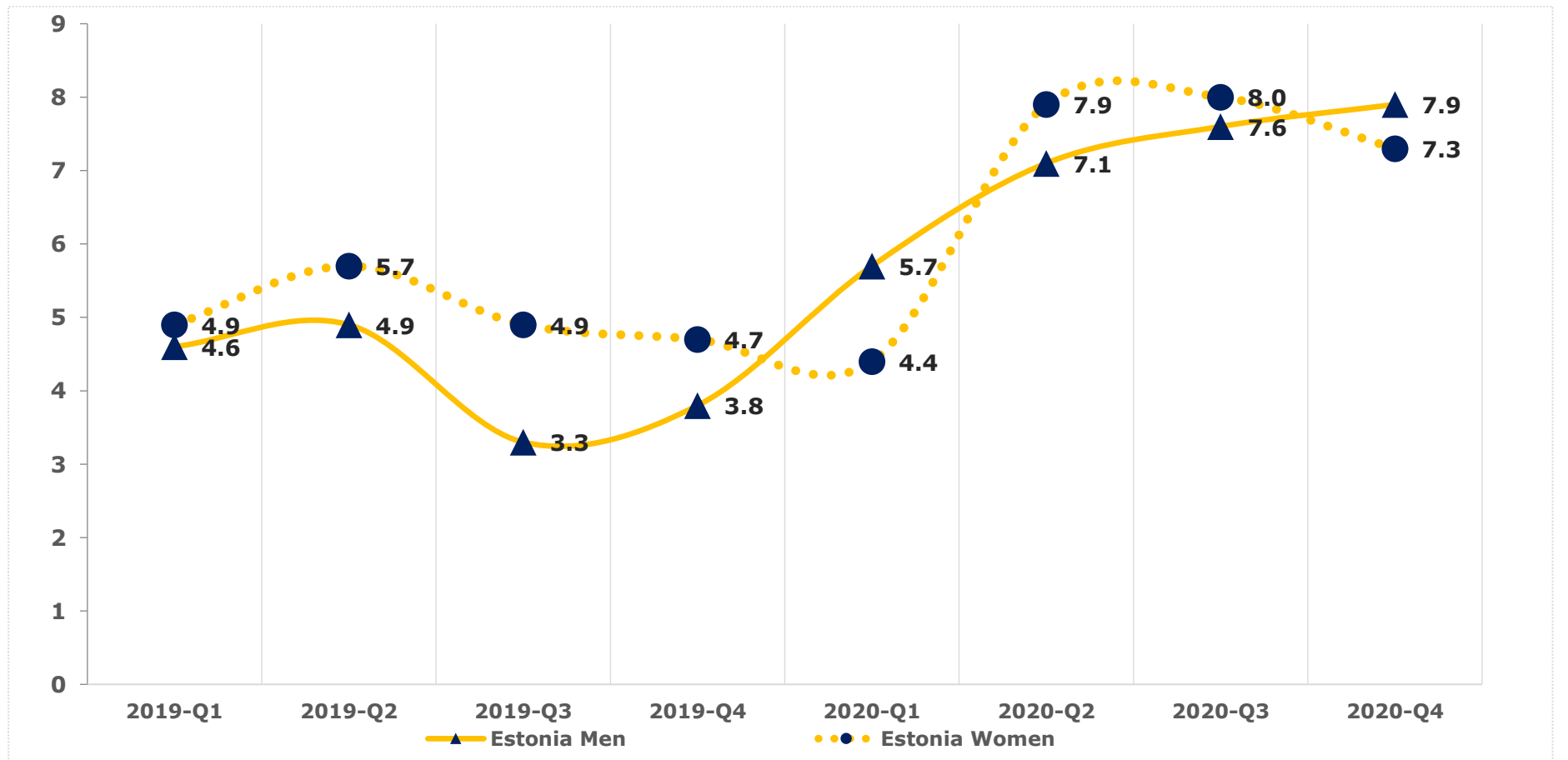
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Estonia, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Estonia, these figures are 7.9% and 7.3% respectively.

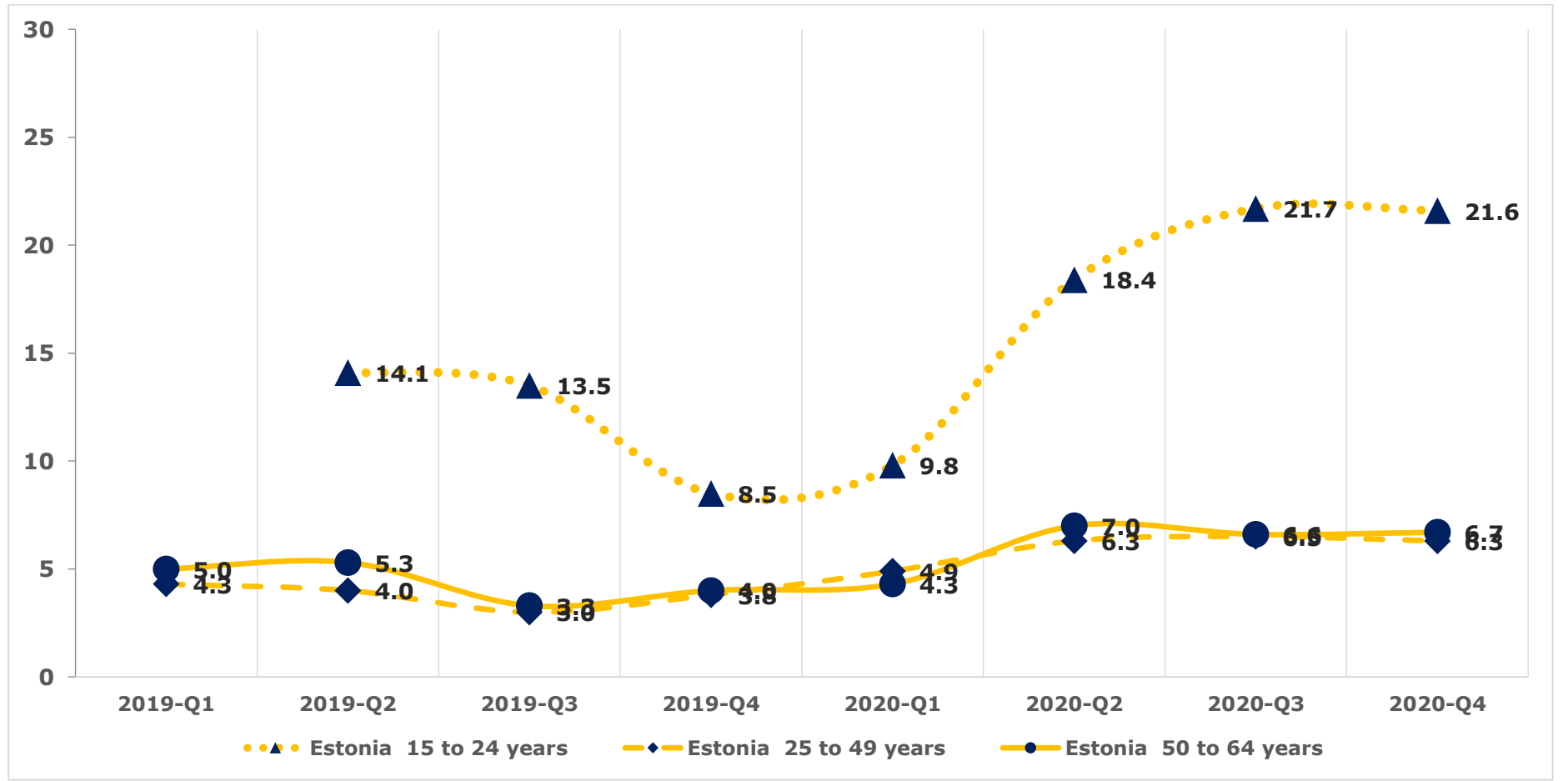
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Estonia, %)



Source: Eurostat LFS - indicator [lfsq_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Estonia, it is 21.6%.

