

TRAINING AGAINST SOCIAL EXCLUSION

Report of Estonia

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INTRODUCTION

Estonia was incorporated in the Soviet Union in 1940 as one of the Soviet Socialist Republics and stayed in the sphere of influence and power since 1991 when it declared its independence again. The country with new democracies, has exposed to face serious problems of successful promotion of reforms and keeping social cohesion high at the same time. As the stake has been made on the economic development, human development has been left on the position of second priority.

Restoration of an independent statehood, transition to market economy and building civil society have brought to an end not only a particular type of a political and economic system but a particular type of welfare state as well. Reconstruction of the whole economy resulted in decrease in gross domestic product (GDP) and real income of the population has significantly reduced the budget for social welfare services. Many types of services are cut down, slight increase of social transfers in the recent years has not been able to compensate the inflation losses.

The need for social assistance has been rapidly growing. At the same time, new principles of the new order and new welfare policy rely more on people's self-initiatives. The implementation of principles of the market economy has challenged to create the new system of social security where the personal responsibility, individual efforts and self-help will play higher influential role in creating own welfare resources for better coping with everyday life.

Economic restructuring and recession in production has significantly influenced the labour market. In Estonia the unemployment rate decreased by 8% during the period of 1989-1993 and formed 6.5% from the working age population as a mean of the open unemployment (job seekers) of the country in 1994. Loss in cultural capital - a general apparatus of attitudes, beliefs, orientations and behaviours, new demands at completing knowledge has taken shape. High levels of social stress - psycho-social stress from the changing realities as well as from facing new social problems (unemployment, poverty, criminality, health problems) has put social cohesion under strain.

In 1992, 63% from the households involved in the *Estonian Household Budget Survey* monitoring, spent more than half of the income solely on food and the possibilities of other needs-satisfaction were extremely limited (Kutsar&Trumm 1993). In three years (1995) the trend showed some improvement but still half of the households stayed in a situation of social and material deprivation (Trumm 1996). By today, the proportion of inevitable expenditures in the budget of the households is still reaching over two thirds as average.

In 1997 in Estonia, almost one-fifth of the population lived in direct poverty, almost one-third of households (the three lowest deciles) lived below the poverty line, and almost half of the households (lowest five income deciles) lived either in poverty or in danger of poverty (Poverty Reduction... 1999). Lack of self-help mentality and high levels of social stress have suppressed one's own activity and entrepreneurship and have left people passively waiting for help. All this forms clear prerequisites for social disintegration processes of the society due to still low

production level of the economy and weaknesses of the human development reflected by the groups at high risk of social exclusion.

Social cohesion and the need for (re)-integration of those socially excluded came firstly up in the Estonian Human Development Report, published by the UNDP national office in 1997. The report indicated at several social disintegrative forces, e.g., deepening poverty, expanding unemployment, growing number of long-term unemployed, signs of disillusionment and alienation among the population.

OBJECTIVES OF THE STUDY

1. To present background information on the country concerning the process of social exclusion
2. To determine the concept of social exclusion and related concepts
3. To identify the disadvantaged groups prone to social exclusion
4. To overview the national actions aiming at alleviation of social exclusion
5. To identify the priority target groups for action within the disadvantaged groups and address the ways approaching them
6. To come up with draft project proposal for (re)-integration of the target groups

THE CONCEPTS

Social cohesion and separatedness are two poles of social integration. Social cohesion reflects developmental potential and functionality of this society, but the separatedness carries the signs of decreasing functionality and social disintegration. Reverse process to disintegration — it is re-integration, i.e., the restoration of participation in social networks of the whole regions, groups of households, or individuals who, by different reasons, have become excluded from the mainstream of the society.

People are socially excluded if they are not adequately integrated into the society. They have also fallen outside of the scope of mutual solidarity and responsibilities. By Duffy (1999), social exclusion refers to limited financial means but extends also to exclusion from networks of relationships, norms and values. It encompasses not only low material means but the inability to participate effectively, an alienation and distance from mainstream society, a denial of rights.

Social exclusion is a broader concept than poverty, encompassing not only low material means but the inability to participate effectively in economic, social, political and cultural life, and, in some characterisations, alienation and distance from the mainstream society. While talking about the causes of social exclusion, the European Union sees them to be connected with public policies and their weaknesses. On the other hand, *the processes of exclusion are sorting processes where the labour market and training as well as re-training opportunities play the key role.*

Kutsar (1997) has revealed the patterns of social exclusion on the basis of data from NORBALT Living Conditions Survey (1994), applying a model of welfare deficits as the source for social exclusion process (Figure 1).

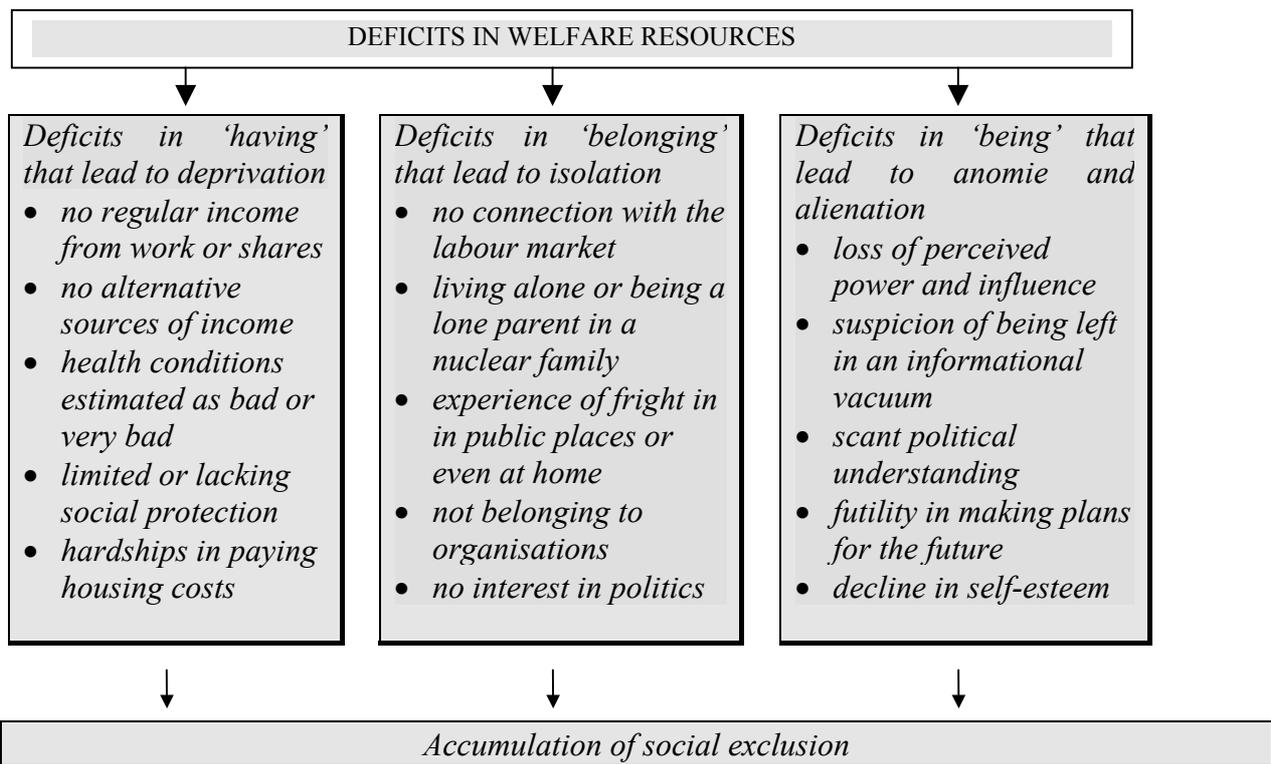


Figure 1. Accumulation of social welfare deficits as sources of social exclusion (adapted from: Kutsar 1997).

The analysis made by Kutsar verified that women, people with low educational level (basic or lower) and young people below 30 years old as well as the retired collect the highest load of risks to relative social exclusion.

The loss of a job and inability to enter to the labour market are the key factors determining the dimensions of exclusion — social deprivation, isolation and alienation. Exclusion from work is the launching factor for the whole social exclusion process. The impact of unemployment can be dealt in the context of the household, the duration of unemployment, belonging to a risk group of the unemployed, and government policy responses (social protection system incl)

Unemployment has a meaning of loss of income, status, purpose, contacts, loss of sense of belonging and mattering, minimized scope for making decisions, stigma, humiliation. Unemployment is central in pushing people towards deprivation and poverty. Although the unemployment rate is not intolerably high in Estonia, unemployment often means absolute poverty to the unemployed persons due to low living standards and a limited social safety net. Unemployment (also meaning the process of self-discouragement), thus, creates high risk of poverty and social exclusion..

Poverty - understood as social deprivation, is closest to the concept of social exclusion when it is measured in terms of people's access to resources and their participation in the community. People might not be poor in an absolute sense, but they might find themselves excluded from the ordinary life of the community, the mainstream of standards.

Poverty and unemployment are the most powerful factors determining social disintegration processes in a society. Poverty as well as unemployment produce social exclusion that is reflected by decreased ability or motivation of some groups of the population to influence and participate in the distribution of social wealth.

The prerequisites of poverty and unemployment leading to social exclusion, are

- *low human capital or inability to use it* (low education, lacking vocational education, disability, chronic disease or ill-health, informal caring responsibilities at home resisting to gainful employment, etc, reflected in low competitiveness in the labour market and on the ladder of the career) as well as
- *low environmental resources* (low employability in the region accompanied by
 - weak regional policy,
 - weak trade unions,
 - non-efficient social protection system,
 - inadequate, non-accessible or non-affordable system of education and training, etc) and
- *discouraging subjective factors* (low self-esteem, loss/lack of motivation, resigned adaptation to the situation, bargaining between the received social transfers and potential salaried income).

Social (re-)integration – is understood in the sense of participation (or restoration of it) in a network of relationships. Duffy (1999) has identified three dimensions to the integration of persons and groups into social life. They are the state, the economic markets (e.g., labour market) and civil society (non-state organisations of private life — families and personal networks, communities and grassroots voluntary organisations). As an example, illegals or people having irregular status, substance abusers, ex-offenders have no or weak connection to the state; less-skilled, facing discrimination, ill-health, disabled, with caring responsibilities have no or weak connection to the labour market; elderly, isolated rural dwellers, drug-abusers, orphans, prisoners, ex-prisoners, children and adults with psycho-social problems experience no or weak connection to the personal networks most often. If only one of these connections stays insufficient, the social exclusion process starts to develop. *On the other hand, restoration of one's position on the labour market functions as a decisive activating factor determining positive developments in the relations of the person to the state as well as to the civil society structures.*

Definition of VET against the social exclusion factors

Social exclusion is a layered process. All socially excluded are not excluded similarly but its severity is dependent on the collection of factors determining it. The more in number the load of different factors is, excluding people from the society, the more severe the exclusion is and more interventions are needed to return them. Generally saying, the means to return the excluded contain different measures of capacity building to overcome the burden of excluding factors. Mostly, the capacity building consists of training everyday as well as professional skills, and accompanied by supportive environment.

In the return of the excluded, the main focus should be set on the capacity building of those not employed and who have experienced backlashes in their aspirations of finding the job. Education, training and re-training function as mediating factors at the process of entering to the labour market, or by restoration one's position on it.

We need different intervention strategies to reach the groups without a job:

- for those who have never worked (mainly they are young people but also women who have stayed at home for caring responsibilities, also young juveniles released from prison, etc);
- for those with unemployed status below 12 months;
- and for long-term unemployed (those been out of labour more than 12 months).

The key issues here are very much connected with new strategies of training and re-training: the targeting, methods of reaching and meeting the needs of the unemployed and those seeking work, and the demand in labour force, re-structuring of the economy, etc. As a rule, the higher the load of social exclusion one has collected, the stronger capacity building should be done with the aim to restore as well as develop ones competitiveness on the labour market and raise one's employability.

METHODOLOGY OF THE STUDY

Main research on the topic

- NORBALT Living Conditions Survey in 1994 and 1999 – see Kutsar 1997; Living Conditions in Estonia in 1999 – in print;
- a section devoted to the topic in the Estonian Human Development Report 1997 of the UNDP (see also: www.ciesin.ee/undp/nhdr.html)
- Estonian Household Income and Expenditure Monitoring (running from 1995 by the Estonian Statistical Office) and related poverty research (Poverty Reduction... 1999; articles published in different journals)
- Labour Force Survey (monitoring) and related research on employment and unemployment (Estonian Labour Market... 1999; Eamets 2000; articles published in different journals)

Data sources and limitations to data gathering

The current report draws data from different social surveys, policy documents and reports. The main sources come from the Estonian Labour Force Survey and Estonian Household Income and Expenditure Survey, both carried out by the Statistical Office of Estonia (SOE). The Estonian Living Conditions Survey (NORBALT I and II) of the SOE (1994 and 1999) contributes with data about everyday life of the population, including the analyses concerning social exclusion and alienation. For giving expertise of the risks and identifying the target groups, other related studies and reports are also applied (see: *Background material and references*).

At the moment, the year 2000 Civil Census is in progress but the fresh data are not available yet. Therefore, the data concerning the population presented in the current report, are official

published by SOE and are based on standard method of re-calculations of the previous Civil Census data from 1989. As during these more than ten years, Estonia has survived high migration out of the country (according to the estimates, about 10% of the population, including weakly documented data about the military migration), the real population rate may be somewhat less compared to the estimated one.

The main hardships in finding data concern the marginalised groups, e.g., young truants from school, ex-prisoners, street-kids, homeless. As an accompanying hardship, social exclusion as a social phenomenon and a social problem is dealt mainly on the theoretical level (see Kutsar 1997; Estonian Human Development Report 1997), there is still only minor public and political awareness on this topic. For this reason, there are still lacking policy documents (action programs, etc) directly aimed at alleviation of social exclusion. Social (re)-integration as a process to deal with concerns mainly the integration programs of non-Estonian population (e.g., Development Programme for the North-East part of Estonia; Research program VERA, etc). There is also lacking awareness concerning the children as a social group and the risks of social exclusion, also lacking policy measures aimed at prevention or alleviation of social exclusion risks of children. The first time poverty of children was highlighted in the frames of poverty reduction project initiated by the UNDP (Poverty Reduction... 1999) and children were dealt as a separate social group in the UN report on children *Children in Estonia* (2000).

Method

To approach the socially excluded, we shall proceed from two determinants of exclusion – *unemployment* and *poverty*, both of them have much power in excluding people from the mainstream of the society on one hand and much efforts to alleviate the situation of the excluded, on another (see: Kutsar 1997). We shall review the social protection initiatives to alleviate unemployment and poverty, and identify the risk factors of these two phenomena. As the next step, risk groups will be identified, the target groups of intervention overviewed and ways of return of the socially excluded by VET measures, will be shown.

