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The information and data contained in the Technical Note is taken from the Government reports, on-line databases of the National Statistical office, official web-sites of the government departments, MISSCEO, MISSOC, SSI, ILOSTAT and EUROSTAT.

**List of international abbreviations:**

CAS	Committee on the Application of Standards, International Labour Conference
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CESCR	Committee on Economic, Social and Cultural Rights
COE	Council of Europe
CRC	Convention on the Rights of the Child
CRPD	Convention on the Rights of Persons with Disabilities
ECSR	European Committee of Social Rights
ECSS	European Code of Social Security
ESC	European Social Charter
EU	European Union
EUROSTAT	Statistical Office of the European Union
GC	Governmental Committee of the European Social Charter and European Code of Social Security
ICESCR	International Covenant on Economic, Social and Cultural Rights
ILS	International Labour Standards
IMF	International Monetary Fund
MISSEO	Mutual Information System on Social Protection of the Council of Europe
MISSOC	Mutual Information System on Social Protection
OECD	Organisation for Economic Co-operation and Development
SSI	Social Security Inquiry

*CHAPTER I. Adequacy of social security  
benefits: income and poverty indicators and  
standards*

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## Country profile by Eurostat indicators, National indicators and ILO minimum standards

<b><u>Eurostat</u></b>	<b>EU-Avg 2013</b>	<b>2005</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
At-risk-of-poverty threshold (40%, single person)	€ 462.3	€ 99.3	€ 199.6	€ 219.3	
At-risk-of-poverty threshold (50%, single person)	€ 577.8	€ 124.2	€ 249.5	€ 274.1	
At-risk-of-poverty rate - 50%, before social transfers	19.5%	17.6%	18.1%	17.7%	
At-risk-of-poverty rate - 50%, after social transfers	10.2%	11.3%	10.9%	10.8%	
At-risk-of-poverty rate for children under 18 y.o. - 50% thr	12.4%	14.8%	10.9%	12.4%	
In-work poverty rate - 50% threshold	5.2%	4.2%	5.2%	4.1%	
At-risk-of-poverty rate for pensioners - 50% threshold	6.0%	7.9%	5.6%	6.4%	
Aggregate replacement ratio	55%	47%	50%	50%	
Severe material deprivation (% of total population)	9.6%	12.4%	9.4%	7.6%	6.2%
Persistent at-risk-of-poverty rate - 50% threshold	5.2%		5.9%	5.1%	
Social protection expenditure as % of GDP	25.0%	12.6%	15.4%	15.1%	
Gini coefficient before social transfers	36.1%	37.9%	35.9%	36.3%	
Gini coefficient after social transfers	30.5%	34.1%	32.5%	32.9%	

<b><u>National indicators</u></b>		
Minimum food basket	€ 92.0	2013, The Report on the ECSS 2015
Subsistence minimum - Absolute poverty line	€ 205.0	2013, The Report on the ECSS 2015
Absolute poverty rate - total population	8.0%	2013, The Report on the ECSS 2015
Absolute poverty rate - children under 18 y.o	10.1%	2013, The Report on the ECSS 2015
Absolute poverty rate - 65 years and older	2.2%	2013, The Report on the ECSS 2015
Average old-age pension	€ 327.4	2013, Estonian Statistical Office
Average wage	€ 949.0	2013, Estonian Statistical Office

<b><u>Government Report under the ECSS submitted in 2015</u></b>					
Reference wage of skilled worker	Gross amount: € 1135.12	-			
Reference wage of unskilled worker	Gross amount: € 658.5	Net : € 529.6			
<b>Social Security branch</b>	<b>Standard beneficiary</b>	<b>St benefit amount</b>	<b>Total benefit</b>	<b>Gross RR</b>	<b>Net RR</b>
Part III Sickness benefit	Art. 65-6c, +family benefit	€ 794.6	€ 833.0	71.0%	
Part IV Unemployment benefit	Art. 65-6c, +family benefit	€ 567.6	€ 606.0	51.6%	
Part V Old-age benefit	Art. 66-4b, +wife's pension	€ 283.8	€ 432.3		81.7%
Part VI Employment injury benefit	Not ratified	-	-	-	-
Part VII Family benefit	Art. 66-4b, for 1 child	€ 45			
Part VIII Maternity benefit	Art. 65-6c	€ 1135.1	€ 1135.1	100.0%	
Part IX Invalidity benefit	Art. 66-4b, +family benefit	€ 283.8	€ 321.7		56.7%
Part X Survivor's benefit	Art. 66-4b	€ 283.8	€ 321.7		56.7%

Fig. 1. Income and poverty- single person, 2013

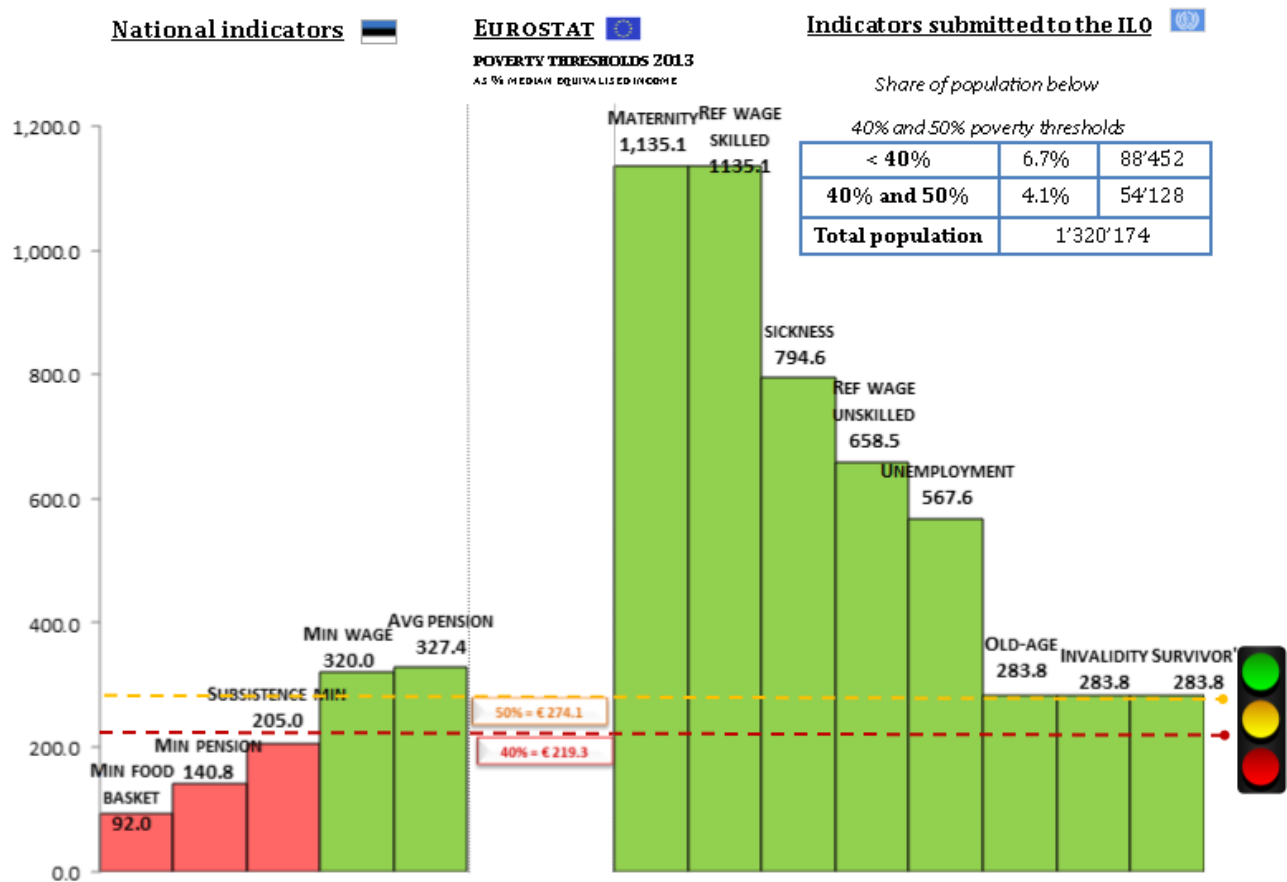
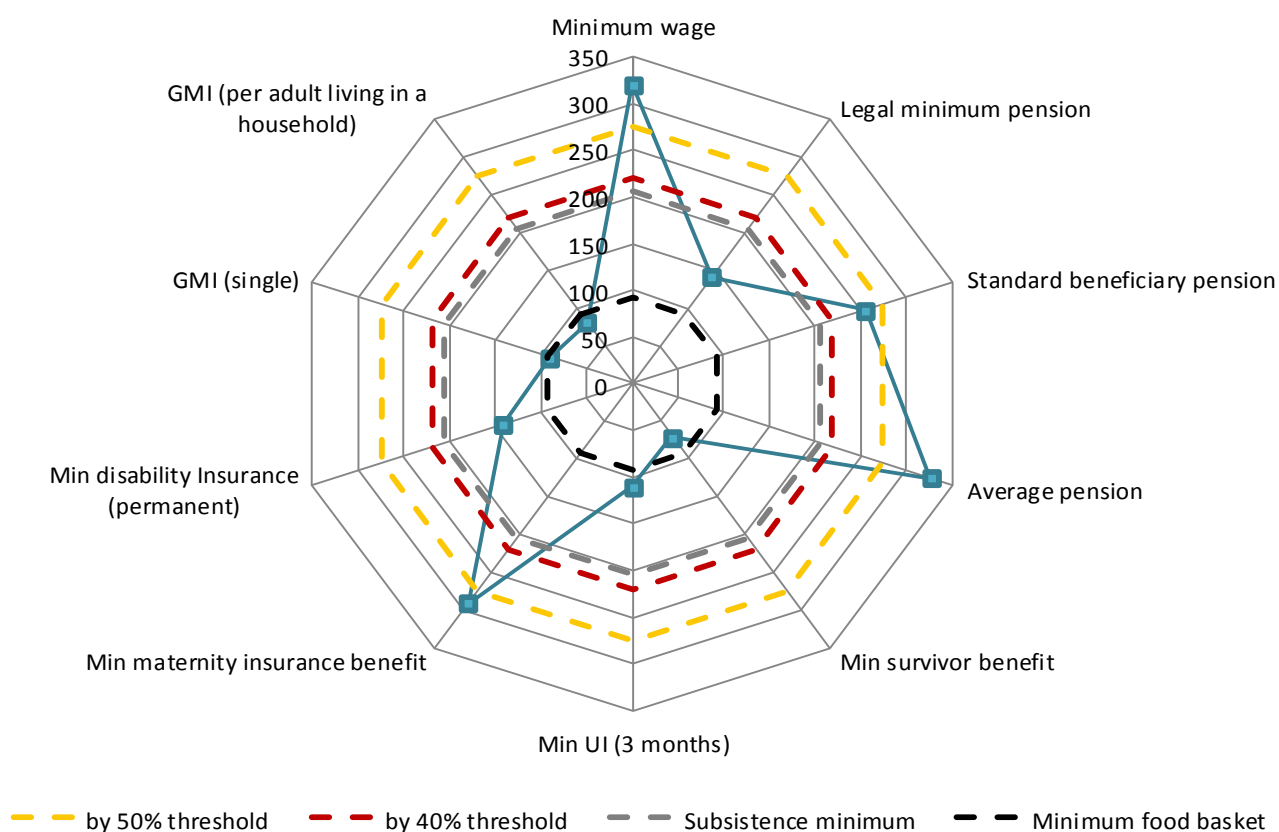


