



Event Report

Study Tour: Civil Society Environment and CSO – Public Cooperation in Estonia

5-8 May 2015, Tallinn, Estonia



Study Tour: Civil Society Environment and CSO – Public Cooperation in Estonia

Event organized by TACSO P2P in cooperation with Third Sector Foundation of Turkey (TUSEV)







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Introduction

TACSO Turkey and Third Sector Foundation of Turkey (TUSEV), with support of Network of Estonian Non Profit Organisations (NENO <http://www.ngo.ee/neno>), organized a work visit for representatives of key stakeholders of enabling environment for civil society in Turkey to examine the process of development and implementation of the Estonian Civil Society Development Concept (EKAK), an Estonian model lead by the Ministry of Interior to support the civil society environment and mechanisms for engaging CSOs and other partners in decision making such as Joint Committee for National Strategy.

The work visit enabled the examination of possible strategies, mechanisms and cooperation models for improving the enabling environment for CSOs in Turkey as well as civil society- public cooperation. The work visit will contribute to the improvement of the draft law that is expected to be discussed in Parliament next year, which includes changes in the Law on Collection of Aid, Law on Associations and Civil Code articles related to CSOs in Turkey. The Ministry of Interior, Department of Associations shared the draft law for CSO consultations in 2013. TACSO Turkey, TUSEV and TACSO resource Centre STGM supported the collection of feedback from CSOs, which indicated much larger consultations were necessary.

Examination of Estonian Model for civil society- public cooperation will also contribute to the work on EU Guidelines for supporting Civil Society in the Enlargement Region facilitated by TACSO at regional and national levels. The baseline findings of result framework provided in EU Guidelines indicates the need for improving legal environment for civil society as well as the need to improve civil society - public cooperation.



Work Visit Content and Proceedings

National Strategy for Civil Society Development in Estonia and Implementation Plans

The first session on the topic was held with Mr. Marten Lauri, a civil society expert who until recently was Chief Specialist at the Estonian Ministry of the Interior and is currently employed in the National Foundation for Civil Society. He shared an overview of civil society in Estonia, development of Estonian Civil Society Development Concept (EKAK) and its implementation. Also, the topic was covered in the session with NENO with a presentation from Ms. Maris Jõgeva, Executive Director.



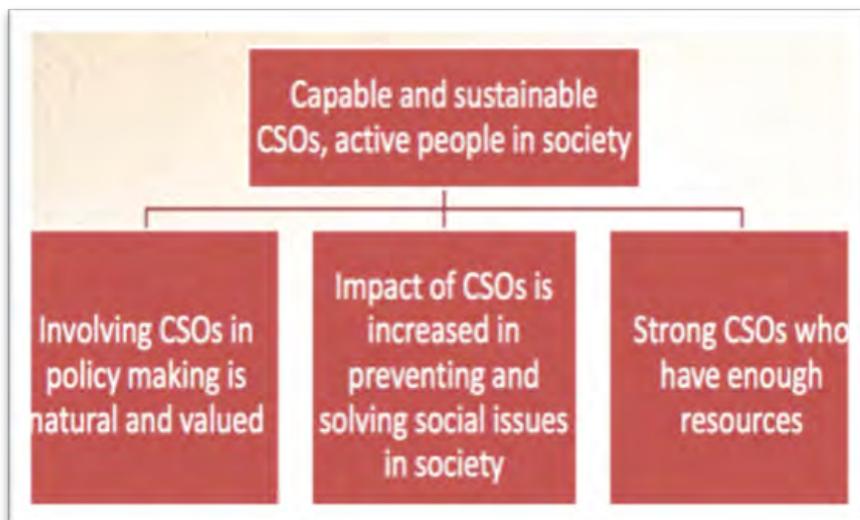
Development of Estonian Civil Society Concept process (EKAK) was initiated by civil society in 1999. The process was carried out by CSOs led by an umbrella organization working on civil society development with 111 members; NENO-Network of Estonian NGOs with the support of UNDP. During 2000 and 2001, NENO carried out CSO consultations in all regions of Estonia, via “Estonian Nonprofit Roundtable”, which has been an open forum for all nonprofits in the country during 2000-2004. The concept was submitted to the Estonian Parliament in 2001 and the long consultation process increased ownership of the document. Among CSO consultations and

discussions, meetings were also held with political party representatives in the Parliament during the development phase. After the submission of the Concept to Parliament, several parliamentary commissions cooperated for finalizing the document and the Concept was adopted by the MPs. It is stated that around 300 CSO representatives, experts and representatives of other stakeholders participated in the development process.

The Estonian Civil Society Development Concept (EKAK) is a strategy document which describes the different roles of the public sector and the nonprofit sector which complement each other, and the co-operation principles in developing and implementing public policies and building up the civil society. The context of EKAK as laid down in the decision of Parliament shows the recognition of civil society as a legitimate actor for participatory democracy in Estonia, addressing the importance of an organized society: *“EKAK is based on the understanding that in the name of a lasting and developing democratic regime, the public sector needs to hear its citizens and co-operate with possibly many of them. In decision-making, the public sector must consider the special interests, values and goals of the members of the society and their associations, and take them seriously also in case they form a numerical minority. At the same time the historical experience proves the positive influence of self-initiated activity. By ensuring citizens' associations and democracy, members of the society and their organizations and the public sector can work together for the preservation of fundamental values enacted in the Constitution of the Republic of Estonia: liberty, justice and law, internal and external*

peace, social progress and welfare, Estonian nation and culture. EKAK and its implementation is also subject in annual hearing in Parliament, where discussions take place on civil society development via open floor.

As the main objective, EKAK lays down the basis of partnership between civil society and the public sector, and a framework to promote this cooperation and strengthen democracy in Estonia: *“(EKAK is) a statement of mutual devotion of the public sector and the nonprofit sector for supporting and promoting the self-initiated organization of citizens. By establishing voluntary associations, people create new possibilities for expressing and following their interests, values and goals and for public discussions, also for solving*



daily problems and offering mutual aid. Consideration of the citizens' associations and co-operation with them raises the efficiency of public authorities and the legitimacy of public policies in the eyes of the citizens.”

The specific aims of co-operation between non-profit associations and the public sector under EKAK are the following:

1. To promote civic initiative and involvement democracy;
2. To support the idea of voluntary action being one of the essential features in acting as a citizen;
3. Improve the better acknowledgement and implementation of the economic, social and political rights and obligations of citizens;
4. The citizens' sense of responsibility towards their family, other citizens, home neighborhood, state and world;
5. To make conscious the values and principles which are the basis of co-operation between the nonprofit sector and public sector, to frame mutual obligations, rights and priorities of action;
6. To establish a favorable environment for the functioning and strengthening of citizens' associations as an inevitable factor for the development of democracy;
7. To develop a support system for nonprofit sector;
8. To spread good co-operation practices and the knowledge on favorable co-operation of the public institutions, citizens and citizens' associations;
9. To involve citizens and their associations more widely in the process of developing, implementing and analyzing public policies and legal acts, to develop necessary information channels and mechanisms;'
10. To acknowledge and consider the specific rights and interests of insufficiently represented or unacknowledged citizens and their associations in arranging public life;
11. To create an environment supporting charity and philanthropy, and involve business sector.

During the development of EKAK, one of the challenges was to agree on the definition of civil society organisations and their main functions. EKAK provides an understanding for citizens' associations as *“citizens' associations are*



considered to be various types of organizations established on the basis of the freedom of association which do not strive for profit, such as non-governmental organizations, foundations, associations, etc.” and civil society as “Civil society indicates to the self-initiated co-operation of people for following their interests, discussing public issues and participating in decision-making processes, also the associations, networks and institutions which enable such co-operation.”

The cooperation between civil society and the public sector is established on these principles:

- As self-initiative and voluntary participation in public life: **Citizen action**
- Regarding the role of CSOs as channels in the democratic society for representing different values and interests and the importance of CSOs to contribution to policy making to increase credibility of policies and public sector: **Participation**
- Diversified roles of public sector and civil society, working in cooperation; while public authorities respect the right of citizens and their associations to set goals for themselves and execute their activities within the framework of the Constitution: **Respect**
- Partnership between the citizens' associations and public sector enabling practical co-operation and division of tasks to follow the public interests more efficiently: **Partnership**
- Concerning the activities and use of allocated resources, acting in public interests requires openness, responsibility and accountability from both the public institutions and nonprofit organizations: **Accountability and Transparency**
- Citizens' associations are free and independent in their goal setting, decisions and activities. When civic initiative receives allocations from public sector budgets and foundations, restrictions of political nature are to be avoided: **Political independence of civic initiative**
- When selecting contractual co-operation partners from citizens' associations and delegating services or other tasks to citizens' associations, the public institutions must avoid establishment of any relations which might give rise to corruption: **Preventing Corruption**
- In their activities and mutual co-operation, the nonprofit sector and public sector proceed from the principle of sustainable and balanced development: **Sustainable and balanced development**
- Citizens' associations and the public sector respect the principled equality of all citizens and their associations to access and participate in public life: **Equal Treatment**

EKAK lays down a framework for the roles and responsibilities of civil society and public sector for the strategy: The framework indicates public sector’s responsibility to create conditions where citizens’ associations are able to appoint their representatives; the role of umbrella organisations and networks of non-profit sector to represent their members while protecting the possibility to enable separate CSOs to advocate for their interests.

