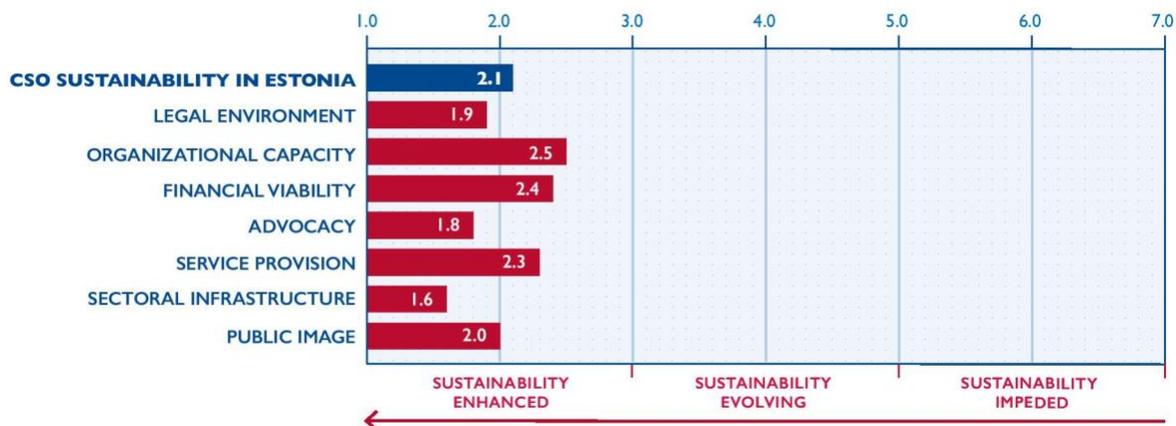


OVERALL CSO SUSTAINABILITY: 2.1



The COVID-19 pandemic had an impact on almost every aspect of life in Estonia, as across the globe, that is second to none in recent history.

Public attention in Estonia during the year was focused on the overstretched health-care services, drastically increased unemployment, and general fear of the unknown. For many organizations in the third sector, the situation was make or break, with CSOs having to adapt the way they work and the services they provide in order to survive. Although physical volunteering with a CSO was unadvised, virtual volunteering found new ground. Similarly, the number of in-person fundraising events decreased dramatically, yet CSOs raised more donations than ever before.

Estonia is a small nation, proud of its adaptability and virtual presence. Nevertheless, the pandemic put the public sector to the test. The pandemic had an overwhelmingly negative economic toll on some sectors, such as the tourism and service sectors. The government and parliament reacted quickly to review laws and regulations that hindered work under the restrictions implemented to control the spread of COVID-19. For example, legal changes were made to allow general assembly meetings to be held virtually instead of in person.

A milestone for civil society was the approval of the Civil Society Program 2021-2024 by the minister of population in July. This strategic document outlines the development of civil society based on the Civil Society Development Concept from 2002. The program focuses on five key areas: active citizens; capable and caring communities; capable NGOs and social enterprises; transparent and inclusive policy making; and guaranteed freedom of religion.

The political scene remained the same as in the previous year. A coalition government formed in 2019 by the Center Party, conservative Isamaa Party, and far-right Conservative People’s Party of Estonia (EKRE) remained in power.

2020 also saw the establishment of a promising new advocacy organization, the Liberal Citizen Foundation (SALK). SALK promotes equal rights for minorities and a free society and serves as a counterforce to the Foundation for Protection Family and Tradition (SAPTK), which promotes a traditional worldview, including a conservative interpretation of marriage. The foundation seemed to have an immediate effect, finding a significant amount of support among business and other sectors.

Overall CSO sustainability did not change in 2020, and no changes were reported in any dimension of CSO sustainability. CSOs continue to operate under a supportive legal environment, have strong advocacy skills, provide a wide range of services, are generally have a positive public image.