Although getting unemployed, inability to enter to the labor market or being poor have several individual determinants (risk factors), in parallel with determination of the individual factors, unemployment as well as poverty should be evaluated in the household context (i.e., income distribution, the composition of the household). We shall determine the risks of households to social exclusion, taking children as the dependent household members in the focus. Here we shall evaluate the risks of children of becoming socially excluded (unemployment of parents, poverty of the household) and offer the method of alleviating the risks by intervening with VET measures of the unemployed parents to return them to the labor.

THE CONTEXT

POPULATION

By the data of the Statistical Office of Estonia, the population of Estonia was 1 445 580 people on the 1st January of 1999. As one can follow, the decrease in number of the population has taken place during the transition period of the country since 1991 (Table 1 – see Annex). The main

causes of this process have been a drastic decrease in birth rate during the years of societal transition as well as leaving of some part of the non-citizens.

Area where the population lives

Estonia (45 000 sq km) is divided into 15 counties. As from the following table one can see, the big share (37%) of the population gathers around the capital living in Tallinn and the surroundings (Harju county) (Table 2 –see Annex).

Distribution of the population by age

The reduction in Estonia's population that started in 1991 has been continuing until today – the total population has decreased by 6% (Table 3 – see Annex). The main factors causing the reduction have been a negative birth rate and emigration.

East Estonia (Jõgeva, Tartu, Põlva, Võru and Valga counties) is a problematic area. The age structure of the population consists of if compared to the national average, less working age people (64,7%) and more children (19,9%) as well as elderly people (15,4%).

Distribution of population by ethnicity

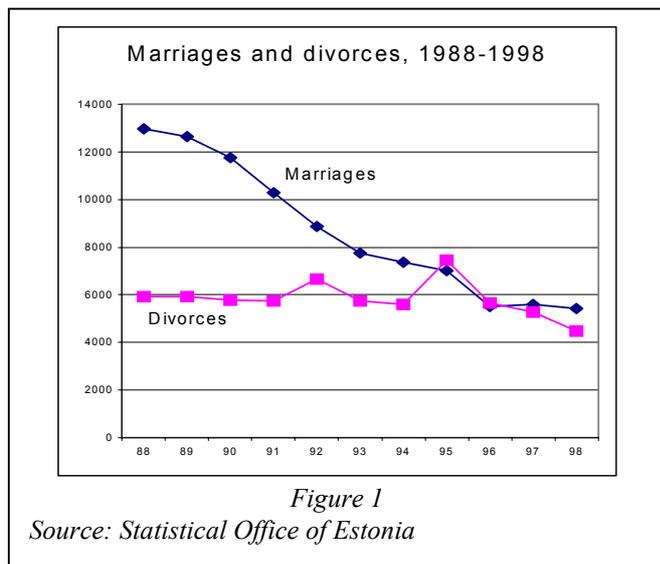
In Estonia, Estonians form the main ethnic group of the population and Russians are the highest in number among the ethnic minority groups (Table 4 – see Annex). The non-Estonian population (majority of them not knowing Estonian language) is highly concentrated in the North-East part of Estonia. At the Soviet rule, this region functioned as a migration pump attracting with new settlements and relatively high-paid work opportunities in mining industry. Estonia itself lacked labour force to fill this gap between the available manpower and the plans of the central ideology. Therefore, the migrant labour force from different parts of the Soviet Union was ideologically welcome. Currently this region suffers from collapse of the industry due to the fact that it stood without historical roots, and emerging high unemployment rate – even among well-educated groups of the population. The re-construction of the economy in this region has still many unresolved problems.

FAMILY-RELATED STATISTICS

Marriages

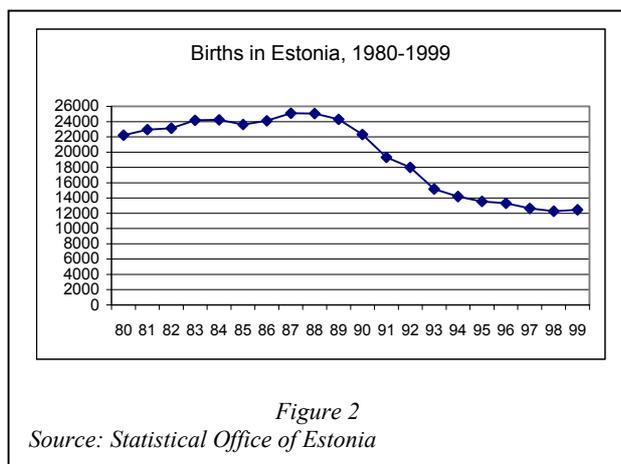
The number of marriages has halved over a span of eleven years (from 1988 to 1998), whereas the number of first marriages has dropped even more drastically. In 1998 there were 3.7 marriages per 1000 people in Estonia, which is the second lowest number of marriages among all the EU and EU candidate countries after Sweden (3.6). The average level is 5.0 per 1000 persons.

Divorces



However, while the small number of marriages is a new phenomenon in Estonia, the large number of divorces has been common for generations. In combination, this results in a situation whereby the number of new marriages is about the same as the number of divorces (figure 1). According to the latest European study, marriages in Estonia are second most likely in Europe to end in divorce (at a rate of 3.6 divorces per 1,000 inhabitants in 1997), second only to the Russian Federation (with 3.8 divorces per 1,000 inhabitants). In 1997, the average divorce rate in the European Union (EU) as a whole (at a rate of 1.8 divorces per 1,000 inhabitants) was half the average rate in Estonia.

Births



An outcome of having a combination of a small number of marriages and a high divorce rate is a high number of women giving birth out of wedlock. Recently, the birth rate in Estonia can be characterised by a fast growth in the number of infants who are born out of wedlock and a general decline in the number of births. According to these figures, 52% of children in 1998 were born out of wedlock whereas in 1980, this percentage was only 18.3. However, this is not Europe's highest record. The number of children born out of wedlock is higher in Iceland (64%), Sweden (54.6%), albeit that in these cases, the parents live together. In Estonia, single mothers give 10% of births whereas the number of births given by divorced women who are living alone and widows is relatively small. During the transition, a drastic decline in birth rate can be noticed (figure 2).

CHILDREN

Two ways of counting

Most Estonian children live in households. Traditional statistics on children provide an overview of the number of children by the household type. Using the household-focus of analysis, we can reveal risk factors impacting different household types but we are not able to answer, how many children as total are affected. Another method of calculating the household status of children can

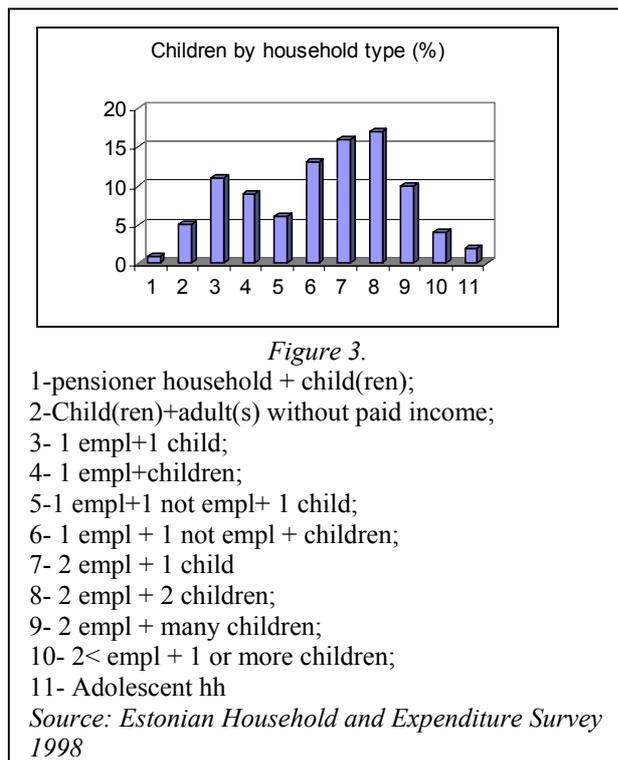
be by approaching children as a social group and using the household as the background variable rather than vice versa. Table 1 gives evidence of differences of these two approaches (the composition of the households – see table 5 in Annex).

Table 1. Households and children in Estonia

Households (100%) according to the number of children		Households with children (100%), according to the number of children		Children with siblings	
Number of Children	% of all households	Number of Children	% of families with children	Number of siblings	% of children
0	65.6				
1	19.4	1	55.9	0	35.0
2	11.0	2	31.7	1	39.4
3	3.1	3	9.7	2	17.9
4+	0.9	4<	2.7	3<	7.7

Source: Statistical Office of Estonia 1997

Children in the households



In order to overview children by household types and reveal the risks of exclusion, the following characteristics of the households with children are applied:

- the number of employed persons in the household;
- the number of not employed (unemployed and inactive) persons of working age in the household;
- the number of children in the household;
- the number of pensioners in the household.

In the figure 3 can be seen that 43% of children live in the households with two adult breadwinners, additional 4% of children live in the households with more than two breadwinners.

Almost one fifth (19%) of children have two adults in the household but only one of them is gainfully employed. Another one fifth of children live with a lone parent who,

fortunately, is employed or self-employed but 5% of children have to manage in the situation where the only parent or the both parents are unemployed or out of the labour force (inactive). One per cent of children live in a pensioner household and two per cent form a household of their own.

In a sense of social exclusion, the higher risks of it have children with unemployed adult members and having many children in the household (risk of economic deprivation), living with lone parent and without siblings (risk of social isolation) (*Children in Estonia 2000*).

LABOUR MARKET DEVELOPMENTS

The situation in the Estonian labour market can be assessed relying on the following data sources:

- population census;
- registered unemployment statistics;
- Estonian labour force surveys;
- Estonian public opinion surveys.

Employment

As a result of the demographic trends of decreasing birth rate and increasing emigration, as well as the changed economic environment, the labour force has been decreasing as well (table 2). However, there could be a reverse trend in the labour force caused by an increase in the retirement age in 1998. The biggest changes took place during the first economic reforms in 1993 and 1994 when total employment fell by 5.3% and 7.5%, respectively. During 1989-1997 the number of employed persons fell by 193 800 persons or 23.1%, coupled with a fall in employment from 76.4% to 61.5%. The simultaneous increase in inactive population has helped the number of the unemployed stay at around ~ 70 000. This figure remains high though, resulting in unemployment of ca 10 % (see also: Annex – table 6).

Table 2. Employment trends in 1994-1999

<i>Indicator</i>	1994	1995	1996	1997	1998	1999, IIq
Population of working age, in thousands (15-69)	1 069,4	1 061,6	1 054,1	1 047	1 096,3	1 102,8
Labour force (aged 15-69), in thousands	749,4	726,4	717,6	713,5	711	696,1
Labour force (aged 15-69) participation rate, %	70.1	68.5	68.1	65.1	64.4	63.1
Employment, in thousands	692,6	656,1	645,6	644,1	639,5	615,0
Employment rate, %*	64.8	61.8	61.3	58.8	58.1	55.8
Average salary, EEK, 1998, IV quarter	2 096	2 697	3 310	4 027	4 389	4799

Labour Force Survey

Source: Statistical Office of Estonia

A fall in employment and a rise in unemployment have caused additional social problems. Some of the workers who were made redundant from primary and secondary sectors have found employment in service industries. The share of the tertiary sector of economy has increased from 42% in 1989 to 58% in 1998 (table 7 – see Annex). As a rule, however, these persons have insufficient qualification and are not prepared to re-locate in search for work.

Employment in agriculture. Agriculture has traditionally been one of the most important sectors in the Estonian economy. Before independence, the primary sector employed 20% of the labour force. During the transition of the Estonian economy from a central planning to a market

economy share of agriculture in GDP decreased from 17% in 1988 to 5.5% in 1997 and share of employment in agriculture decreased from 12% to 8.1%. In rural areas agriculture still plays important role – in 1998 employment was provided for 26% of population (in 1989 the same index used to be 37%).

Employment in industry. Internal structural changes of the industry have also had their effect on employment. The Estonian industry is characterised by considerable territorial concentration. Most of the employment in industry is located in the large towns of North Estonia, primarily in Tallinn and in the Harju county and in Ida-Virumaa – the North-East part of Estonia). These have been traditional target areas of industrial development, where structural changes give fastest and most considerable effects.

Flexible employment relations. According to Labour Force Survey in 1998, in the second quarter of 1998, 8.6% of all employed worked part-time whereas the share was 6.2% among men and 11.2% among employed women. Part-time work was implemented mainly in the tertiary sector (74%). Only 22.3% employed part-time on own initiative (there were mainly women and mothers with infants). Others were forced to work part-time mainly because they were unable to find full employment (29.4%) or employer-related reasons (27.7%). Personal and family reasons dominated with 20.4%. Part-time employment has become popular especially among middle-aged and older workers. Young people aged 15-24 represented 15% of part-time workers while the respective figure among people older than 50 years was 35% and among pensioners 24%.

Unemployment

The definitions applied in the analysis of unemployment are as follows.

1. *A registered unemployed job-seeker* – a person who has no income, registers in the local employment office his or her wish to find a job, checks in at the employment office at least once a month and is ready to take up full-time work as soon as there is a work
2. *A registered unemployed* – a person who, unlike the registered unemployed job seekers, is entitled to the unemployment benefit, to labour market training, to apply for public works and for labour market support in order to start entrepreneurship, according to the Act of Social Security of the Unemployed.
3. *Economically inactive* – a person who is uninterested to seek employment and who therefore remains outside the scope of employment policy measures.

According to the official sources of transitional countries, there was no unemployment until 1990, so do no data available. Since the beginning of the 1990s, the ILO standards have been introduced in Estonia. Still, we have two types of unemployment statistics in Estonia:

- following the ILO standards and measured mainly by the Labour Force Surveys
- counting the number of registrants in the employment offices.

As the unemployment benefit is very low, numerous unemployed people are not motivated to be registered and the gap between real unemployed and the registered one is rather big. Although, the registration fact itself uncovers access to information but only the registered unemployed receive advantages of limited social protection and opportunities to be involved in training.

Unemployment in Estonia is a product of the transformation from one economic system to another. In addition to a macroeconomic shock, unemployment has increased as a result of the

inactivity of people to undergo re-training, low mobility of workers and psychological non-adaptability to the market economy conditions.