The **EKAK Joint Committee**, consisting of 8 government representatives and 14 nonprofit representatives, chaired by the Minister for Regional Affairs (Ministry of the Interior) convened in 2003. Among other things, the Committee was assigned to evaluate the degree to which the parties have fulfilled the commitments they undertook in the EKAK, as well as to develop an activity plan for the years 2004-06. There were three working groups established within the Committee: one dealing with legislation and involvement issues, second with sustainability of the nonprofit sector, and third with civic education. The design of the committee evolved in coming years to improve its functions and coverage.





The coordination and implementation of the **Civil Society Development Plan** is the responsibility of the Ministry of the Interior. The activities foreseen in the Development Plan are designed to be implemented by the State Chancellery (Government Office) and other ministries. Besides state agencies, activities in the framework of the Development Plan, there are also activities designed to be implemented by local government units, citizens' associations and the business sector.

The Ministry of the Interior is assigned to coordinate activities, initiate matters related to the supplementation and amendment of the Development Plan and assess the implementation of the Development Plan. During the process of preparation of the state fiscal strategy and the state budget, the involved ministries and institutions inform the Ministry of the Interior of the activities supporting civic initiatives planned in their area of work for the following period and budgetary year, which will give the Ministry of the Interior input for making specifications in the implementation plan.

After the approval of the Development Plan by an order of the Government, a working group starts to direct the implementation of the development plan, and to provide feedback and monitor the implementation. The working group for the implementation of the Civil Society Development Plan is led by the head of civil society area of the Ministry of the Interior and the members include the representatives of the ministries responsible for the implementation of the measures and activities as well as the partners implementing the activities. The Civil Society Development Plan working group reports on the results of its work to the **Joint Committee of the Government of the Republic and the representatives of citizens' associations**. The main objective of the activities of that working group is launching and developing a system for the preparation, implementation and assessment of implementation of the Estonian Civil Society Development Concept. The **Joint Committee** mainly works out action plans for monitoring the implementation of the concept, it reports on its work to the Government and it currently brings together 21 members from 20 organisations.

Other important parties in the implementation of the Civil Society Development Plan are "**County Development Centers**" and the National Foundation of Civil Society (NFCS) which hosts a network of consultants. The third sector consultants working in the county development centers are coordinated by the NFCS to offer free information and counseling services as well as training and development activities to citizens' associations in all the counties. The National Foundation of Civil Society will coordinate their work related to CSOs as of 2015 as strategic partners.

The **Development Plan** as the Government's guideline document does not assign direct obligations on local governments, the business sector or the third sector, but it creates – through third party activities – a favorable environment and possibilities for the sustainable development of civil society and the entire third sector. As the majority of citizens' associations operate mainly at the local level, the implementation plan of the Development Plan proposes various activities to help promote the cooperation between local governments and citizens' associations and increase the role and weight of the civil society. Usually, there are 60-70 actions defined in Development Plan.

The Ministry of Interior has 3 **strategic partners** from civil society to implement Development Plan: One of them is Network of Estonian NGOs (NENO) for activities related to civil society development, the second is Estonian Village Movement to work together on developing volunteerism; and the third one recently chosen is Estonian Social Enterprise Network's (ESEN) to work on social entrepreneurship and social innovation and public services provided by CSOs. The Ministry of Interior provides funding for these strategic partners via National Foundation for Civil Society to carry out works related to partnership.

Some results of EKAK and its Development Plan created important changes in the legal framework. One of the outputs of this process is the **Guidelines for Financing CSOs (organizing the state funding of NGOs)** that provides good conduct principles and implementation guidelines for local governments and relevant ministries. The Ministry of Interior monitors the implementation of the guidelines at local and central level. Another one is the **Code of Good Practice on Public Service Delivery**, which aims to ensure that the public authority as transferor



and the civil society organisations as service providers would base their provision of the service on the same principles to make sure that goals important to the society are achieved.

The **2015-2020 Civil Society Development Plan** is currently under development with the Joint Committee. The plan starts with revisiting the definitions of civil society and citizens associations. The Development Plan defines citizens' associations as *"various types of non-profit associations (non-profit associations, foundations and religious associations and non-formal associations such as networks, civil law partnerships, etc.) that is formed as a result of citizens coming together. They are not, however, defined as associations established by the state or a local government."* The plan also revisits the purposes of citizens' associations/CSOs: *"1) they help prevent and solve social problems, 2) they participate in making and implementing decisions concerning the community and the state and 3) they help improve the cohesion, trust and cooperation of society. So, a civil society is diverse and citizens' associations have different objectives and needs."*

The document provides **differentiation of the citizens' associations/ CSOs in two based on their objectives** of association; it lays out that there are some associations founded to maintain and promote certain normative values, and working together may also be an objective in itself for them; e.g. choirs, literature clubs and sports associations. The plan defines that other types of organisations try to achieve specific objectives and the joy of working together is not their primary goal: *«These include the protection of various interests, improving the situation of a certain target group, organizing services or local development. Many activities are targeted at the second type of organisations because they can be partners to the state in achieving various goals.»*

The Development Plan for 2015-2020; focuses on two priority directions: participation of citizens' associations and their effect on the prevention and resolution of social problems; based on below trends which are taken into account:

- Grants from the public sector are likely to decrease in the future and competition for grants among citizens' associations will increase. Also, interest in and the need for involving grants from the business sector will increase. Non-monetary support of the state will become important as well as contributions to the operating environment of citizens' associations.
- The importance of citizens' associations as providers of services will increase because the public sector needs, and is looking for, partners who are capable of offering high quality professional services.
- The role of citizens' associations will also increase in the participation of shaping policy and with that the responsibility of citizens' associations. In the coming years, it is important to pay attention to the internal democracy of citizens' associations and to the transparency of the work of umbrella and representative organisations. However, it is important to keep in mind that both the providers of services, advocacy organisations and other strategic partners of the state require stable funding for their efficient operation.
- Differences between sectors will decrease. This will bring about the use of business models in citizens' associations, including earning their own revenue and the necessity to enhance competence in the provision and development of services.

National Foundation of Civil Society and Public Funding for CSOs

The session with Mr Agu Laius, Executive Director of National Foundation of Civil Society and the session with Ms. Maiu Uus, Head of Funding Advocacy, NENO covered the issues related to National Foundation of Civil Society¹ and Manual for Financing CSOs.

¹ www.kysk.ee/nfcs



Following the adoption of EKAK in 2002, in 2007, the idea of the Foundation was included in the coalition agreement of the newly elected government. The idea was based on the need for funding for CSOs from national resources as international donors were withdrawing from Estonia during that period. Creation of a transparent and non-political funding was the aim.

The National Foundation of Civil Society (NFCS) is a state financed civil society foundation in Estonia. The Estonian Government established NFCS on February 18, 2008. The executor of the founder's rights is the Ministry of the Interior. According to the Statute, the goal of NFCS is to help building the capacity of Estonian non-profit associations and foundations to develop civil society and shape an environment that fosters civic action. The objective of the **National Foundation of Civil Society** is to improve the capabilities of Estonian citizens' associations acting in the public interest in developing the civil society and in shaping an environment encouraging active citizenship through the financing of organisations, innovative ideas and activities.

The main target groups of NFCS are non-governmental organisations acting in the public interest and the persons and organisations facilitating their activity. NFCS supports CSOs who are established in Estonia, working in public benefit and at least been working for one year, who follow the principles in the Ethic Code for CSOs, CSOs who are not under influence of local governments or state. Also, NFCS tries to make sure that CSOs share their information on their website so citizens can access their information. The Foundation does not support political parties, unions, businesses, or unregistered citizens associations.

NFCS operates pursuant to the values and principles of the Estonian Civil Society Development Concept and the **Code of Ethics of Estonian Non-profit Organizations**. NFCS's action is based primarily on the following values and principles:

- **Honesty and transparency:** Honest behavior ensures reliability and is the basis for equal partnership.
- **Acting in the public interest;** means responsibility, readiness and obligation of civic associations and NFCS to inform, communicate and report their activities and the use of their resources.
- **Involvement and cooperation:** Effective actions are achieved by informing the interested parties, engaging as many people as possible and listening to their positions, taking their special interests into account and respecting their values.
- **Competence and professionalism:** Expertise, continuous improvement and application of knowledge and skills, strictness to oneself as well as to partners enables to achieve the best results.
- **Innovativeness and up-to-datedness:** They achieve the desired changes and impact in the society if they respond quickly and flexibly to the arising new developments, challenges and needs.
- **Impartiality;** political independence and avoiding conflict of interest. Impartiality is guaranteed by adhering to the principles of equal treatment and internationally recognized good practice, refraining from giving priority to cliquish, departmental and political interests. A person related to NFCS shall not make a decision within the framework of his or her duties that has a significant impact on his or her economic interests or the economic interests of his or her close relatives or relatives by marriage or the legal persons connected with them and shall refrain from activities that do not conform to NFCS's values, mission and objectives.

The Foundation is established on the basis of the law on state owned enterprises and foundations while some regulations are applicable from Foundations Act. The NFCS administrative board decides on the operations of the Foundation. The annual budget is around 3 Million Euro, consisting of different contracts; 2.5 M Euro from government and 0.5 M Euro from Switzerland Government Cooperation Fund. The budget is mainly spent for granting for CSOs and a very limited amount for administration. NFCS team consists of 10 staff, mainly working with grants and open calls. The Administrative board consists of 10 members; 5 from CSOs 5 from government and is chaired by a CSO member. The Ministry assigns the government members of the administrative board and CSO members are chosen from those who are mostly representing umbrella organisations. The administrative board



makes decisions on grant programs when the issue is related to sectorial level for civil society, on other cases the NFCS professional staff develops grant calls. Also, there is an **Expert Group** that consists of 10 people who are evaluating grant calls and applications. Every year an open call is published to become a member of the Expert Group. In 2014, 40 applications were received for the group and 10 people were selected. The NFCS open calls are developed with contribution of CSOs, collaborative needs analyses are conducted with CSOs and Ministries.