Fig. 2. Structure of population in poverty (Eurostat poverty thresholds of 60%)  
by the most frequent employment status , 2013



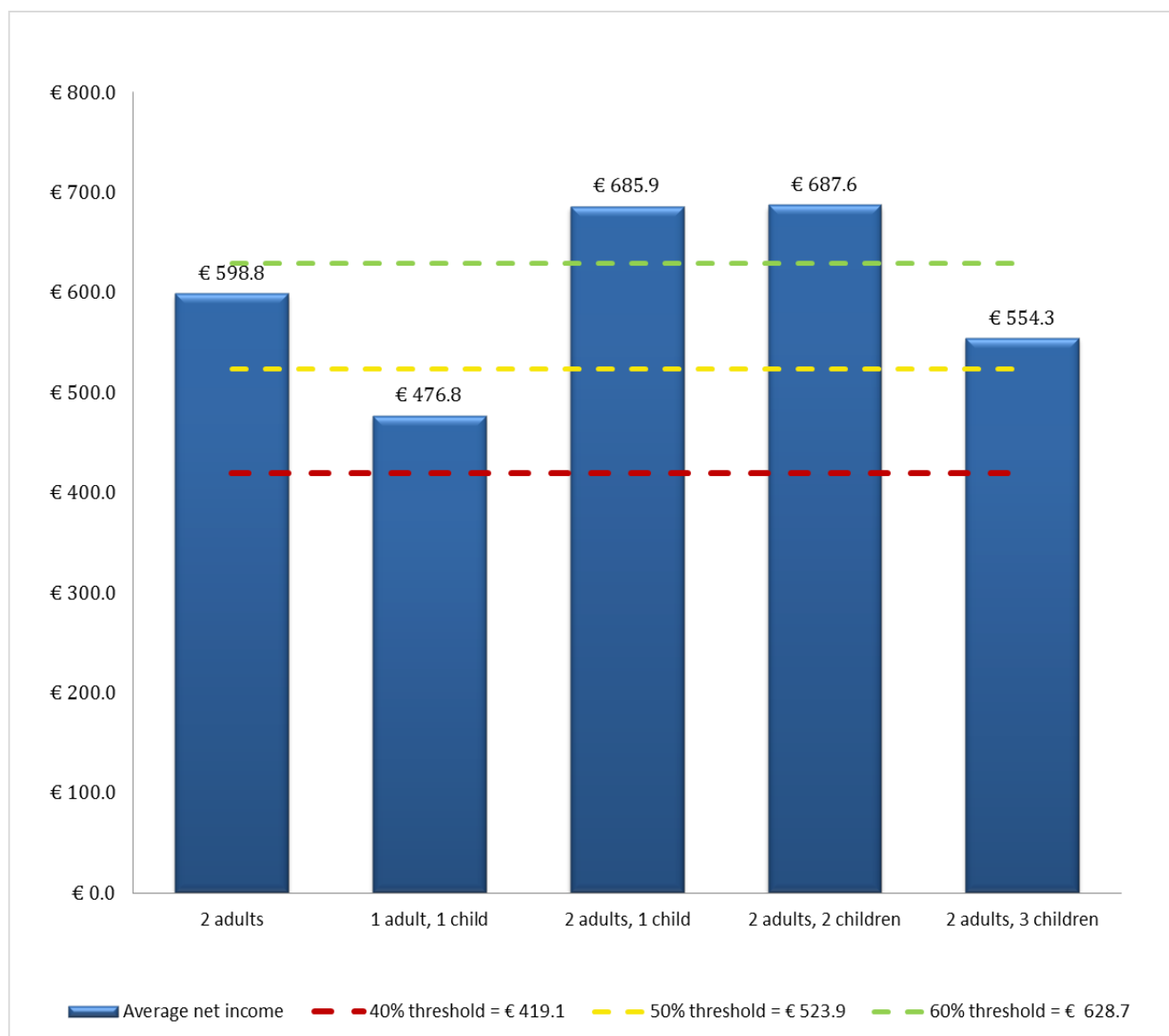
**Fig. 3. Social benefits in comparison to Eurostat 40% and 50% poverty thresholds and national social protection floors, 2013**



Benefits/payments	Amount per month	Sources
<b>Minimum wage</b>	€ 320.0	Statistical Office of Estonia, 2013
<b>Legal minimum pension</b>	€ 140.8	MISSOC, 2014
<b>Standard beneficiary pension</b>	€ 255.7	Pension for average case worker, Government Report 2014
<b>Average pension</b>	€ 327.4	Statistical Office of Estonia, 2013
<b>Survivor benefit</b>	€ 70.4	MISSOC, 2014
<b>Unemployment insurance benefit (UI - 3 months)</b>	€ 110.1	MISSOC, 2014
<b>Maternity insurance benefit</b>	€ 290.0	MISSOC, 2014
<b>Disability Insurance (permanent)</b>	€ 140.8	MISSOC, 2014
<b>GMI (single)</b>	€ 90.0	MISSOC, 2014
<b>GMI (per adult living in a household)</b>	€ 81.0	MISSOC, 2014
<b>At-risk-of-poverty threshold, 50 %</b>	€ 274.1	Eurostat, 2013
<b>At-risk-of-poverty threshold, 40 %</b>	€ 219.3	Eurostat, 2013
<b>Subsistence minimum</b>	€ 205.0	Governemnt Report, 2013
<b>Minimum food basket</b>	€ 92.0	Governemnt Report, 2013