Table 3. Unemployment trends in 1994-1999

Indicator	1994	1995	1996	1997	1998	1999, IIq
Population of working age, in thousands (15-69)	1 069,4	1 061,6	1 054,1	1 047	1044,2	1102,8
Unemployed, in thousands	56,7	70,9	71,9	69,4	70,2	81,1
Unemployment rate, %	7.6	9.7	10	9.7	9.9	11.7
Long-term unemployment, %		31.8			45	40
Youth unemployment (15-24 yrs old), %	11.6	14.1	16.0	14.4	15.7	21.2
Persons who have dropped out from the vocational educational system in the respective age group, %						10.4
Registered unemployed (average in month, thousands)	17.3	13.9	17.2	18.3	18.0	
Registered unemployment, %*	1.9	1.8	2.2	2.3	2.2	3.4
Inactive population, in thousands	320,1	334,6	336,5	333,6	337,8	350,9

* Ratio between the registered unemployed and the population aged 16 to pension age),

Source: Statistical Office of Estonia

The unemployed and the inactive. Unemployment and economic inactivity grew notably during the period in review (Table 3; see also: Annex – table 6). The number of unemployed persons increased to 69 400 and the number of economically inactive persons to 333 600. Among them are students, retired people, mothers on maternity leave, etc, also the so-called discouraged workers, who have given up searching a job because they do not believe that they could find work. At the same time they would start to work in case of an opportunity. Altogether there were ca 19 thousand of such people.

Data about non-active population by gender shows that the economic inactivity of women increased by 28.8% and economic inactivity of men by 36% from 1989 to 1997. In 1997 figures, there were 210 400 economically inactive women and 123 100 inactive men. Among all women in that age group, economically inactive women represented 38.8% (a respective share of men was 24.7%).

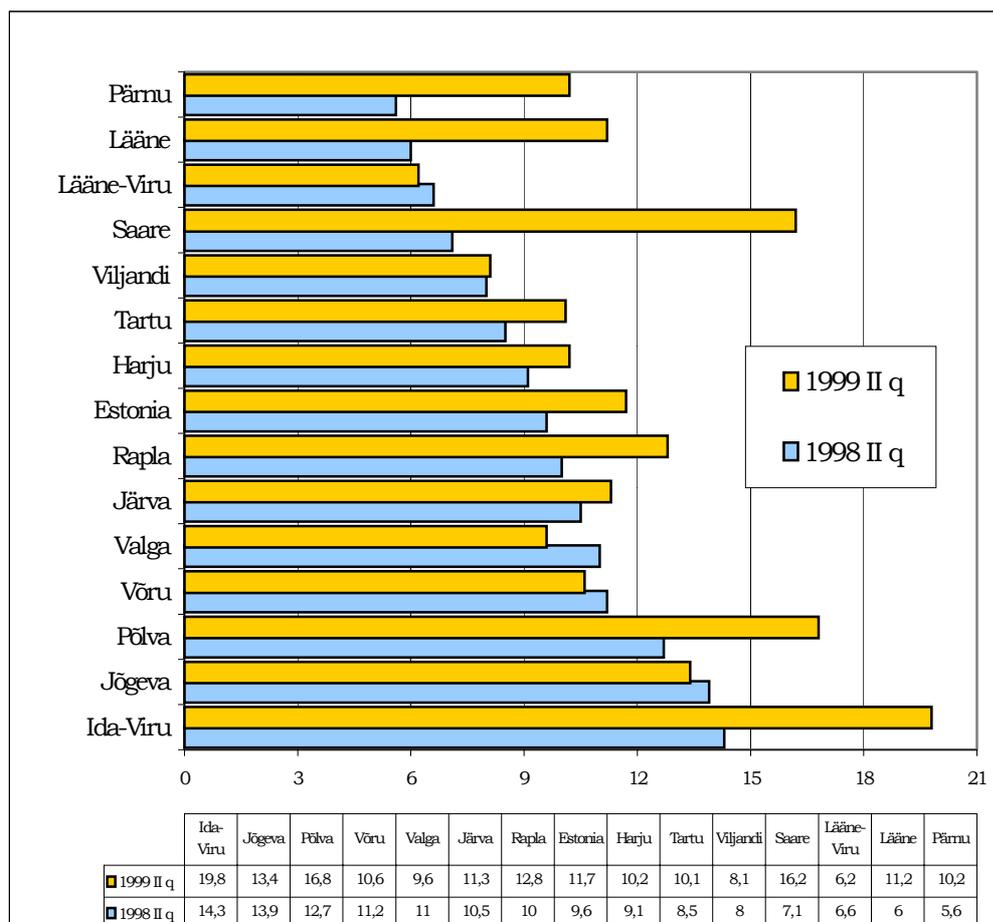
Registered and unregistered unemployment. According to the Estonian Labour Force Survey, the unemployment rate in 1998 was 10.1%. The registered unemployment rate was at the same time 4.7%. Such a significant difference between two unemployment levels shows the size of shadow economy.

Unemployment and related factors

Unemployment in Estonia is mainly structural in its character, which means that the knowledge and skills of people are at variance with the requirements of the economy and there are large regional discrepancies. At the same time *the labour force is not mobile enough*, which is a hindering factor for the development of the competitiveness of the economy. *Lack of skilled qualified labour* is becoming one of the most critical factors in the further development of competitiveness of industry.

The biggest problem of the labour market is *the mismatch between the demand and supply of labour, characterised by a high unemployment rate and a shortage of qualified labour at the same time*. Unemployment among the young and long-term unemployed continue to be high and growing. The rate of unemployment varies significantly between regions and the situation is quite complicated in the agricultural and former industrial regions. The greatest problems in the coming years are connected with the development of North Eastern part of the country where the restructuring process will inevitably lead to redundancies of skilled labour.

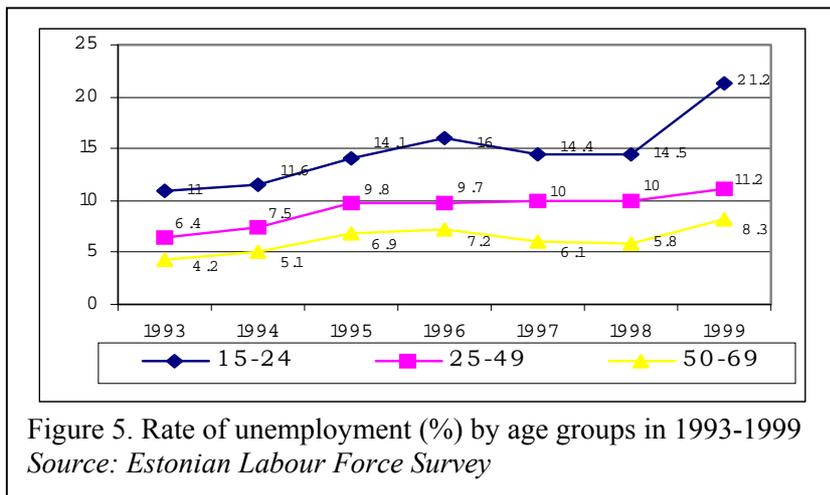
Figure 4. Unemployment rate by counties, 1998-1999



Source: Estonian Labour Force Survey

Regions. As the result of decreasing agricultural production the unemployment level in rural areas keeps growing. The major problems are structural unemployment and unemployment of young people. By counties the rates of unemployment differ two or three times (figure 4). There have been the biggest unemployment rates in counties of North-East and South-East Estonia already for years both by data of Labour Force Surveys and also on registered statistics of the employment offices. Because of the economic restructuring the most suffered counties still have not managed to humble the unemployment problem. One reason is also tradition of little mobility of the Estonians. When losing a job they do not go to find it in another Estonian region. Defective understanding of Estonian language prevents habitants from the North-East Estonia to change their living place because they would not find a job anywhere else in Estonia. Apartment problem makes moving to Tallinn difficult both for Estonians and non-Estonians.

Gender. A comparison of data collected in the Estonian Labour Force Survey on unemployed men and women aged 15-69 shows that the share of men among the unemployed is notably larger than women. The share of men among unemployed was 57% in the second quarter of 1998 (see also: table 8 – Annex) . At the same time there were notably more women among all unemployed job seekers (61%) registered in state employment offices. This is attributable to the



fact that the Estonian legislation enables women to register them unemployed several times at certain conditions (if they have children who are younger than 7 years of age, etc.) A similar right does not extend to men - they can register as unemployed only within a certain period and will lose their status of unemployed after a certain period.

Age. Data on unemployment by age groups (figure 5, see also: table 9 – Annex) shows that the main problem is the high level of unemployment among the young. The rate of unemployment regarding 15–24 aged reached 14.5% in 1998, and even to 21.2% in 1999.

Duration of unemployment. An analysis of unemployment by duration shows that there has been a constant increase in the number of long-term unemployed. By Labour Force Survey, long-term unemployed (unemployed more than one year) accounted for 45% of all unemployed in the second quarter of 1998 (table 10 – see Annex). It means *ca* 30 thousand people who would like to work, have not found job during a year or longer. Particularly difficult is the situation in rural areas where there are practically no vacancies. *The longer a person stays out of the labor, the more difficult it is for him to return.*

Long-term unemployment is especially serious problem in North-East of Estonia (Ida-Virumaa county) where 54% of all unemployed were without work more than a year. In West- and South-Estonia the share of long-term unemployed was respectively 46% and 43%. Unemployment in Ida-Virumaa has deepened as a result of the sluggish privatisation process of the energy sector

enterprises that has become a major obstacle to the business development. Long-term unemployment that is taking root in West- and South-Estonia is mainly attributable to the low internal mobility of workforce and insufficient entrepreneurship.

Ethnicity and language minorities. An analysis of unemployment by ethnicity shows that unemployment is notably higher among non-Estonians who do not speak Estonian than among Estonians (unemployment rates of 14.4% and 7.8%, respectively in the age group from 16 to pensionable age). This is partly attributable to the fact that Russian-speaking population often works in these sectors that have been ailing since Estonia's independence. Another major reason is that employers tend to prefer workers who speak Estonian. As a root for this language problem for the non-Estonian population in Estonia is the fact that Estonian society has largely formed along ethnic and linguistic lines which has led to the development of two societies within one state.

Education. The share of employees who have completed secondary education is relatively high in Estonia. According to the Estonian Labour Force Survey in 1998, 56% of all employees had completed secondary education while 40% of them had no professional qualifications. A comparison of the educational level of employed, unemployed and inactive persons reveals clear differences between those groups (table 8 – see Annex). *The more higher is the level of education of the population, the bigger is their chance to be competitive on labour market.*

Poverty and related factors

After the restoration of independence, the main factors in Estonia which have deepened poverty have been the general economic downturn (which resulted in the structural and regional reduction in employment and the subsequent drop in the well-being of the population), The changes in the principles of redistribution of public sector finances (rapid marketisation of the social protection system, emphasizing the importance of self-help, etc). and the inefficiency of existing coping strategies in the changed social situation.

Based on the obligations set by the Copenhagen summit, a project titled “Elaboration of National Strategy for Poverty Eradication” was initiated in Estonia in 1997 with the support of the UN Development Programme (UNDP), the results of which reached the Estonian public in June, 1999 (see: *Poverty Reduction... 1999*). A method of calculation and re-calculation of the poverty line proceeding from the social-economic situation of the country was elaborated, patterns of poverty analysed and risks estimated. The poverty analysis revealed the layered structure of poverty, proceeding from different levels of income the households own.

All households can be defined by and divided into the following categories (per capita income is calculated by equivalence scale 1:0.8:0.8):

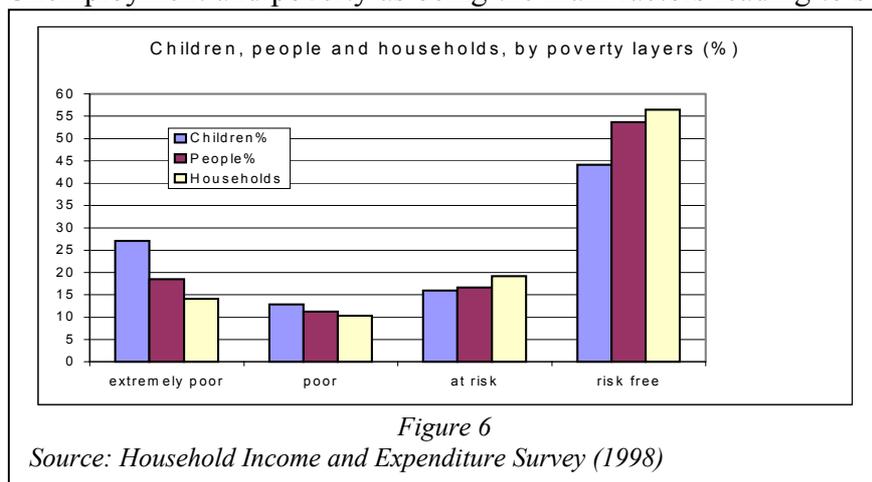
- direct (extremely) poor (80% of the poverty line);
- poor, who are not extremely poor (81-100% of poverty line);
- at poverty risk, but not poor (101-125% of the poverty line);
- Free of risk (per capita income above 126% of the poverty line).

In 1997, 18.8% of the population lived in a direct poverty and another 18.8% were poor but not in direct poverty. In the direct poverty, there were mainly the households with multiple risks:

with low educational level, unemployed and those with three or more children. The analysis revealed that children and unemployed are the most vulnerable social groups who, with high probability, live in a situation with low economic resources (figure 6, table 11 and 12 – see Appendix).

IDENTIFICATION OF BROADER RISK GROUPS

Unemployment and poverty as being the main factors leading to social exclusion, can be looked

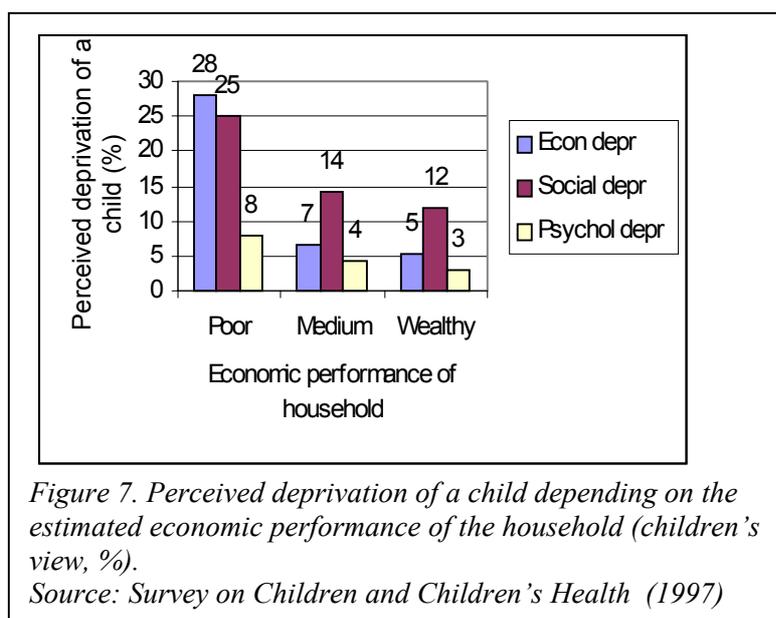


in the context of an individual and his/her household. In 1998, the probability for a household to become poor was on average 0.3. This average level is affected by risk factors as follows:

1. The *addition of one working member reduces* the poverty danger by about a half (0.51 times) and the

departure of a working member from a household increases this probability by 1.68 times.