The Foundation is evolving from grant giver role to a more civil society development coordinator role with its partnership with the County Development Centres and the network of consultants that work there. The Foundation does not provide grants for everyday activities but provides funding for them to develop capacity, while also trying to strengthen active citizenship. The Foundation has a **CSO Support Program** consisting of different grant calls. For example, there can be specific grant calls under this program for support on «strategic planning» or «increasing volunteers»; with budgets varying from 6000 to 20.000 Euro. It is stated that there are a lot of funding possibilities for everyday activities of CSOs from other ministries or EU Structural Funds and the CSOs need to improve their capacity to absorb these activity funds. The Foundation tries to enhance CSOs capacity to create funding for their everyday activities. The Foundation launches at least two open calls for capacity development annually. Among these calls, there is also a specific program for grassroots for 2000 Euro per project; and another program for partnership for social innovation and building better solutions in civil society. Under the social innovation partnership program, one example funded is «Let's Do it». Another example is a platform for crowd-funding: «Social Entrepreneurship Incubator» where the activities included development of business plans with CSOs and a start up fund for service delivery. 2-5 ideas are supported for such innovative ideas every year. NFCS also supports programs to enable mobility for CSOs for international cooperation and partnership in civil society.

NFCS also supports **CSO traditional events**; such as «Opinions/Discussion Festival » annually organized in fall coordinated by a CSO committee; annual event for village organisations (community based CSOs working for building active citizenship at village level) coordinated by Village Movement.

The Foundation also implements the **Swiss CSO Fund**; based on a Co-operation program between the Swiss Federal Council and the Government of Estonia for the period of April 2011 – autumn 2015. The budget altogether is 2.4 M Euro. The program aims to develop and reinforce co-operation between the third and the public sector in improving the access and quality of public services.

NFCS provides a **project database** on their website so the public can access a short summary of projects along with the financial support allocated. The Foundation also adopts an Ethics Code for CSOs.

The Foundation carries out surveys each year on different topics. Foundation also coordinates EU's Europe for Citizens Program. The Contact Point promotes European initiatives in the field of citizenship and facilitates participation in the program (being an active citizen, co-operating all around Europe, remembrance programs etc.). The Contact point provides free information and guidance on how to access European Citizenship funding, networking support; organizing targeted info sessions, workshops, seminars; help in developing projects, building international partnership.

The main challenge for the NFCS is defining a way to assess the impact of its work on the development of civil society, differentiating its impact from other initiatives.

During the period that the NFCS was established, in 2009 as a framework document that time, the **Concept of state funding of CSOs** was providing a set of principles and goals, that were meant to be the basis of further activity from all ministries, also a basis to develop implementation documents and plans. The objective of the Concept was to enhance the transparency of the funding of associations, as well as clarity and effectiveness in using public resources. In 2010 The National Audit Office of Estonia analyzed funding CSOs in local government and further stresses that problems exist with transparency. In several municipalities there are no rules and regulations, even if there were rules there were many cases of special treatment and exceptions.



In 2011, **Guidelines for Financing of CSOs** were produced as a guiding document as an outcome of extensive works. The guidelines are meant for all public or private law legal persons who cooperate with associations and grant them support. Such donors included ministries, their divisions and other state authorities, local governments and their divisions, as well as organisations that operate under the dominant influence of the public sector (e.g. so-called state foundations) and have been established with the purpose of funding associations (e.g. National Foundation of Civil Society, Open Estonia Foundation). The guidelines are also an important source of information for associations in order to provide a clearer picture of the rules of funding, rationality and reasoning of different requirements. The guidelines provide a good basis for the arrangement of relations between the institutions of the public sector and associations. Both parties are able to refer to the guidelines in preparing a procedure for funding, engaging related parties and in negotiating over a specific support.

The Guidelines aim to create conditions for the harmonization of national funding methods and principles relating to associations on the level of both the state and local governments. The Guideline also provides sample documents that seek to assist; in particular, donors who wish to create or improve the procedures of funding. During the development, the existing practice of Ministries and Local Governments were identified along with existing legal framework and regulations. Surveys and interviews at ministry level, local governments level (that was supported by County Development Centres) and major fund associations (CSOs that provide funding for CSOs) were carried out. Also, several ministries supported the evaluation of survey findings and identification of best practices. A pilot implementation was carried out by Ministry of Interior at ministry and at several municipalities, followed by training sessions addressing the governors and municipality staff. During the testing, it was analyzed whether the recommendations in the guidelines can be implemented, what the main shortcomings of implementation are, etc. In general, the feedback from training and testing was supportive of the guidelines. The examples presented in the guidelines are taken from the procedures applied in February 2013.

Content of the Guideline is comprehensive with 122 pages: It provides an overview of the important principles of funding of associations and the types of funding. The guidelines describe the funding process as a whole, focusing in details on various stages of the process- from the setting of objectives to assessing effectiveness. The guidelines contain the best practices and sample documents relating to the funding of associations. The guidelines consist of two parts. In the first part, the focus is on explaining the principles of funding and types of funding and describing their differences. This part provides a common basis for arranging funding regardless of the area or whether the donor is a government authority or a local government authority. In the second part of the guidelines, the main steps in granting support for projects or activities are listed in order to give an idea of the whole process. The activities relating to funding are explained in more detail, starting with setting objectives for donors and finishing with assessing the effectiveness of funding. Various appendices accompany the guidelines. These are sample documents that help apply the guidelines in practice. Since the current practices for funding associations and the needs and possibilities for changes of those involved vary depending on the areas and organisations, the second part is more of an indicative supporting material, which donors can adjust according to their particular needs.

The Guidelines provide six main principles of public funding for CSOs:

1. **Transparency** – all relevant information is published online (including procedure of evaluating and decision-making); open application procedure; reports also public;
2. **Equal access** – clear rules and selection criteria; objective and non-discriminating conditions; rules relevant, proportionate to objective of financing
3. **Based on public interest and in conformity with strategies** – broader target groups; relations to strategic documents, action plans
4. **Effectiveness** – financing is based on performance; rules allow to measure the whole, not just output but also outcome; impact assessment
5. **Capacity building** – state financing shall raise also CSO's capacity, sustainability



6. **Participatory process** – drafting documents, aims, rules shall be discussed with target groups of financing; ask feedback from grantees about rules, process and communication with funder

The Guideline provides an understanding for Donor programming with strategic objectives, and suggests public competition for projects that will contribute to this strategic objective of the program. The Guideline refers to two possible methods for using the available budget when implementing the designed program: Project application has exceeded the threshold set by the donor or a ranking on the basis of the planned budgetary donor funds are exhausted. It also provides a way when the strategic aim is very specific and public competition does not seem fair, in cases such as organizing traditional CSO events. For such cases, these principles to be applied: Transparency; equal access and effectiveness; taking into account the feedback.

The Guideline also provides methods and principles for Ministries or local governments for the selection of strategic partners and it provides an example of applicable criteria for such partners: In 2013, a Ministry opened a public competition for a strategic partner in the area of volunteering. The call for applications provided criteria such as: “Last 5 years of operation, involvement of members and their experiences, capacity to address different target groups and advocacy, at least 5 years in developing volunteerism, existing network of organisations that involve volunteers, organizational capacity and geographic coverage, status on adaptation of CSO Code of Ethics ”

The Guideline provides different ways of funding by defining types of grants:

- **Organizational grant** (*also development grant*) – supporting mainly operations, development, aiming to maintain or build capacity. Longer contracts (up to 5 yrs.), mutual objectives, strategic co-operation. Building strong capable partners. Three main functions:
 1. Partnership in policymaking
 2. Directly contributes to field (culture, sports etc.)
 3. Resource organization (re-granting, counseling)
- **Project grant** – certain goal, limited time period, usually one-time activity, not regular. Used to find best solutions for pre-determined goal; by public competition.
- **Delegation of public service** – goal is the availability and quality of services. In practice hard to differ from project grant or operational grant. Main characteristic: objective or activity is funders’ own lawful obligation (administrative duty) that has continuous nature.

The Guideline maps the whole process of funding: Designing the call for proposals, proceeding with applications, evaluating process; documenting and reasoning decisions; how to conduct negotiations, if applicable; control mechanisms over contract, reporting duties; evaluating efficiency of funding. In its second section, the Guideline provides practical information for donors including methods and document samples for all parts of the process (terms, contracts, budgets, resolutions, other forms).

Estonia has also adopted a **Good Practice for Outsourcing Public Services**. The Government has approved the concept prepared by the Ministry of the Interior that forms the basis of the majority of the measures and activities delegated to CSOs. The objective of the good practice for outsourcing public services is to ensure that the public authority as transferor and the civil society organisations as service providers would base their provision of the service on the same principles to make sure that goals important to the society are achieved.