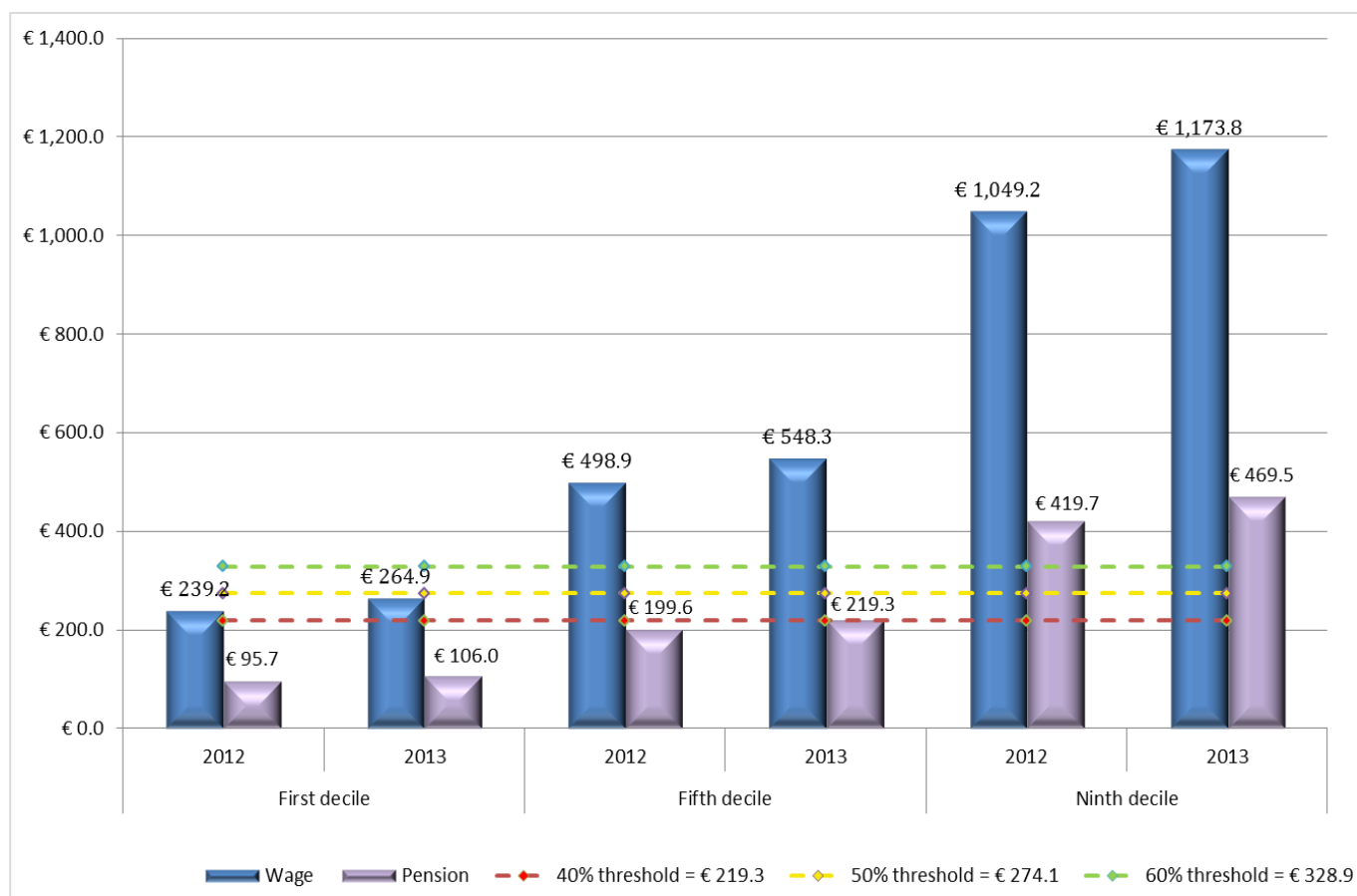


**Fig. 4. Income and poverty indicators by type of household, 2012**

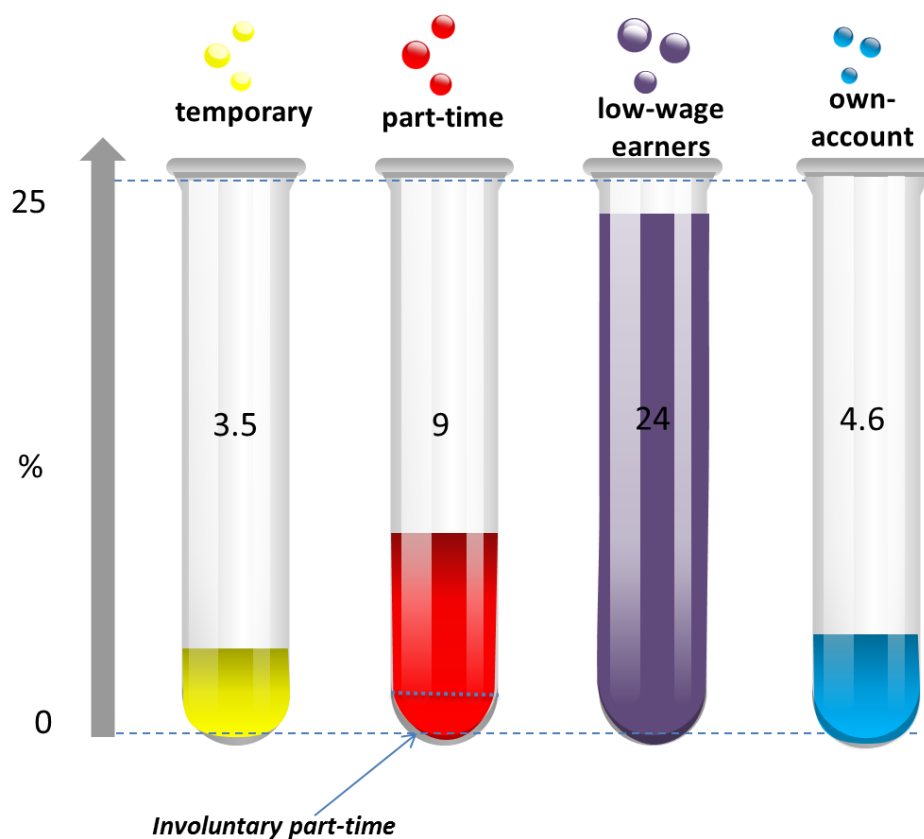


2012		
Household composition	Average net income	At-risk-of-poverty rate by 60%
2 adults	€ 598.8	12.7%
1 adult, 1 child	€ 476.8	33.0%
2 adults, 1 child	€ 685.9	12.2%
2 adults, 2 children	€ 687.6	13.6%
2 adults, 3 children	€ 554.3	19.8%

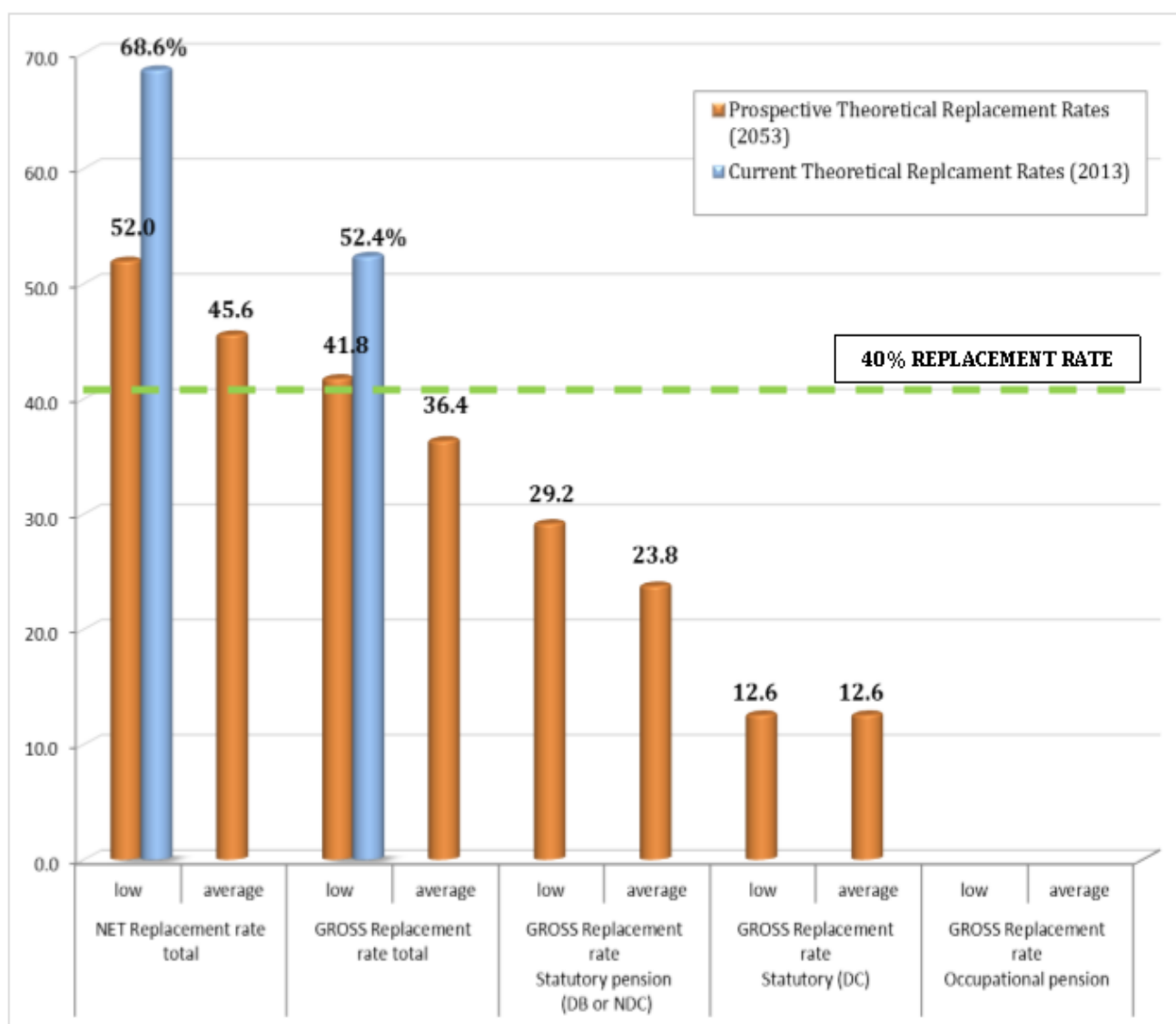
**Fig. 5. Comparison of monthly wages and pensions (40% replacement rate) to the Eurostat thresholds in 2013-2014, by decile**



**Fig. 6. Test on precarious employment: share of employed population by different job security situation, as % of total employment, 2012**



**Fig. 7. Theoretical Replacement Rates for low and average wage earners, retiring in 2053 at statutory pension age (67) with 30 years of contributions between 2013 and 2053**



**Male, 20 years work from age 25 - career break until 10 years prior to SPA - 10 years work.  
10 years of career break in the middle of the career**

	NET Replacement rate total		GROSS Replacement rate total		GROSS Replacement rate Statutory pension (DB or NDC)		GROSS Replacement rate Statutory (DC)		GROSS Replacement rate Occupational pension	
	low	average	low	average	low	average	low	average	low	average
<b>2053</b>	52.0%	45.6%	41.8%	36.4%	29.2%	23.8%	12.6%	12.6%	-	-
<b>2013</b>	68.6%	-	52.4%	-	-	-	-	-	-	-

Source: The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU, Volume I

## **Social security and reduction of poverty.**

### **Extracts from the 2014 Government report on the European Code of Social Security.**

In answer to the request from the Committee, will prove, using detailed statistical information on social transfers that have taken place over the recent years, that Estonia intends to make the most of the resources available to fulfil its social commitment, i.e. offer social benefits that will “maintain the family of the beneficiary in health and decency” (Article 67 c) of the Code):

#### **Poverty lines**

In Estonia, **absolute poverty line** also known as subsistence minimum, is calculated on the basis of expenses. Absolute poverty line or the subsistence minimum is calculated on the basis of three components – food expenses, housing expenses and individual non-food expenses. Food expenses are calculated on the basis of the minimum shopping basket<sup>1</sup>.

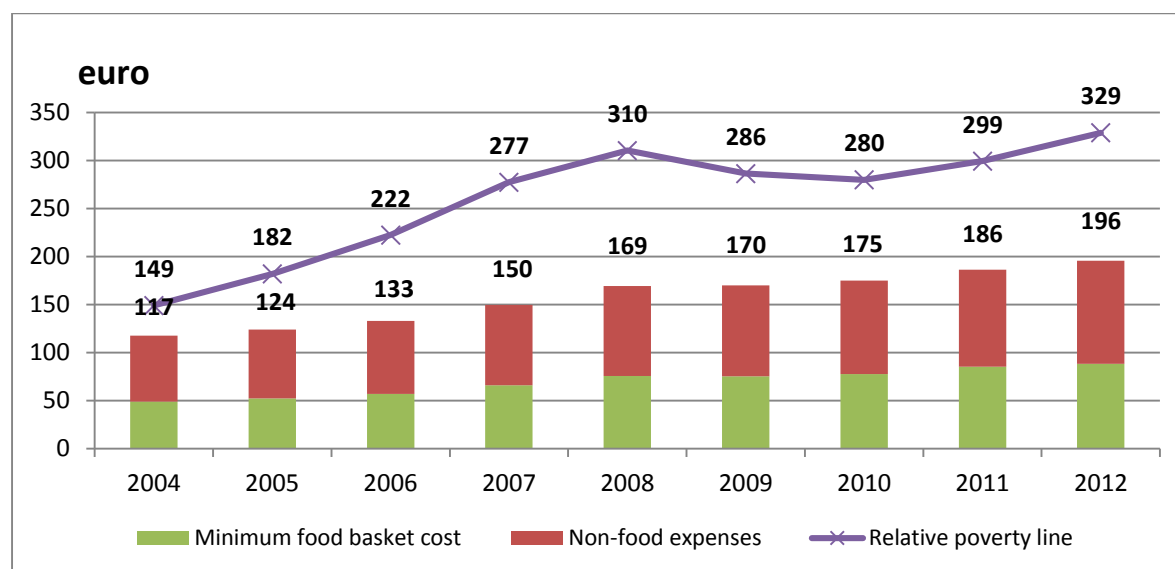
According to Statistics Estonia, in 2013 the estimated subsistence minimum for a one-member household was 205 euros per month (including the minimum food basket, which cost 92 euros). In 2012, the estimated subsistence minimum for a one-member household was 196 euros per month, including the minimum food basket, which cost 88 euros.