2. A *rise in the professional education level* of the head of the household by one level (e.g. secondary vocational or higher education) reduces poverty risk by almost 20% (0.81 times).
3. The *relocation of a household from the countryside into town* or *from a small town to the capital* reduces the poverty risk by 12% (0.88 times), and relocation in the opposite direction increases poverty risk by 13% (1.13 times).
4. The *addition of one child to the household increases* the poverty risk of a household by 1.51 times and the departure of a child reduces poverty risk by 40% (0.6 times).



The most drastic rise in poverty risk for a household occurs when two risk factors occur simultaneously – the number of working household members in the household reduces and a child is added. Compared to an average family, the poverty risk *increases 2.2 times on addition of one child and with one worker staying at home* (Est Dev Rep 1999)

Children and social exclusion. From the figure 6, it is apparent that over a quarter of children are extremely poor while about half of this number of households are in

the same category. Even more distressing is the fact that over half of all children are at risk of poverty.

The poverty research has confirmed that *on average, small children are at a substantially greater risk at ending up in direct poverty than the remainder of the children's group.*

Children are economically, legally as well as psychologically dependent on their parents and other adult members of the household. Children are not producers in the traditional sense but mostly consumers of the common resources. Proceeding from the status of dependants, they have less 'word' in the household economic decisions.

A survey of 1568 schoolchildren in Estonia (1997) confirmed a statistically significant impact of poor economic conditions as estimated by children on their perceived relative deprivation – economic, social as well as psychological (figure 7). Those estimating the economic performance of the family as poor, more often experience subjective economic deprivation if compared to the economic opportunities of their friends. They estimate the amount of the pocket money less, they cannot afford necessary things, are not able to attend school events and hobby groups. Being aware about the resource level of the household and taking the views of their parents into consideration, children learn to keep silence and not speak out their needs.

Low economic performance of a family puts a child at a risk of perceived social isolation, e.g. not so much favoured by the teachers and the classmates and perceiving lack of their support. Children estimating economic performance of the family as poor, more often experience psychological relative deprivation. They cannot accept themselves as they are, i.e. to be satisfied with their own body and capacities. Also they regard themselves as being not so successful and happy more often than children who estimate the economic performance of the family as good or perfect. This is the process how social exclusion is invading into children's lives (see also: *Children in Estonia, 2000*)

The unemployed and social exclusion. In Estonia, almost two-thirds of those who have lost their jobs are *poor*, and most of them live in direct poverty. Almost all long-term unemployed gather in the strata of the direct poor. Only in some cases, the lack of resources of the long-term unemployed can be compensated by the income of the other household members if there happens to be any.

The unemployed have decreased participation in organisations and less interest in politics: 91% of the unemployed by the data from NORBALT II Living Conditions Survey (1999) claimed they did not belong to any of the listed organisations and 75% were not interested in politics. The survey verified that organisational membership is higher among the population groups with higher levels of education, the employed (employers and white collar) and those belonging to the higher income groups. Also interest in politics is higher among the above mentioned groups of the population (table 13 and 14 – see Annex). The social participation or non-participation of the parents impacts the dependent members of the household, i.e., children.

Unemployment is the most dangerous risk of poverty and social exclusion of adults and their dependent children in a society. It hits heavily the nucleus of society – the work-capable family with children, which is the producer and re-producer of both the resources and human capital of society.

However, the poverty analysis has shown that there are also unemployed people in the upper income deciles (*Poverty Reduction... 1999*). The effect of unemployment as a poverty and social exclusion risk factor for one's household, is compensated if (a) the incomes of the remaining household members are sufficiently high and there are few dependents in the household, (b) the unemployed person has alternative (unregistered) income sources. In these cases, the motivation of the job loser to register as unemployed and regularly to seek work is low.

Calculations demonstrate that *if every job-loser found at least a part-time job* (less than 10 hours a week), the proportion of unemployed living in poverty would reduce markedly (to approximately one-third of those living under the poverty line and to one-quarter to those in direct poverty).

The effect of losing a job on poverty depends on the combined impact of other poverty risk factors. The less successful the region where the unemployed lives, the more probable is long-term unemployment, and the further deepening of the poverty of the entire household. This means that a person who has lost a job in a mono-functional settlement, as compared to a person living in a multi-functional settlement, will find it harder to find an employer close to home. In the case of a low salary offer, especially if there are also high commuting costs (for example, taking a job in another settlement), there is no motivation to accept the job, since the level of the currently received state support does not substantially differ from the salary which would be added to the household. It is only possible to speak theoretically of the social usefulness of a low-paid job – such matter as the human communication network and social participation – but in real life, it is still the material profit which affects the decision. It is also clear that the more unemployed and other dependants, there are in the household, and the lower the income of the remaining household members, the greater is the effect of job loss on the deepening of poverty.

An important aspect is the human capital of the person who has lost a job. This means that a person with a low level of education, a reduced ability to work, with low professional skills and low self-esteem has a greater probability of staying unemployed for a longer time than a person who is qualified and has self-confidence. Another important aspect is the enterprising spirit of the person who has lost the job. The more the person has managed to preserve an active attitude to life – has used opportunities to improve personal resources, been a job-seeker, initiated enterprise or prepared to relocate because of a job, i.e., has resisted to a subjective discouragement process – the smaller the risk of long-term unemployment as well as long-term poverty and social exclusion intensification.

The loss of a job and inability to restore one's employment status are accompanied by several negative psychological phenomena. For the individuals and their families primarily this means a growing dependence on society and increasing dependence of the unemployed themselves on other family members; often increased tension in the family, loneliness and social exclusion as an outcome.

ANALYSIS OF RISK GROUPS

Proceeding from unemployment and poverty studies, one can conclude that social exclusion is a process of accumulating welfare deficits that leads to limited financial means, extends to social isolation and personal discouragement accompanied by changes of norms and values. Proceeding from the analyses above, two large risk groups — (1) children living in a household with

unemployed adult(s) or in a household with unfavourable dependency ratio of working to non-working members (e.g., families with many children), and (2) not employed (unemployed and discouraged) are chosen.

HOUSEHOLDS WITH CHILDREN IN POVERTY

Children are the most vulnerable social group of social exclusion for the following reasons:

1. *Children keep the status of dependants in the household.* As dependants, they have few options to change the situation, their welfare and wellbeing is highly dependent on the coping effectiveness of the adult household members (unemployment, poverty) as well as impacted by the societal processes (economy, prices, labour market, policy responses, etc).
2. *Children live in households with 'unfavourable' ratio of income earners to dependants* more often that makes them vulnerable concerning the risks of poverty. Children living in big families with two or more sisters and brothers are exposed to the highest risk of living in a direct (extreme) poverty.
3. In a highly competitive market for secondary and tertiary education, the resources of the household (income, motivation, cohesion, etc) play an essential role. Parental resources and choices are critical to the options available for their children, i.e the social basis of education becomes more important. In the case of low resources of the household, the children's needs about the education and training may not be met.
4. Children's future welfare is built on challenges that are given today. Living in a discouraging, economically deprived and socially isolated household as a child, forms a weak basement for competitiveness and participation in coherent social networks in the future, as being an adult. That, in its turn, impacts the next generation of children.

Identified risk factor for intervention:

1. Unemployment of the parent(s)/guardian(s) raising children.

Table 4. Risk groups of children (N= in thousands)

Risk group	Inactive parents	Parents in labour force				Children living with not employed (unempl or inactive) parent(s)	
		Employed parents	Unemployed parents				
			Total	Education basic or less**	Unempl rate	(N)	(% of all children)
	(N)	(N)	(N)	(%)	(%)	(N)	(% of all children)
Children with lone parents	5.8	43.7	4.7	35.3	9.8	19.2	5.2
Children with two parents	3.1*	101.9	2.6*	38.5	2.5	10.8	3.0

* Both parents are not employed (unemployed or inactive)

** Education of the head of the household (defined as the main breadwinner)

Source: NORBALT II (1999)

From table 4 can be seen that one tenth of households with children live with an unemployed lone parent. The educational level of these parents is relatively low: more than three thirds have basic or secondary general education (35% of single parents have educational level as basic or

less). The proportion of inactive single parents is even bigger than the part of the unemployed. Among the inactive, a certain part of discouraged can be found. By NORBALT II data, 35% not employed single parents regard themselves as poor and 26% say that they live on the edge of poverty. One third of lone parents confirm that they are not able to guarantee good education to their children. To conclude, they experience high levels of economic, social as well as psychological deprivation of parenting, i.e., their households live in a situation of multiple risks of social exclusion.

Supporting single unemployed and inactive parents by VET measures, welfare of 19.2 thousand children could be improved.

The part of the households where the both parents are inactive or unemployed is much less if compared to the lone parent households but similarly to the latter, the share of the inactive households is here higher also and the part of them with basic education, is also high. Similarly to the not employed lone parents, the not-employed two parents households are in a high risk of social exclusion.

Supporting households with two unemployed or inactive parents as a target group by VET measures, welfare of 10.8 thousand children could be improved.

In both cases (one or two parents raising children under 18 years old), the households with inactive adult members should be taken in a special focus for the reason that they are not registered as unemployed but are discouraged with high probability.

Here the main problem will occur, how to reach the discouraged. At present, they are fallen out of social safety net and mostly live on child benefits as the only regular income source. In some cases, the exclusion may seem, or even subjectively perceived as voluntary — a free choice made between low-paid job and living on welfare (children's benefits and other, mostly children related transfers).

THE UNEMPLOYED AND DISCOURAGED

The unemployed and discouraged represent the following risk groups: (1) never-worked (e.g. young people aged 15-24 and women with caring responsibilities experiencing troubles of entering on the labour market); (2) short-term unemployed (unemployed for less than 12 months, active job-seekers); (3) long-term unemployed (unemployed for more than 12 months, active job seekers) and (4) discouraged (out of labour force, without hope of finding a job).

The vulnerability and low competitiveness on the labour market of these groups are most often based on the following risk factors:

1. connected to the level of education and training:

- general educational level is low;
- lack of professional education or qualification;
- the qualification and training does not attract the employer;
- not knowing the state language, as being a non-Estonian;
- additional risk factors for young and never-worked are

- no former work experience (the employer prefers persons with former work experience)
- drop-out of basic school.

2. *connected to personal discouragement:*

- loss of motivation and hope;
- decrease of self-esteem and self-confidence
- resigned adaptation and apathy (all that revealed often in an experience of saying ‘no’ to job-offers).

The risk factors selected for the calculation of the risk groups are as follows:

- general educational level (basic or secondary), without vocational education;
- young not working nor studying (15-24 years of age)
- unemployed in pre-retirement age (50+)
- long stay apart from work (over 12 months);
- not knowing state language;
- being a woman with caring responsibilities (with child(ren) below 7 yrs old);

Table 5. Risk groups of working age people (thousands)

Risk group	Inactive (N)	In labour force					
		Employed (N)	Unemployed				
			Total (N)	Basic or secondary education (N)	Not knowing Estonian (N)	2+ risks additio- nally (%)	Unempl rate (%)
Young (15<24 yrs)	126,1	65,4	17,6	10,6	3,9	75.7	21.2
Preretirement 50+	212,3	152,8	13,5	6,5	2,8	60.6	11.1
Women with <7yrs child(ren)	37,6	18,8	8,5	3,1	1,8	65.5	31.2
Long-term unemployed	-	-	32,6	14,1	9,3	79.8	-
Basic or secondary education	210,3	207,6	37,5	-	7,7	71.1	15.3
Not knowing state language	65,6	73,2	19,2	7,7	-	74.5	20.8

Source: Labour Force Survey 1999

The risk factors cumulate by different risk groups and form patterns of risks of low competitiveness on the labour market. In table 5 can be seen that the long-term unemployed attract the highest load of risks to social exclusion. The load of risks is somewhat lower but still high by youth and young adults (15-24 years of age). Further analysis should be done to reveal the risk factors proceeding from the family of origin (unemployment of parents, poverty, social exclusion) that determine the risks of social exclusion by this social group.

By some certainty it can be concluded that the process of reproduction of social exclusion is revealed by unemployed and not studying young people. In accordance to this expert opinion, youth and young adults who are not working nor studying should be taken in a special focus by designing VET measures against social exclusion.

The women with children below seven years old have unexpectedly high unemployment rate, although their educational level, as an average, is higher if compared to the group of long-term unemployed and the youth. The mothers experience troubles in entering as well as returning to the labour market.

Referring to high levels of relative poverty in the country, the mothers' need to be employed should attract more attention by applying VET measures to combat social exclusion. Helping the mothers' return or entering to the labour market, uncovers double positive effect: combating social exclusion of a mother and prevention of development of social exclusion by children.

Not knowing the state language is also a powerful risk factor, attracting additionally other risks (table 5). However, this fact could be taken into consideration in reaching the socially excluded but by the expert opinion, they do not need special focus here because of good coverage by state programs (e.g., the Estonian Government / Nordic Countries / United Nations Development Programme project "Support to the State Programme for Integration of Non-Estonians into Estonian Society" and the EU Phare "Estonian Language Training Programme" are aimed at fostering the integration of non-Estonians in various sectors, such as formal education, adult education, youth affairs, etc. The Open Estonia Foundation has launched the large-scale project "Third Sector Promoting The Integration Of Non-Estonians Into Estonian Society". In parallel, there are also hundreds of small-scale projects in various regions of Estonia that are carried out by NGOs, international organisations, state agencies, etc. In order to get continuous feedback on the effectiveness of all these activities, a state-wide monitoring project was launched by the Non-Estonians Integration Foundation in 1999. As a next step, the Estonian Government approved the Government's Action Plan for 2000-2007.).

THE SUB-GROUPS OF RISK

Two sub-groups with high risks of social exclusion based on evidence and the expert opinion are (1) children living with unemployed parent(s) and (2) young people under 24 years of age not working nor studying.

Children are chosen as a risk group for the following main reasons:

- for their dependant position in the household and in the society;
- for prevention and intervention of the process of social exclusion of children;
- for the sake of the quality of the future human capital.

Youth and young adults of working age (not working nor studying) are chosen as a risk group of social exclusion by two main considerations:

- to alleviate the dysfunctional impacts of the family of origin (poverty, social exclusion)
- to stop the furthering of the social exclusion in the society in a longer run.

THE DISADVANTAGED REGIONS

The labour force and poverty analysis has revealed regional pattern of unemployment and poverty. The target regions are identified taking into consideration the character and sharpness of

structural problems as well as internal coherence of the regions (Eamets 1999; *Poverty Reduction... 1999*; *National Development Plan 1999*).

Target regions (with high risks to social exclusion) are:

North-East Estonia (Ida-Viru county).

East Estonia (Jõgeva, Tartu, Põlva, Valga and Võru counties).