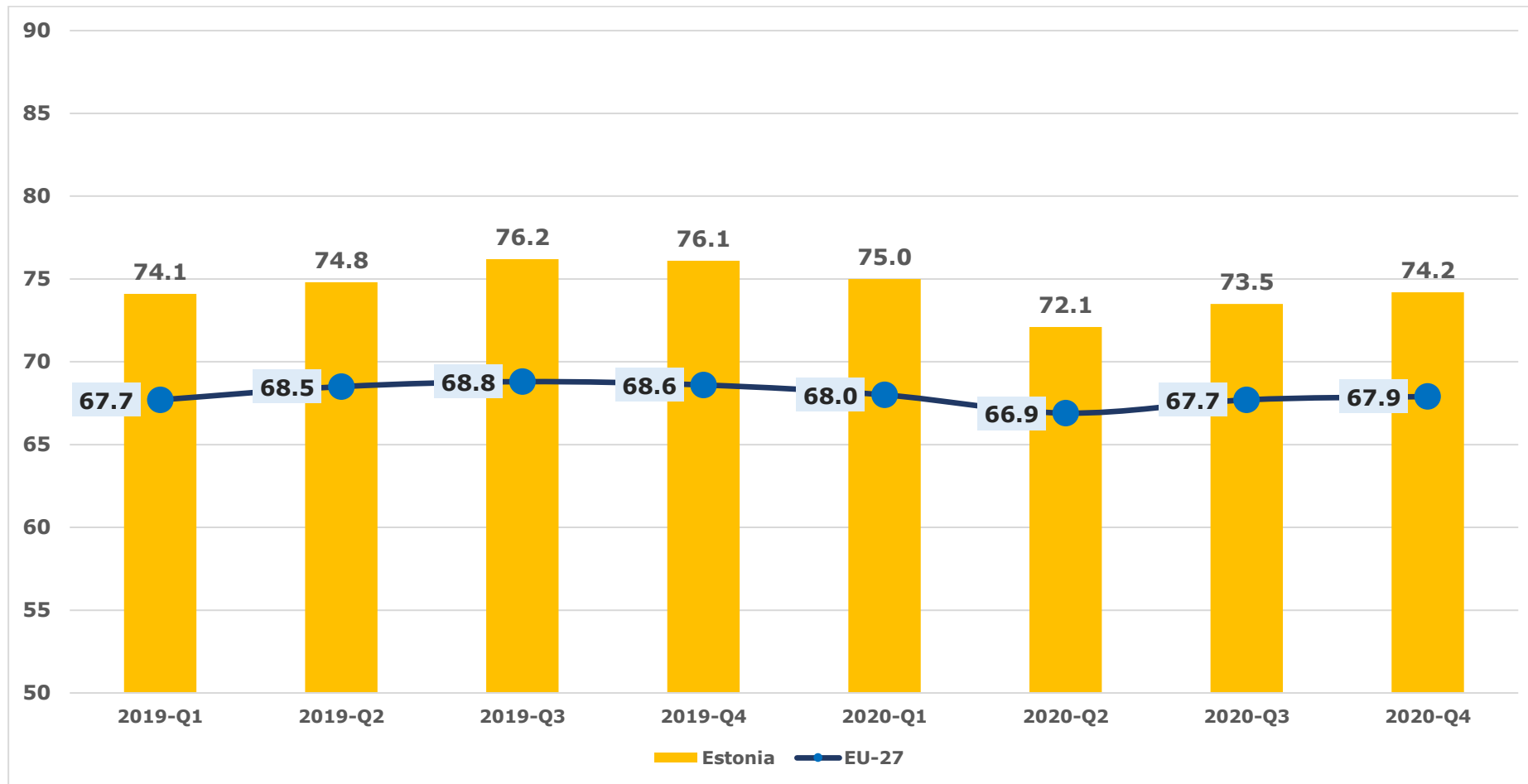
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Estonia, %)



Source: Eurostat LFS - indicator [lfsq_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Estonia, it is 74.2%.

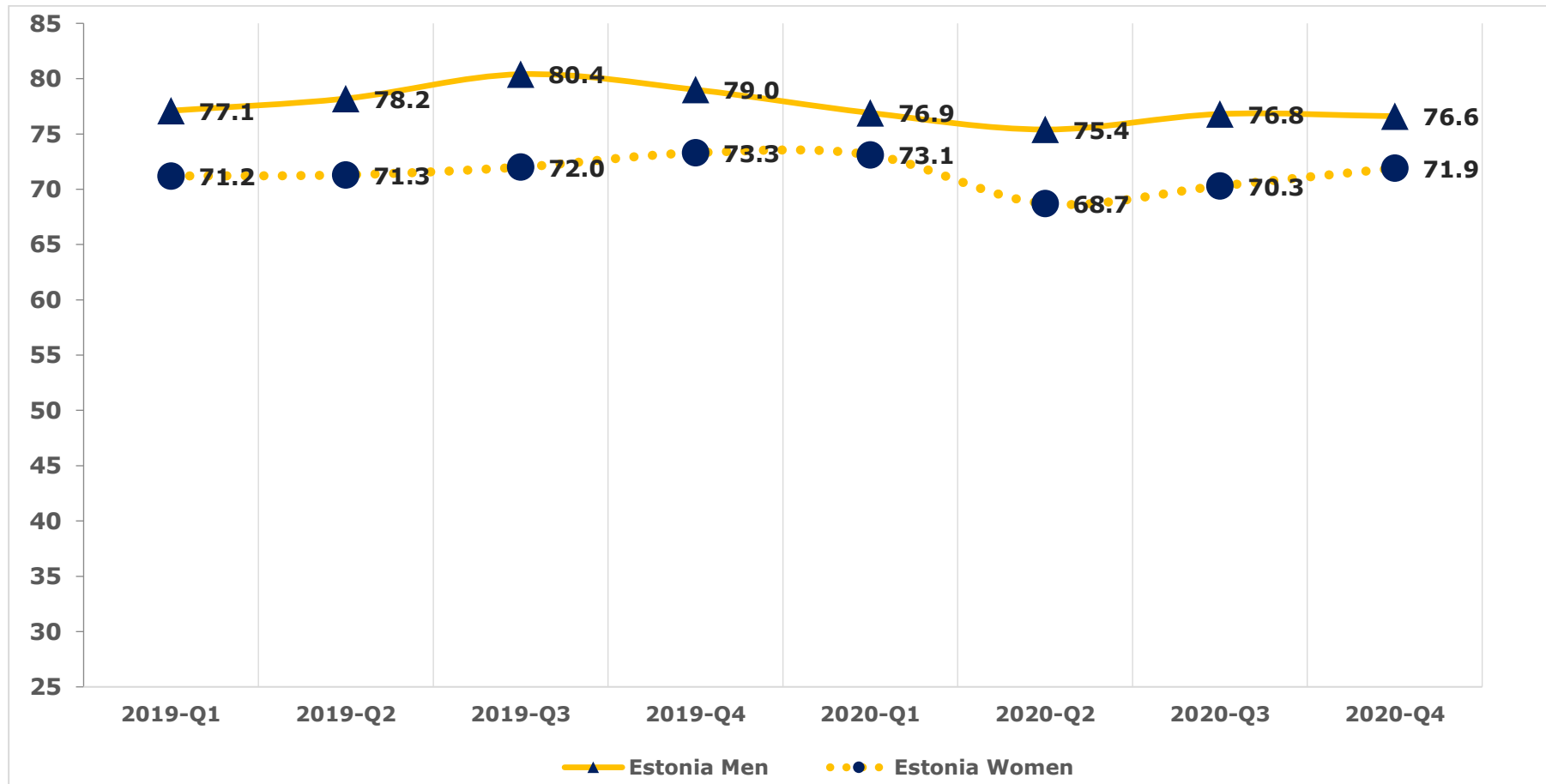
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Estonia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Estonia, these figures are 76.6% and 71.9% respectively.