Similarly to the other Member States of the European Union, Estonia uses 60% of the population's income median to express the **at-risk-of-poverty** or **relative poverty**. According to Statistics Estonia, in 2012 persons whose monthly equalised disposable income was below 329 euros (299 euros in 2011) were considered to live in relative poverty.

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<sup>1</sup> The calculated average minimum food basket value is based on sample food basket, compiled with recommendations from nutritionists, supposed to meet 2,400 kcal daily energy requirement of an “average” person. Food basket value will be calculated by multiplying the quantities of food products by average purchase prices, available every year from Household Budget Survey of Statistics Estonia.

**Figure 1. Relative and absolute monthly poverty line of an one-person household, 2004-2012<sup>2</sup>**



Source: Statistics Estonia, Estonian Social Survey 2005-2013

Figure 1 shows that the absolute poverty line has shown a growth trend over years, complying with increase in expenditures. However, the relative poverty line went into decline during the economic recession (in 2009 and 2010), which also resulted in decrease in relative poverty rates, although unemployment increased and income of households decreased. Therefore, the relative poverty line demonstrates distribution of income in the society, while the absolute poverty line determines the lowest income level that will allow individuals to cope within a specific environment.

## Poverty rates

**Absolute poverty rate** expresses the proportion of households whose income per member per month in the case of equivalence scales 1.0 : 0.7 : 0.5 remains below the absolute poverty line, i.e. below the level of expenses that is the absolute poverty line.

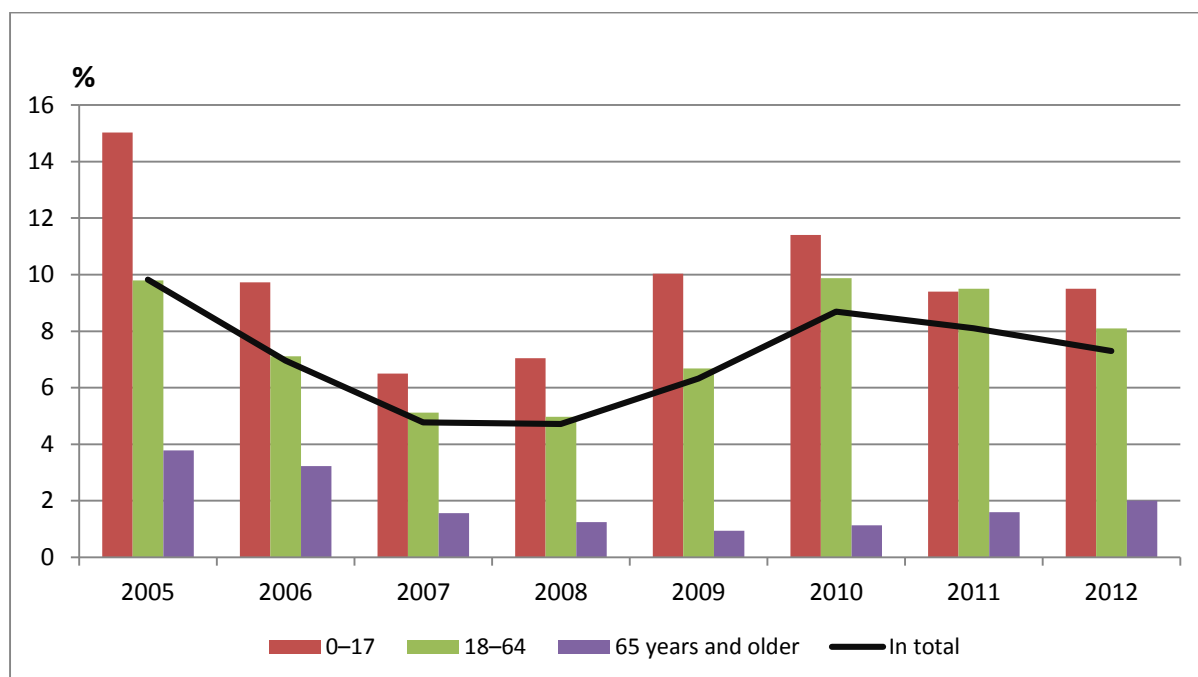
In Estonia, the absolute poverty of population has decreased, which is a positive trend. In 2012, 7.3% of Estonian population or approximately 97,500 people lived in absolute poverty. Compared to the year before, the proportion of people, living in absolute poverty, has decreased (in 2011, 8.1% of the population lived in absolute poverty).

The proportion of children, living below the poverty line, is approximately the same as in 2011. According to Statistics Estonia's, 9.5% of children lived below absolute poverty line (below subsistence minimum) in 2012 (in 2011, 9.4%), which totals to

<sup>2</sup> Absolute and relative poverty indicators are calculated and published by Statistics Estonia based on Estonian Social Survey (in the EU, the EU-SILC) data. According to the harmonised EU-SILC methodology, the survey is conducted retroactively, i.e. income information for previous year is requested. Differently from the Eurostat practice – publication of poverty indicators by year under investigation – the year for receiving the income is used for the purposes of this report.

approximately 23,200 children. During the economic crisis, the respective percentage went from 7% in 2008 to 11.4% in 2010.

**Figure 2. Absolute poverty rate for the total population and by age groups, 2005-2012**



*Source: Statistics Estonia, Estonian Social Survey 2006-2013*

**Relative poverty rate** demonstrates the proportion of people with equivalent income below relative poverty line with 1.0 : 0.5 : 0.3 equivalence scales.

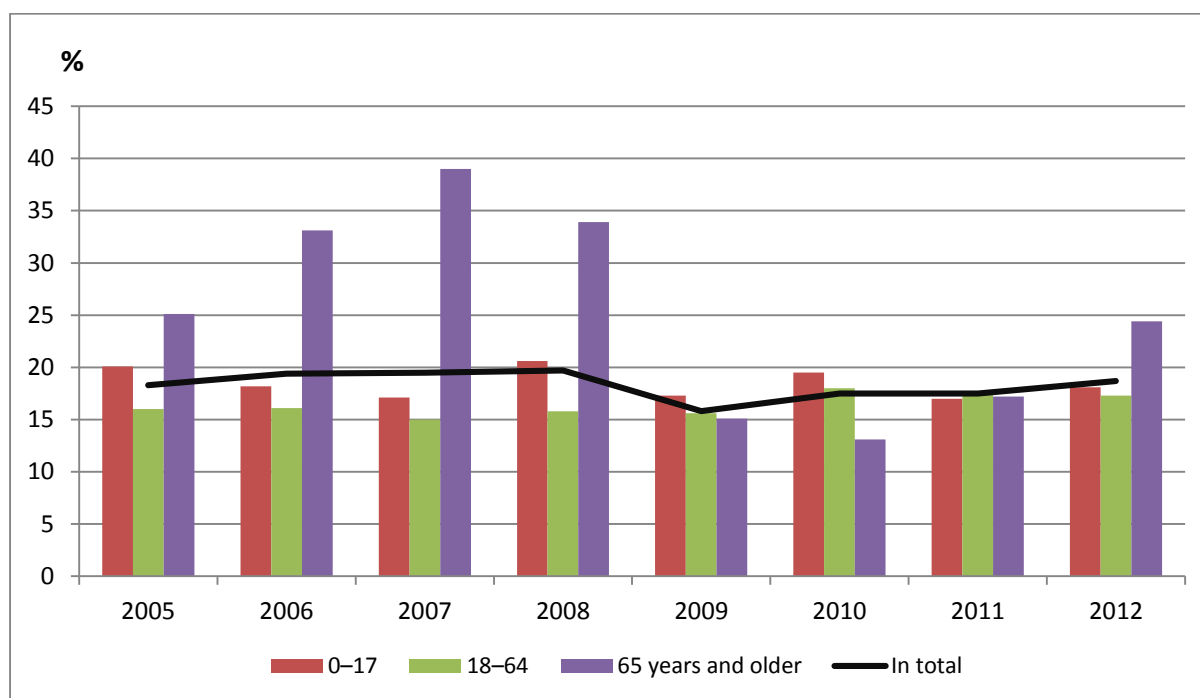
The society's recovery from the economic crises is not uniform and this has resulted in increase in inequality and increase in relative poverty rate. Although the income of population did increase, compared to 2011, the incomes of the richest and poorest fifth of population differed 5.5 times or, in other words, disparity in income increased. In 2012, 18.7% or approximately 247,800 people lived in relative poverty while compared to 2011, the proportion of people, living in relative poverty, showed some increase (in 2011, 17.5% of the population lived in relative poverty).

In 2013, the relative poverty rate of the population is expected to remain close to the level of 2012, as it can be assumed that the income of population will continue to demonstrate some growth and therefore, disparity in income did not decrease.

In 2012, the relative poverty rate of children grew, compared to the previous year, from 17% to 18.1. According to the estimates, 43,000 children lived in relative poverty. While during the previous years, the relative poverty rate of children has remained relatively low, considering the general poverty relative rate of the population, then in 2012 the relative poverty rate of children reached almost the same level.

Compared to years 2010 and 2011, the relative poverty rate of the elderly shows the biggest growth. In 2012, 24% (in 2011 – 17%) of population 65 years and older were considered to live in relative poverty.

**Figure 3. Relative poverty rate for the total population and by age groups, 2005-2012**



*Source: Statistics Estonia, Estonian Social Survey 2006-2013*

Non-working people or population with lower income is mostly threatened by poverty. In 2012, the absolute poverty rate among unemployed population was 11.3% and the relative poverty rate – 31.9%. Unemployed represent the group of non-working population in the worst situation: in 2012, every other unemployed was considered to live in relative and every third unemployed – in absolute poverty.

Despite the fact that a permanent job is the main factor to reduce the risk of poverty, employment is not an automatic guarantee of satisfying coping: in 2012, 6% and 1% of the population holding a permanent job were considered, respectively, to live in relative and absolute poverty.