North-East Estonia being the target region is justified by following circumstances:

- High unemployment rate;
- Low entrepreneurial spirit of the population;
- The region being the second largest industrial area in Estonia;
- Dependence as a whole on an industrial cluster (oil shale production and processing);
- Big share of population not speaking Estonian language;
- Administratively, economically and culturally integral region.

The target region of Northeast Estonia consists of Ida-Viru county. The region has a population of 195 000 inhabitants (in 1999), i.e. 13,5% of Estonian total. Northeast Estonia is a highly urbanised region – 89% of the population lives in urban municipalities. Majority of the population consists of people immigrated from the former Soviet Union after the World War II (mainly Russians) and their descendants. The share of Estonians in the population is only 18,6%. The age structure of the population consists of compared to the national average less children (17,1%) and more working age (68,0%) as well as elderly people (14,9%). The total population of the region has been continuously decreasing since 1991. The decrease in population in relation to 1989 is 12%, being remarkably higher than the Estonian total figure.

East Estonia forming another target area proceeds from following aspects:

- High unemployment rate;
- Low entrepreneurial spirit of the population;
- Modest development of economic activities alternative for agricultural production;
- Economically integral region forming the natural hinterland of Tartu, the second largest urban centre of Estonia.

The target region of East Estonia consists of five counties (Jõgeva, Tartu, Põlva, Võru and Valga) located along the borderline with Russia and Latvia. The region has a population of 310 000 inhabitants, i.e. 21,4% of Estonian total. The level urbanisation – 55% - is below national average. The majority of urban population (108 000 inh.) lives in the second largest city in Estonia – Tartu. The population density is 25,6 persons/km², which is also below Estonian average. The age structure of the population consists of compared to the national average less working age people (64,7%) and more children (19,9%) as well as elderly people (15,4%). The total population of the region has been continuously decreasing since 1991. The decrease in population in relation to 1989 is 5%, being somewhat lower than the Estonian total figure.

The objectives of regional development programmes are to re-structure the industry, increase employment and develop infrastructure systems. Regional development programmes are managed by the Estonian regional Development Agency. The most important programs are as follows.

1. North-East Estonia Development Program (aimed to support industrial re-structuring and solutions to the problems of ethnic minorities via language training and education)
2. South-East Estonia Development programme (aimed to support environmental, business, agriculture and infrastructure development projects in the region)

3. Islands' Programme (among the other aims – to promote vocational education adapted to the characteristics of two main islands)
4. Border Areas' Programme (aimed to support international co-operation and tourism)
5. Monofunctional Settlements programme (aimed to support the development of 34 settlements that have one central employer, contribution to diversification of the settlement's economy).

In accordance to expert opinion of the current project, the regional aspect should not be taken into consideration by reaching the target groups by VET measures. Instead, the local needs of the business world should be kept in focus.

THE TARGET GROUPS FOR VET-RELATED PROJECTS TO COMBAT SOCIAL EXCLUSION.

On the basis of the analyses presented above and the expert opinion, there are two target groups who, by applying the VET measures, could be helped to lessen their burden of the risks of social exclusion.

1. *Households of not employed parents with children under 18 years of age*
 - a. Lone unemployed or discouraged parent with a child (children);
 - b. Two unemployed or discouraged parents with a child (children);
 - c. Mother with a child/children (<7yrs) as unemployed, discouraged or never worked.

Target: *Improvement of the employment offices and activation centres setting priorities in VET-training to unemployed, discouraged and never-worked parents with one or more children under 18 years of age.*

2. *Youngsters and young adults (15-24yrs) not employed nor studying*
 - a. Drop-outs from basic school;
 - b. Young never worked adults with (general) basic or secondary education;
 - c. Young adults, drop-outs from the labour force;
 - d. Young belonging to the marginal groups (ex-prisoners or going through probation; street-kids)
 - e. Young adults at the beginning of independent life out of the children homes.

Target: *Elaboration of the system of employment, advisory and training centres for young.*

VET POTENTIAL FOR THE TARGET GROUPS

As Duffy (1999) has pointed out in his expert report and the current expert agrees with, proceeding from unemployment as the key factor of social exclusion, active labour market policy may not succeed the expected efficiency because of the specificity of a transitional country (total re-construction of the economy – different sectors simultaneously, radical change in the demands of labour skills, displacement by marketisation, totally new labour market policies needed, etc). Assistance with job-search exhibit should acquire higher priority over the active measures (to overcome so-called functional illiteracy).

Therefore, training programs and training priorities accompanied by targeted job search and guidance should acquire their special role.

POLICY PROVISIONS

RAISING PUBLIC AWARENESS

The awareness of public authorities (at both central and local level) and other actors about the problems of disadvantaged populations has been raised in different ways:

- *Elaboration of development plans.* The National Development Plan for 2000-2002 indicates the most vulnerable groups as well as regions and gives guidelines for action for the coming years. Economic Development Plan for 1999-2003 gives guidelines for further economic growth. Development Plan for Education raises the value of vocational education and gives guidelines for life-long training.
- *Applied research.* The policy makers learn to rely more on applied research and the recommendations of the researchers in their decisions. In some cases, the applied research has got financial support from the international funds. As an example, on the basis of the UNDP's initiative, a project *Elaboration of National Strategy for Poverty Eradication in Estonia* was launched in 1997 and Principal Document *Poverty Reduction in Estonia. Background and guidelines.* /Ed by Kutsar, Trumm, et al, Tartu 1999 was published (see also: www.undp.ee).
- *Reports.* Reports and collections of statistics (e.g., yearbooks and monthly reviews published by the statistical Office of Estonia, Human Development Reports of the UNDP, etc) have acquired important place on the tables of the decision-makers.
- *Action programs.* Integration Program of the population not speaking Estonian language (with special focus on North-East Estonia where the share of non-Estonian population is the highest). An example of regional re-integration programs, KERA (re-integration of the South-East Estonia) can be pointed out.
- *New ways of political discussions.* Regular tripartite negotiations between the labour unions, employers and the government have won a certain place in Estonia.
- *Development of a civil society.* Activities of NGOs, charity organisations and church in meeting the needs of the poor and excluded take more shape.

ACTIONS IN THE FIELD OF EMPLOYMENT, LABOUR MARKET AND VOCATIONAL TRAINING

The Social Protection of the Unemployed Act, passed in 1994, regulates the status of the unemployed. Pursuant to the Social Protection of the Unemployed Act, a person is registered as unemployed if he or she is between the age of sixteen and the age of retirement; is not employed or engaged in activity equal to work; is seeking employment; has been employed or engaged in activity equal to work for at least 180 days during the twelve months. Pursuant to law, long-term unemployed are not considered unemployed and are not entitled to unemployment benefits or labour market services (except for the right to get information on vacancies, legislation related to the social protection of the unemployed and job mediation). The law regulates the order of services offered by the state employment agencies and the order of payment of the unemployment benefit.

According to the NPAA the following actions in the fields of employment, labour market and vocational training are undertaken and initiated:

Preparation and adoption of Labour Code and Labour Market Services Act. The latter act pays special attention to the active labour market services and was scheduled to be sent to the Government in the 4th quarter of 1999. By the year 2001 it is planned to prepare the procedures for providing labour market services, designate the central labour market establishments and to determine the competence of central labour market establishments.

For improving the exchange of information and client service, the labour market information system that was launched in 1997 is currently under implementation. The first phase of development and implementation of a national information system of labour market services is due for completion in 2000. Improvement of the system shall continue also in 2001-2003. Development of the labour market institutions and enhance of their images is underway.

The Act on Social Benefits for Disabled Persons was adopted in 1999 and will enter into force on 1 January 2000. The corresponding implementation acts will be presented to the Government in 2000 and implementation process will be completed by year 2001. Improving the systems of rehabilitation and employment of disabled persons and the necessary legislation continues till the end of 2002.

The Conception of Gender Equality Act is under preparation and will be introduced to the Government in the 2nd quarter of 2000. The EU directives on equal treatment will be harmonised with the new Gender Equality Act (or alternately with amendments in relevant legislation) and with the new legislation on social protection and labour law.

The project "Estonian Action Plan – more and better jobs for women" (started in 1998) is underway in 2 counties. The project has been initiated within the framework of the international ILO programme "More and Better Jobs for Women" and its first stage is aimed at recognising the problems and at training and informing the target groups supporting the programme.

A number of programmes continue its activities: "Preventive Work in the Social Sector", aimed at organising a network of preventive social services for people who encounter difficulties in coping with the new market-oriented economy; "Reorganising State Care Institutions"; "Implementation of Open Care"; "Devising the System of Re-socialising Persons who have Committed Crimes", aimed at breaking the chain of criminal activities, developing responsibility, changing the direction of aggression and developing social skills.

The National Council of Adult Education has been established, to co-ordinate adult education and its financing from state budget revenues.

National qualification system. Since January 1998 the establishment of a national qualification system has been underway. These activities include the preparation of professional (occupational) descriptions based on the international standards, a rating system and the development of procedures for certification and issuing vocational certificates. Such a system is expected to satisfy the employers' needs for the quality of labour force and to motivate workers towards continuous self-development in order to be competitive on the labour market.

Work continues with diploma recognition. The mechanism for the recognition of qualifications (specified by the relevant EU directives) will be provided by the Law on Professions and Vocational Act. Procedures will be further elaborated and the competence of respective government bodies determined in next years.

The database of the vocational schools and their study curricula has been designed. Pilot systems start in the end of 1999.

The ratification of the following conventions is planned for 2001-2002: C.122 Employment Policy Convention, 1964 (ILO); C. 142 Human Resources Development Convention, 1975 (ILO); C. 159 Vocational Rehabilitation and Employment (Disabled Persons), 1983 (ILO).

LEGISLATIVE PROVISION FOR THE SUB-GROUPS OF SOCIAL EXCLUSION

Risk group 1: Children of unemployed or discouraged parents

Family is under the protection of law. The Constitution of the Republic of Estonia states:

- right of parents to raise, educate and take care of children,
- responsibility of parents to raise, educate and take care of children;
- responsibility of a child to be submissive to parental education and care;
- right of a child to have parental education and care.

In front of the law, children are not classified on the basis of what marital status their parents or guardians have nor their own position to them.

Family policy provisions in Estonia contain all the traditional measures of family support.

- family benefits and allowances (incl universal child benefits);
- social insurance coverage (100% children are covered by health insurance);
- parental leave and flexible work schedule;
- day care for children;
- counseling and therapy.

In addition to the family political measures, the families (incl children) are supported by educational policy, policy of youth and child protection measures. Social assistance pays subsistence benefit for those households living under the subsistence level (see also: *Children in Estonia 2000*).

Although the coverage of children by different social protection measures is good, the effect of prevention children against social exclusion depends on several crucial factors:

1. *targeting of the measures.* Much has been argued around the universality of the child benefit that is paid to every child no matter of the fact what is the total income of the household. However, the poverty analyses have shown that children are the poorest social group of the society and they gather in the lower income deciles most often, the universality is accompanied in this case with well-targeting of the provision. As the adult is the representative of a child in front of the law, the support provided may not reach the child but used for meeting the needs of the household, and that really uncovers the problems of targeting;
2. *eligibility of the measures.* All children needing the support may not meet the criteria of the provision

3. *affordability and accessibility of the measures.* This is highly dependent on the economic resources of the household and the parental priorities.
4. *efficiency of the measures.* The system of family benefits and allowances is well organised in general. The only problem is the amount that is not enough in many cases to avoid poverty and social exclusion of children.

Target group: unemployed, discouraged and never-worked parents

BOX 1: Labour Market Policy Costs in Estonia, 1994-1998			
(share in total labour policy expenditure, %)			
	1994	1996	1998
Total (in thousand EEK)	71762,4	89949,5	114564,0
Share from GDP (%)	0.24	0.17	0.16
Passive labour policy	45.2	43.7	49.9
Active labour policy	54.8	56.3	50.1
public empl services and administration	14.5	15.1	16.5
subsidised employment	5.6	7.6	5.8
labour market training	33.5	31.1	27.8

Source: Eamets 2000

The Estonian labour policy is very restrictive. Both the unemployment benefit and its duration are inadequately small. Labour market policies have more concentrated on rather passive activities, mainly registering job seekers and unemployed persons

and paying benefits to them. From the total expenditure of labour market programs, almost half is spent on unemployment benefits (Box 1).

The first six month the legal contribution of an unemployed to the household budget consists of the unemployment benefit which amount is not adequate even for the minimal sustenance. If registered as employed they can contribute also with subsistence benefit prescribed by the social welfare office. Also they have the health insurance and opportunities to attend training and re-training courses. The unemployed loses his or her unemployment status with the minimal social protection schemes if after 6 months he or she still has not been successful in finding a job.

The labour market polices pay too small attention to the long-term unemployed and this should be increased. The long-term unemployed are the weakest and most vulnerable group among the unemployed. Their social status is extremely low. As a rule, they are not registered in the labour offices, they have fallen out from the social protection system. As citizens they have become invisible. In addition to a decline in their material well-being and personal resources they acutely lack motivation, self-confidence, experience social isolation and exclusion. Part of them have passed up several job opportunities.

As Duffy (1999) has pointed out, long-term unemployment is showing up the weaknesses in the social protection system. Lacking temporary employment schemes as a means of maintaining their work habits, long-term unemployed become more like a 'stagnant pool' that uncovers risk of severe social exclusion. As a result: leaving the most vulnerable with the smallest opportunity to integrate

The psycho-social rehabilitation work with the long-term unemployed is in its initial stage in Estonia, springing from several targeted projects of the local communities, NGOs and charity

organisations. The success of this kind of intervention programs is related to acceptance of the regularities of the developmental stages of the unemployed (from ‘dis-welfare’ to a taxpayer).

Unemployment is still understood only in individual terms not taking the household context under consideration. Thus, households with unemployed parents who raise children, as a target group, have not acquired needed attention yet by the employment offices, trainers, potential employers nor policy makers to stop the accumulation of risk factors of social exclusion for their children.

Risk group 2: Youngsters and young adults

The Constitution of the Republic of Estonia, Law of Education, Law of Gymnasiums and Law of Preschool Institutions, set the rights, opportunities and the mandatory levels of education. The state declares that all children in Estonia must be educated to the levels of their capacities and special needs.

Table 6. Total and relative number (to 1000 of population) and the expected duration of studies in years, 1995-99

Year	1995/96	1996/97	1997/98	1998/99
Total number of students				
General education	277 732	284 236	289 714	295 216
incl the forms 10–12	31 848	32 402	33 015	32 179
Vocational education	16 946	18 091	18 563	19 387
Higher school	27 234	30 072	34 542	40 621
Students to 1000 of population				
in general education	1490	1515	1537	1543
.....in vocational ed (incl 2 nd level)	198	214	214	215
... in higher education	184	205	237	280
Expected duration of the studies (years)				
Men, 6–40 yrs old	12.0	12.3	12.5	12.7
Women, 6–40 yrs old	12.5	12.8	13.1	13.4

Source: *Children in Estonia 2000*

The mandatory duration of education is nine years, involving children and youth in the age frames of 7-17. The majority of the children are enrolled to school. For example, in 1998, the enrolment rate was 97.4 among the age group of 8-14 years, i.e., more than 4000 school age children did not go to school. They were children with severe disabilities, temporarily taking studies abroad and school drop-outs. The last group, by some estimates, constitutes about half from those not enrolled to school (*Children in Estonia 2000*).