The Code provides how the public institutions can select a partner for outsourcing the public services by describing the steps to be taken:

- *Upon preparing the transfer of the public service, the public authority will determine the content and objectives of the service based on the needs of the society and by consulting the consumers of said service. If necessary, civil society organisations will be engaged in the preparation process.*



- *In planning the transfer, the following issues of the public service will be determined:*
 - *The long-term or social objective (e.g. improving welfare of the elderly; improving citizens' choices, supporting small business, etc.)*
 - *Direct goals (e.g. number of people helped back into employment, surface area of maintained land, etc.)*
 - *Its content, including target group, time for service provision, quantitative and qualitative characteristics*
 - *Performance indicators, both quantitative and qualitative*
 - *Standards (e.g. worker qualifications, required licenses, description of measures, etc.)*
- *The public authority as transfer or will provide principles for financing the service, taking into consideration all costs, investment needs and sources, as well as the financing distribution between the public authority and the end consumer.*
- *The public authority will treat all applicants who wish to provide the service equally.*
- *The public authority will act pursuant to the nature of the service and the market situation when putting into place the service provider selection procedure. If required, provisions of the Administrative Co-operation Act, Public Procurement Act or a specific law regulating the service provision will be applied.*
- *Organizing a request for tenders is justified if the level of competition in the marketplace is sufficient, if the evaluation of service objectives is straightforward and if it is sufficiently simple to replace the service provider*
- *Selecting the service provider through negotiations is justified if the level of competition in the marketplace is insufficient, if specifying the objective of the service is complicated and if the public authority is prepared to be the service provider if necessary*
- *Planning and execution of the service in cooperation with a single provider is justified if the time and resources for transferring are limited, if there is only one provider on the market, if the public authority has limited capabilities to provide the service or if the environment for providing the service is unstable.*
- *If possible, the public authority will assist in creating a market for said service.*
- *Upon selecting the service provider, the public authority will notify in due time all interested parties of the opportunity for providing the service and related important information, the evaluation criteria, will permit sufficient time to submit a tender and will only require the publishing of information directly related to the provision of the service.*
- *If a public authority entity as incumbent service provider participates in the tendering procedure, the public authority will ensure its separation from the entity organizing the service transfer in order to ensure equal treatment in the tendering procedure. In such case an impartial expert will be engaged in tender evaluation.*

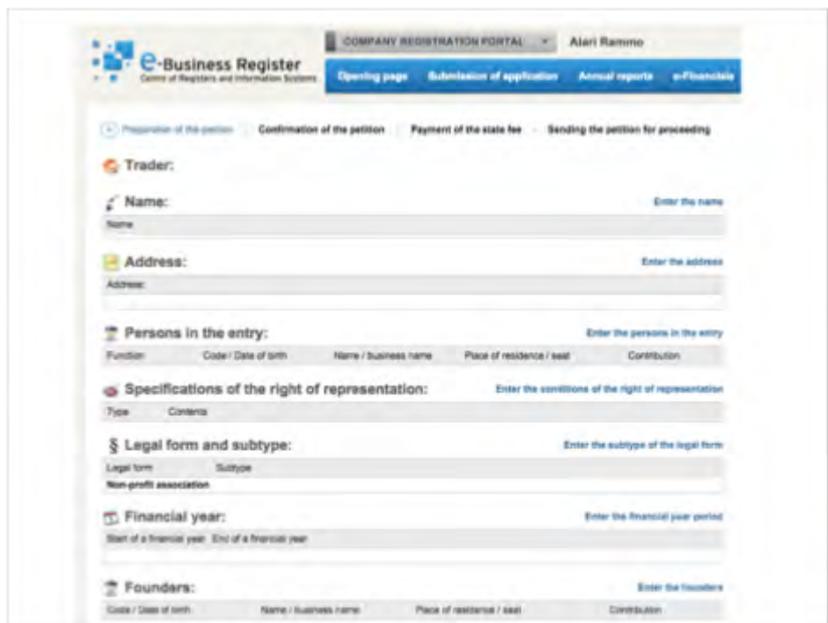
It is described that the contractual transfer of the provision of public services to citizens' associations is a rather common practice in local governments. In Estonia, more than a half of the local governments practices that kind of cooperation where 87% of the population lives at local level. Local governments finance the activities of CSOs/citizens' associations and the public services provided by associations in various ways. It is observed that in many cases the implementation is done without clearly defining the services in contracts and without acknowledging the provision of services in the framework of activity support (including free use of assets) or project grants. The provision of public services is delegated to citizens' associations most commonly in the social, sports, culture and youth work areas, whereas more than half of these service providers are civic initiative based associations. It is reported that the local governments who are cooperating with CSOs/citizens' associations in providing services and have delegated the provision of public services to associations are generally satisfied with the work, rating highly the substantial quality of the services and the consideration of the needs of target groups.



They also have great interest in transferring more services to citizens' associations, mainly in areas where services are currently already delegated and where the capabilities of the third sector are highly rated.

The Network of Estonian NGOs (NENO) representatives indicated that, there are also obstacles affecting the ability of local governments and CSOs/citizens' associations to ensure high-quality and purposeful services. Local governments feel uncertainty in fulfilling the requirements

of legal acts and need clearer regulation. Less experienced heads of local governments interpret the relatively abstract delegation framework as a restriction to transferring services. For that purpose, a number of practical guidance materials have been prepared. The practices so far in the conclusion, fulfillment and supervision of contracts for the provision of services have been diverse – different contract types have been used and implementation of Code varies considerably. The transfer of the provision of services and the implementation of other modern governance principles largely depend on the beliefs, knowledge and attitudes of the heads of local governments, the capabilities of local governments, but it requires their initiative and the creation of a favorable environment. It is also observed that CSOs/citizens' associations do not cooperate sufficiently with each other in providing public services, although the synergy that would be created upon using each other's strengths carries considerable potential.



Legal and Financial Environment for CSOs in Estonia

The topics were covered in sessions with Ms. Elo Haugas, Adviser of Ministry of Finance on NGO taxation and public benefit status and with Mr. Alari Rammo, Head of Policy, NENO on NGO legislation: regulation for associations and foundations; other legal acts.

Freedom of association is guaranteed by Constitution in Estonia: Everyone has the right to form non-profit associations and federations. Only such organizations are prohibited that aim to change the constitutional order, and only a court may suspend the activities of such organizations; which have never happened in Estonia. Legal environment is kept as uniform as possible for registered legal entities in Estonia, so, requirements for establishing and operating, as well as for taxation and reporting are rather similar for business and for non-profit organizations.



Membership based CSOs/citizens' associations are regulated with **Non-profit Associations Act**² which is applicable for 31.000 registered organisations currently. The Act defines what a civil society organization is: *"A non-profit association is a voluntary association of persons the objective or main activity of which shall not be the earning of income from economic activity. The income of a non-profit association may be used only to achieve the objectives specified in its articles of association. A non-profit association shall not distribute profits among its members. Law may provide exceptions for foundation; activities and dissolution of particular classes of non-profit associations. Transformation of a non-profit association into a legal person of a different class is prohibited"*.

The associations in Estonia can be founded online, via same online register as business: *"A non-profit association is a legal person in private law. The passive legal capacity of a non-profit association commences as of entry of the non-profit association in the non-profit associations and foundations register (hereinafter register) and terminates as of deletion of the non-profit association from the register."* Applications are made to registration departments of the county court - online with digital signature or through notary if preferred. State fee is 19.17 €, online registration of associations. The amount is set accordingly with State Fee Regulation³.

In Estonia, it is possible for citizens to have associations that are not registered. These are called **Civil Law partnerships** (Law of Obligations Act), which are not registered as legal entities but rather a kind of contract between natural persons to achieve a mutual objective - a model suitable for smaller operations, no reporting and accounting. The Non-Profit Association Act explains such entities: *"Associations of persons with non-profit characteristics which are not entered in the register are not legal persons and the provisions for civil law partnerships apply to them. Persons who enter into transactions in the name of such associations are personally and solidarily liable for such transactions."*

Accordingly with Non-Profit Associations Act, a non-profit association may be founded by at least two persons. The founders may be natural persons or legal persons. In order to found a non-profit association, the founders shall enter into a memorandum of association. A memorandum of association, which generally referred as statute shall set out:

- The name, registered office, address and objectives of the non-profit association being founded
- The names and residences or registered offices, and the personal identification codes (id) or registry codes of the founders;
- The obligations of the founders with regard to the non-profit association;
- The names, personal identification codes and residences of the members of the management board.
- Upon conclusion of a memorandum of association, the founders shall also approve the articles of association of the non-profit association as an annex to the memorandum of association.
- The memorandum of association and articles of association shall be approved and shall be signed by all founders.

The Articles of association (statute) in the founding process shall set out:

- The name of the non-profit association;
- The registered office of the non-profit association;
- The objectives of the non-profit association;
- The conditions and procedure for membership in the non-profit association and for leaving and exclusion from the non-profit association;

² www.riigiteataja.ee/en/eli/ee/510042014003/consolide/current

³ www.icnl.org/research/library/files/Estonia/state_eng.pdf



- The rights of members;
- The obligations of members or the procedure for establishment of obligations for members;
- Upon the existence of departments, their rights and obligations;
- The conditions and procedure for calling the general meeting and the procedure for adoption of resolutions;
- The number of members of the management board or the maximum and minimum number of members;
- The distribution of assets of the non-profit association upon dissolution of the association;
- Other conditions provided by law.

As the Association Act Law regulates mainly the relations between governing bodies and members of CSO and obligations to the state – reporting, taxes; it is possible for CSO, itself to adopt stricter regulation via the statute.