**Table 1. Relative and absolute poverty rate by employment status, 2012 (percentage)**

	Relative poverty rate, %	Absolute poverty rate, %
<b>Employed</b>	7.6	2.5
wage employee	5.9	1.4
self-employed	25.1	14.4
<b>Non-working</b>	31.9	11.3
unemployed	55	37.4
retired	27	2.4
other inactive	31.1	14.8

*Source: Statistics Estonia, Estonian Social Survey 2013*

Households with a smaller number of working-age members and a bigger number of dependants (e.g. children, unemployed persons) have more likely higher poverty risk than other households. Thus, just like in 2011, the absolute poverty rate was the highest for the single parent households (one adult with children) – 23.4% (in 2011 – 18.6%). The other absolute poverty risk groups are people who live alone and families with three and more children. In 2012, 12% and 9.6% of people living alone (aged under 65) and families with three and more children, respectively, lived below the absolute poverty line (the respective indicators being 16.5% and 13.6% in 2011).

Similarly to the previous years, the relative poverty rate was the highest, among households with one adult with children – 40% (in 2011, 32.6%) and families with three and more children – 18.6% (in 2011, 19.8%).

### **Social transfers in reducing poverty**

Social transfers have an important part in reducing poverty<sup>3</sup>: In 2012, respectively, 39.6% and 31.3% of the population would have lived in relative or absolute poverty without various state allowances, benefits and pensions. In 2012, the social transfers reduced the absolute poverty of the population by 24 percentage points or by approximately 77% and relative poverty by 20.9 percentage points or by approximately 53%.

As we compare years 2005-2008 to the years of recession (2009 and 2010), the influence of social transfers on relative poverty of the population became more important. Unemployment rates went up during the years of recession and employment-gained income of people decreased; the relative poverty line dropped (see figure 1) and the role played by the social transfers in reducing poverty became more important. In 2011 and 2012, the influence of social transfers on relative poverty decreased again, as the consequence of economy gaining impetus, decrease in unemployment and increase in employment-gained income of the population.

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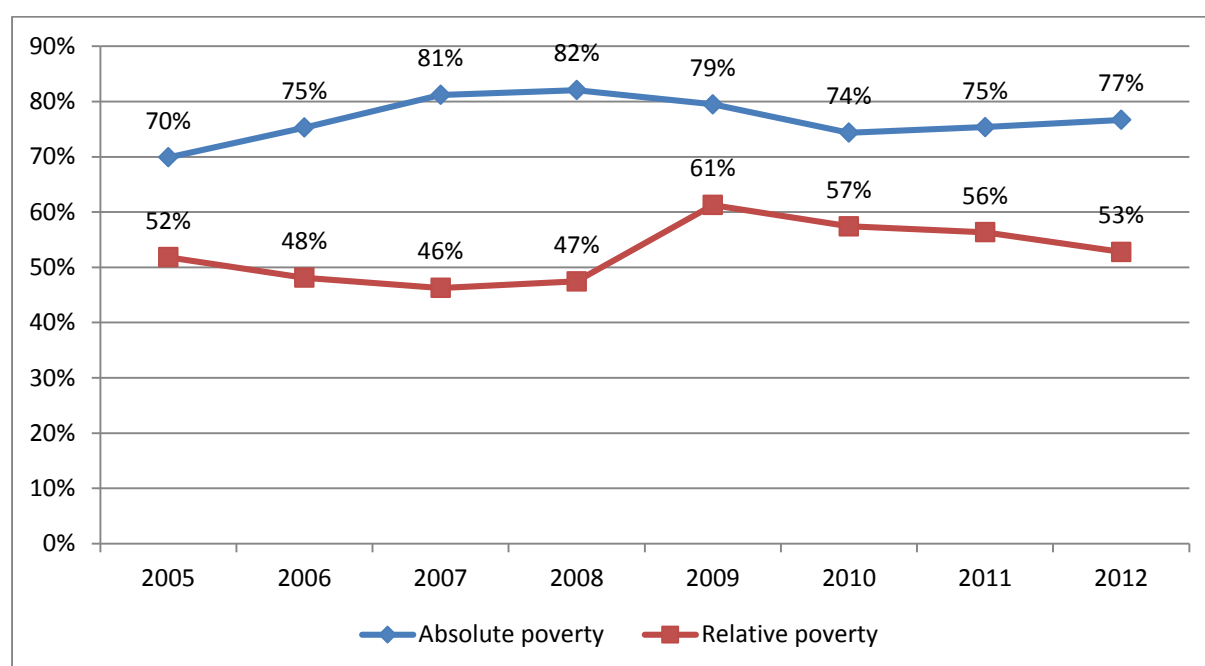
<sup>3</sup>Social transfers are benefits paid to the household by collective social protection schemes, the state or the local government, in order to mitigate various risks.



In the case of absolute poverty, we can observe a conflicting trend: comparing years 2005-2008 to the years of recession (2009 and 2010), the influence of social transfers on reducing absolute poverty of the population decreased and showed a growth trend again in 2011-2012.

As the absolute poverty line is lower than the relative poverty line, the role of social transfers in reducing absolute poverty is bigger than in reducing relative poverty.

**Figure 4. Proportion<sup>4</sup> of poverty rate with and without social transfers, 2005-2012 (percentage)**



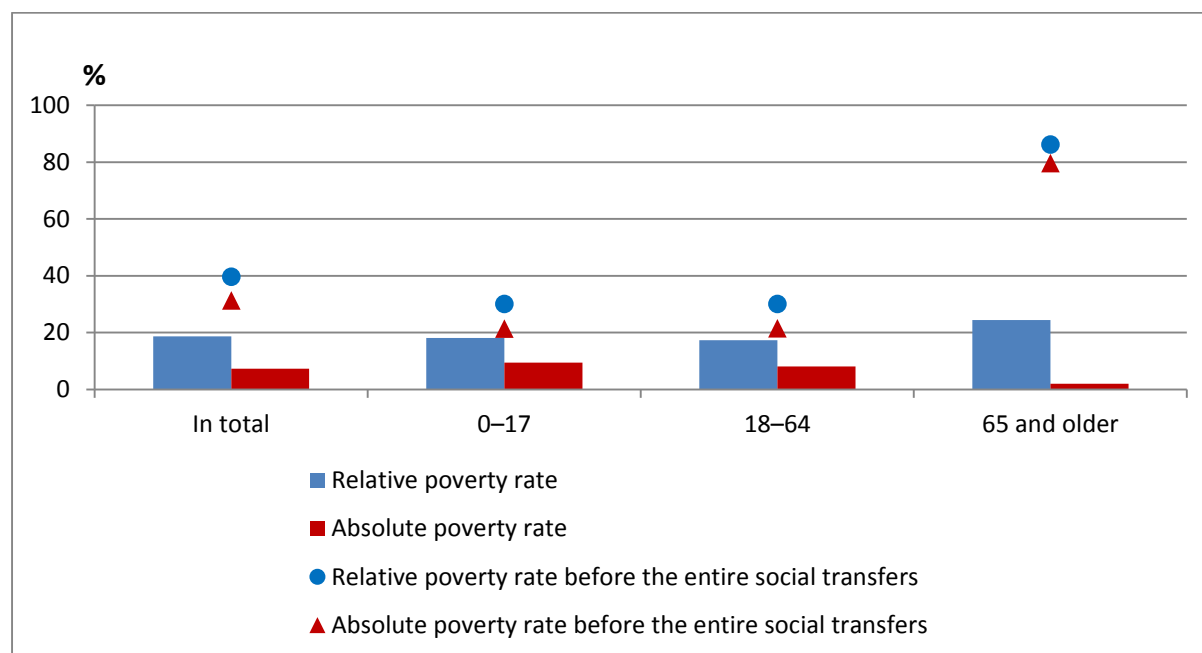
*Source: Statistics Estonia, Estonian Social Survey 2006-2013*

Social transfers have the strongest influence on poverty among population 65 years old and older. Without the social transfers, in 2012, 79.6% and 86.2%, of population 65 years old and older, would have lived, respectively, in absolute and relative poverty.

As we observe the relative poverty rate among children before and after social transfers, it can be said that in 2012 the social transfers (including pensions and family benefits) reduced the at-risk-of-poverty rate for children by 12 percentage points, thus by almost 40% (from 30.1% to 18.1%). Compared to 2011, the impact of social transfers on poverty has decreased by 2.4 percentage points. The diminishing impact of social transfers on children can be also explained by improved situation in the economy, decrease in unemployment and increase in employment-gained income of the population.

<sup>4</sup> Showing decrease in poverty rate of the population, resulting from social transfers, as a percentage.

**Figure 5. Absolute and relative poverty rate for the total population and by age groups before and after all the social transfers, 2012**



*Source: Statistics Estonia, Estonian Social Survey 2013*

The following sections provide an overview of the impact of social transfers in poverty in 2012 in detail by different social transfer types.

### **Various unemployment benefits**

In Estonia, the main unemployment benefits are unemployment insurance benefit and unemployment benefit. In 2012, 7.8% and 19% of the population would have lived, respectively, in absolute and relative poverty without these benefits or the combined impact of the benefits on absolute and relative poverty of the population represents, accordingly, 0.5 and 0.3 percentage points. By age groups, the impact of various unemployment benefits is the strongest on absolute poverty of children (0-17) (0.6 percentage points) and on relative poverty of population of working age (18-64) (0.5 percentage points).

**Table 2. Impact of unemployment benefits on absolute and relative poverty of the total population and various age groups, 2012** (percentage points<sup>5</sup>)

	<b>In total</b>	<b>0-17</b>	<b>18-64</b>	<b>65 and older</b>
Absolute poverty	0.5	0.6	0.5	0.1
Relative poverty	0.3	0.2	0.5	0.2

*Source: Statistics Estonia, Estonian Social Survey 2013*

### **Family allowances and parental benefit**

Family allowances and parental benefit play the most important role in supporting children and families with children and mitigating poverty. As we observe the age groups, family allowances and parental benefit have the strongest effect on absolute and relative poverty of children (0–17) and, as we observe the household types, absolute and relative poverty of families with children.

In 2012, 15.6% and 24.2% of children under 18 would have lived, respectively, in absolute and relative poverty without family allowances and parental benefit. In sum, family allowances and parental benefit decreased both the absolute and relative poverty rate of children (0–17) by 6.1 percentage points: absolute poverty rate decreased by 39% and relative poverty rate – 5%. Family allowances and parental benefit, calculated separately, also had a strong influence on poverty of children.