The main reasons for school truancy and drop-out may be as follows.

- During the recent developments towards the civil society, pressures from the state have been substituted with individual responsibility;
- Poverty;
- Street-kids and children living on the streets, children without parental care. By estimations, there are about 100 street-kids in Estonia.

Increasing number of youngsters not completing the basic education (nine classes) makes us concerned. Only about 40% of them reported the reason of leaving school connecting it with the start of working in 1997/98. It is obvious that a low educated young person without vocational training has a high risk of losing the job rather soon.

Boys drop out from the 8th and 9th forms of the basic school, girls from the 10th form of the secondary school most often. About 20 000 young people of 15-18 years old continue studies in vocational schools (table 6). Unfortunately, not all drop-outs pick up this opportunity. More than a quarter (27%) of all not employed nor studying young people in the age below 20 have experienced failure in finding a job. On the basis of data from Estonian Labour Force Survey, 7500 young people were searching their first job in Spring 1998 which formed 11% of the all unemployed job-seekers (see also: *Children in Estonia 2000*).

TRAINING AND EMPLOYMENT (STATE MEASURES)

At present there is no state-funded adult training system in Estonia. Budget funds have been allocated only for in-service training of public servants and the staff of public educational institutions.

The organisation of employment training for the unemployed is the responsibility of the Ministry of Social Affairs and the Labour Market Board. Training courses provided to the unemployed by state employment agencies are short-term and do not enable to acquire technical skills.

In order to cope successfully with the problems of unemployment and social exclusion, considerably more funds should be dedicated to active labour market measures, especially training. In general the share of education expenses in the GDP has been traditionally high in Estonia, but expenses incurred for vocational training constitute only around 0.6% of GDP. Only 8,5% of the unemployed are being in training in Estonia. Since the cost of training has constantly increased, the number of unemployed undergoing employment training has even fallen (e.g. from 8,240 persons in 1997 to 7,960 persons in 1998 by the data of the ministry of Social Affairs). Therefore, given the continuation of liberal labour market policies and strict fiscal policies, the government activities should be aimed at training and dealing with risk groups to prevent growth in unemployment.

Table 7. Development gaps in employment and training, 1998

Indicator	Age/level	Unit	Estonia	EU average
Active labour market measures		% of GDP	0,073	1,2
Passive labour market measures		% of GDP	0,078	2,2
Participation rate in the labour force by education levels, until the age of 24	ISCED 0-2	%	21	38
	ISCED 3	%	57	55
	ISCED 5-7	%	80	69
Participation rate in education and training	Age 14-16	%	95	93
	Age 17-19	%	64	67
Participation rate in vocational training	Age 14-16	%	11	22
	Age 17-19	%	25	37
Public expenditure on		% of GDP	6,97	5,2

education				
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Source: National Development Plan 2000-2002

VET-RELATED MEASURES AND PROGRAMS (CIVIL SOCIETY)

Assessment. VET-related measures and programs as reflecting the civil society initiatives are well-targeted and proceeding from the local needs. Their main characteristic of the programs related to children is not preventive but interventive (not relieving the reason but intervening the results, e.g., projects for street children, maltreated children, drop-outs from school, etc). Most often they are NGO-related (e.g., “The Owl”; “Big Brother, Big Sister”, etc) and project-based. The projects are aimed at rehabilitation and capacity building of drop-outs from schools, school truants, children with deviant behaviour, mistreated children and youth as well as the unemployed. In many cases the rehabilitation projects are initiated by social workers of the social welfare agencies, citizen societies, etc.

The direct efficiency of a program may not be high, especially in the case of the discouraged but some positive side effects make it more profitable — for the whole community, e.g., in changing general understandings, attitudes and raising public awareness in the issues concerned (value of vocational training and life-long education, legal working, etc). Local projects can be more effective because of proceeding from the local needs. Most often the projects apply the criterion of partnership involving the third sector, local government and the state.

POLICY RECOMMENDATIONS

There is still low public and policy awareness concerning social exclusion as a social problem in Estonia. The policy initiatives, that indirectly have been aimed to alleviate social exclusion, are only interventive, and not eliminating the risks of social exclusion preventively.

Unemployment and poverty as the most powerful determinants of social exclusion are mostly dealt on individual level. Here the household context should be added. In this case, households with children will appear as a risk group of poverty and social exclusion as a result.

Children. Risks of children of becoming socially excluded depend on social and economic performance of their parents as well as from the household composition. Large families with many children live in a direct poverty with high probability, which restricts the developmental aspirations of the children. Unemployment of parents is another powerful risk factor of social exclusion of children. In policy provisions, households with children should be taken in the focus with the aim of reducing unemployment of the parents by VET measures and elaborating measures of increasing prestige of vocational education among the youth.

Young people and unemployment. Recruiting youth is often complicated because of missing professional skills, work experiences and the knowledge of Estonian language for the non-Estonian youth. Inquiry of youth shows that it is possible to remain unemployed directly after finishing school even in case where the specialty is obtained. It shows that the vocational education system’s readjustment and adjustment to the needs of labor market is urgently needed.

Employment policy must be focused on those counties with higher level of unemployment such as Ida-Virumaa, Jõgeva, Põlvamaa, Võrumaa and Valgamaa. In such large centres as Tallinn and Tartu, unemployment tends to be a smaller problem and the main worry is that people do not register them as unemployed in state employment offices rather than seek alternative sources of work.

Regional risks: To get sustainable changes in villages development government should support local initiatives and joint activities. Many family farmers also lack advanced farming or management skills. Therefore, the need for advisory and training services is strong. The quality and availability of agricultural education and training requires considerable improvement.

METHODOLOGIES OF APPROACHING RISK GROUPS

EFFECTIVE VET-RELATED PRACTICES

Grass-roots initiatives

Case 1: Return of the long-term unemployed to the labour market

There are two major developmental stages of rehabilitation of the discouraged.

1. *Restoration of the status of an unemployed job-seeker.* On this first developmental stage, we cannot rely on the personal capacities of the discouraged long-term unemployed but mainly offer all kind of support. The specific tasks are connected with activities of raising motivation to work and restoration of the habit of working.

An example from a village called Lungu in Estonia. In January 1998, there were 18 persons as being unemployed longer than three years, they were not listed in the labour office and they did not have any connection to the social protection system. All they lacked motivation to work as well as professional qualification. The Board of the Society of Lungu village decided to hire them for two hours a day, eight Estonian kroons (IDEM) per hour for six months as the probation time. All these 12 persons were successfully persuaded to start working on these conditions. Three of them failed with adaptation to the new life situation and they quit. The rest were able to adapt to the demands and discipline and after some time, they started with full-time work. During the probation time they received health insurance. When the probation time was over they were given a right to register in the labour force office. From this moment they had acquired the status of an unemployed job seekers and started to receive the unemployment benefit.

2. *Return to the labour force.* This stage of psychosocial rehabilitation mainly should contain targeted training courses and enlargement of accessibility to the labour market.

In our example, these nine out of twelve long-term unemployed, now registered as unemployed job seekers, were offered a training in the field of construction. They were trained in application of new materials in construction. All these nine completed the courses successfully, passed also job competition and five out of nine were hired by a local construction firm. The parish officials prescribed the conditions of the competition where the unemployed were given the priority to be hired. Even now, working full-time for the firm and having their probation time, the adaptation to work was hard for them, mainly due to the problems with alcohol and acceptance of the work discipline. Four out

of five continued working after the probation time, one was fired for the reason of alcohol addiction and was substituted by a newcomer who currently has his probation time.

Currently, the firm is interested in five workers. This autumn the firm will have another object situated in a longer distance from the village. To save the motivation to work of those psycho-socially rehabilitated, the Society of the Lungu village bought a microbus and organised work-based commuting transport.

To conclude, the formal efficiency of the project was not so high. Four out of 12 plus 1 (or roughly one third) of the long-term unemployed had successfully restored their labour force participation in this village. There were several positive side-effects how the project impacted the life politics of the people living in the village. By now owning a legal job has acquired a special value, the overall increase in general enterprising spirit and initiative taking can be also noticed.

The success of this and other similar projects is revealed in good co-operation of several social institutions and professionals – NGOs, labour force offices, training centres, firms, represented by social workers, teachers, doctors, etc. as well as in optimum relation of passive and active intervention strategies.

Case 2: “Workshop”

The NGO-based project involves young men in the age of 17 and over who are without vocational education. The aim of the project is to rehabilitate not employed nor studying young men, to develop their work habits and motivation as well as further perspectives concerning the independent work life. The project was initiated by the Christian Shelter in Tartu.

Case 3: “Together”

This is an example of a state’s call to the grass-root activities. The sub-project of the State Criminality Prevention Program was initiated by the Ministry of Education in 1999. The main aims of the program:

1. to restore and raise study motivation of children and decrease the occurrence of conflicts at school;
2. to decrease the truancy from school and improve the rate of school enrolment;
3. to strengthen the connections between the school and home.

The activities in the frames of the project are connected with training and specially targeted training programs applying the means of influence of school organisation.

Case 4: Center for children and youth “The Owl”

The NGO-based project is aimed at offering help and support for the street kids and the kids on the street. Street kids are the target group of social exclusion. The project involves more than 45 voluntary workers and over 80 children and youngsters are also involved in so-called ‘life on the streets’. The project is aimed at developing everyday and communication skills as well as study motivation, thus, at combating the risks of social exclusion of this group of children.

Initiatives of state and local governments

Case 5: Activation centres for long-term unemployed

Since the state has insufficient resources to initiate programs, financial aid has been received from EU Phare support projects and programs set up with the assistance of Nordic countries. One of the most notable local initiatives has been launching the activation project for long-term unemployed by the Ministry of Social Affairs. In addition to eight activation centres that were set up in counties in 1999, seven centres will be founded in the remaining counties in 1999. The main aim of the centres is to provide psycho-social rehabilitation work with the long-term unemployment by improving their everyday as well as vocational skills.

Case 6: Employment centres for youth

The ministry of Education in close co-operation with the Ministry of Social Affairs has launched a project on employment centres for youth. The aim of the project is to monitor and increase the activity of basic school graduates who are younger than 17 years of age and unemployed young people aged 17-25. The project is still on its initial stage and needs further efforts of improvement.

Case 7: Employment subsidy

The unemployed people are entitled to receive from state employment agencies information, training and subsidy necessary to setting up a business. The current amount of employment subsidy granted to unemployed persons is 10,000 EEK. In 1998, a total 380 unemployed (representing 0.7% of the registered unemployed) received unemployment subsidy for starting a business. As a result, 534 new jobs were created. According to the labour market statistics, in average 7,000 EEK were spent on creating one job. Most unemployed started their business as self-employed persons — in beauty services, sewing, trade, construction, repair-work, property brokerage, production of souvenirs, repair of cars and catering as the most popular. In 1998, employment subsidies granted to unemployed persons represented 9.6% of all active labour market measures. As the main negative feedback, the amount of the employment subsidy is regarded too low; starting ones own business presumes the availability of additional financial resources (e.g., financial support or loans from relatives or friends).

EVALUATION OF THE METHODOLOGIES, MEASURES, INSTRUMENTS

Active and passive labour market policies

There are relatively high regional differences between the implementation of labour market measures, in particular for active labour market measures. While expenditure on passive labour market policy mainly depends on the level of unemployment in the region, the implementation of active measures is subject to the overall economic and social situation in the region as well as to the activity of state employment agencies. Proceeding from the data of the Ministry of Social Affairs, larger funds for both passive and active labour market measures have been allocated for regions with higher unemployment.

Expenditure on labour market measures has their effect with delay. In addition to the direct impact, the measures that are being implemented will also improve the overall local socio-economic situation (reducing crime, increasing economic activity of employable population, reducing the share of hidden economy, increasing the mobility of workforce) creating good basis

for social re-integration processes. Therefore, the efficiency of labour market measures cannot be measured only in monetary terms.

Vocational education and training

Self-evaluation of the vocational system (as an example of Tartu county) has revealed several weak points in meeting the needs of young and unemployed.

- attitudes and expectations towards the vocational training are in general low and labeling as well as the study motivation of the students;
- the advisory system is not effective
- co-operation between general and vocational systems of education as well as between the vocational institution and the employer is weak
- inadequate support from the local government;
- study curricula is not flexible enough;
- the aims and tasks of the vocational system are not clear enough
- lack of courses specially focusing on drop-outs from the basic school.

Referring to the Conception of the Vocational Education (1997), the reform of vocational system has acquired high priority in the modernisation of the whole education system in Estonia. Especially it concerns new trends of co-operation and partnership as well as higher flexibility of the curricula that meets the demands of the local labour market more fully.

State Employment Agencies

The duties of state employment agencies are to implement governmental labour market policy, register unemployed persons, provide employment services, grant and pay state unemployment benefits. The analysis of the efficiency of state employment agencies shows that they cover in average of 21,500 employable persons. There are 407 job-seekers and 241 recipients of unemployment benefit for one employee of the agency. Most of the agencies (especially in Tallinn) are overloaded with work and the unemployed have much to complain.

The main concern: Distrust between the parties instead of close co-operation. There is a dead-circle of mistrust involving the people working at the employment agencies, the employers, trainers and the unemployed. From letters to the expert of the current report was revealed that the unemployed does not have enough trust and hope towards the employment agencies (“not right place where to find a job”), the employment agencies distrust the unemployed (“he or she is not motivated to be trained but has more interest in stipend that he or she receives for participation in the courses”), the employer has not enough hope in employment agencies to find good workforce from there and the unemployed does not think that the employer gives a useful information about the vacancies to the employment agency.

It is obvious that the employment agencies should:

- improve their attitudes concerning the unemployed;
- improve their image in the eyes of the parties
- broaden their functions;
- elaborate new partnership schemes.

The Business World

There is a paradoxical situation in Estonia. On one hand, the unemployment rate, and the share of unemployment of young people have increased, on another hand — the employers announce less vacancies in number to the employment agencies. In May 1998, 2053 new vacancies were announced, in May 1999 this number was only 1353. Surely, some impact has come from the economic recession, but this number tells even more about the weak contacts and partnership between the employment agencies and the employers.