Foundations in Estonia are founded on the basis of Foundation Law⁴. A foundation is a legal person in private law that has no members and which is established to administer and use assets to achieve the objectives specified in its articles of association. One or more founders establish Foundations for an unspecified term until stated objectives are achieved, or for a specified term. The founders of a Foundation may be natural persons or legal persons. Also, a Foundation may be founded on the basis

of a will. The articles of establishment of a foundation shall be in writing. The articles of association shall set out:

- The name of the foundation;
- The registered office of the foundation;
- The objectives of the foundation;
- The procedure for transfer of assets to the foundation;
- The set of beneficiaries, except if all persons who are entitled to receive disbursements pursuant to the objectives of the foundation are beneficiaries;
- The term of the foundation if it is founded for a specified term;
- The distribution of the assets of the foundation upon dissolution of the foundation;
- The procedure for appointment and removal of members of the management board and their term of office;
- The number of the members of the management board which may be expressed as a specific number or maximum and minimum number;
- The procedure for appointment and removal of members of the supervisory board and their term of office;
- The procedure for appointment and removal of auditors and their term of office;
- The procedure for amendment of the articles of association;
- Whether and under what conditions the founders have the right to dissolve the foundation;
- The procedure for remuneration of the members of the management board and supervisory board;
- The procedure for use and disposal of assets;

⁴ www.riigiteataja.ee/en/eli/ee/510042014001/consolide/current



- Other conditions provided by law.

A foundation should have a management board that manages and represents the foundation. The management board may consist of one or several members. Members of the management board must be natural persons with active legal capacity. The residence of at least one-half of the members of the management board must be in Estonia or other Member State of the European Economic Area or in Switzerland. A member of the supervisory board shall not be a member of the management board. The articles of association may prescribe other persons who cannot be members of the management board.

There's not a limitation in the required revenue/capital to establish a foundation. However, if the revenue/capital of the foundation exceeds 15.000 Euro, then external audit or compulsory review is required. For foundations, application to registry is done online but via notary and the registration cost is around 20 Euro⁵. The amount is set accordingly with State Fee Regulation.

Both non-profit association and foundation are limited liability organizations – members are not responsible for organization's obligations. Members of management board can be held responsible if not performing obligations with the diligence normally expected – joint and several liability (solidarity). Members of civil law partnership are also solidarily liable.

Requirements for establishing and operating, as well as for taxation and reporting are rather similar for business and for non-profit organizations. This gives more legal clarity and makes it easier to switch between for and not-for profit fields - for actors, lawyers, and policymakers.

Minimal obligation for any CSO in Estonia is to submit annual reports even if there are no economic activities – this can be done only online. Tax declarations must be submitted only when there is anything to tax. There is no bookkeeping or reporting for civil law partnerships.

There is no corporate income tax for legal entities in Estonia – all revenues can be “kept” and there are uniform taxation rules for all legal entities; mostly labor taxes (social tax 33%, income tax 21%). CSOs can make profit (surplus) but not share it – the profit must be used in relation to the objectives of the statute. Tax base consists mainly of expenses and payments not related to the objective/main activity that is specified in the articles of association and non-qualifying gifts and donations. Also fringe benefits given to the employees are subject to tax.

The exemptions from VAT 20% are possible; any legal entity should register as liable to value added tax if the turnover from goods or services exceeds 16.000 € in a year. Income of CSO can be seen different from businesses and there is no obligation to register. Tax exemptions apply mainly for donations and for engaging volunteers.

Public Benefit Status for CSOs in Estonia

The topics were covered in sessions with Ms. Elo Haugas, Adviser of Ministry of Finance on NGO taxation and public benefit status and with Mr. Alari Rammo, Head of Policy, NENO on NGO legislation: regulation for associations and foundations; other legal acts.

Public Benefit Status for CSOs is defined with legislation in Estonia. The related articles are defined in Income Tax Law⁶ (Article 11). Public benefit CSOs (**Public Benefit Organisations - PBOs**) are organizations that are included in the list of non-profit associations, foundations and religious associations benefiting from income tax incentives. PBOs are entitled to receive tax-exempt gifts and donations - deductible for natural persons (up to 5% of taxable income) and tax-exempt for legal persons (up to 10% of profit or 3% of total payroll). PBOs are allowed to make unlimited tax-exempt donations to other PBOs and pay tax-exempt grants to natural persons.

⁵ www.icnl.org/research/library/files/Estonia/state_eng.pdf. There are also exemptions from paying state fees for associations and foundations.

⁶ www.riigiteataja.ee/en/eli/ee/528082014008/consolide/current



The list of non-profit associations, foundations and religious associations benefiting from income tax incentives shall be approved by a resolution of the Tax and Customs Board after obtaining a recommendation from a committee of experts. The **Expert Committee**, composed of representatives of PBOs main areas of activity (civil society, folk culture, disabled people, education, environment, religion, community development, sports, youth work) is involved in the process of decisions on PBO status since 2007. Business sector is also represented in this expert group (Chamber of Commerce and Industry). Committee is charged with giving non-binding recommendations for evaluation of charitability. The list of PBOs is amended twice a year (1st of January and July). Currently the list contains 2323 organizations (including 552 religious associations). Approximately 1/3 of PBOs on the list are sports clubs.

There are two categories of requirements for being on the list of PBOs: substantial and formal. Substantial requirements are:

- **Public interest** – undefined but generally understandable. Covers benefiting the public at large as well as supporting certain socially or economically vulnerable groups. Not limited to any specific fields of activity. Prohibition to distribute the income or assets or to give material benefits to the founders, members, managers, donators or persons associated to them - except when the PBO is engaged in social welfare, is a religious association or where the beneficiary belongs to the target group and does not receive additional benefits as compared with other members of the target group. Upon dissolution the remaining assets will be transferred to another association entered in the list or to a public legal person. Administrative expenses correspond to the character of its activity and the objectives. Remuneration paid to the employees and members of the management or control body is not excessive (compared to similar remuneration in business)
- **Charitability** – subject to much debate, a constantly evolving concept. Guidelines available on the website of the tax authority. The definition since 2015 for Charitable is: *Offering goods or services primarily free of charge or in another non-profit seeking manner to a target group which, arising from its articles of association, the association supports, or makes support payments to the persons belonging in the target group. Generally available manner – accessible to the general public or to a considerable portion of the community.* Conducting economic activities is not prohibited, but their results must be used primarily for charitable purposes (means vs. end). Previously the regulation was as: *“Business could not be the principal activity unless at least 90% of the profit was used for the PBO’s main purpose”*

The formal requirements to be on the PBO list are:

- CSO must have been active for at least 6 months and submitted the annual report.
- Prohibition to advertise the goods or services of a founder or donor or to promote the professional activity or business of a person in the target group.
- Reports /returns submitted and taxes paid in due course.
- No tax arrears (except with a fixed payment schedule).
- Informative returns (INF 4, INF 9) concerning the donations received during the year and the use of such donations and other income must be submitted.
- Reporting of grants paid to natural persons (since 2015).

Also, the professional associations and business organizations, trade unions and political associations (political parties, election coalitions and organizations supporting parties, conducting political campaigns etc.) are excluded from PBO list. Also a CSO cannot be on the list if:

- It does not operate in accordance with its articles of association;
- It has not operated by the time of submission of the application for entry in the list for at least six months and submitted an annual report for this period;



- If the documents submitted for entry in the list do not conform to the requirements established by legislation;
- It does not use the revenue received from economic activity primarily for the purposes.
- It is engaged in advertising the goods or services of a founder or donor, or promotion of the professional activity or business of a person in the target group
- It has tax arrears for which no payment schedule has been arranged;
- It has repeatedly failed to submit, by the term or pursuant to the procedure prescribed by legislation, a report or tax return, or it has repeatedly delayed payment of tax;
- It is being terminated or bankruptcy proceedings have been brought against it;
- It is engaged in business support or mainly in support of the representatives of some profession or if it is a trade union or political association. An association is deemed to be a political association if it is a political party or election coalition or if the main objective or the principal activity of the association is organizing campaigns or collecting donations for or against a political party or election coalition or a person running for an elected or appointed office for the performance of public duties.

A CSO on PBO list can be erased on three occasions: It has submitted a written application; it has failed to submit at least for three consecutive times, by the term or pursuant to the procedure prescribed by legislation, a report or tax return, or it has delayed payment of amount of tax at least for three consecutive times; or if it is dissolved.

NENO experts shared what they find as success in the system for CSOs: The system applicable for CSOs is based on more common sense than regulation – civil society and its organizations are too diverse to be even possible to regulate for all situations. The infrastructure enables to carry out all works online for a CSO: establishing, reporting, declaring taxes, getting licenses etc. CSOs are protected for their fundamental rights towards state interference, mainly via regulations in Administrative Procedures Act that ensures the protection of the rights of persons; right of discretion for authorities. In Estonia strong umbrella organizations of CSOs and other advocacy groups are taking part effectively in policy development. Also, free advice for CSOs via consultants working in Country Development Centers and online are very helpful for CSO improving capacity. Yet, there is room for improvement of the system; mainly the overregulation in some fields on operation and reporting for housing associations and political parties should be simplified. CSOs should be provided with more legal advice services, possibility to state legal aid should be sought. Regulation for social enterprises should be developed.

Civil Society - Public Cooperation and Good Public Engagement Code of Practice

The topics were covered in sessions with Ms. Teele Pehk and Ms. Merilin Truuväart, from Strategy Bureau, Government Office on state policy for involving partners and open government initiative and other cooperation measures to enhance participation and with Ms. Liia Hänni, e-Democracy Program Director, eGA on E-Participation and E-Governance.