According to the Estonian e-business registry, in 2020 there were a total of 22,574 associations and 816 foundations registered in the country. According to the 2019 National Civil Society Strategy Impact Evaluation, the report of a five-year assessment conducted by Tallinn University and the Institute of Baltic Studies on behalf of the

Ministry of Interior, the most common focus areas for CSOs are recreational activities (17 percent of CSOs), sports (16 percent), and culture (14 percent).

LEGAL ENVIRONMENT: 1.9



The legal environment governing the CSO sector did not change significantly in 2020 and remains quite supportive. The Civicus Monitor rates Estonian civic space as open and the World Bank's global Freedom of Association Index gives Estonia a score of 0.94 out of 1.0 in 2018, compared to 0.95 the previous year.

CSOs can register easily, and the process can be completed online. The scope of activities for CSOs is fairly diverse and the law allows them to set their own rules for internal governance.

In 2020, some minor changes were made to the legal regulations that simplified matters for CSOs. In spring, several laws were amended to allow all legal entities to carry out their general assemblies online. In addition, the deadline for submitting annual reports for the previous

year was postponed from June until autumn.

Another positive change that took effect in 2020 allowed taxpayers to easily and directly donate a portion of their tax returns to CSOs. Although this change had been approved by the government earlier, it was implemented for the first time in 2020. Altogether, 3,557 people donated EUR 136,156 to 702 organizations.

CSOs and their representatives may operate freely, openly express criticism, and address all matters of public debate, and are generally free from harassment by the central government, local governments, and the tax agency. In 2020, however, the minister of finance (a member of the conservative EKRE party) forbade the State Shared Service Center from making payments under the multi-year strategic partnership installments signed between the Ministry of Affairs and organizations that focus on equal rights on the grounds that the Gambling Tax Act does not explicitly mention equality policies. Despite this, the Ministry of Social Affairs continued the payments, saying that this has been an established practice for many years. However, the situation stirred a heated public debate and increased feelings of uncertainty among the organizations involved.

In spring, a state of emergency was declared, and the government created several support measures to cover the loss of income and help employers pay their employees' salaries. Some of these measures differentiated between legal forms, providing support for for-profit organizations, while excluding social enterprises and other CSOs.

CSOs may earn income by charging fees for goods and services, establishing social enterprises, engaging in fundraising campaigns, and accepting funds from foreign donors. CSOs are allowed to compete for government contracts and procurements at the central and local levels.

CSOs do not pay income tax. CSOs that engage in charitable work may apply for status as public benefit associations and foundations, which makes them eligible for income tax breaks. Political parties, professional organizations, and business associations are not eligible for this status. Individuals may deduct donations to public benefit organizations of up to EUR 1,200 (approximately \$1,340), and legal entities may make tax-free donations to public benefit organizations of up to 10 percent of the previous year's profit or up to 3 percent of personnel costs during the current year.

Very few lawyers are trained in or familiar with CSO-related laws, but in most cases in which CSOs utilize the services of lawyers, such as appealing funding decisions in court, expertise in CSO law is not necessary. Lawyers sometimes work pro bono or at reduced costs with CSOs.

ORGANIZATIONAL CAPACITY: 2.5

The pandemic forced CSOs to be flexible, react quickly, and develop new services and solutions to respond to emerging needs. Many Estonian CSOs effectively adapted to the new reality, while such challenges were insurmountable for other CSOs; social enterprises, in particular, found the year to be very challenging.

The Active Citizen Fund (ACF), supported by the European Economic Area (EEA), plays a key role in supporting the organizational capacity of CSOs. With ACF funding, seventeen partnerships started their activities in 2020, while fifteen organizations built their organizational capacities under projects awarded in 2019. CSOs' interest in developing their capacities has also been demonstrated by the increasing number of applications received by the National Foundation of Civil Society (NFCS).

While eight-six applications were received for capacity-building grants in 2019, 116 applications were received in 2020. The quality of projects has also steadily improved.