The National Employment Board carried out a survey in 1999 aimed at studying the local labour market, the partnership between the employer and the employment agency and raising public awareness concerning employment exchange system. The survey revealed that the new-tech and globalisation progress increase demands towards the labour force and their qualification. Another problem concerns the personal characteristics of the employees — namely, their feeling of responsibility and duty, communication skills, reliability, work discipline and problems connected to addictions. The main problems of the business world concerning the needed labour force were pointed out as follows:

- lack of people who have high qualification in a particular field;
- at broadening the activities of the firm it is difficult to find suitable workforce;
- not enough means to keep high quality workers;
- there are wholes in the law in protecting the employer at getting free from the low-quality staff;
- not enough resources for training and re-training;
- graduates from the vocational schools have vocational skills that are not enough to meet the employer's demands.

Strategies of the personnel search. The more frequent methods of personnel search applied by the employers are personal contacts and recommendations of relatives, friends or acquaintances (*Firmade ... 1999*). There are also cases when the job-seeker directly reaches the employer. The employment agencies took only the fifth place in the rank of the strategies of personnel search. About 40% of the employers have used its services and 37% of the responded employers told they never had intention to use their services.

Table 8. Main strategies of the employers in personnel search (%)

Strategy	% of employers used it	Effectiveness (%)
Personal contacts of the staff	92	94
Job-seeker reaches the employer	84	54
Personal contacts of the employer (relatives, friends, acquaintances)	75	73
Advertising in press	66	67
State employment agencies	40	45
Attracting people from other firms	31	74
Contracts with vocational and higher schools	24	59
Private employment stock exchange	18	30
Personnel search firms	14	40
Youth Information Exhibitions	6	44

Source: Firmade ... 1999

The middle size enterprises (with workforce over 50 persons) have contracts with vocational or higher schools, the services of the personnel search firms use bigger-size firms more often. The small enterprises apply personal contacts most often. Unfortunately, also the Youth Information Exhibition (“Teeviit”; “Võti tulevikku”) aimed at bringing together highly qualified workable young people and the employers, is not as popular as expected among the business world.

What are the reasons of low attraction of the employment agencies for the employers? The study revealed three main reasons:

- low qualification of the job-seekers offered by the employment agencies;
- “rolling stones” – the job-seekers are mostly those who change the jobs too often;
- preconceived notions and lack of information concerning the agencies (*Firmade ... 1999*).

To conclude, the major problems concern networking of different institutions involved in re-integration of the unemployed and flexibility in meeting the changing demands of the employers.

The National Development Plan for 2000-2002 has indicated the objectives and strategy areas in combating social exclusion of the risk groups and in improving the overall situation on the labour market. In the frames of the current report, it is worthwhile to point out the following.

Main objective that concerns the risk groups:

To integrate persons in risk groups of social exclusion on labour market and to provide them with access to education.

Intervention strategies:

- *Increasing the importance of active labour market measures in comparison with passive measures*
- *Principle of lifelong learning*
- *Openness of the labour market and equal opportunities in the labour market for all population groups*
- *Development of social partnership and wider involvement of social partners in solving employment and social policy problems*
- *Development of entrepreneurship and creation of new jobs*

Long-term unemployed as a target group

Since long-term unemployed have usually lost their work experience and working habits, they need special assistance and support for finding employment. Otherwise, they could drift further away from the labour market and collect high load of social exclusion.

The priority measures are:

- *Amendment of legislation aimed at granting the status of the unemployed also to long-term unemployed and to give long-term unemployed access to employment services*

For re-integrating long-term unemployed in the labour market, the following integrated measures shall be implemented through the activation centres set up in local governments.

- *Coping training*

During the training, the trainees shall be guided and encouraged to find solutions for problems related to daily life. Possibilities to get help shall be explained and trainees shall be psychologically prepared for competing in the labour market.

- *Provision of guidance motivating job seekers*

The main methods that shall be used are group work and job clubs. The objective is to guide people to be active in searching for work, in planning their career and training needs and to realistically assess the possibilities.

- *Organisation of work practice*

Work practice shall be carried out in real workplaces set up by employers or local governments. The objective is to provide persons with a practical work experience and working habit that they can use in the new employment.

- *Organisation of in-service training and re-training*

Training is being provided to long-term unemployed whose main obstacle to entering employment is the lack of specific professional skills.

- *Provision of information and incentives for employers*

By using various methods for providing information, employers shall be informed of possibilities to employ long-term unemployed and shall be motivated for further co-operation.

Proceeding from the current expert opinion, the long-term unemployed parents with children under 18 years of age should become of first priority of the re-integrative VET measures applied by the activation centres.

Unemployment of young people (aged 15-24) as a target group

For preventing and reducing unemployment among the young, the Ministry of Education has launched a pilot project on the employment centres of young. Pilot projects that have already been launched have justified the existence of such employment centres and the need to support them in the future. Young people shall be integrated to the labour market via those centres by implementing the following measures:

- *Adaptability and coping training*

Motivating young people and increasing their self-esteem and mental stability shall be provided with the objective of creating a need to obtain education, continue studies or to begin independent working life. Practice shall include the writing of CVs and behaviour during a job interview.

- *Development of working habits and skills.*

Work practice and development of skills shall be carried out under the supervision of a relevant specialist. Young people shall be issued specific work duties and they shall carry out work practice for a certain number of hours a day.

- *Enabling experience of teamwork*

Young people who have dropped out of basic school as a target group

- *Research will be carried out to identify the reasons for dropping out from basic school and, based on the results of the research, measures for reducing dropout rates will be worked out.*

In accordance to the current expert opinion, the elaboration of a system of employment and advisory centres for youth and young adults is inevitable in combating and preventing from further deepening of social exclusion among this social group and in the society in total.

Development of systems to support employment and training

Increase the efficiency of state labour market institutions

- *Clear distribution of duties between policy-making and executive institutions*
- *Enhancement of the quality and range of services provided by state employment offices*
- *Implementation of a tripartite principle in planning the work of state employment offices*
- *Strengthening of co-operation with organisations that are involved in labour market issues*
- *Public awareness campaign*

Development of infrastructure

- *Setting up new activation centres for long-term unemployed*
- *Setting up a network of employment centres for young people*
- *Development of regional training centres on the basis of existing vocational educational institutions in co-operation with social partners*
- *Optimisation of the network of agricultural vocational educational institutions*
- *Modernisation of the technical basis of vocational educational institutions with the aim of ensuring provision of training at the level of vocational secondary and higher education*
- *Modernisation of the infrastructure of selected schools*
- *Training of trainers*

Information systems

- *Development of a vocational counselling system for young people and adults*
- *Development of a database on in-service training and training courses*
- *Implementation of the information system of educational institutions in all schools including vocational educational institutions*
- *Setting up a system of monitoring graduates of vocational educational institutions*
- *Setting up national register of professions for the registration of obtained profession.*
- *Development of support institutions*

Development of social dialogue

- *Development of a favourable environment for the employers' and workers' organisations*
 - adoption of a new Trade Unions Act for the enhancement of trade union structures and for specification of the role and function of trade unions in society;
 - preparation of a Social Partnership Act to lay down legal status of tripartite agreements and to fix the organisational forms of co-operation between the Government and labour market partners.
- *Strengthening of representative organisations of social partners from within*
- *Development of labour market democracy*

Collective bargaining on all levels (national, sectorial, company level) in the field of social and employment policy shall be continued:

- the need for entering into collective agreements shall be emphasised, including preparation and amendment of legal acts concerning collective employment relations;
- worker representation and involvement in the information, consultation and decision-making process shall be promoted;
- the role of the Social Economic Council shall be further emphasised.

Development of flexible forms of employment

Use of flexible forms of employment is an important means for integrating risk groups into the labour market. This applies predominantly to young people who wish to be employed during the studies, parents raising small children and older workforce.

- *Raising of employers' awareness about the possibility to use flexible forms of employment*
- *Further development of social security schemes*

Social security schemes shall be developed further to extend the insurance coverage to part-time workers on the same principles as full-time workers, taking their working time or wages proportionally into account for the calculation of benefits.

DRAFT PROJECT PROPOSAL

OUTLINE OF THE PROPOSAL

Main aim:

Alleviation of social exclusion and reduction of the risks of social exclusion of the unemployed, discouraged and never-worked. As an expected outcome, the functional “illiteracy” will decrease and new perspectives of social participation will grow.

Target Action: Activisation through capacity building

Target outcome:

Improved functional “literacy” and increased levels of competitiveness and employability

Target measures:

Psycho-social rehabilitation, vocational training, re-training, information and advise giving, bettering of the policy provisions.

The principles of VET:

1. Adequacy, accessibility and affordability of basic and further training and education;
2. Broad eligibility of the VET measures, following the principle of lifelong education;
3. Flexibility and complexity of VET measures aimed at meeting the particular demands of the employer;
4. Networking between the employment agencies (job centres, activation centres, youth employment offices), training and advisory centres, the business world and the job-seekers, on VET issues.

Strategy:

Life-long education bridging training and the business world with challenging the NGOs

Background variable:

Family and culture for the preventive and corrective aspects of the fight against social exclusion

Means:

- focused programs (pilot projects);
- Immediate Action Programs.
- Horizontal communication and inter-institutional co-ordination.

PRIORITY RISK GROUPS

1. Households of unemployed parents with child(ren)
 - lone unemployed, discouraged or never-worked parent with child(ren);
 - two unemployed, discouraged or never-worked parents with child(ren);
 - mother has failed to enter/return on the labour market after the stay at home with children and currently never-worked, unemployed or discouraged , raising child(ren)
2. Youth and young adults (15<24 years of age), unemployed, discouraged or never-worked

- drop-outs from basic education system;
- without vocational education;
- those who need further training.

The intervention focus for capacity building of the target groups:

- *functional abilities:* access to general education
- *professional skills and knowledge:* access to vocational and further training
- *information:* information systems (partnership and dialogue)
- *motivation:* psycho-social rehabilitation, raising adaptability and coping
- *supporting environment:* policy provisions, infrastructure, action programs, targeting (accessibility, adequacy, affordability of the initiatives)

RECOMMENDATIONS FOR FURTHER ACTION

Policy provision and social protection

- Policy provision and social protection should be revised, to reach all population, including those with high load of socially excluding factors.
- New measures should be elaborated to reach the long-term unemployed and the discouraged by increasing their social and economic participation.
- Access to basic and further education should be guaranteed to every child and young no matter of the region or household he or she happens to live

Institutions

1. *Education.* In the field of vocational training and re-training, the reform of vocational education should be completed. The vocational education should become more flexible, meeting the needs of high-tech, globalisation and the particular employer. Accessibility, affordability and adequacy of the education should be carefully followed. The training centres could offer large-scale of training and re-training courses, focused on rehabilitation, furthering one's adaptability and coping as well as bettering the employability. The prestige of vocational education should be increased, e-g-, by elaborating a new stage of education – vocational higher education. As an expected outcome, the value of vocational education will increase.
2. *Improvement and enlargement of the activities of the employment centres.* The state employment agencies can work as job centres, including access to adequate information about the vacancies, organise research and prognosis of the changes on the labour market, unemployment register and provision of services. In parallel with the alleviation of unemployment, the preventive work concerning unemployment should be started. The centre could work in close co-operation with the education and training systems and the business world. The precondition: bettering of the image of the institution. Job-search guidance should come in the focus.
3. *Further development of the activation centres for the long-term unemployed and discouraged.* The activation centres have made good developments in the recent years. A resource not fully applied yet, are social workers. In Estonia social work education started in the beginning of the nineties and currently we have many highly qualified social workers

who are professionally underemployed because of not having enough legal power and opportunities to realise their professional potential. These new perspectives in their work will give new challenges for more effective psycho-social rehabilitation work.

4. *Youth employment and advisory (guidance) centres.* The centres stand on their initial stage in Estonia but have already collected positive experience. The centres should broaden their field of activities to become more advisory and guidance providing places for youth and young adults. The centres should employ well-qualified youth social workers as well as street workers educated in working with young truants. The centres should have good co-operation with schools, training centres as well as the business world and should be able to provide adequate information to all the parties involved in working with the young.
5. *NGO initiatives* should be supported in the field of re-integration of the socially excluded. The NGOs should be included in the networking and partnership.
6. *Idea Workshops (e.g., in the form of job clubs) and socially purposeful work schemes* (guaranteed work for up to 12 months offered to an unemployed) could be introduced.
7. *The Business World* should be provided with adequate information about the job-seekers, education and training opportunities, etc. The interest of the business world in networking should be increased by increasing flexibility and effectiveness of the process as well as its profitability.

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ANNEXES

Table 1. Population by the 1st of January, 1986-1999.

	total	males	females
1986	1 534 076	713 979	820 097
1987	1 546 304	720 578	825 726
1988	1 558 137	727 183	830 954
1989*	1 565 662	731 392	834 270
1990	1 571 648	735 085	836 563
1991	1 570 451	734 942	835 509
1992	1 562 216	731 181	831 035
1993	1 526 531	713 269	813 262
1994	1 506 927	703 608	803 319
1995	1 491 583	695 890	795 693
1996	1 476 301	687 978	788 323
1997	1 462 130	680 714	781 416
1998	1 453 844	676 635	777 209
1999	1 445 580	672 676	772 904

* Census data.