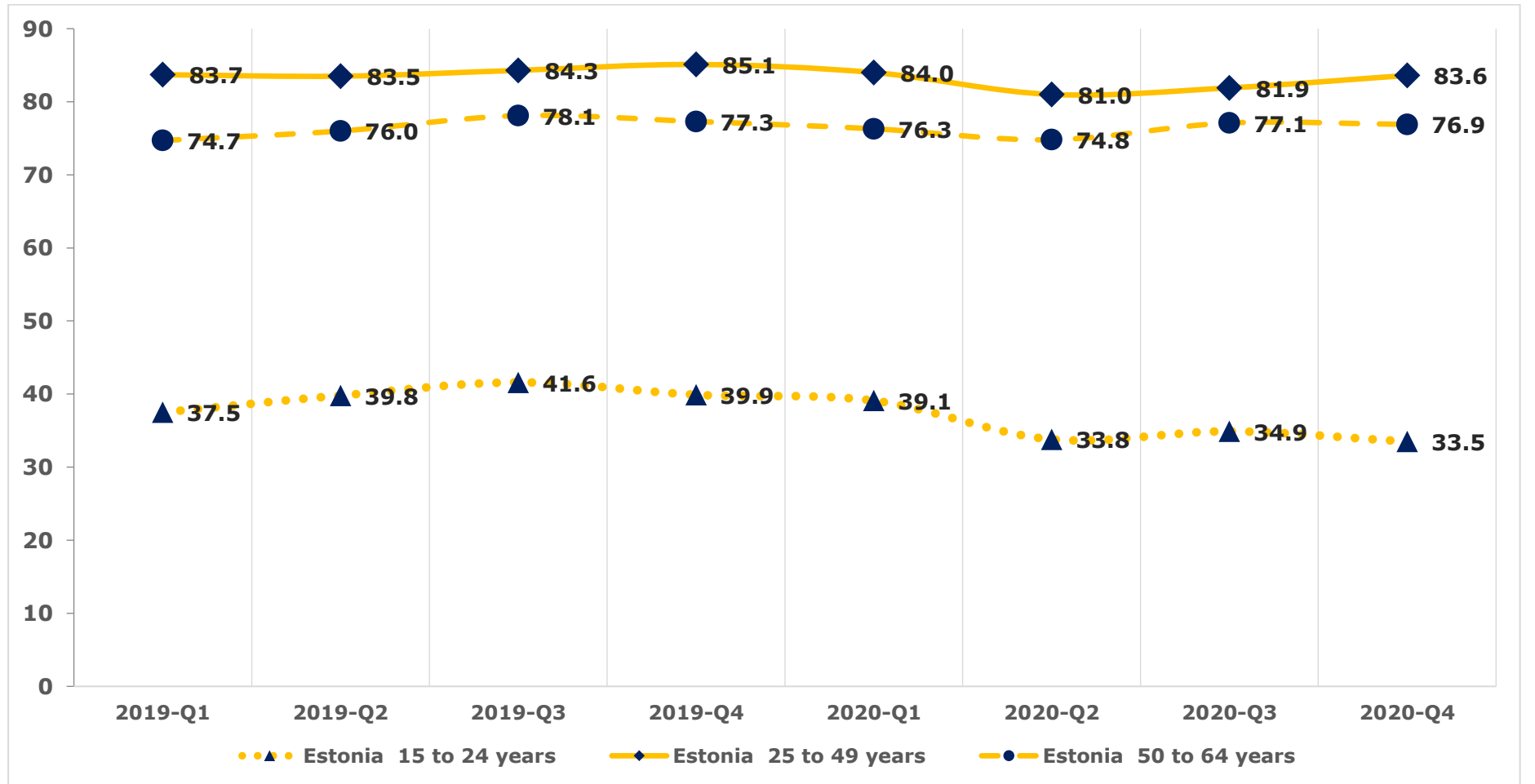
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Estonia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Estonia, it is 33.5%.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Estonia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

Table 1 shows poverty and social inclusion indicators for 2019 and 2020. As data on the Gini index and at-risk-of-poverty rate are not available for 2020, their values are simulated in the EUROMOD tax-benefit microsimulation model to show the impact of the crisis on these indicators. It should therefore be noted that these are not actual values. The table shows the change compared with the hypothetical baseline scenario of no COVID-19 in 2020. Due to the pandemic, the at-risk-of-poverty rate thus increased by approximately 0.3 of a percentage point (taking into account the wage subsidy measure provided).

Table 1: Poverty and social inclusion indicators – available actual figures for 2019 and 2020, and impact of COVID-19 (simulated)

Indicator	2019 numbers	actual	2020 numbers	actual	Change with 2020 COVID-19 (p.p.; simulated)
At-risk-of-poverty rate		20.7%	Not available yet		+0.3
Gini index		0.31	Not available yet		-0.02
Reported financial distress (% of respondents in lowest quartile)		2.0%		2.1%	Not available

Note: The EUROMOD microsimulation model is used to simulate the impact of COVID-19 (including wage subsidy measures) on the at-risk-of-poverty rate and Gini index. The register data of 2019 were used for this. As the recipients of wage subsidy are not known, employed people have been assigned randomly, using actual statistics.

Source: European Commission 2020; Koppel, Laurimäe 2021; Statistics Estonia (downloaded on 12.02.2021 <https://www.stat.ee/en/avasta-statistikat/valdkonnad/heaolu/social-exclusion-and-poverty>).

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC²

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - amount and duration (for flat measures); and
 - range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".

- e) Targeted population: what is/are the target(s)? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty (was the measure new or an already existing one that was adjusted?).