Aside from **Joint Committee** working for developing and implementing Civil Society Development Plans based on EKAK, Estonia also adopts **Good Public Engagement Code of Practice** (The Good Engagement Practices) in order to ensure democratic participation to decision –making and good governance.

The development of the Code was based on OECD Peer Review report findings that indicated room for improvement on participatory decision making processes in Estonia in 2011: *“While the public administration already undertakes a number of citizen participation activities, the **vast majority of consultation occurs in the final stages of policy development, after a bill has already been drafted.** Thus, consultation occurs too late in the policy*



development and implementation process to effectively influence decision-making. To be effective **consultation should begin at the concept stage**. However, this requires a civil society that has the capacity and capability to engage with government and the public administration in a productive manner, which is currently lacking in Estonia. Estonia should look to **fully integrate citizen engagement practices as part of an RIA framework**".

Estonian Government adopted **Good Engagement Practices**⁷ in 2011. The objective of engagement is to raise the quality and social legitimacy of resolutions and to increase the participation of the non-profit, private, and public sectors in preparing and making decisions. Administrative agencies, non-profit organizations, or representational organizations that create documents should involve interest groups from all sectors in the decision-making process. This ensures that the strategic documents being drawn up will be balanced and based on the public interest.

The decisions made for engaging the public must be open, transparent, and flexible. The objective of The Good Engagement Practices is to harmonize the principles, from which the public sector institutions and non-profit organizations can proceed in involving the public and interest groups in decision-making. The Good Engagement Practices are a partnership and cooperation document, which includes eight recommended principles, which place great importance on the clarity of goals, openness of relationships, and dedication to goals. The document is basis for non-profit organizations and government institutions to work out more specific engagement directives for themselves and to find answers to questions that arise in the practice of engagement.

The areas of application for the Code are:

- Drafts of laws and their amendments
- Drafts of the regulations and directives of the Government
- Drafts of Ministers' decrees
- Documents, concepts, policies, development plans, and programs that are important to the country's development
- Drafts of legislation of European Union institutions and other strategic documents (i.e. green and white books)
- Instruction and procedures for rendering public service
- Conventions and international agreements, as well as the documents that are worked out within their framework, and that influence the society.

The Code lays down how the government authorities engage interest groups and the public in the decision-making process to ensure the best possible quality and legitimacy of the decisions. The term "**public engagement**" means informing and consulting with interest groups and the public in the decision-making process. "Informing" means providing interest groups and the public with balanced and objective information that enables the aim of and alternative options for the decision to be understood. "Public consultation" means asking for feedback from interest groups and the public in all stages of policy-making, including in raising problems, designating goals, analyzing alternative solutions and preparing a draft.

According to the Code, public engagement shall be applied in developing policy initiatives of a considerable impact on interest groups or society as a whole. The main principle is that the bigger the expected impact, the bigger the opportunity to participate should be. The need for and the extent of public engagement shall be decided during impact assessment and public engagement is carried out when preparing a draft decision of an estimated significant impact or interest. Public engagement is applied when preparing a legal act to be adopted or a decision to be made at the level of the Parliament, the Government of the Republic and the ministers. The Good Public Engagement Code of Practice also applies to forming Government positions on European Union issues.

A government authority assesses the impact of a draft decision on interest groups and society as a whole according

⁷ <https://riigikantselei.ee/en/supporting-government/engagement-practices> and also www.ngo.ee/node/278



to the **Impact Assessment Guidelines** and decides on the need for and extent and timing of the public engagement. The government authority then identifies the interest groups whom the intended decision will affect. The interest group may be a set of natural persons, a legal person or a non-formal association whom the drafted decision could affect, who participate in the implementation of the decision or who have clearly expressed interest in the field. During public engagement it is important to ensure a balanced representation of interests. The circle of interest groups is extended during public engagement, as appropriate. Participation does not presume a legally defined status or a legal relation with the authority preparing the decision. Engagement of the public may involve differences in the manner and timing of engaging interest groups, based on the expediency.

Ministries must determine the interest groups to be engaged, stages of proceeding and initial deadlines of a draft Act and the name and contact information of the official responsible for drawing up the draft not later than by the time the Intention to develop the draft or the Proposal to prepare a strategy document is sent for official consultation among ministries. The aforesaid information is presented next to the Intention to develop a draft Act or a Proposal to prepare a strategy document. Ministries make available on its website contact information of the unit or official providing information about engagement issues.



When developing drafts, a government authority consults with interest groups and the public in the earliest possible stage of proceeding and during the whole process. A public consultation must in any event be carried out in two stages of proceedings: when applying for a Mandate for developing a draft and when the draft has already been developed. A government authority submits an Intention to develop a draft Act, a Proposal to prepare a strategy document or another issue of an estimated significant impact as well as the draft itself, before making a decision, through the **Information System of Draft Acts (EIS)** or, where appropriate, also by addressing interest groups directly to collect proposals and express an opinion. If a draft is accompanied by an impact analysis report, this is also submitted along with the draft for public consultation. The Government authority provides interest groups with information about opening a public consultation. Interest groups and the public receive explanation for the need for the draft decision, the purpose of public engagement, the scope for their feedback and further course of proceeding of the draft, including: the interest groups addressed; issues about which positions of interest groups are sought; manners and deadline of providing feedback for interest groups are specified; further course of engagement and further proceeding of the draft is described. Parties engaged are granted an adequate period for providing their feedback. A public consultation lasts for four weeks. Interest groups must be provided with adequate feedback within a reasonable period of time, generally within 30 days of the end of consultation. If



consultation lasts for more than three months or takes place in several stages, a government authority compiles, as appropriate, an interim summary about the feedback obtained during consultation and consideration thereof, changes, as appropriate, the consultation schedule and notifies all the engaged interest groups.

The implementation of the Code is supported with employment of Public engagement specialists in Ministries. Currently, there are 11 ministries and 5 of them have strong engagement specialists. The Government Office Strategy Unit also takes part in implementation of the Code by organizing regular meetings with the Ministry engagement specialists to exchange experiences, distribute good methods of engagement, analyze bad experiences, and takes actions to empowers the specialists (upper support from chancellors, guidelines).

Government Office representatives shared that the fact that there's not enough trust between government institutions and social partners which creates obstacles for effective engagement practices. It is also addressed that engagement is often seen as a purpose in itself, not as a way of working to achieve a common goal. It was also highlighted that engagement is not valued (understood) by decision makers, there's a lack of good examples and innovative methods, where the commonly adopted practice of mass production of draft acts and strategies creates hardship while overloading officials that should have room for engagement practices. The positive trends related to Code is the high demand from social partners for real engagement, targeted discussions and negotiations, finding solutions commonly, co-creation. There is higher awareness of citizens about their rights, skills to demonstrate dissatisfaction (demonstrations, petitions) and there are works for improving understanding among ministries of what engagement and participation means, active search for working models and methods, good practices.

Estonia is a member of **Open Government Partnership Initiative (OGP)** since 2012 and many actions related to good public engagement practices are discussed also in context of OGP 2014-2016 Action Plan of Estonia. Open Government Partnership (OGP) is an international initiative started in 2011 for promoting good governance all over the world using the opportunities offered by the development of technology. Open Government also means a fair and transparent execution of power in dialogue with citizens: *«The main goal of joining the Open Government Partnership for Estonia was to direct the enhanced attention of the governments, as well as that of the whole of society to the quality of governance, to learn from the experience of other countries and to share Estonia's experience with other countries participating in the partnership. Estonia has followed the principles of openness and transparency by the creation of a corresponding legal framework and a wide usage of modern technical solutions in public administration.»*

The OGP Action Plan for 2014-2016 entails activities of the Estonian Government in three priority areas: promoting public engagement in the process of public policymaking, transparency of budgeting and development of public services. The priority areas were selected on the basis of suggestions by the CSOs via OGP round table and in the process of joint meetings of the Government and partners. An important factor in choosing the priority areas was the consideration that focused activities should be continued in the previously chosen areas, where there is still a lot to be achieved. This also means that in areas where significant outputs have been delivered or progress is well on track, the relevance of continuing them was discussed thoroughly at the joint meetings.

In the context of improving access of citizens to information for participatory public policy development; there are 3 actions planned:

- Enhancing the user-friendliness of e-participation channels, integrating them where possible, informing potential users of the opportunities provided by e-participation channels
- Promoting of initiatives that would enable discussion about principal policy choices in an early stage of the policymaking process
- Introducing to government institutions various possibilities and methods of feedback in order to achieve better results in policymaking, their implementation



OGP Action Plan 2014-2016 Priority Areas And Commitments

Open Public Policy Making Process That Includes Citizens

- To Improve the Accessibility of Information Needed for Participation
- To Improve Opportunities for Participation in the Public Policy Making Process
- To Increase the Ability of Government Institutions And Non-Governmental Partners to Cooperate, Engage Stakeholders And Participate.