Most CSOs clearly identify their potential constituents and beneficiaries and actively seek to develop relationships with them. CSOs often involve their constituencies in their activities or ensure that their activities represent constituents' needs and interests.

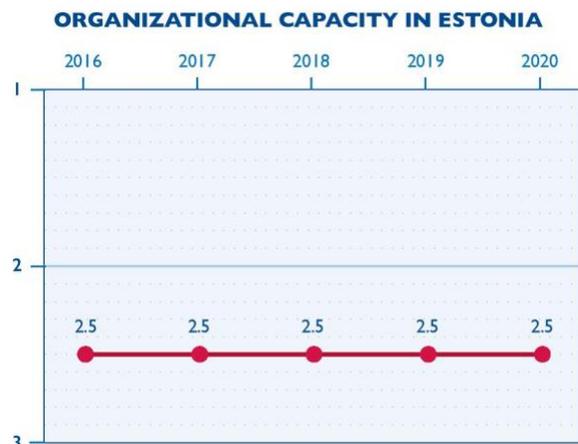
Most CSOs have defined missions and use strategic planning techniques. However, the implementation of most CSOs' strategic plans is dependent on potential funding opportunities and donor expectations. In 2020, some organizations had to discard their strategic plans and react quickly to the new norms and expectations of stakeholders.

Larger CSOs generally have clearly defined management structures, including an explicit division of responsibilities between the board of directors and staff, which is stipulated in the law. All CSOs must specify policies and procedures in their bylaws when they are formed. CSOs' bylaws often define additional rules, such as the number of people on management boards.

Staffing continues to be a challenge for CSOs. CSOs struggle to attract qualified staff, largely because businesses and the public sector tend to pay higher salaries. In addition, turnover among CSO staff is quite high, making it more difficult for CSOs to achieve long-term goals. CSOs often struggle to find new capable leaders. However, recent developments have shown that this problem may have become less pronounced, as several organizations seeking new leaders in 2020 had a number of qualified candidates to choose from, indicating that CSOs are starting to be seen as more desirable employers.

CSOs recruit and engage volunteers actively, and volunteering surged in 2020. For example, over the course of a single weekend in March, a team of volunteer activists created a new platform to manage volunteers. The platform mobilized more than 4,000 volunteers and managed appeals for help from across the country.

Due to the restrictions imposed to control the spread of COVID-19, CSOs—as with the rest of society—were forced to move much of their work online in 2020. Most CSOs managed this transition successfully, enabling them to organize conferences, engage in advocacy work and campaigns, and provide a variety of services online. However, this process highlighted the gap between organizations with better technological capacity and those with less competence in this area. Fortunately, CSOs had access to a variety of support mechanisms in this realm. For example, umbrella organizations supported their members by providing spaces to share information and come up with solutions to shared problems, and the Ministry of Education provided free access to the Moodle platform—which provides a variety of free online courses—for their partner organizations.



FINANCIAL VIABILITY: 2.4



Financial viability remained unchanged in 2020. Despite the growing support from public funds, increasing amount of donations, and the opening of the Active Citizen Fund, overall financial viability remained stable, as the state of emergency and the pandemic had a strong negative impact on CSOs' financial viability. While CSOs demonstrated quick thinking, adaptability, and new ways of cooperation, they also had to use their reserves, increasingly turn to the government for financial support, and stop service provision either temporarily or permanently.

CSOs' income has been growing steadily over the past few years. Public funding continues to be the most significant source of support for CSOs. Total payments from the central government to CSOs were

approximately EUR 145 million in 2017 and EUR 166.7 million in 2018; 2019 data had not yet been released at the time of publication. Total payments from local municipalities have similarly grown, from EUR 55 million in 2017, to EUR 65 million in 2018, and EUR 70 million in 2019, before dipping slightly to EUR 67 million in 2020.