**Table 3. Influence of family allowances and parental benefit on absolute and relative poverty of children (0–17), 2012** (percentage point<sup>6</sup>)

	<b>Family allowances and parental benefit in total</b>	<b>Family allowances</b>	<b>Parental benefit</b>
Absolute poverty	6.1	3.3	2.5
Relative poverty	6.1	2.8	2

*Source: Statistics Estonia, Estonian Social Survey 2013*

In comparison of households with children, family allowances and parental benefit have the largest impact on households with couples having more than one child. Combined impact of benefits reduced the absolute poverty of couple with three or more children by 8.4 percentage points or around 47% and relative poverty – by 11 percentage points or 37%, absolute poverty of couples with two children by 5.1 percentage points or 43% and relative poverty, respectively, by 5.9 percentage points or 31%. In total, the combined impact of family allowances and parental benefit resulted in decrease of

<sup>5</sup> Difference in absolute and relative poverty rates before unemployment benefits and after all the social transfers.

<sup>6</sup> Difference in absolute and relative poverty rates before family allowances and parental benefit and after social transfers.

absolute poverty 4.1 by percentage points or 33% and relative poverty by 4.4 percentage points or 21% in all households with children.

Absolute poverty of all Estonian households was decreased by combined effect of family allowances and parental benefit by 2.8 percentage points or 25% and relative poverty – by 2.4 percentage points or 11%. Family allowances, reviewed separately, decreased absolute poverty of population by 1.4 percentage points or 16% and relative poverty – by 1.1 percentage points or 6%. Parental benefit on its own decreased absolute poverty of population by 1 percentage points or 12% and relative poverty – by 1.2 percentage points or 6%.

**Table 4. Impact of family allowances and parental benefit on absolute and relative poverty of all households and households with children, 2012** (percentage point<sup>7</sup>)

		Family allowances	Parental benefit	Family allowances and parental benefit in total
<b>Households with children</b>	Absolute poverty	2.1	1.6	4.1
	Relative poverty	1.9	2.1	4.4
Adult and child(ren)	Absolute poverty	3.8	0	4.6
	Relative poverty	1.6	0.2	2.2
Couple with one child	Absolute poverty	1.6	1.3	2.6
	Relative poverty	1.1	1.7	2.7
Couple with two children	Absolute poverty	2.1	2.9	5.1
	Relative poverty	1.8	3.5	5.9
Couple with three or more children	Absolute poverty	3.9	3.3	8.4
	Relative poverty	6.6	4.4	11
Other household with children	Absolute poverty	1.9	0.9	2.8
	Relative poverty	1.3	1.3	2.8
<b>All households</b>	Absolute poverty	1.4	1	2.8
	Relative poverty	1.1	1.2	2.4

Source: Statistics Estonia, Estonian Social Survey 2013

<sup>7</sup> Difference in absolute and relative poverty rates before family allowances and parental benefit and after social transfers.

## Old-age pension

Old-age pension is social transfer with the strongest effect on reducing poverty among all the social transfers. In 2012, absolute poverty of the population, excluding old-age pension, would have been 24.7% and relative poverty – 33.3%; on other words, old-age pension reduced the absolute poverty of the total population by 17.4 percentage points or 70% and relative poverty – by 14.6 percentage points or 44%. Considering the total population, old-age pension had more influence for women than men.

Without old-age pension, all the main age groups of the population (0–17, 18–64, 65 and older) would have lived in bigger poverty in 2012. This means that we should not discuss old-age pension solely within the elderly coping context – income provided by old-age pension also influence the coping of these household members who share dwelling with old-age pensioner.

For example, according to the available estimates, income from old-age pension had an impact on poverty of children (0–17) as much as parental benefit (approximately 2 percentage points).

**Table 5. Impact of old-age pension on absolute and relative poverty of the total population and by different age groups and gender, 2012 (percentage points<sup>8</sup>)**

		Males and females	Males	Females
In total	Absolute poverty	17.4	13.4	20.8
	Relative poverty	14.6	12.7	16.2
0–17	Absolute poverty	2.2	2.2	2.2
	Relative poverty	2.3	2.6	2
18–64	Absolute poverty	6.4	5.8	7
	Relative poverty	6.1	5.5	6.7
65 and older	Absolute poverty	75.7	..	76.6
	Relative poverty	60.5	69.7	55.9

*Source: Statistics Estonia, Estonian Social Survey 2013*

Old-age pensions also have considerable poverty reducing impact for most household types. Old-age pension has the strongest impact in households without children and households with 64 year old and older family members. Decrease in poverty was most notable in absolute poverty (66.1 percentage points or 94%) and relative poverty (69.1 percentage points or 87%) in households of couples with no children and at least one member older than 64 years. In this household group we find elderly couples with old-age pension being the sole income of the household and therefore, the absence of old-age pension would leave the household with practically no income.

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<sup>8</sup> Difference in absolute and relative poverty rate before old-age pension and after social transfers.

**Table 6. Impact of old-age pension on absolute and relative poverty of the total population and by different age groups, 2012 (percentage point<sup>9</sup>)**

	<b>Absolute poverty</b>	<b>Relative poverty</b>
<b>Household without children</b>	33.2	27.1
One-person household	43.5	22.1
single male	22.1	12.7
single woman	55.9	27.3
Single person aged under 65	6.7	1.8
Single person aged 65 and over	..	..
Couple aged 64 and less without children	7.5	8.4
Couple without children, at least one partner is aged over 64	66.1	69.1
Other household without children	17	18.9
<b>Household with children</b>	2.4	2.9
Adult and child(ren)	1.1	0
Couple with one child	2.9	1.9
Couple with two children	0.5	1
Couple with three or more children	0.4	0.3
Other household with children	7.1	10.4

*Source: Statistics Estonia. Estonian Social Survey 2013*

### **Survivor's pension**

In 2012, survivor's pension decreased absolute and relative poverty of the total population equally, by 0.1 percentage points or approximately 1%.

### **Pension for incapacity for work**

Pension for incapacity for work is a type of social transfer that has considerable impact on reducing the poverty of the population. In 2012, pension for incapacity for work decreased absolute poverty of the population by 3.5 percentage points or 32% and relative poverty by 3.3 percentage points or 15%. Considering the total population, this type of social transfer had more influence on men than women.

Pension for incapacity for work reduced both absolute poverty of the working-age population (by 4.3 percentage points or 35%) and relative poverty (by 4 percentage points or 19%). Among population of working-age group (18–64), the impact was bigger on men than women.

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<sup>9</sup> Difference in absolute and relative poverty rate before old-age pension and after social transfers.

**Table 7. Impact of pension for incapacity for on absolute and relative poverty of the total population and by different age groups and gender, 2012 (percentage points<sup>10</sup>)**

		<b>Males and females</b>	<b>Males</b>	<b>Females</b>
In total	Absolute poverty	3,5	3,8	3,1
	Relative poverty	3,3	3,4	3,3
0–17	Absolute poverty	1,9	1,5	2,2
	Relative poverty	1,9	2,5	1,4
18–64	Absolute poverty	4,3	4,9	3,8
	Relative poverty	4	3,9	4,1
65 and older	Absolute poverty	1,5	..	2,2
	Relative poverty	2,4	1,7	2,7

Source: Estonian Social Survey 2013

As we observe both households with and without children, the impact was strongest, both in the case of absolute and relative poverty, on households without children. In 2012, pension for incapacity for work reduced absolute poverty of households with children by 5 percentage points or 45% and relative poverty by 4.3 percentage points or 17%.

**Table 8. Impact of pension for incapacity for on absolute and relative poverty of different household groups, 2012 (percentage points<sup>11</sup>)**

	<b>Absolute poverty</b>	<b>Relative poverty</b>
<b>Household without children</b>	5	4.3
One-person household	4.7	1.8
single male	8.4	1.4
single woman	2.6	2
Single person aged under 65	8.2	3.1
Single person aged 65 and over	..	..
Couple aged 64 and less without children	6.1	5.7
Couple without children, at least one partner is aged over 64	4.1	4.4
Other household without children	4.9	7.4
<b>Household with children</b>	1.9	2.2
Adult and child(ren)	2.7	0.4
Couple with one child	2.5	2.4
Couple with two children	1.1	1.4
Couple with three or more children	1.6	3.9
Other household with children	3.1	3.7

Source: Statistics Estonia, Estonian Social Survey 2013

<sup>10</sup> Difference in absolute and relative poverty rate before pension for incapacity for work and after all the social transfers.

<sup>11</sup> Difference in absolute and relative poverty rate before pension for incapacity for work and after all the social transfers.

## Summary review and further activities

Considering modest social welfare cost level in Estonia and comparing it to the impact of social transfers, we can conclude that Estonian system is among the efficient. Old-age pension is the social transfer with the biggest impact that reduces the poverty of both the children (0–17), work-age population (18–64) and, above all, elderly (65 and older) and different types of households with and without families. Pension for incapacity for work and family allowances are also important tools that serve to reduce poverty of the population.

Family allowances and parental benefit have the strongest impact on households with children. In 2105, Estonia is about to focus more on supporting families with children living at risk of poverty. According to the State Family Benefits Act, from 1 January 2015, the child allowance<sup>12</sup> for the first and second child of a family will be raised to 45 euros per month (in 2014, 19.18 euros) and to 100 euros per month for third and every consecutive child (in 2014, 76.72 euros). Also, the need-based family benefit<sup>13</sup>, available to families living in relative poverty, and importance of a child will increase when the payment of subsistence benefit<sup>14</sup> is considered.

According to the Social Welfare Act, the subsistence level<sup>15</sup> per every minor member of household will be raised to a level equivalent to subsistence level of the first family member, effective from 1 January 2015.

In households with one child receiving child allowance under the State Family Benefits Act, paid to an applicant of need-based family allowance or another household member, a need-based family allowance of 45 euros will be available as of 2015 (in 2014, 9,59 euros). In households with at least two children receiving child allowance under the State Family Benefits Act, paid to an applicant of need-based family allowance or

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<sup>12</sup> A child who is enrolled in a basic school or upper secondary school, or a child without secondary education enrolled in formal vocational education has the right to receive child allowance until he or she attains 19 years of age. When the child attains 19 years of age, the allowance shall be paid until the end of the school year.