2.1 Measures related to unemployment benefits

2.1.1 *Muudatused töötushüvitiste süsteemis (Changes in the unemployment protection system)*

- a) Short description of the measure: Social protection of the unemployed in Estonia consists of two tiers: unemployment insurance benefit and unemployment allowance. The first tier is the unemployment insurance benefit, which depends on previous earnings and is financed from unemployment insurance contributions. The second tier consists of the unemployment allowance benefit, which is flat-rate and financed from the state budget. In early 2020, the Ministry of Social Affairs notified its intention to draft a law to improve the unemployment protection system. According to the plan, the changes were to take effect in 2022 at the earliest (for more information on this, see Laurimäe 2020a). However, with the outbreak of the COVID-19 crisis and increasing unemployment, some of the changes were implemented earlier, to improve the situation of the unemployed during difficult times. Thus, it was decided to increase the levels of unemployment allowance and unemployment insurance benefit. In addition, it is now possible in Estonia to take on temporary work while being registered as unemployed – in other words, to work and receive benefits simultaneously (Laurimäe 2020b). Previously, an unemployed person had to end their unemployment registration if they took on a piece of work. It is now possible to take on temporary work up to eight days per month while being registered as unemployed. These are permanent changes which were planned before the crisis, but the decision was accelerated due to the pandemic.

² The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

- b) Category: Conditional benefit.
- c) Timing: Since August 2020 the level of the unemployment insurance benefit has been increased; and since January 2021 the level of the unemployment allowance has been increased. Since September 2020 temporary employment for people registered as unemployed has been allowed. It should be noted that these are not temporary measures during the crisis, but permanent changes in the unemployment benefit system.
- d) Range, duration and conditionality: In June 2020, the Parliament approved changes in the unemployment protection system including an increase in unemployment allowance and unemployment insurance benefit. The level of unemployment insurance benefit was increased from 50% to 60% of previous earnings during the first 100 days of the unemployment spell. The level of benefit remained the same (40% of previous earnings) during days 101-360 of the unemployment spell. Moreover, the unemployment allowance was increased from €189 to €292 per month. Conditions for qualifying for unemployment allowance or unemployment insurance benefit remained the same (more information can be found in Laurimäe 2020c). In addition, it is now possible to take on temporary work while being registered as unemployed – that is, to receive unemployment benefits, participate in the services provided by the EUIF, and perform temporary employment at the same time. People are allowed to work up to eight days per month, but the remuneration for temporary employment may not exceed 40% of the minimum wage for the current year (€233.60 per month in 2020) (more detailed information can be found in Laurimäe 2020b).
- e) Targeted population: These changes were implemented to support the unemployed, as finding a job during the crisis is difficult. The possibility of temporary work will help the unemployed to stay in touch with the labour market and encourage people to return to work. In January 2021, the number of registered unemployed was 56,390. At the same time, the total number of unemployment allowance recipients was 12,054 (21% of the total number of registered unemployed) and the total number of unemployment insurance benefit recipients was 20,937 (37% of the total number of registered unemployed).³
- f) Beneficiaries: The change affected all unemployment allowance and unemployment insurance benefit recipients, both new ones and those who already received it before the change (the number of recipients is provided in the previous paragraph).
- g) Novelty: These changes were planned already before the crisis, but were brought forward due to the pandemic.

2.2 Measures of job protection provided through support to employers, employees and the self-employed

2.2.1 Töötasu hüvitis I (Wage subsidy)

- a) Short description of the measure: The Estonian Unemployment Insurance Fund (EUIF) offered wage subsidies to employees to tackle the impact of the COVID-19 outbreak (Laurimäe 2020a). It was paid to employees whose employers were significantly affected by the crisis. The wage subsidy measure was a job-retention scheme which provided employees with an income and helped employers to cope with temporary difficulties. The wage subsidy was paid to employees whose employers were not able to provide them with an agreed amount of work or whose wages were reduced (more detailed information about the conditions can be found in Laurimäe 2020a).
- b) Category: Conditional benefit.

³ In January 2020, the number of registered unemployed people was 56,390, the number of unemployment allowance recipients was 8,242 and the number of unemployment insurance recipients was 11,921.

- c) **Timing:** This measure was temporarily offered between March and June 2020. Initially, the measure was to be provided from March to May 2020, but then it was extended until the end of June 2020 (albeit under different conditions).
- d) **Range, duration and conditionality:** The compensation paid by the EUIF was 70% of the employees' gross wage between March and May (up to a maximum monthly amount of €1,000) and 50% of the employees' gross wage in June (up to a maximum monthly amount of €800). In addition, the employer had to pay at least €150 to the employee per month. In total, the minimum amount per month was equal to the minimum wage. At first, it was paid for a maximum of two months during the period between March and May 2020; but then the compensation period was extended to June 2020, albeit with slightly stricter conditions. The wage subsidy only covered those in traditional employment (i.e. only employees with an employment contract).
- e) **Targeted population:** This measure was targeted at employees with an employment contract (including part-time workers) whose employers were significantly affected by the crisis. However, self-employed people, including sole proprietors and natural people employed under a non-standard contract (a contract for the supply of services) were not covered. In 2020, approximately 656,600 people were employed and 89% of them were employees (Statistika andmebaas 2021). Of employees, approximately 95% are employed under an employment contract. Thus, the maximum number of people targeted was approximately 557,000.
- f) **Beneficiaries:** A total of 17,553 companies (18% of all companies⁴) and 137,514 employees (21% of all employees) received a wage subsidy (a total of €256 million), between March and June 2020. According to the EUIF (Eesti Töötukassa statistika 2021), most beneficiaries were employed in the following sectors: manufacturing (approximately 25%), wholesale and retail trade (21%), accommodation and food services (13%), and construction (7%) (more information can be found in Laurimäe 2020a).
- g) **Novelty:** It was a new measure. Wage support has usually been given primarily to those moving from unemployment to employment, but the wage subsidy was given to those in employment to prevent unemployment. Also, wage subsidies are usually very strictly targeted and thus the number of recipients is small. This measure was targeted at vulnerable businesses, jobs, and workers according to quite broad criteria, and thus at a very wide target group and beneficiaries.

2.2.2 Töötasu toetus Harjumaal ja Ida-Virumaal (Salary grant in Harju and Ida-Viru counties)

- a) **Short description of the measure:** The EUIF offered a salary grant to employers whose employees worked in Harju and Ida-Viru counties⁵ and whose activities were significantly affected by the crisis and government restrictions between 28 December 2020 and 31 January 2021 (Estonian Unemployment Insurance Fund 2021). The salary grant measure was also a job-retention scheme which provided employees with an income (it compensates employers' labour costs) and helped employers to cope with temporary difficulties. This grant was paid only to employers active in specific sectors affected by restrictions (i.e. accommodation and catering establishments, sports facilities, recreational activities, refresher training, and culture) (Estonian Unemployment Insurance Fund 2021).
- b) **Category:** Conditional benefit.

⁴ As % of 2019 companies.

⁵ These two counties had a high infection rate and therefore additional stricter restrictions were imposed by the government only on them at the end of 2020; thus the measure provided was also limited to them.