NFCS' budget has remained largely unchanged for the past decade. As a result, the competition for funding is quite tight. Due to the pandemic and resulting financial difficulties, the state limited some funding opportunities in 2020. For example, the Ministry of Social Affairs canceled its small grants program during the year due to declining gambling tax revenues. Environmental organizations reported that it was increasingly difficult to receive funding from the Environmental Investment Center under the Ministry of the Environment. While organizations with more experience are able to access public funding, smaller organizations and organizations with less experience struggle to do so.

The amount of donations has also been increasing in recent years. According to the Estonian Tax and Customs Board, CSOs reported donations in the amount of EUR 47 million in 2019, up from EUR 40.3 million in 2018. Out of that total amount, EUR 29 million were personalized donations (i.e., donations from an identified individual or entity) and the rest were anonymous and/or foreign donations. The total amount for 2020 is currently not known, but the amount of personalized donations also increased in 2020, reaching EUR 31 million. Estonia participated in the Giving Tuesday movement for the second time in 2020. Giving Tuesday served as a great impetus for talking about charity and participation in civil society. CSOs jointly collected more than EUR 182,000 through Giving Tuesday in 2020, up from EUR 128,000 in 2019.

According to the National Civil Society Strategy Impact Evaluation, the report of a five-year assessment conducted by Tallinn University and the Institute of Baltic Studies on behalf of the Ministry of Interior in 2019, 13 percent of organizations reported receiving funds from businesses. The same report indicates that 30 percent of organizations report that they earn part of their income from economic activities.

The CSO sector's reliance on foreign funding is very limited. ACF is arguably the most important source of foreign funding for CSOs. Through its first two calls for proposals in 2019-2020, thirty-two projects received funding valued at more than EUR 1.35 million for periods of eighteen to twenty-four months. Some donors adjusted their policies during the year in light of the difficult circumstances. For example, ACF allowed volunteer work to be considered as co-funding, rather than requiring financial contributions. No new foreign grant programs were created to support Estonian CSOs.

CSOs continue to typically have sound financial management systems. Audits are not obligatory, although some larger funders require project audits, and some organizations voluntarily conduct audits to demonstrate their transparency. The majority of organizations state they do not need additional financial management training.

ADVOCACY: 1.8

CSO advocacy was stable in 2020, despite the fact that parliament was focused on COVID-19 related measures, making it more difficult to get their attention on other matters. CSOs continued to be active advocates, demonstrating their ability to stand up for their own interests, as well as those of their communities and society at large. The capacity to advocate varies between organizations, with larger umbrella organizations and organizations with sustainable funding generally having stronger advocacy capacities. The Network of Estonian Non-profit Organizations (NENO) coordinates a network of advocacy organizations focused on increasing their capacity, sharing information, and learning from each other.



Cooperation between the government and CSOs continues to follow the principles outlined in the Estonian Civil Society Development Concept (EKAK), which is coordinated by a twenty-two member committee composed of government and CSO representatives and chaired by the minister of population (previously, the minister of the interior). The committee is charged with nominating board members for NFCS. In 2020, however, the committee's suggestions were overruled by the minister of population, creating a worrisome precedent.

In 2020, several national strategies that impact the development of civil society were completed. Both the Civil Society Development Program and the National Strategy Estonia 2035 were open for contributions from CSOs and were approved by the government in 2020. At the same time, some CSOs were critical of both of these strategic processes, stating that CSO involvement was not genuine, and their input was disregarded without explanation.

CSOs organized some successful nationwide advocacy campaigns in 2020. The campaigns of two animal rights organizations, Nähtamatud Loomad and Loomus, reached a positive result when a bill abolishing fur farms passed the first reading in the parliament. The bill had been in parliament before, but had not passed the vote.