Transparent State Budget And Financial Management

- To Increase the Transparency And Understandability of Public Funds

Citizen-Centred Public Services

- To Increase the Quality of Development And Provision of Public Services
- To Use Open Data Widely

The legal basis for public consultations is set forth in **Rules for Good Legislative Practice and Legislative Drafting**⁸. As the guiding regulation for policy development, it requires public authorities requires this procedure for every draft: *"A legislative intent, concept and draft Act is prepared, an impact assessment is carried out, a report on the impact assessment is prepared and an ex-post impact assessment is carried out in compliance with the methodology of impact assessment."* The regulation states that Interest groups and the

public should be involved in the preparation of a legislative intent, concept and draft Act and coordination is carried out in compliance with the provisions of the Rules of the Government of the Republic and the Good Practice of Involvement. Regulation also states that interest groups should also be engaged in the ex-post impact assessment of an Act in accordance with the Good Practice of Involvement. Also, it requires providing feedback to interest groups including CSOs for the cases that *"the opinions and proposals of engaged interest groups, which have and have not been taken into account, are indicated in accordance with the Good Practice of Involvement established and submitted in an annex to the explanatory memorandum"*.

The regulation requires every draft to have an explanatory memorandum and when the draft act creates a significant impact, impact assessment issues are also covered here. In this context, it is expected that owner of the draft act will provide details on impact assessment, including information concerning the person ordering and the person carrying out the impact assessment, the engaged experts and non-governmental institutions. In a different section of explanatory memorandum on the draft; it is required to provide information on public consultation on the draft; including information on:

- The state or local authority to whom the draft was submitted for approval or for the receipt of an opinion and the public institution, interest group or expert concerned to whom the draft was submitted for the receipt of an opinion and proposals
- The opinions that were delivered and proposals that were made in the course of involvement and the public consultation
- To which extent the opinions and proposals were taken into account.
- The relevant explanations and reasons for taking or not taking comments or proposals into account should be presented in a table that is prepared as an annex to the explanatory memorandum.
- If a draft Act is submitted to the Parliament, involvement of non-governmental institutions and the public consultation in accordance with the procedure provided for in this section.

⁸ www.riigiteataja.ee/en/eli/508012015003/consolide



Estonia already is one of the most advanced countries in adoption of e-governance systems. During the session with the E-Governance Academy, it was stated that the process of electronic information system was started in 2002 and it has reached a point where it is possible to do most of the operations online for citizens via digital ID cards. Currently e-voting is applicable for citizens in Estonia and 176.941 online votes were realized in 2015. The information system is digitalized as a whole and interconnectivity enables facilitated use for many obligations and services, which enables active deployment of system for participation.

Information System of Draft Acts (EIS) is an online database keeps the records that are used for inter-agency coordination, communication and presentation, as well as the Government's public consultation sessions. EIS hosts domestic legal drafts from government at many levels also the Parliament, and also draft legislation and other documents related to the European Union's decision-making process. EIS is open for everyone to follow through on draft processing, to search through the information system of the documentation, participation in public consultations and coordination to provide comment on the document. Documents in EIS provide many versions of the same draft, providing what the changes are and who drafted the changes for the document in question. The EIS provides basis for online consultation of draft laws and public policies for the actions referred in OGP Action Plan referred improving opportunities for participation in the public policymaking process. On EIS Documents are divided into categories: open for public consultation, coordinating drafts, government's drafts. It also enables detailed search for every document in the system.

Besides deploying EIS for public consultations, the Government also undertakes actions for promoting initiatives that would enable discussion about principal policy choices in an early stage of the policymaking process and for introducing to government institutions various possibilities and methods of feedback in order to achieve better results in policymaking, their implementation. In the scope of the OGP action plan, the Government also works for creating guidelines to make participation methods and best practices more readily available for those who carry out processes, in accordance with policymaking situations.

According to NENO, even though the opportunities of engagement and access to information are improving, and so is the process of making decision processes more understandable for the third sector and citizens, participants in the preparation meetings of the OGP Action Plan found that these areas still have potential for improvement. It was stated that activities for improving the culture of engagement in Estonia have also been planned in the Civic Society Development Plan (detailing the implementation of EKAK) and currently being compiled in parallel, though the latter focuses more on increasing the capabilities of third sector organizations and raising the level of internal democracy.



Civil Society in Estonia and CSO Development

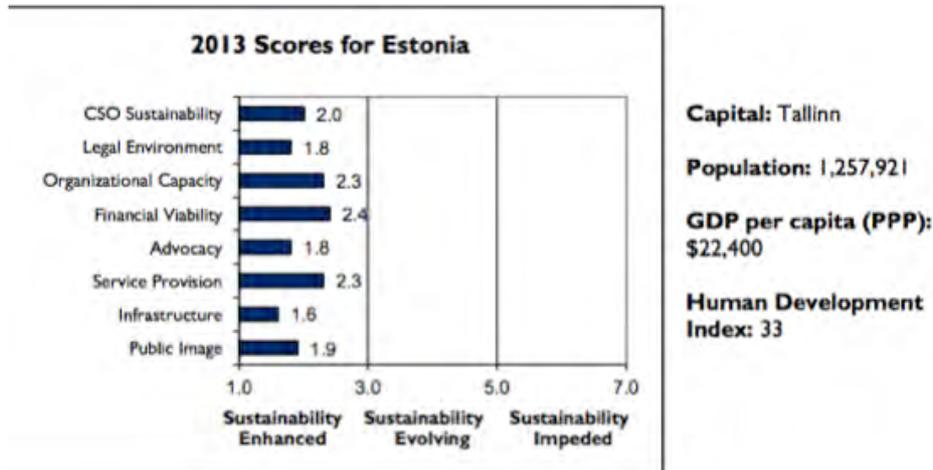
The topic is covered in sessions with **Network of Estonian NGOs (NENO)**, with Mr. Alari Rammo, Head of Policy, Ms. Maris Jõgeva, Executive Director and Ms. Anna Laido, Expert on training and development.

There are a total of 31,581 non-profit associations in Estonia⁹, including 813 foundations and 579 religious associations. About half of the 30,000 non-profit associations are created for the shared management of apartments, garages or other buildings or plots of land that are not traditionally deemed part of civil society, these are called "housing associations".

There are employed persons in almost every third operating non-profit association. The share of non-profit associations with employed persons had increased to 30.3% by 2013; in 2011 the share of such associations was

⁹ Commercial Register as at 1 January 2015, provided in Development Plan Draft for 2014-2020

28.5%¹⁰. Although a slight increase has been evident in recent years, it is likely that the target level of 40% set in 2010 will not be achieved by the end of 2014. At the same time, the share of citizens' associations that has the experience of involving regular volunteers is 78% of the citizens' associations involving volunteers.¹¹



In four years, the **average gross remuneration of an employee of a non-profit association has increased:**¹² At the end of 2013, the average gross remuneration of an employee of a non-profit association was 414 Euros a month, which is nearly 60 euros more than in 2010. Still, this does not

necessarily reflect the limited attractiveness of the non-profit sector as an employer because employees often work part-time in a non-profit association, which is reflected in average gross remuneration. **The volume of donations made by citizens' associations has grown.**¹³ Citizens' associations entered in the list of non-profit associations, foundations and religious associations benefiting from income tax incentives received 17.3 million euros in donations in 2013, which is one million more than in 2012. The number of citizens' associations that have declared donations increased from 972 to 1,310 in the same period. The share of regular donors in the population is only 12%.¹⁴

It is reported that 31% of the Estonian population has participated in voluntary activities within the past year.¹⁵ This is similar to the average of the European Union (29%). The highest number of volunteers is in environmental protection, nature conservation, sustainable lifestyle, promoting local life and youth work, and working with children. The share of regular volunteers¹⁶ from all the participants of volunteer activities is 34% but this should be even higher.

NENO experts shared their observations on developing trends in civil society in Estonia. Accordingly with their

¹⁰ Estonian Statistical Office (2013). Statistical profile - a set of economically active units (companies, sole proprietors, institutions, non-profit associations) which the Estonian Statistical Office uses as a general set of economic statistics from 1994; provided in Development Plan Draft for 2014-2020

¹¹ The study "Institutionalization of Civic Initiative in Estonia 2014". Not published; provided in Development Plan Draft for 2015-2020

¹² Remuneration data submitted to the Tax and Customs Board; provided in Development Plan Draft for 2015-2020

¹³ INF 4 declaration data submitted to the Tax and Customs Board. Any person entered in the list of non-profit associations, foundations and religious associations benefiting from income tax incentives submits the INF 4 declaration; provided in Development Plan Draft for 2015-2020

¹⁴ TNS Emor (2013) study on attitudes towards charity 2013. Study report. Available at: https://www.siseministeerium.ee/public/Aruanne_heategevus_2013.pdf.

¹⁵ Uus, M., Hinsberg, H., Mänd, T., Batueva, V. (2013). Participation in volunteer activities in Estonia 2013. Tallinn: Praxis Center for Policy Studies. Available at: www.siseministeerium.ee/public/vabatahtikus_tegevuses_osalemine_2013.pdf. Reference provided in Development Plan Draft for 2015-2020

¹⁶ Share of volunteers who, by their own estimate, have regularly participated in volunteer activities within the past 12 months (at certain intervals, e.g. once a week, month or quarter), provided in Development Plan Draft for 2015-2020.



observations, statistics show that number of members in organizations is in a declining trend, but informal networks have become more important. Some differences are noticed between national majority and Russian speaking CSOs. Less professional CSOs are formed by Russian speaking communities, they face difficulties in finding volunteers and partners, poorer language skills limit access to information and CSOs with political aims may not have political support.