- c) **Timing:** This measure was temporarily offered between 28 December 2020 and 31 January 2021. Initially, the measure was to be provided until 16 January 2021, but then it was extended by two weeks until the end of January 2021.
- d) **Range, duration and conditionality:** The EUIF offered a salary grant to employers in Harju and Ida-Viru counties whose activities were significantly affected by the crisis and government restrictions between 28 December 2020 and 31 January 2021 (i.e. for companies operating in the affected areas of activities, such as accommodation, catering, and sports clubs). The salary grant was paid in the amount of 1.5 times the salary cost of employees in November 2020, but not more than €180,000 per company. Salary grant was also paid to sole proprietors, for whom the amount of support was fixed at 1.5 times the minimum wage in 2020 (€876 covering the whole period) (Estonian Unemployment Insurance Fund 2021).
- e) **Targeted population:** Employers in Harju and Ida-Viru counties whose activities were significantly affected by the crisis and government restrictions. Although wage subsidies are usually targeted only at employees with an employment contract, this measure covered both employees with an employment contract and sole proprietors. However, natural persons employed on non-standard contracts (contracts for the supply of services) were not covered. It is estimated that the target group of the measure included approximately 1,500 companies in Harju and Ida-Viru counties, and 1,393 sole proprietors. In total, the estimated number of employees targeted by the measure was approximately 14,500 (2.2% of employed people in the whole country) (Sotsiaalministeerium 2021b).
- f) **Beneficiaries:** A total of 1,970 employers and sole proprietors received compensation (a total of €20.6 million). In total, 12,865 employees (2% of employed people; 89% of targeted people) were entitled to the benefit (Eesti Töötukassa 2021).
- g) **Novelty:** It was a new measure, and, like the wage subsidy, its aim was to prevent unemployment.

2.2.3 Töötasu hüvitis II (Temporary subsidy)

- a) **Short description of the measure:** The EUIF offered temporary subsidies to employees to tackle the impact of the COVID-19 outbreak during the lockdown between March and May 2021. It was paid to sole proprietors or employees whose employers were significantly affected by the crisis. It was a job-retention scheme to help employees cope with temporary difficulties.
- b) **Category:** Conditional benefit.
- c) **Timing:** Initially, the measure was to be temporarily provided from March to April 2021, but then it was extended until the end of May 2021.
- d) **Range, duration and conditionality:** The compensation was 60% of the employees' gross wage (with a maximum monthly amount of €1,000). In addition, the employer has to pay at least €200 to the employee. In total, an employee working full time received at least the national minimum wage (€584). Employers had to meet the following conditions: i) the employer's turnover or income had fallen by 50% compared with the average turnover or income between December 2019 and February 2020 or July 2020 and December 2020; and ii) the employer was not able to provide the agreed amount of work to employees, or had to reduce their wages. The temporary subsidy was also paid to sole proprietors, whose business income in 2020 had fallen by 50% compared with 2019. For sole proprietors, the amount of support was fixed at the minimum wage (€584).
- e) **Targeted population:** This measure was targeted at employees with an employment contract (including part-time workers) and sole proprietors. However, natural persons employed on non-standard contracts (contracts for the supply of services) were not covered. In 2020, approximately 656,600 people were employed and 89% of them were employees (Statistika andmebaas 2021). In 2019, there were in total 21,759 sole proprietors (3.3% of employed people) in Estonia.

f) Beneficiaries: As of 2 May 2021, 4,991 companies (5% of all companies⁶) and 34,733 employees (5% of all employees) had received the temporary subsidy (a total of €27 million) (Eesti Töötukassa statistika 2021).

g) Novelty: This measure was the second round of the wage subsidy measure offered during the emergency between March and June 2020, but the conditions were slightly adjusted.

2.2.4 Põllumajanduse palgatoetus (Wage subsidy in agriculture)

a) Short description of the measure: A new wage-support measure was launched to support the berry-growing sector. The berry-growing sector has been dependent on foreign workers for a long time, but due to the restrictions they could not come to Estonia, and so farmers desperately needed more labour. Thus, the EUIF offered a wage subsidy in agriculture for farmers to hire local registered unemployed people.

b) Category: Conditional benefit.

c) Timing: This measure was temporarily offered from 1 July 2020. It was paid for up to three months per employee between June and December 2020.

d) Range, duration and conditionality: The support amounted to 50% of the gross wage (up to a maximum of €584 per month) and was paid by the EUIF for up to three months per employee between June and December 2020. The remaining part was covered by the employer. This measure was targeted at employers who were active in berry-, fruit- or nut-growing, and who hired a registered unemployed person who had not been employed in the previous three months, or had worked fewer than 30 days during that time.

e) Targeted population: This measure was targeted at employers who were active in berry-, fruit- or nut-growing, and who hired a registered unemployed person who had not been employed in the previous three months. It was estimated that 750 long-term unemployed people (2.1% of the long-term registered unemployed⁷) would be recruited through this measure (ERR News 2020c).

f) Beneficiaries: There are no data available on the number of recipients of the wage subsidy in agriculture yet. However, preliminary estimates suggest that the uptake of the subsidy was rather low: local people have had little motivation to accept seasonal work in berry-growing sector, and summer is usually used for vacations instead (ERR News 2020c).

g) Novelty: It was a new measure targeted at a very specific group.

2.2.5 Ettevõtteid, sh iseendale tööandjaid toetavad meetmed (Measures supporting businesses, including self-employed people)

a) Short description of the measure: Both self-employed people and businesses were exempted from interest on tax debts during the emergency, and since then the interest rate has been reduced from 0.06% to 0.03% per day until the end of 2021. In addition, the state covered the advance social tax payments for the first quarter of 2020 by the self-employed⁸ (Maksu- ja Tolliamet 2020, Maksu- ja Tolliamet 2021, Riigi Teataja 2020). These measures were implemented to help businesses and self-employed people to better cope with difficulties caused by COVID-19.

b) Category: Conditional benefit.

⁶ As % of 2019 companies.

⁷ In June 2020, the total number of registered unemployed people who had not worked for more than three months was 35,863.

⁸ Sole proprietors pay social tax for the current quarter as advance payments each quarter on the basis of the minimum social tax obligation (in 2020, €534.60 per quarter).

- c) Timing: Both these measures are temporary. The advance social tax payments were covered for the first quarter of 2020. Interest payments were first suspended between 1 March and 17 May 2020, and subsequently the rate has been reduced until the end of 2021 (Riigi Teataja 2020, Maksu- ja Tolliamet 2021).
- d) Range, duration and conditionality: The reduction in the interest rate is designed to support those companies that are in difficulty due to the COVID-19 crisis. Those that have not previously had a tax debt or have correctly followed the payment schedule also receive a larger reduction (100%) compared with those that have not (50%). Companies have to defer their tax debt to receive the reduction in the interest rate. Regarding advance payments of social tax, self-employed people should have made an advance payment for the first quarter of 2020 in the amount of €534.60, but due to the crisis it was covered by the state.
- e) Targeted population: These measures were targeted at businesses and self-employed people. As of May 2020, there were approximately 28,000 self-employed people in Estonia (4.3% of employed people), 7,426 (26.5%) of whom had to make advance social tax payments for the first quarter (Maksu- ja Tolliamet 2020). The reduction in interest rates on tax debts affects around 10,000 companies (Maksu- ja Tolliamet 2020).
- f) Beneficiaries: 7,426 self-employed people did not have to make advance social tax payments during the first quarter of 2020. As of May 2020, 4,000 out of 10,000 companies had already deferred their tax debt and thus qualified for the interest rate reduction (Maksu- ja Tolliamet 2020).
- g) Novelty: These are all new measures, supporting businesses and self-employed people.