The mental health organization Peaasjad received a lot of attention throughout the year as stress and isolation caused by the pandemic increased pressure on people's mental health. Its initiative Let's Stay Together (Püsime koos)—which asked people to give each other their full and focused attention for at least fifteen minutes a day—grew into a nationwide advocacy campaign. However, a bill that would allow minors under the age of eighteen to visit psychiatrists without their parents' consent did not pass the vote in the parliament even though several CSOs focusing on mental health issues advocated for it.

The possibilities for Russian-speaking minorities to be involved in policy-making processes have increased. In 2020, a number of materials and public information was provided in Russian, making it easier for CSOs to involve their Russian-speaking stakeholders.

Youth involvement in policy making also continues to increase. In 2020, the Ministry of the Environment formed a youth involvement council. The aim of the council is to advise the ministry in making decisions, to represent the environmental interests of young people and youth organizations both in Estonia and at the international level, and to give Estonian young people the opportunity to raise environmental issues that are important to them.

Although environmental organizations have increased their cooperation and advocacy capacity, the Estonian government still makes decisions without taking the input from environmental organizations into account. For example, in 2020, the government decided to fund the establishment of a new oil plant without consulting with environmental CSOs, a decision that some environmental organizations challenged in court. Additionally, the minister of the environment recalled the committee responsible for putting together the new National Forestry Development Program, which included both CSOs and businesses. Environmental organizations also state that cooperation between CSOs and the State Forest Management Center on both the local and national levels has decreased.

The Equal Treatment Network submitted a shadow report on the human rights situation in Estonia to the UN Human Rights Council. The report highlighted several human rights shortcomings and made recommendations to improve these areas. For example, the report recommended that Estonia ensure the availability of psychiatric care for minors, make public spaces more accessible, criminalize hate speech, and alleviate the burden on women as informal caregivers.

The Citizen Initiative Portal continues to enable citizens to write proposals, hold discussions, and send digitally-signed electronic petitions to the parliament. The parliament must consider a proposal if it receives at least 1,000 signatures by citizens over the age of sixteen. Since 2014, a total of 175 initiatives have collected 190,698 signatures on the portal. In 2020, CSOs initiated several proposals. The most popular one, which collected more than 35,000 signatures, supported marriage equality; no concrete action had been taken on this proposal by the end of the year. In 2020, the portal also added the possibility to create local public initiatives, which require 1 percent of the residents' signatures in order to be processed by the local government.

NENO and the Estonian Social Enterprise Network advocated for CSOs to get equal treatment as businesses under government support measures. Despite these efforts, the Ministry of Economic Affairs and Communications continued to target some support measures only at businesses and not CSOs.

SERVICE PROVISION: 2.3



Service provision by CSOs did not change significantly in 2020. While providing services in some fields was difficult during the pandemic, demand for some services grew exponentially.

CSOs continued to provide a wide range of goods and services in a variety of fields, including basic social services, such as health, education, welfare, and culture, as well as youth employment, sports, and other recreational activities. In most cases, the goods and services that CSOs provide continue to reflect the needs and priorities of their communities.

CSOs and social enterprises providing services in the fields of tourism, hospitality, and charity shops struggled in 2020 and had to reform their offerings or design new online services. For example, Domus Dorpatensis, a

guest apartment, lost all of its revenue in the spring and had to change its business model. It is now no longer a guest house but has long-term tenants instead. The charity shop Aarete Laegas started an online shop as it could not keep its physical shop open for clients in the spring of 2020. However, the online shop did not generate as much income.

CSOs working in the fields of sports, recreation, and culture also had a very difficult year. Since most activities involving people coming physically together were restricted for a large part of the year, CSOs organizing sports and cultural events had to cancel many of their activities, therefore also reducing their income. For example, the small theatre VAT Teater noted that it is struggling to stay open.

In most cases, CSO donors, including government entities, private donors, and foreign donors, were flexible and did not reclaim funding despite the fact that some activities had to be cancelled completely or postponed to the following year. Lõimeleer, for example, was allowed to keep its funding even though it was not able to provide its services in accordance with the agreements it has with its donors. It primarily organizes summer camps that connect young Estonians living abroad and their families as well as multicultural families living in Estonia with Estonian life and culture.