Source: Statistical Office of Estonia

Table 2 Resident population by counties at the beginning of the yea, 1994-1999 (data from 1989-1993 not presented here)

	1999	1998	1997	1996	1995	1994
TOTAL	1 445 580	1 453 844	1 462 130	1 476 301	1 491 583	1 506 927
Harjumaa	535 131	538 149	542 054	551 111	559 106	566 853
Hiiumaa	11 798	11 862	11 898	11 905	11 953	11 986
Ida-Virumaa	195 460	197 530	199 777	202 910	206 418	209 827
Jõgevamaa	41 377	41 622	41 736	41 859	42 146	42 549
Järvamaa	43 144	43 368	43 524	43 554	43 639	43 746
Läänemaa	31 850	31 949	32 092	32 221	32 586	32 756
Lääne-Virumaa	75 819	76 144	76 007	75 467	75 533	76 099
Põlvamaa	35 610	35 956	36 163	36 284	36 315	36 544
Pärnumaa	100 100	100 457	100 053	99 614	99 563	99 869
Raplamaa	40 137	40 153	40 125	40 023	40 058	40 111
Saaremaa	40 111	40 202	40 335	40 519	40 759	40 822
Tartumaa	151 010	151 301	152 046	153 240	154 483	155 568
Valgamaa	38 668	38 985	39 212	39 547	40 014	40 342
Viljandimaa	62 336	62 782	63 296	63 820	64 377	64 793
Võrumaa	43 029	43 384	43 812	44 227	44 633	45 062

Source: Statistical Office of Estonia

Table 3. Resident population by sex and age, 1998-1999

	On 1 January, 1998			On 1 January, 1999		
	total	males	females	total	males	females
0-4	67 308	34 598	32 710	64 612	33 174	31 438
5-9	100 662	51 473	49 189	92 675	47 648	45 027
10-14	111 323	56 615	54 708	111 547	56 662	54 885
15-19	104 862	53 183	51 679	106 233	53 889	52 344
20-24	102 889	52 163	50 726	102 895	52 051	50 844
25-29	106 950	55 927	51 023	106 765	55 557	51 208
30-34	97 591	48 882	48 709	97 420	49 218	48 202
35-39	107 719	52 825	54 894	106 153	52 229	53 924
40-44	105 019	50 431	54 588	105 595	50 705	54 890
45-49	99 538	46 585	52 953	99 252	46 487	52 765
50-54	76 798	34 997	41 797	81 711	37 165	44 546
55-59	88 665	39 103	49 562	82 621	36 471	46 150
60-64	79 112	33 204	45 908	81 286	34 001	47 285
65-69	75 085	29 116	45 969	72 537	28 243	44 294
70-74	58 562	19 020	39 542	60 374	20 139	40 235
75-79	34 015	9 556	24 459	36 412	10 065	26 347
80-84	20 323	5 131	15 192	19 815	5 089	14 726
85+	17 427	3 826	13 601	17 677	3 883	13 794
TOTAL	1 453 844	676 635	777 209	1 445 580	672 676	772 904

Source: Statistical Office of Estonia

Table 4 Ethnic composition of the population at the beginning of the year, 1989-1999

	1989*	1994	1995	1996	1997	1998	1999
Total population	1 565 662	1 506 927	1 491 583	1 476 301	1 462 130	1 453 844	1 445 580
Estonians	963 281	962 326	957 948	953 547	950 124	946 646	942 526
Russians	474 834	436 562	428 360	420 435	412 628	409 111	406 049
Ukrainians	48 271	40 501	39 585	38 588	37 306	36 929	36 659
Byelorussians	27 711	23 655	23 088	22 521	21 883	21 589	21 363
Finns	16 622	15 090	14 522	13 949	13 629	13 317	13 027
Jews	4 613	3 008	2 864	2 697	2 553	2 423	2 338
Tatars	4 058	3 546	3 484	3 389	3 315	3 271	3 246
Germans	3 466	1 861	1 733	1 517	1 349	1 288	1 250
Latvians	3 135	2 876	2 810	2 750	2 723	2 691	2 658
Poles	3 008	2 544	2 488	2 436	2 374	2 355	2 324
Lithuanians	2 568	2 383	2 329	2 284	2 245	2 221	2 206
Swedes	297	... **	... **	... **	... **	... **	... **
other nationalities	14 095	12 575	12 372	12 188	12 001	12 003	11 934
Per 10 000 inhabitants							
Total population	10 000	10 000	10 000	10 000	10 000	10 000	10 000
Estonians	6 153	6 386	6 422	6 459	6 498	6 511	6 520
Russians	3 033	2 897	2 872	2 848	2 822	2 814	2 809
Ukrainians	308	269	265	261	255	254	254
Byelorussians	177	157	155	153	150	148	148
Finns	106	100	97	94	93	92	90
Jews	29	20	19	18	17	17	16
Tatars	26	24	23	23	23	22	22
Germans	22	12	12	10	9	9	9
Latvians	20	19	19	19	19	19	18
Poles	19	17	17	17	16	16	16
Lithuanians	17	16	16	15	15	15	15
Swedes	2	... **	... **	... **	... **	... **	... **
other nationalities	90	83	83	83	82	83	83

* 1989 – census data; for 1994–1999 are estimated.

** Data included in "other nationalities".

Source: Statistical Office of Estonia

Table 5. Average household size and composition, 2nd quarter 1999

Size of household, sex and age of household members	% of all households	% of households of respective size
One member	26.3	100.0
1 working-age man	9.8	37.5
1 working-age women	16.4	62.5
Two members	27.1	100.0
2 working-age persons (aged 15-74)	23.2	85.6
1 working-age person and child (under 15)	2.4	9.0
1 working-age person and 1 older than 74	1.4	5.3
Three members	20.3	100.0
3 working-age persons	9.2	45.3
2 working-age persons and child	9.0	44.3
1 working-age person and 2 children	1.1	5.4
Other	1.0	5.0
Four members	17.1	100.0
4 working-age persons	4.0	23.6
3 working-age persons and child	5.4	31.3
2 working-age persons and 2 children	7.1	41.4
Other	0.6	3.7
Five and more members	9.3	100.0
5 or more working-age persons	1.4	14.7
4 working-age persons and children	3.0	32.6
3 working-age persons and children	2.1	22.9
2 working-age persons and children	2.1	22.5
Other	0.7	7.3
TOTAL	100.0	

Source: Labour Force 1999. Statistical Office of Estonia.

Table 6. 15-74-years of old, by labour force status, II q of 1998, II q of 1999 (thousands)



Source: Estonian Labour Force Survey 1999

Table 7. Share of employment by economic sector for men and women (annual average, per cent), 1989-1998

Year	Sector of economy			TOTAL
	Primary	Secondary	Tertiary	
1989	22.6	35.6	41.7	100.0
1990	22.5	35.4	42.1	100.0
1991	21.9	34.9	43.2	100.0
1992	20.6	33.9	45.5	100.0
1993	18.2	31.4	50.4	100.0
1994	16.2	30.7	53.1	100.0
1995	11.9	32.7	55.4	100.0
1996	10.0	33.5	56.5	100.0
1997	9.4	33.6	57.0	100.0
1998	9.1	33.2	57.7	100.0

Source: Estonian Labour Force Surveys 1995 and 1997. Estonian Labour Force 1989-1997. Statistical Office of Estonia.

Labour Force 1998,1999. Statistical Office of Estonia.

Table 8. Economic activity rates for men and women, aged 25-34, by highest level of education, 2nd quarter 1999*

Educational level	Total labour force, %		Labour force participation rate, %	
	Males	Females	Males	Females
Below upper secondary education	9.0	5.1	73.9	60.8
Upper secondary education	70.7	54.9	91.2	73.6
Tertiary education	20.3	40.0	97.3	81.7
non-university tertiary education	6.2	17.6	96.0	77.4
university-level education	14.1	22.4	97.9	85.5

Note: ISCED 97 educational level: below upper secondary - primary and basic education; upper secondary - secondary education, vocational education, post-secondary technical after basic education; tertiary – post-secondary technical after secondary education, university-level education, master's and doctor's degree

Source: Labour Force 1998, 1999. Statistical Office of Estonia.

Table 9. Employment rates for men and women aged 15-19, 1989-1998

Year	Employment rate (annual average, per cent)	
	Male	Female
1989	24.2	31.4
1990	27.7	27.9
1991	32.2	26.9
1992	33.6	24.1
1993	29.8	23.0
1994	29.5	22.5
1995	15.7	16.5
1996	17.1	16.0
1997	16.4	14.1
1998	14.9	11.6

Source: Estonian Labour Force Surveys 1995 and 1997. Estonian Labour Force 1989-1997. Statistical Office of Estonia.

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Table 10. Long-term (12 months or more) unemployment rates for men and women as a percentages of unemployment, 1989-1998 (annual average, per cent)

Year	7 to 12 months		More than 12 months		More than 24 months	
	Males	Females	Males	Females	Males	Females
1992	(2.2)	(21.4)	...	(22.8)	...	...
1993	29.9	26.4	...	26.3	...	...
1994	20.4	22.8	(40.5)	38.7	15.3	(12.6)
1995	27.4	(28.9)	35.7	(26.6)	(17.3)	...
1996	(5.3)	(5.6)	24.3	15.5	10.6	(4.9)
1997	8.6	6.2	16.5	15.3	9.3	9.5
1998	19.2	16.9	45.4	49.1	25.2	26.6

... data are based on less than 20 persons of the sample

() data are based on 20-39 persons of the sample

Source: Estonian Labour Force Surveys 1995 and 1997. Estonian Labour Force 1989-1997. Statistical Office of Estonia.

Labour Force 1998,1999. Statistical Office of Estonia.

Table 11. Layed structure of individual poverty, 1997 (%)

	The poor and those living at poverty risk (% of population)				Out of poverty risk, over 1501 kr
	Below poverty line, less than 1250 kr	In direct poverty, less than 1000 kr	In poverty endangering coping, 1001–1250 kr	In area of poverty risk, 1251–1500 kr	
Total population	37.6	21.5	16.1	15.6	46.8
Gender					
Men	37.2	22.3	14.9	14.8	48.1
Women	37.9	20.9	17.0	16.3	45.8
Ethnic origin					
Estonians	36.4	21.0	15.4	15.3	48.3
Non-Estonians	40.4	22.6	17.8	16.4	43.2
Age group					
0–9a	48.2	34.9	13.4	14.1	37.6
10–19a	44.0	27.5	16.4	15.4	40.6
20–29a	33.5	22.5	11.0	11.2	55.3
30–39a	38.0	25.2	12.8	13.3	48.7
40–49a	32.7	18.8	13.9	12.6	54.7
50–59a	28.2	15.8	12.5	12.7	59.1
60–69a	36.2	12.9	23.3	20.5	43.3
70+a	40.4	12.5	27.9	28.1	31.5
Education level of working age people (15–59a)					
Primary	46.9	31.3	15.6	16.2	36.9
Basic	43.1	26.5	16.6	13.8	43.1
Secondary and tertiary	28.9	17.9	11.1	12.2	58.8
Relation to work (for persons over 16 years old)					
Works over 10 hrs/week	25.4	14.5	10.9	11.6	63.0
Works less than 10 hrs/weeks	31.9	25.2	6.	12.0	56.0
Temporarily not working	52.6	37.5	15.1	17.4	30.0
Lost job, seeking work	64.8	49.3	15.5	10.9	24.3
Inactive	42.8	18.3	24.5	22.9	34.3

Source: Poverty Reduction... 1999

Table 12. Levels of poverty according to integrated household types, 1997 (%)

Leibkonna tüüp	In direct poverty, less than 1000 kr	In poverty endangering coping, 1001–1250 kr	In area of poverty risk, 1251–1500 kr	Out of poverty risk, over 1501 kr
2W	8.2	10.9	17	83
2W+C*	12.5	20.1	29.5	70.5
2W+2C*	10.2	24.1	37.4	62.6
2W+3C*	27.9	45.5	60.7	39.3
W+N	15.9	29.3	43.2	56.8
W+N+C*	24.3	42.1	56.3	43.7
W+N+2C*	33.6	52.4	63.8	36.2
W+N+3C*	49.3	64.9	77.5	22.5
W	6.9	12.3	18.2	81.8
W+C	23.4	36.3	49.2	50.8
W+2C*	30.1	54.1	75.7	24.3
N	34.8	59.9	76.4	23.6
N+C*	52.5	65.5	75.9	24.1
N+2C*	75.2	85.4	94.3	5.7
3W*	7.3	10.2	18.9	81.1
2W+N*	10.5	20.7	32.1	67.9

2W+N+C*	21.2	33.4	46.2	53.8
2W+N+2C*	31.4	45.8	55.6	44.4
W+P	12.8	19.8	28.5	71.5
W+N+P*	19.7	34.9	49.6	50.4
P	1.4	48.7	74.5	25.5
2P*	5.1	26.2	55.6	44.4
N+P*	31.3	50.2	66.6	33.4

W – working household member

N – not working (unemployed or inactive) household member

C – child(ren)

Table 13. Number of organisational membership, by age, education, economic status and income quintiles (% of 18 years of age and older)

N of organisations	In % of adult popul	Age groups				Highest completed education		
		18-24	25-49	50-64	65<	Basic or less	Secondary	Postsecondary
0	73.2	76.5	70.0	73.5	79.2	85.1	75.3	59.8
1	20.1	18.0	21.7	20.0	17.6	13.6	19.6	26.6
2	4.7	3.8	5.9	4.5	2.2	...	3.7	9.2
3 <	2.0	...	2.4	2.0	1.0	...	[1.4]	4.3
Total	100	100	100	100	100	100	100	100
Sample size (n)	4726	460	2446	1015	805	1250	1974	1502

continued...

N of organisations	Economic status			Household income quintiles				
	Employed	Unemployed	Inactive	I (lowest)	II	III	IV	V (highest)
0	67.3	90.9	80.0	84.3	75.9	77.9	70.3	62.6
1	23.5	8.0	16.7	13.8	19.8	17.8	22.9	24.6
2	6.3	...	2.7	1.4	3.7	3.0	4.3	8.9
3 <	2.9	...	...	...	...	...	[2.5]	[3.9]
Total	100	100	100	100	100	100	100	100
Sample size (n)	2865	301	1569	714	756	965	922	1012

... data are base on less than 20 units

[...] data are based on less than 40 units

Source: NORBALT II Living Conditions Survey (1999)

Table 14. Interest in politics, by age and employment status (% of 18 years of age and older)

Interested	In % of adult popul	Age groups				Employment status				
		18-24	25-49	50-64	65<	Employer	White collar	Blue collar	Unemployed	Retired
Very much	6.5	...	5.1	9.4	8.6	[10.4]	5.8	5.9	[5.5]	8.8
Fairly	27.0	19.8	25.8	31.3	29.3	35.7	30.9	20.5	19.2	28.6
Not very	42.8	49.3	47.0	38.7	32.5	36.7	45.5	47.9	43.7	33.4
Not at all	23.2	27.0	21.9	19.9	28.3	[17.2]	17.5	25.5	31.5	27.8
No answer	[0.5]	...	...	...	...		...	...		...
Total	100	100	100	100	100	100	100	100	100	100
Sample size (n)	4726	460	2446	1015	805	202	1699	916	301	1008

... data are base on less than 20 units

[...] data are based on less than 40 units

Source: NORBALT II Living Conditions Survey (1999)

Table 15. United Nations' HDI, 1991-1997*

Year	HDI
1991	0.908
1992	0.873
1993	0.872
1994	0.867
1995	0.862
1996	0.749
1997	0.776

Table 16. Income distribution: Gini coefficient

1995	0.398
1996	0.370
1997	0.361

Table 17. Enrolment ratio for educational institutions, 1998, at the beginning of the academic year (per cent)

Age, years	Total	Males	Females
15	94.7	93.1	96.3
16	93.3	92.8	93.8
17	84.0	80.7	87.5
18	67.9	64.0	71.8
19	55.3	48.2	62.6
20	42.2	36.0	48.6
21	35.7	30.6	41.0
22	25.7	23.3	28.1
23	19.6	17.7	21.7
24	14.7	13.0	16.5

Source: Education 1998/1999. Statistical Office of Estonia.

Statistical Yearbook of Estonia 1999. Statistical Office of Estonia.

Table 18. Social contributions by source as a percentage of gross domestic product, 1993-1998

	Child benefit (mln kr)	% of GDP	Other	% of GDP
1993	482.9	2.23	19.2	0.09
1995	721.1	1.77	27.3	0.07
1996	829.7	1.58	35.4	0.07
1997	964.7	1.50	42.1	0.07
1998	1226.7	1.68	53.8	0.07

Source: Statistical Yearbook of Estonia 1996-1999. Statistical Office of Estonia.