2.3 Measures related to sickness benefits and sick pay

2.3.1 *Haiguspäevade ajutine varasem hüvitamine (Sickness benefit from day one to day three)*

- a) Short description of the measure: Sick pay is usually paid to employees by their employer from days four to eight, and after that by the Estonian Health Insurance Fund (EHIF). However, because of the COVID-19 crisis, the EHIF also started to pay sickness benefit from days one to three between 13 March 2020 and 17 May 2020 (Laurimäe 2020a). At the end of 2020, the Parliament passed amendments to the Occupational Health and Safety Act, which temporarily reduced the employee's waiting period⁹ from three days to one day between January 2021 and April 2021. According to the amendments, the employer pays sick pay from the second to the fifth day, and after that payment is made by the EHIF (Occupational Health and Safety Act 2021, Eesti Haigekassa 2020e). In April 2021, it was decided to continue the earlier compensation for sick days (from the second day) until the end of 2021. In addition, since 25 March 2021, the capital of Estonia offers additional compensation for its residents from the first day of sick leave (Eurofound 2020b).

The purpose of this measure is to reduce the risk of people going to work even with the mildest COVID-19 symptoms and thus help to limit the spread of COVID-19, while maintaining employees' incomes in the case of sickness.

During the emergency, employed people could themselves, without authorisation from the healthcare system, decide to apply for sick leave on the patient portal (digilugu.ee). Otherwise, due to the increasing workload of family doctors, contacting to the family doctors may be difficult. Sick leave was granted automatically and a notification was sent to the EHIF, the employer, and the family doctor (Eesti Haigekassa 2020d).

In addition, an employee who is not sick but has been in contact with a person with a confirmed case of COVID-19 and must remain in isolation, has the right to be on

⁹ I.e. the period of sickness in which employees do not receive any financial support.

quarantine leave (a sub-category of sick leave). The same conditions apply to quarantine leave as sick leave, but quarantine leave is given until the end of the quarantine (Eesti Haigekassa 2020e). However, it is more of a technical change and therefore will not be considered as a separate measure or explained in more detail.

- b) Category: Conditional benefit.
- c) Timing: Sickness benefit was paid from the first day during the emergency situation between 13 March and 17 May 2020. Between January and December 2021, sick pay is paid from day two. Applying for sick leave online was a temporary measure available during the emergency. It is no longer in force and a family doctor must now be contacted to apply for sick leave. Since 25 March 2021 additional compensation has been available in the capital of Estonia.
- d) Range, duration and conditionality: The replacement rate was 70% of previous income both during the emergency (between 16 March and 17 May 2020) and now from January to December 2021. The duration and conditions for payment are the same as for sickness benefits before the pandemic. During the emergency, it was also possible to declare a period of sick leave on the patient portal. Other conditions and the amount of compensation remained the same as when applying for sick leave from a family doctor. The additional amount paid in the capital of Estonia for the first day is fixed at €30 (Eurofound 2020b).
- e) Targeted population: The measure is targeted at employees who have health insurance and are sick. Approximately 95% of the population have health insurance (Sotsiaalministeerium 2020a).
- f) Beneficiaries: Statistics on sick leave applications are only available on a quarterly basis and not monthly; thus it is difficult to determine the number of recipients of the benefit during the emergency. However, in the first and second quarters of 2020, a total of 273,585 periods of sickness and care leave were reimbursed. In the first quarter, sickness benefits were paid to approximately 51,000 people and care benefits to 31,000 people. In the second quarter, these numbers were 84,000 (45,000 in 2019) and 15,000 (22,000 in 2019) respectively (Tervishoiustatistika 2021). Payment of sick leave from the second day has applied from January 2021, but there are no statistics available yet.
 More than 24,000 applications were made for sick leave (Eesti Haigekassa 2020d). This was about 8.8% of all periods of sickness and care leave starting in the first and second quarters of 2020 (Tervishoiustatistika 2021). Inspection of sick leave granted during the emergency has been started in co-operation between the EHIF and the EUIF. Preliminary results show that there have been cases where a person has been on sick leave and received wage compensation at the same time. In this case, the person must reimburse the wage subsidy (Eesti Haigekassa 2020c).
- g) Novelty: This is not a completely new measure, but the conditions for the payment of sickness benefits and sick pay have been amended. In addition, there were already discussions over reducing the employee waiting period before the crisis.

2.4 Measures related to health insurance

2.4.1 COVID-19 ravi ravikindlustamata inimestele (COVID-19 treatment for uninsured people)

- a) Short description of the measure: Since July 2020 the diagnosis and treatment of COVID-19 have been added to the list of services paid for by the EHIF for uninsured people. It is also possible for uninsured people to contact the nearest family medicine centre and consult a family doctor for diagnosis, testing and treatment in respect of COVID-19. This helps to ensure that uninsured people also receive immediate help.
- b) Category: Neither flat nor conditional benefit.

- c) Timing: During the emergency, the costs of diagnosing and treating COVID-19 for uninsured people were covered from the state budget allocation. Since July 2020, these costs have been covered by the EHIF.
- d) Targeted population: This measure is targeted at people without health insurance (i.e. those who have not paid social contributions or who are not considered eligible for insurance – such as pregnant women, children, pensioners, and students). There are approximately 66,000 uninsured people in Estonia (5% of the population) (Sotsiaalministeerium 2020a).
- e) Beneficiaries: Between January and May 2020, bills were submitted for 276 uninsured people (approximately 0.4% of the total) with suspected or diagnosed COVID-19 (Sotsiaalministeerium 2020a). There are currently no more recent statistics available on the costs of treatment and diagnosis for uninsured people.
- f) Novelty: According to the Health Services Organisation Act, emergency care and health services relating to protection of public health are also provided to people not covered by health insurance, but the latter still pay for general medical care themselves. Emergency care is paid from the budget of the EHIF (Health Services Organisation Act 2021). The diagnosis and treatment of COVID-19 were added to the list of services paid for by the EHIF.

2.5 Measures related to minimum-income schemes and other forms of social assistance

2.5.1 In-kind services/support

- a) Short description of the measure: There were three main in-kind services/support measures provided in Estonia. First, regarding early childhood education, most kindergartens remained open to allow front-line workers to continue working. However, as the number of children remained small, not all sections were opened: as a result, many municipalities temporarily exempted parents from paying the fee for children attending municipal kindergartens. The suspension of fees was decided at the local level.

Second, during periods of distance learning, schools distribute school lunch boxes for students, as during regular times this is also subsidised by the state and local government.¹⁰ The conditions are different across municipalities or even across schools. In some schools, lunch is distributed to all those who want it, and in others according to a needs-based criterion; in some schools a hot lunch is organised, but in others food packages are distributed (Õiguskantsler 2020; Haridus- ja Teadusministeerium 2021).

