

2018 SUMMARY OF THE IMPLEMENTATION OF THE 'CIVIL SOCIETY DEVELOPMENT PLAN 2015–2020'

2018 was a landmark year for Estonia, as we celebrated the state's 100th anniversary. The [National Foundation of Civil Society \(NFCS\)](#) celebrated its 10th year of operation at the beginning of the same year and 26 November marked the passing of 100 years from the establishment of Estonian citizenship. All this gives good reason to reflect on the past year.

The statistics on non-governmental organisations (NGOs) changed a lot last year, as apartment associations were granted the status of legal persons in private law with the [Apartment Ownership and Apartment Associations Act](#), which entered into force in the beginning of 2018. This meant that the number of registered non-profit associations and foundations dropped from about 33,000 to approximately 22,500. Nine in every ten NGOs uses Estonian as their daily operating language, each fifth uses Russian, and each tenth English.

The general development of non-profit associations has been stable with no major changes in 2018. Most non-profit associations operate at the local level, most popular fields of activity being leisure and hobby activities. 36% of non-profit associations have salaried workers and this percentage shows a slight upward trend. More than half of NGOs involve volunteers in their work, but the number of volunteers in these NGOs has decreased over the years. At the same time, the proportion of non-profit associations with a small number of members has increased – from 32% to 44% over the past eight years. The average number of members of non-profit associations has decreased, which verifies the trend that people wish to be involved with NGOs, but a majority of them no longer consider membership important.

There were no major changes in the operational environment of NGOs during 2018, but the dissolution of the Council of the Gambling Tax and amendments in the Income Tax Act that accelerate the preparation of the list of NGOs with income tax incentives as of July 2019 may be considered the most important changes. In addition to the usual funding options, of which most significant are those offered by the NFCS, several grants were distributed within the framework of Estonia 100 in cooperation with the Government Office and the NFCS. After a four-year break, Norway Grants will resume operations in 2019 under the coordination of the Open Estonia Foundation and the Network of Estonian Nonprofit Organisations. Two important surveys were also initiated in 2018: [‘Volunteering in Estonia in 2018’](#) and [‘Impact analysis of the civil society development plan’](#) to provide an overview of the current status of NGOs and the situation of the civil society.

Well-functioning state support systems will continue to have an important role for NGOs also in the future with the NFCS as the only developer of the capacity of NGOs as well as the county development centres offering counselling and support services and the Leader programme offering key support. It is also noteworthy that the Ministry of the Interior and partners started preparing the strategic document for the new period, the Civil Society Programme 2021–2030, in 2018. Around a hundred NGOs and representatives of the public and business sector are included.

Most outstanding results in 2018

1. Residents of Estonia donate more

During the period of 2014–2018, the total amount of individually registered donations to associations belonging in the list of undertakings benefitting from income tax incentives grew from 16.6 million euros to 23.3 million euros, i.e. by 40%. With anonymous and foreign donations included, the capacity of donations in 2014–2017 grew by 8 million euros, reaching 35 million euros.

From 2020, Estonian residents will have an electronic option of forwarding their tax return directly to an NGO when submitting their tax return. This electronic option provides a new and convenient opportunity for donating.

2. Every other Estonian has been a volunteer

According to the data of the study [‘Volunteering in Estonia in 2018’](#) commissioned by the Ministry of the Interior, 49% of Estonian residents have participated in volunteer activities over the past year. The number was 31% in 2013.

3. Social entrepreneurs are more capable

According to the data of Statistics Estonia, the number of employees in social enterprises has increased by 23%, business income by 57%, and total earnings by 47% in comparison with 2014.

Hence, at the end of 2016, the organisations included in the sample of social enterprises¹ employed 1,603 people with their total earnings reaching 52.4 million euros, this including 37.7 million euros of business income.

4. NGOs gain faster access to income tax incentives

While until now, an NGO needed to wait for the inclusion in the list of associations benefitting from income tax incentives for 4–10 months, then this process will only take 30 days as of 1 July 2019. Namely, the Riigikogu has approved an Income Tax Act amendment initiated by the Government of the Republic, according to which [the Tax and Customs Board will start renewing the list of associations benefitting from income tax incentives once per month](#). It is highly likely that the coming years will see an increase in the NGOs considering the collection of donations as well as in companies and private persons making donations to NGOs.

This amendment is one opportunity for diversifying the funding options of NGOs. All options are listed in the memorandum prepared by the Ministry of the Interior and the Network of Estonian Nonprofit Organisations and approved by the Government of the Republic in December 2017.

5. The funding of NGOs will become more transparent

As of 2019, [funding is no longer distributed to NGOs through the Council of the Gambling Tax](#), but will be assigned by the Ministry of Social Affairs and the Ministry of Education and Research instead. This means that the grants distributed to NGOs are linked to the state’s objectives and the process of distribution is more transparent.

¹ This information is based on a specific sample. 121 organisations were included in the sample of 2016.

Under the initiation of the Network of Estonian Nonprofit Organizations, the Riigikogu has been presented with a [joint address for the abolition of tribute money](#). This address will be processed by the Finance Committee of Riigikogu.

Under the leadership of the Ministry of the Interior, the [network of the funders of NGOs](#) will continue operations with their substantial work planned for 2019.

6. Proposals to simplify the operations of NGOs documented

During the [company law audit](#) organised by the Ministry of Justice, a working group of experts managed to document their proposals in October 2018. This year will mark the continuation of discussions over the proposal, impact analyses, public debates, and the preparation of draft acts with their final deadline in September 2020.

An innovation team of ministries started convening in October 2018, one of the aims of which is to outline for the future of e-law, i.e. ways of how different stakeholders could partake in the state's decision-making process more conveniently in the future.

When looking at the indicators of the general objectives and sub-objectives of the implementation plan, the primary results indicate a development in the right direction for several indicators and some objectives having already been achieved (e.g. topics related to donating, participating in volunteer activities, NGOs earning their own income, and salaried employees in non-profit associations).

At the same time, the initial results of a query conducted among non-profit associations indicates a narrowing of funding sources for NGOs, while the competition for public funding has toughened. This shows that topics related to funding need to be addressed further in the coming years – to analyse the causes of such narrowing, working on making funding more transparent, and improving the clarity of local-level funding. It is nevertheless highly likely that one of the three general objectives of the development plan will not be achieved.

More emphasis must be put on the vitality of NGOs, as according to the [2017 USAID index](#), the public reputation of NGOs has decreased. This was to some extent caused by negative media coverage and some attacks on the dependency of NGOs on public money. Previously, the index has been influenced by the increasing gap between capable and less organised NGOs. Changes resulting from the administrative reform, several special Estonia 100 grants, and funding options to be added this year create opportunities for bridging this gap and turning the indicator to an upward trend again.



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