At the same time, some CSOs thrived in the pandemic circumstances. Organizations that had previously developed online services were able to increase their impact and reach. For example, training providers were able to involve new people from remote areas and provide services to participants regardless of their location. One such example was Minutes of Silence, which provides training on mindfulness and exercises to increase attention and peace of

mind. The demand for these services grew during the pandemic. Minutes of Silence provided workshops for schools, companies, and the public; the workshops reached capacity very quickly and proved to be quite successful.

Another CSO that was quickly able to move its activities online was Venividivici, which creates opportunities for students in the Estonian public school system to participate in exchange programs and language practice. In 2020, it successfully connected youngsters online and revived the old tradition of pen pals, which turned out to be quite popular in the isolation conditions.

Educational CSOs that focus on providing substitute teachers, online classes, and support and mentorship for teachers also thrived in 2020. With schools closing and education switching to a distance learning mode, teachers found themselves with a bigger workload and appreciated all kinds of additional support.

The government at both the national and local levels recognize the value of CSOs' services through public statements, policies, and practices. Local municipalities, ministries, and other public bodies outsource services from CSOs and also delegate service provision to CSOs.

SECTORAL INFRASTRUCTURE: 1.6

The infrastructure supporting CSOs in Estonia is well established and did not significantly change in 2020. Umbrella organizations, networks, and regional development centers all continue to be important sources of support to CSOs, offering information, training, technical assistance, advice, and opportunities to cooperate.

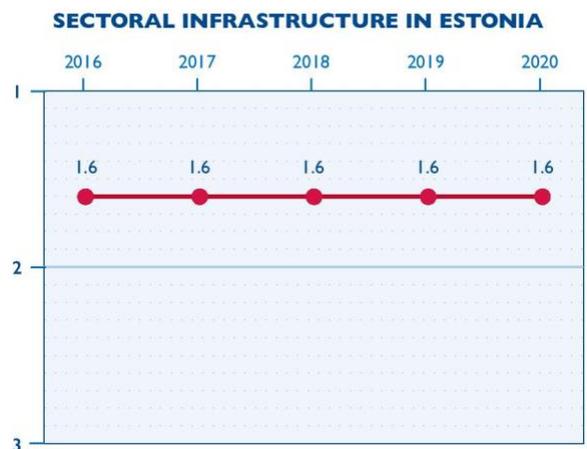
Several local organizations award grants to CSOs. The Local Initiative Program provides grassroots initiatives with small grants. Funded by the government and coordinated by county development organizations, the program's main aim is to build and sustain strong communities. NFCS continues to be the main grant-making organization dedicated to building the capacity of the CSO sector. 2020 was a year of many changes for NFCS: the minister of population appointed new members to the supervisory board, a new executive director was elected, and the entire office was relocated from the capital Tallinn to Viljandi, a small town, leading to some changes in staff as well. The Open Estonia Foundation distributes grants from the ACF.

Because of the pandemic, all funding information seminars by NFCS, ACF, and other funders moved online, providing more people with access. For NFCS, this change resulted in record numbers of participants.

As most daily functions moved online, cooperation between organizations in different locations became easier. These new modalities of work allowed CSOs to focus more on cooperation and content and less on logistics. For example, the number of joint statements issued by the Chamber of Estonian Environmental Organizations increased from fifteen in 2019 to thirty-four in 2020. Members of the chamber also included other partners and initiated a Climate Network that successfully started its work in 2020.

There are several development programs for new initiatives and emerging leaders; the program was created to tackle the shortage of leaders in the CSO sector. In 2020, NENO launched a development program for future civil society leaders. The program lasts for one year and has thirteen participants in the first group; the second group will start in 2021. Local development centers also provide training for new leaders of CSOs. In addition, the Good Deed Foundation hosts the NULA incubator, a development program funded by NFCS that offers support for smart, effective, and innovative ideas that resolve acute problems in Estonian society. The Good Deed Foundation has been a partner of NFCS in running the incubator since its inception in 2015. Most training programs moved online, or to a hybrid model, in 2020. In some cases, this allowed more people to participate in the programs.