Third, the government distributed two reusable face masks to those in need (i.e. those receiving subsistence benefits).¹¹ As a result, low-income people are also able to follow the rules under which, since 24 November 2020, it has been mandatory to cover the nose and mouth when in enclosed public areas (e.g. shopping centres, public transport) (ERR News 2020a).

- b) Category: Neither flat nor conditional benefit.
- c) Timing: Between March and May 2020 many municipalities temporarily exempted parents from paying the kindergarten fee. When stricter restrictions were introduced

¹⁰ The state is subsidising lunch in basic and upper-secondary education (in both municipal and private schools) by paying €1 per student per day, which in combination with the support of local authorities, should result in lunch that is free of charge or costs relatively little.

¹¹ Subsistence benefits in Estonia are a state aid to people in need, paid by local authorities. They are provided to people living alone or to families whose monthly net income, after the deduction of the housing expenses (up to a certain limit), is below the subsistence level. The subsistence level is based on minimum expenditure on foodstuffs, clothing, footwear and other goods and services which satisfy primary needs. The level is fixed for each year by the state budget. In 2020, the subsistence level was €150 for the first household member and €120 for the other adult household members. The subsistence level for the children was €180.

again in March and April 2021, it was also decided to suspend the payment of kindergarten fees in many municipalities.

- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The target groups for these in-kind measures were different. Only the distribution of reusable face masks was means-tested (i.e. to those receiving subsistence benefits). However, to receive food aid, in some municipalities it was necessary to make an application; hence it can be assumed that the aid was used by those who really needed it. In 2020, more than 66,000 children studied in pre-primary education, 132,000 in basic education, approximately 29,000 in secondary education and 25,000 in vocational education (*Haridussilm*). However, the costs of school lunches are not fully covered for students in vocational education (e.g. only up to the age of 20). Regarding distribution of face masks, the targeted people were all recipients of subsistence benefits (9,409 households and a total of 16,390 household members as of October 2020) (Sotsiaalministeerium 2021a).
- f) Beneficiaries: There are currently no statistics available on school lunch recipients or on how many parents did not have to pay a kindergarten fee. The masks were distributed to all recipients of subsistence benefits – at the end of December 2020, a total of 41,834 reusable masks were given to the recipients of subsistence benefits and a total of 20,917 people (1.6% of total population) received the mask (each person received two masks). At the beginning of December 2020, 1 million disposable surgical masks were also distributed to low-income people (Pealinn 2021).
- g) Novelty: All these measures are new and temporary.

2.6 Measures related to housing support

There were no measures related to housing support.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

During the emergency, an allowance was offered to the parent of a child with special needs (read Sub-section 2.7.1). There were no measures for parents of children without special needs that would have dealt with the closure of kindergartens and schools.

2.7.1 *Erivajadusega lapse vanema erakorraline toetus* (Allowance for parents of children with special needs)

- a) Short description of the measure: The allowance was offered to a parent¹² who had to be temporarily away from work because they had to take care of a child with special needs. Due to the closure of educational institutions, there was a need to ensure the daily supervision of children with special needs, support for learning and the performance of personal care activities. Some children with special needs are also at higher risk of COVID-19. This measure helped to secure the parent's income during that time at home. However, to receive the benefit, the person had to be on unpaid leave, or to suspend their employment contract under the law of obligations (Sotsiaalkindlustusamet 2020).
- b) Category: Conditional benefit.
- c) Timing: The allowance was paid during the emergency between 12 March 2020 and 31 May 2020 (Eurofound 2020a).

¹² According to the Social Insurance Board, a child with special needs is: a) a child under 18 with severe or profound disability; b) a child under 18 with moderate disability and accompanying condition (e.g. asthma, diabetes); c) a child under 18 with special educational needs; or d) a child under 16 with special educational needs and an accompanying condition (e.g. intellectual disability) (Sotsiaalkindlustusamet 2020).

- d) Range, duration and conditionality: The allowance amounted to 70% of the previous year's salary per calendar day (up to a maximum of €35 per day and €1,050 per month). The minimum amount of allowance was €18 per day (€540 per month). It was paid during unpaid leave between 12 March 2020 and 31 May 2020. To receive the benefit, the person had to be on unpaid leave, or to suspend their employment contract under the law of obligations (Sotsiaalkindlustusamet 2020; Eurofound 2020a).
- e) Targeted population: This measure was targeted at parents in employment who have children with special needs. This measure applied only to employees, including people working under a contract under the law of obligations. Self-employed people were not eligible and there was also no other similar measure targeted at them. The parent of a child with special needs qualified for support. According to Statistics Estonia, at the beginning of 2020 there were more than 10,000 disabled people aged 15 or younger (4% of people aged 15 or younger) and 4,586 disabled people aged 16-24 in Estonia (4% of people aged 16-24) (Statistika andmebaas 2021).
- f) Beneficiaries: A total of 1,298 parents received the allowance for parents of children with special needs (Eurofound 2020a).
- g) Novelty: It was a new temporary measure during the emergency.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

2.8.1 *Pensionimaksete peatamine* (Suspending contributions to the mandatory funded pension scheme)

- a) Short description of the measure: The government has suspended its contributions to the mandatory funded pension scheme (4% from the social tax) between July 2020 and August 2021. Employees may also suspend their contributions to the scheme (2%) between December 2020 and August 2021 (Rahandusministeerium 2020). Between 2023 and 2024, the state will reimburse the 4% contribution and the yield of the pension fund to those employees who continued to pay 2%.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The government has suspended its contributions between July 2020 and August 2021. It is possible for employees to suspend contributions to the second pillar between December 2020 and August 2021. In October 2020, employees had the opportunity to make an application for a temporary suspension of payments.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The measure is targeted at working people – employees can also suspend their contributions to a funded pension scheme (2%). At the beginning of 2020, about 95% of people aged 19-63 were members of the statutory funded scheme (Piirots, Laurimäe 2020).
- f) Beneficiaries: A total of 9,575 people suspended contributions temporarily – approximately 1.4% of those who have joined the second pillar. 60% of the people suspending contributions temporarily were women and about a third (30%) were aged 35-44 (Pensionikeskus 2020).
- g) Novelty: This measure was also taken during the previous crisis. However, whereas during the previous crisis an application had to be made by employees so that they could continue making payments, this time an application had to be made for a temporary suspension of payments, and if not payments continued.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

The expected or actual cost (if available) of social protection and inclusion measures can be found in Table 2. The overall estimate of expenditure on social protection and inclusion measures is about €463 million (1.65% of 2019 GDP¹³). As can be seen from the table, the total cost of the main measures related to job protection are the highest, at around €437 million (1.56% of 2019 GDP). Those are followed by costs related to sickness benefits, where the expected cost of the main measures is about €24 million (0.09% of 2019 GDP).

The costs of the measures related to unemployment benefits are not shown in the table, as they were not new measures and it is difficult to differentiate between additional costs, as the number of unemployed and unemployment benefit recipients also increased. However, an approximate estimate can be found. After the increase in unemployment insurance benefits in August, the costs were on average €11 million (0.04% of GDP) per month (€55 million in total between August and December 2020). Before August 2020, average costs on unemployment insurance benefit were €7.5 million (0.03% of GDP) per month. Thus, the costs related to unemployment insurance benefits appear to have increased by around €3.5 million per month. Between January and March 2021, average costs related to unemployment allowance were €2.5 million (0.009% of GDP) per month, but €1.1 million (0.004% of GDP) over the same time in the previous year.