<sup>13</sup> Need-based family benefit is a new type of allowance, paid since 2013 to households with children that live below the income level established for need-based family benefit and also households with children that receive subsistence benefits. Income level for the first family member that will qualify the family for the need-based family benefit will be established by the Riigikogu for each budget year with the state budget. The income level to entitle households for need-based family allowance is the relative poverty line, last published by Statistics Estonia by 1 March for the year, preceding the budget year.

<sup>14</sup> Subsistence benefit represents state aid to needy persons. Subsistence benefit is calculated on the bases of net income of a single person or all household members during the previous month, fixed expenses for dwelling due over the current month and the established subsistence level. Recipients of subsistence benefit with family members who are all minors, will qualify to an additional social support of 15 euros, apart subsistence benefit, which will be paid by local government from state budget funds.

<sup>15</sup> Subsistence level will be established by the Riigikogu in state budget. Subsistence level will consider minimum consumption costs on food, clothing and footwear and other goods and services, which are essential to meet the basic needs. According to the State Budget Act, the subsistence level for 2014 is 90 euros per month for one-person households or first member of a household. The subsistence level for every second and consecutive member of household is 72 euros per month.



another household member, a need-based family allowance of 90 euros per family will be available as of 2015 (in 2014, 19,18 euros).

The changes have also influence on reducing poverty of children and better coping of households with children, which is also demonstrated by an appropriate analysis<sup>16</sup>. Combined effect of increase of allowance and benefits will serve to reduce absolute poverty rate of children by approximately 2.6 percentage points and relative poverty rate of children by ca 1.1 percentage points<sup>17</sup>.

In the case of absolute poverty, the changes will have the strongest influence on reducing absolute poverty of children that are 3–6 years old. As we observe household types, the impact will be the strongest in families with a single parent or three and more children.

Relative poverty of children is expected to decrease by ca 1.1 percentage points. Increase in universal child allowance will have the strongest impact on reducing absolute poverty of children. Increase of first and second child allowance will have considerable influence on coping of families with a single parent. Apart increase of child allowance paid for a third and every consecutive child, increase of child benefit of the first and second child of a family will also have a part. Just like it was the case with absolute poverty, the changes will have the strongest influence on reducing relative poverty of children that are 3–6 years old and families with a single parent.

Monetary allowances and benefits, offered by social welfare system, have immediate impact on motivation to work. International comparison shows that in Estonia, the net replacement rates<sup>18</sup> are low, which will offer bigger motivation to return to work<sup>19</sup>. The development plan of the Ministry of Social Affairs for 2015-2018 highlights the fact that Estonian social welfare system must ensure protection against traditional social risks and if there is no assistance, prevent people from falling into an unemployment trap, inactivity trap or low income trap, as an important aspect. Therefore, the development of social insurance in Estonia will focus on ensuring that social insurance benefits that are paid to people will meet their goal and avoiding situations where it will be more beneficial for people to lie on social insurance than wages.

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<sup>16</sup> Võrk, A. (2014). Analysis of possible scenarios for reducing poverty in children. Ad hoc report of "Analysis of impact of family allowances and child care services" project. Policy research centre Praxis.

<sup>17</sup> The report uses micro simulation model, EUROMOD, to assess the impacts. EUROMOD is an European Union micro-simulation model that will allow researchers and analysts to calculate the impact of taxes and benefits on income of households and labour market stimuli and compare various scenarios to each other. As for the given analysis, micro-simulation model is based on benefit and taxation rules, effective as of 1 January 2015, brought into today's legislative framework.

<sup>18</sup> Net incomes from social insurance and benefits in the case of inactivity or unemployment compare to net income obtained when working.

<sup>19</sup> Leetmaa, R, Masso, M, Võrk, A, Karu, M, Veldre, V, Paulus, A, Turk, P. (2012). Sotsiaaltoetuste ja hüvitiste omavahelised seosed ja nende mõju töömotivatsioonile. Poliitikauuringute Keskus Praxis (Mutual Relations Between Social Allowances and Benefits and their Impact on Motivation to Work. Policy research centre Praxis)

## Extracts from the 2015 Government report on the European Code of Social Security.

In answer to the request from the Committee, will prove, using detailed statistical information on social transfers that have taken place over the recent years, that Estonia intends to make the most of the resources available to fulfil its social commitment, i.e. offer social benefits that will “maintain the family of the beneficiary in health and decency” (Article 67 c) of the Code) at least above the absolute poverty line:

### Poverty lines

In Estonia, **absolute poverty line**, also known as subsistence minimum, is calculated on the basis of expenses. Absolute poverty line or the subsistence minimum is calculated on the basis of three components – food expenses, housing expenses and individual non-food expenses. Food expenses are calculated on the basis of the minimum shopping basket<sup>20</sup>.

According to Statistics Estonia, in 2013 the estimated subsistence minimum for a one-member household was 205 euros per month (including the minimum food basket, which cost 92 euros). In 2012, the estimated subsistence minimum for a one-member household was 196 euros per month, including the minimum food basket, which cost 88 euros.

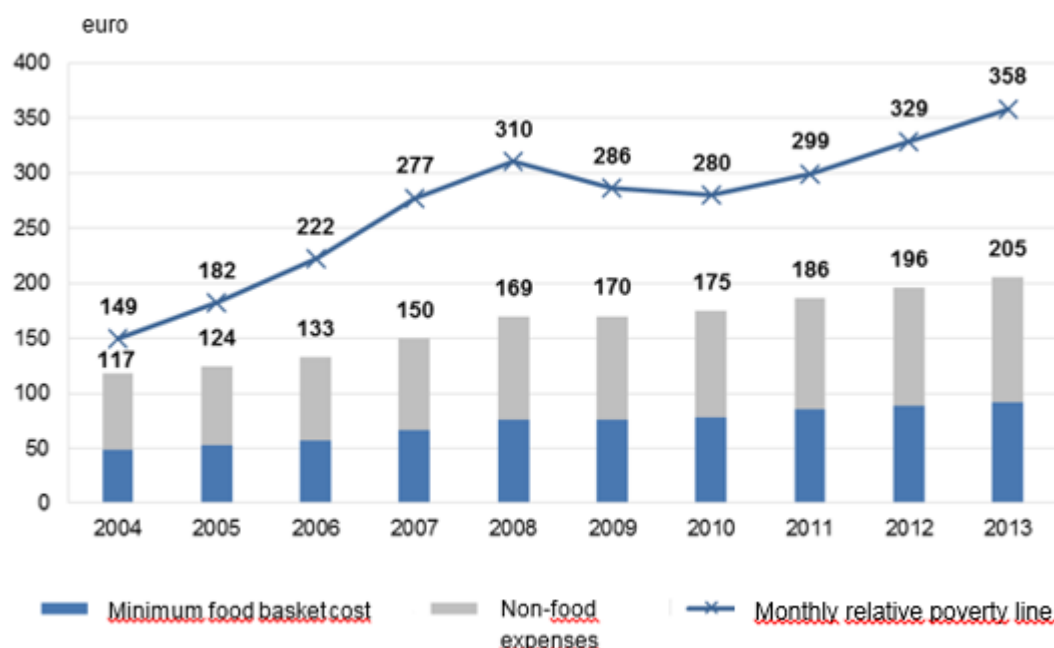
Similarly to the other Member States of the European Union, Estonia uses 60% of the population’s income median to express the **at-risk-of-poverty** or **relative poverty**. According to Statistics Estonia, in 2013 persons whose monthly equalised disposable income was below 358 euros (329 euros in 2012) were considered to live in relative poverty.

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<sup>20</sup> The calculated average minimum food basket value is based on sample food basket, compiled with recommendations from nutritionists, supposed to meet 2,400 kcal daily energy requirement of an “average” person. Food basket value will be calculated by multiplying the quantities of food products by average purchase prices, available every year from Household Budget Survey of Statistics Estonia.

**Figure 1. Relative and absolute monthly poverty line of a one-person household, 2004–2013<sup>1</sup>**

<sup>1</sup> Absolute and relative poverty indicators are calculated and published by Statistics Estonia



based on Estonian Social Survey (in the EU, the EU-SILC) data. According to the harmonised EU-SILC methodology, the survey is conducted retroactively, i.e. income information for previous year is requested. Differently from the Eurostat practice – publication of poverty indicators by year under investigation – the year for receiving the income is used for the purposes of this report. The data source for income information of 2012 and 2013 changed – in addition to the Social Survey and the databases used earlier (Estonian National Social Insurance Board, Health Insurance Fund, Unemployment Insurance Fund), the data of the Tax and Customs Board were used. Hence, a comparison of the data of earlier years to those of 2012-2013 must consider the data sources of 2012. Due to the change of data source, the data published for 2012 were corrected on May 13, 2015.

*Source: Statistics Estonia, Estonian Social Survey 2005–2014*

Figure 1 shows that the absolute poverty line has shown a growth trend over years, complying with increase in expenditures. However, the relative poverty line went into decline during the economic recession (in 2009 and 2010), which also resulted in decrease in relative poverty rates, although unemployment increased and income of households decreased. Therefore, the relative poverty line demonstrates distribution of income in the society, while the absolute poverty line determines the lowest income level that will allow individuals to cope within a specific environment. In 2013, the absolute poverty line grew somewhat, but the income of the lowest quintile remained practically the same, so residents who were somewhat above the line before have now dropped below it.