NENO observes that cuts in state budget funding and closing of EU structural funds' previous program has decreased funding sources for CSOs, which has forced them to think more about involving volunteers, re-defining fundraising capacities and to plan income generation activities. Fundraising is deemed as one of the underused resources. Statistics show that increase in income is in correlation with the growth of declared donations and gifts. On the other hand, 90% of grown-ups are in favor of donating but just 12% donate regularly. Most prefer to give to the needy or to a certain institution (child-care center etc.), less to a charity foundation. CSOs lack skills to communicate the impact they make and tend to organize short-term fundraising campaigns. Most hesitate to turn to business sector, which actually has shown interest on supporting initiatives with bigger social impact. Several donation platforms have contributed on bringing the impact to spotlight. Crowd-funding platform "Hooandja", which so far provided fundraising opportunity to projects of culture and creativity, included a subcategory of civic initiatives to its portfolio. Video- messages of project initiators and reports on supporting a certain project are shared in social media, people like the feeling of co-ownership as supporters and possibility to take part in concrete activities. More CSOs re-define the need for income generation activities, understand the need for a shift in capacities, skills as well as courage. Most of services are based on expertise (trainings, analyses, advise) or rent of premises. CSOs need different kind of support for that - investment, seed-money, etc.

Network of Estonian NGOs (NENO) is an umbrella organization of 111 CSOs¹⁷. It is a membership organization created for the implementation and protection of the common interest of Estonian public benefit nonprofits. Its mission is to give voice to and advocate on behalf of Estonian public benefit organizations and its work is dedicated to the development and promotion of civic action and civil society in Estonia. NENO's goals are to foster development trends and provide support services to Estonian nonprofits, increase public awareness, advocate for the interests of its members and other public benefit NGOs, and improve working relationships with the public and business sectors. NENO took part in many milestone achievements related to improvement of civil society environment and it is currently strategic partner of Ministry of Interior for its work related to implementation of EKAK.

Work of NENO has 3 main pillars:

First pillar is its work on civil society environment and development. NENO is a strategic partner of MoI for its works related to civil society development. It also maintains the communication channels between CSOs and public institutions with its advocacy actions. Via Third Sector Future Group, NENO facilitates CSO dialogue to predict how social and economic change will influence civil society organizations (CSOs) the next few years and how CSOs can succeed to embrace the change, based on the existing studies, statistics and expert views. NENO reports from meetings of Future Group, concerning the most current issues for CSOs with concrete recommendations for CSOs to plan their actions and advise the implementation of these recommendations. Future group also works to improve the CSOs ability to include passive and marginalized target groups in their activities.

Second pillar is capacity building for CSOs: NENO implements regular CSO development program providing a portfolio of trainings and organizes a summer school for CSOs on annual basis. Also each year NENO recognition Program is carried out for honoring the most outstanding members of civil society since 1996; where different categories are given out every year such as: CSO of the Year; person with a Mission; Deed of the Year; Public Sector Activist of the Year.

Third pillar is civil education, which works towards fostering active citizenship. NENO conducts a community

¹⁷ www.ngo.ee/neno



program where high school students have a chance to do voluntary work at local CSOs. The purpose is to increase students' knowledge of what CSOs do and encourage taking part or initiating associations. A database for CSOs taking part in community program is developed, where also materials and methods are shared with interested parties. Also a spring school is regularly organized for active participation.

NENO also takes part in organization of traditional "Discussion/Opinion Festival" and initiates projects on active citizenship such as People's Assembly" with other umbrella CSOs: The process of People's Assembly started in 2013 with an online platform for crowd-sourcing ideas and proposals to amend Estonia's electoral laws, political party law, and other issues related to the future of democracy in Estonia. People all over the country submitted almost 6000 proposals, which were discussed in experts' panels. In the beginning of spring around 300 people invited on a random bases, representing different social groups of the society, gathered on a Discussion Day to weight arguments and vote on 18 proposals, which were then passed on to the Parliament. The Assembly focuses on five questions in particular: the electoral system, political parties, competition between the political parties and their internal democracy, financing of the political parties, strengthening the role of civic society in politics between the elections, and stopping the politicization of public offices. The Opinion/Discussion Festival is an open-air debating event that encourages public discussions over national and international policy issues. It takes place in mid-August in Paide, a small town in the middle of Estonia. Festival in 2014 attracted 4000 visitors, for discussing immigration, security and the future of Estonian schools as main topics.



Conclusions

The work visit to examine civil society public cooperation and civil society framework in Estonia provided very important insights to the delegation from Turkey.

The Estonian Model resembles the complicated structure of public administration in Turkey, where the Ministry of Interior is the main counterpart for a large portion of CSOs in the country. In the Estonian Model, the Ministry of Interior is the strategic leader for implementing EKAK, the memorandum of understanding between CSOs and public administration. Based on the ground laid in this MoU, EKAK, public institutions and CSO representatives work together in a Joint Committee to develop and implement Civil Society Development Plans. Also, it is a good implementation model that the MoI assigned its role as «donor for CSOs» to the National Foundation for Civil Society and the Foundation works to improve public funding for CSOs at all levels of public administration. Another inspiring implementation is the fact that the development of civil society is mainly done via an independent network of consultants via County Development Centers, enabling local solutions to local problems.

EKAK and other main regulatory documents and guidelines are corresponding to expected developments in Turkey for improving enabling environment for civil society and enhancing public- civil society cooperation. Specifically, a draft law that brings changes to Law on Associations, Law on Collecting Aid and Civil Code; which foresees a public-civil society council for civil society issues and also a board that is designed to be consulted on Public Benefit Status. As an EU member, the Estonia Model in its holistic approach and lessons learnt during the development process will contribute highly to efforts in Turkey.



Annex I: Agenda

Day 1: 6 May 2015

- 9:00 – 10:00 National strategy for civil society development in Estonia: concept and execution plan and the role of Joint Committee of Government and CSO representatives
Mr. Marten Lauri, Program leader, The National Foundation for Civil Society (NFCS)
- 10:15 - 11:15 State funding for CSOs in Estonia. Role of National Foundation of Civil Society
Mr Agu Laius, Executive Director, The National Foundation for Civil Society
- 13:00 - 15:30 Estonian Civil Society Development Concept (EKAK) and the way forward
The role of NENO in strengthening the civil society and CSOs
Ms. Maris Jõgeva, Executive Director, NENO
Ms. Anna Laido, Training and development, NENO

Day 2: 7 May 2015

- 10:00-11:30 NGO taxation and public benefit status
Ms. Elo Haugas, Adviser of Ministry of Finance
- 14:00-16:00 State policy for involving partners.
Open Government Initiative and other cooperation measures to enhance participation
Ms. Teele Pehk, Policy Advisor, Strategy Bureau, Government Office
Ms. Merilin Truuväart, Policy Advisor, Strategy Bureau, Government Office
- 16:00- 18:00 e-Participation and e-Governance
Ms. Liia Hänni, e-Democracy Program Director, e-Governance Academy

Day 3: 8 May 2015

- 9:30-11:30 Guidelines for state funding of CSOs: principles, different funding forms, main problems
NGO legislation: regulation for associations and foundations; other legal acts
Ms. Maiu Uus, Head of Funding Advocacy, NENO
Mr. Alari Rammo, Head of Policy, NENO



Annex II: List of Participants*

Name	Organisation, position	Contact
Yılmaz Doruk	Mol, Department of Associations <i>Head of Department</i>	www.dernekler.gov.tr/en/default.aspx
Murat Girgin	Mol, Department of Associations <i>Deputy Head of Department</i>	www.dernekler.gov.tr/en/default.aspx
Biröl Özcan	Mol, Department of Associations <i>Deputy Head of Associations' Inspectors</i>	www.dernekler.gov.tr/en/default.aspx
Okan Özbaş	Mol, Department of Associations <i>Associations' Inspector</i>	www.dernekler.gov.tr/en/default.aspx
Ünsal Genç	Ministry of EU Affairs <i>Expert</i>	www.ab.gov.tr/index.php
Levent Korkut	Civil Society Development Centre (STGM) <i>Head of Board</i>	www.stgm.org.tr/tr
Tevfik Başak Ersen	Third Sector Foundation of Turkey (TÜSEV) <i>Secretary General</i>	www.tusev.org.tr/tr
Zeynep Selen Yılmaz	Third Sector Foundation of Turkey (TÜSEV) <i>Program Director</i>	www.tusev.org.tr/tr
Ayça Bulut Bican	TACSO Turkey <i>Resident Advisor</i>	www.tacso.org

*Another CSO representative planned for work visit cancelled participation due to personal reasons at a late stage.



Annex III: Evaluation Report

Five out of eight participants answered the survey.

60% of the respondents strongly agreed that they received sufficient information on the content and were well prepared before the visit, while 40% agreed that they received sufficient information and were well prepared.

60% of the respondents strongly agreed that their expectations from the work visit were met, while 40% agreed that their expectations from the work visit were met.

80% of the respondents strongly agreed that the institutions visited in the scope of assignment were beneficial to perceive the CSO-public cooperation in Estonia, while 20% agreed that the institutions visited in the scope of assignment were beneficial to perceive the CSO-public cooperation.

80% of the respondents strongly agreed that the institutions visited in the scope of assignment were beneficial to perceive the environment and legal framework governing the civil society in Estonia, while 20% agreed that the institutions visited was beneficial to perceive the environment and legal framework governing the civil society.

80% of the respondents strongly agreed that the method and the agenda were designed & implemented in accordance with the purpose of the work visit, while 20% agreed that the method and the agenda were designed & implemented in accordance with the purpose.

All respondents (100%) strongly agreed that they were satisfied with the logistical arrangements (travel, accommodation, transfers, meals).



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