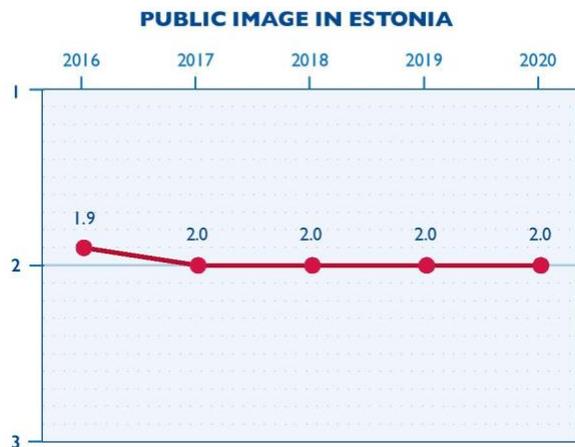
In July 2020, the minister of population approved the Civil Society Development Program 2021-2024. The overall goal of the program is the development of a strong sector. Accordingly, the goals are focused on increasing the



impact of civil society and supporting its development, including by increasing the number of people participating in voluntary activities, supporting community initiatives, and increasing the capacity of CSOs.

Cooperation between CSOs and the public sector continues to be fairly common. More and more ministries have strategic partners with cooperation contracts that are between two and four years long. Cooperation between CSOs and businesses is also quite common, both at the national and local levels, in part because such cooperation is a condition of funding for programs such as LEADER and the Local Self-Initiative Program (KOP).

PUBLIC IMAGE: 2.0



CSOs' public image was stable in 2020. CSOs engaged in advocacy and service provision continue to benefit from media coverage at the local and national levels, in public and private, and in traditional and online media. CSOs also often use social media to reach their audiences and raise awareness.

There were a few direct attempts to smear the reputation of CSOs focusing on the environment, animal rights, and human rights in 2020. All of these attacks focused on funding. For example, environmental organizations were accused of receiving funding linked with Gazprom. These organizations reported the articles making these accusations to the Press Council, which found that they violated the Code of Journalistic Ethics.

CSOs focusing on equal rights were the subject of a smear campaign led by the Foundation for the Protection of Family and Tradition through its portal *Objektiiv.ee*. The campaign culminated in the summer when the minister of finance temporarily froze the payments for several human rights organizations.

The impact of these attacks was mitigated by the positive coverage CSOs received during Giving Tuesday. In addition, organizations focused on the pandemic-related consequences—including Foodbank, CSOs coordinating volunteers, mental health organizations, and educational organizations—found it easy to get media coverage throughout the year.

Although no studies have been done on the topic recently, the public seems to have a generally positive perception of both advocacy and service-providing CSOs, understands the concept of CSOs, and is fairly supportive of CSOs' activities. The business and public sectors' opinions of CSOs also continue to be positive. The President of Estonia is considered a good partner for CSOs as she often visits different organizations during her regional visits and speaks about topics important for different CSOs.

CSOs regularly strive to publicize their activities and promote their public image. However, few organizations have strong public relations capacities. Some organizations see the media as a partner and have developed successful relationships with journalists. On the other hand, CSOs often continue to lack the communication skills needed to attract media attention for their topics, especially positive success stories. As a result, CSOs often continue to prefer social media for public outreach rather than traditional media such as television and radio.

A code of ethics for CSOs has been promoted since 2002. Annual reports are available on organizations' websites or are publicly available for a small fee. In 2020, the network of advocacy organizations coordinated by NENO started working on a code of conduct in advocacy to increase transparent and ethical lobbying.

Disclaimer: The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.