¹³ In 2019, GDP at current prices was €28,086 million (seasonally and working day adjusted) (Statistics Estonia 2021).

Table 2: Expected and actual cost of social protection and inclusion measures (in €million)

Measure	Period covered	Expected (**) or actual (*) cost in € and as % GDP
Measures related to unemployment benefits	Not applicable	Not applicable
...Changes in the unemployment protection system	Not applicable	Not applicable
Measures of job protection provided through support to employers, employees and the self-employed		€437.4m** (1.56%)
...Wage subsidy	1 March - 30 June 2020	€256.0m* (0.91%)
...Salary grant in Harju and Ida-Viru counties	28 December 2020 - 31 January 2021	€20.6m* (0.07%)
...Temporary subsidy	1 March - 31 May 2021	€160.2m** (0.57%)
...Wage subsidy in agriculture	1 June - 31 December 2020	€0.6m** (0.002%)
Measures related to sickness benefits and sick pay		€24m** (0.09%)
...Sickness benefit for days one to three	13 March 2020 - 17 May 2020 1 January 2021 - 31 December 2021	Additional €7.0m* (0.02%) was allocated Additional €17.0m** (0.06%) was allocated
Measures related to health insurance		€0.02m*
...COVID-19 treatment for uninsured people	January-May 2020	€0.02m*
Measures related to minimum-income schemes and other forms of social assistance	No data available	No data available
...In-kind services/support	No data available	No data available
Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19		€1.3m* (0.005%)
...Allowance for parents of children with special needs	12 March 2020 - 31 May 2020	€1.3m* (0.005%)

Source: Laurimäe 2020a; Sotsiaalministeerium 2021b; Eesti Töötukassa statistika 2021; Sotsiaalministeerium 2020a; Sotsiaalministeerium 2020b; Sotsiaalministeerium 2021b; Eesti Haigekassa 2020a; Eesti Haigekassa 2020b; Tervishoiustatistika 2021; Eurofound 2020a; Eurofound 2020b.

In addition, the aim of suspending contributions to the mandatory funded pension scheme was to save money for the state, to mitigate the impact of the crisis. According to the Ministry of Finance, this change is expected to save approximately €142 million in 2020 and €211 million in 2021 (ERR News 2020e).

3.2 Impact on the social protection system and on social inclusion policies

Regarding measures related to unemployment benefits, the necessary changes to the unemployment benefit system had already been discussed before the crisis, but the COVID-19 pandemic accelerated them. The main problem with the Estonian unemployment benefit system was an insufficient level of social protection – benefits were low, and a rather small share of unemployed people received them. Already in January 2020, the

Ministry of Social Affairs had notified its intention to draft a law to improve the unemployment protection system. However, according to the plan, the changes were to take effect in 2022 at the earliest. Due to the spread of COVID-19 and the increase in unemployment, it was decided to increase the benefit rates earlier (unemployment insurance benefit increased in August 2020 and unemployment allowance in January 2021). Upon taking office, the government planned, among other things, to continue working on changes to the unemployment insurance system, including in terms of the coverage of new target groups (e.g. new forms of work) and the adjustment of benefits in line with economic cycles (Vabariigi Valitsus 2021).

The spread of COVID-19 has also raised or prioritised the debate on compensation for the first three days of sick leave. The reduction in the employee waiting period had also been discussed in the past by the trade unions. Due to the spread of COVID-19, the EHIF also paid sickness benefit temporarily for the first three days between March and May 2020. In December 2020, it was decided that the employee waiting period would be temporarily (between January and April 2021) reduced from three days to one; thus the employer will compensate days two to five of sick leave, and after that the leave is compensated by the EHIF.

Regarding the temporary suspension of contributions to the mandatory funded pension scheme, although this measure was temporary during the crisis, the idea of making the mandatory funded scheme voluntary has for a long time been a topic of discussion in the Estonian public media, as well as among policy-makers, social partners, and experts (read also Piirits, Laurimäe 2019; Piirits, Laurimäe 2020). Since 1 January 2021, the second pension pillar has been voluntary (i.e. it is possible to suspend contributions and also withdraw money).

Other changes during the COVID-19 pandemic have been rather temporary and have had less impact on the social protection system in general.

3.3 Remaining gaps in the social protection system and social inclusion policies

In Estonia, the self-employed and members of the management or controlling bodies of legal persons do not have statutory access to unemployment insurance (but have access to unemployment allowance) and therefore are not sufficiently covered by the unemployment protection system (approximately 3% of people aged 19-63) (more information about the social protection of people working as self-employed can be found in Masso, Kadarik 2017). The problem of the coverage of self-employed people also arose during the COVID-19 crisis. Moreover, the wage subsidy paid by the EUIF during the crisis covered only those who were traditionally employed (i.e. only employees with an employment contract). Thus, self-employed people, including people employed on non-standard contracts¹⁴ were not covered by the COVID-19 measure. According to the explanatory memorandum to the draft wage compensation measure, 83% of employed people work on the basis of an employment contract. Thus, 17% of the employed were excluded from receiving support, including 40,000 private limited companies and 20,000 self-employed people (ERR News 2020d). However, later, during the second measure that was targeted at Harju and Ida-Viru counties, sole proprietors were also covered by the measure, albeit from the state budget.

In addition, sickness benefits are only available to employees with an employment contract and not to those employed on non-standard contracts (contracts for the supply of services) under the law of obligations. Thus, these people do not have income protection in the case of sickness, which can lead to a situation where people with milder symptoms still go to work.

¹⁴ A self-employed natural person who offers goods or services for charge in their own name whose terms of employment and service status are regulated under Civil Code and Law of Obligations Act (i.e. service contract).

3.4 Debates and recommendations

As already mentioned in previous sub-sections, the debate on compensation for the first three days of sick leave has gained more attention during the COVID-19 crisis. Although this is currently a temporary measure, the reduction in the employee waiting period has also been discussed in the past by the trade unions.

Overall, the analysis of the wage subsidy measure shows that the measure was effective in helping to prevent people becoming unemployed and falling into poverty (Koppel, Laurimäe 2021). However, when the first EUIF wage subsidy compensation measure was offered between March and June 2020, the self-employed were excluded from the measure. Thus, many sole proprietors found themselves in difficulty. At the end of 2020, when the new wage-support measure was introduced in Harju and Ida-Viru counties, and between March and May 2021 when temporary subsidies were offered, sole proprietors were also included as beneficiaries (see also Sub-sections 2.2.2 and 2.2.3).

As unemployment benefits for people who became unemployed at the beginning of the crisis are coming to an end, but during the crisis finding a new job is difficult, the temporary extension of unemployment benefits is also under discussion.

The government suspended its contributions to the mandatory funded pension scheme (4% from the social tax) between July 2020 and August 2021. Employees could also suspend their contributions to the mandatory funded pension scheme (2%) between December 2020 and August 2021 (Rahandusministeerium 2020). In March 2021, the government approved a bill providing a €641 million supplementary budget aimed at combating the ongoing effects of the coronavirus pandemic. According to the bill, €117 million goes towards compensation for the temporary suspension.

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