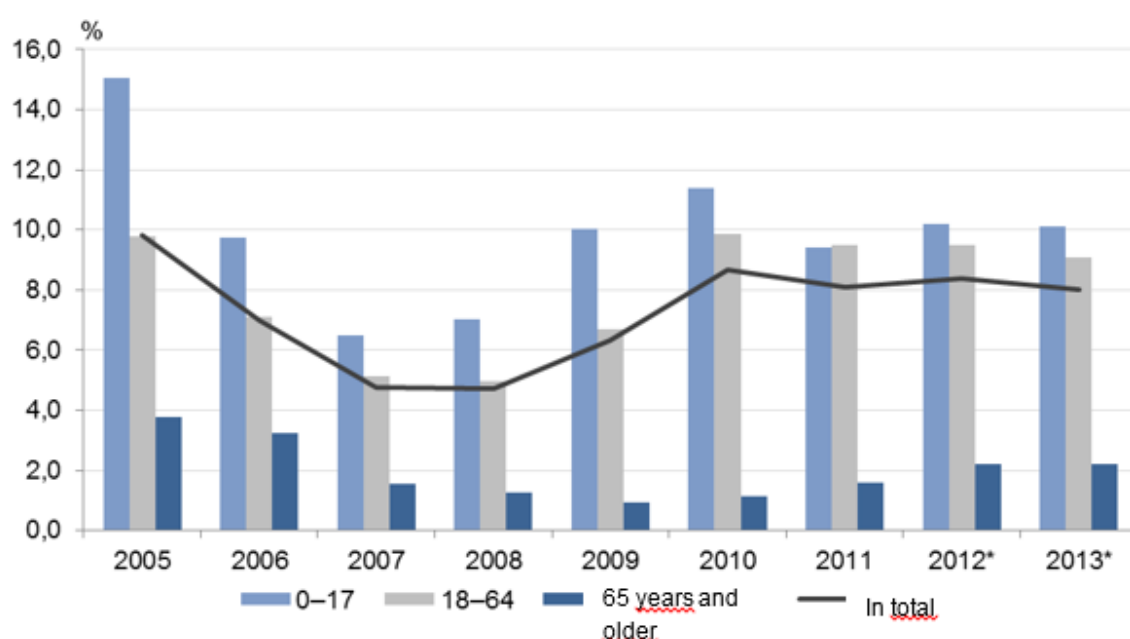
## Poverty rates

**Absolute poverty rate** expresses the proportion of households whose income per member per month in the case of equivalence scales 1.0 : 0.7 : 0.5 remains below the absolute poverty line, i.e. below the subsistence minimum.

In Estonia, the absolute poverty of population has decreased, which is a positive trend. In 2013, 8% of Estonian population or approximately 104,700 people lived in absolute poverty (in 2012, 8.4% of the population lived in absolute poverty).

The proportion of children living below the absolute poverty line is approximately the same as in 2012. According to Statistics Estonia, 10.1% of children 0–17 years old lived below the absolute poverty line in 2013 (10.2% in 2012). The absolute poverty rate of those older than that remained at the level of 2012 (2.2%).

**Figure 2. Absolute poverty rate<sup>1</sup> for the total population and by age groups, 2005-2013<sup>2</sup>**



<sup>1</sup> This percentage shows the proportion of people whose equivalent net income is below the poverty line.

<sup>2</sup> The data source for income information of 2012 and 2013 changed – in addition to the Social Survey and the databases used earlier (Estonian National Social Insurance Board, Health Insurance Fund, Unemployment Insurance Fund), the data of the Tax and Customs Board were used. Hence, due to the presumed significant impact of the change of data source, the data of 2012-2013 must be considered an interruption of time series. Due to the change of data source, the data published for 2012 were corrected on May 13, 2015.

Source: Statistics Estonia, Estonian Social Survey 2006–2014 (income years 2005–2013)

**Relative poverty rate** demonstrates the proportion of people with equivalent income below relative poverty line with 1.0 : 0.5 : 0.3 equivalence scales.

The society's recovery from the economic crises is not uniform and this has resulted in increase in inequality and increase in relative poverty rate. Although the income of population did increase compared to 2012, the incomes of the richest and poorest fifth of population differed 6.6 times in 2013 or in other words the disparity in income

increased again when compared to previous years. In 2013, 22.1% or approximately 288,600 people lived in relative poverty while compared to previous years, the proportion of people living in relative poverty showed an increase (in 2012, 20.7% of the population lived in relative poverty). The increase of the inequality indicator in 2013 was caused by an increase of income in the highest quintile while the income in the first quintile has practically remained the same.

Due to that, the relative poverty rates of all population groups (children, employment-aged people and older people) increased in 2013. The group with the highest relative poverty rate is the oldest group i.e. people 65 years old and older. Their relative poverty rate in 2013 was 31.8%. According to an assessment of Statistics Estonia, the poverty of pensioners is not deep because the average old-age pension is near the relative poverty line.

In 2013, the relative poverty rate of children grew, compared to the previous year, from 18.5% to 20.2%. The relative poverty rate of children will remain below the population's overall indicator in 2013.

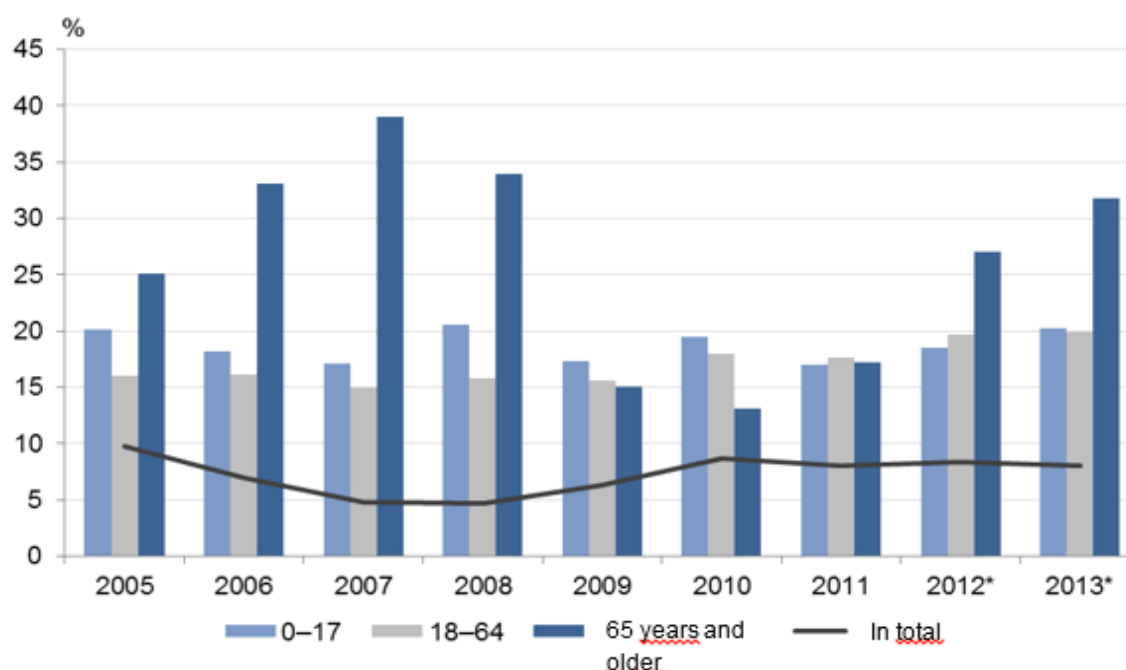
So the relative poverty rate decreased during the economic recession, although unemployment increased and income of households decreased. In summary, the relative poverty rate increased in economic growth years and decreased in economic recession. Therefore, the relative poverty rate is affected not so much by the level of income as the inequality of income i.e. the income distribution (Võrk and Leppik, 2015<sup>21</sup>). At the same time, the absolute poverty line determines the lowest level of income still enabling people to cope in the specific environment. Figures 2 and 3 indicate that changes taking place in the economy and the labour market are reflected inversely in the absolute poverty indicators, i.e. absolute poverty increased during the economic recession but when unemployment started to decrease and the population's income to increase, the absolute poverty rate also started to decline.

The comparison of relative and absolute poverty rate shows that relative poverty is not the best indicator to assess the achievement of the objective to reduce social exclusion. The reason is that the indicator of relative poverty is not sensitive enough to react to socio-political measures, even in a situation of improvement in the population's economic situation (Võrk and Leppik, 2015).

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<sup>21</sup> Võrk, A., Leppik, C. (2015). *Miks ei ole suhtelise vaesuse määr hea vaesuse indikaator*. <http://mottehommik.praxis.ee/suhteline-vaesus/> (05.02.15)

**Figure 3. Relative poverty rate<sup>1</sup> for the total population and by age groups, 2005-2013<sup>2</sup>**



<sup>1</sup> This percentage shows the proportion of people whose equivalent net income is below the poverty line.

<sup>2</sup> The data source for income information of 2012 and 2013 changed – in addition to the Social Survey and the databases used earlier (Estonian National Social Insurance Board, Health Insurance Fund, Unemployment Insurance Fund), the data of the Tax and Customs Board were used. Hence, due to the presumed significant impact of the change of data source, the data of 2012-2013 must be considered an interruption of time series. Due to the change of data source, the data published for 2012 were corrected on May 13, 2015.

*Source: Statistics Estonia, Estonian Social Survey 2006–2014 (income years 2005–2013)*

Non-working people or those with lower income are mostly threatened by poverty. In 2013, the absolute poverty rate among the unemployed population was 10.9% and their relative poverty rate was 36%. Unemployed represent the group of non-working population in the worst situation: in 2013, more than half the unemployed were considered to live in relative poverty and an estimated 39.2% in absolute poverty.

Despite the fact that a permanent job is the main factor to reduce the risk of poverty, employment is not an automatic guarantee of satisfying coping: in 2013, 12.1% and 5% of the population holding a permanent job were considered, respectively, to live in relative and absolute poverty.

**Table 2. Relative and absolute poverty rate by employment status, 2013 (percentage)**

	Relative poverty rate, %	Absolute poverty rate, %
<b>Employed</b>	12.1	5
Wage employees	10	4
Entrepreneurs	33.6	16.1
<b>Non-working</b>	36	10.9
Unemployed	59.2	39.2
Retired	34.9	3.1
Other inactive	31.7	14.1

*Source: Statistics Estonia, Estonian Social Survey 2014 (income year 2013)*

Households with a smaller number of working-age members and a bigger number of dependants (e.g. children, unemployed persons) have more likely higher poverty risk than other households. Thus, just like in earlier years, the absolute poverty rate was the highest for single parent households (one adult with a child/children) – 15.8%. Yet it is significantly lower than in 2012 (in 2012, 21.2% of single parent households lived below the absolute poverty line). The other absolute poverty risk groups are people living alone and families with three and more children. In 2013, 15.4% of people living alone (under 65 years old) and 8.9% of single-person households with no children lived below the absolute poverty line (whereas the absolute poverty rate of single men is estimated to be three times higher than that of women in the same situation), and 12% of families with three and more children lived below the absolute poverty line.

Similarly to the previous years, the relative poverty rate of among households with children in 2013 was the highest in households with one adult and a child/children – 36.1% and in households with three and more children – 22.9%. Households with one adult and a child/children and households with three and more children are also the most at risk of poverty in other EU countries.

### **Effect of social transfers in reducing poverty**

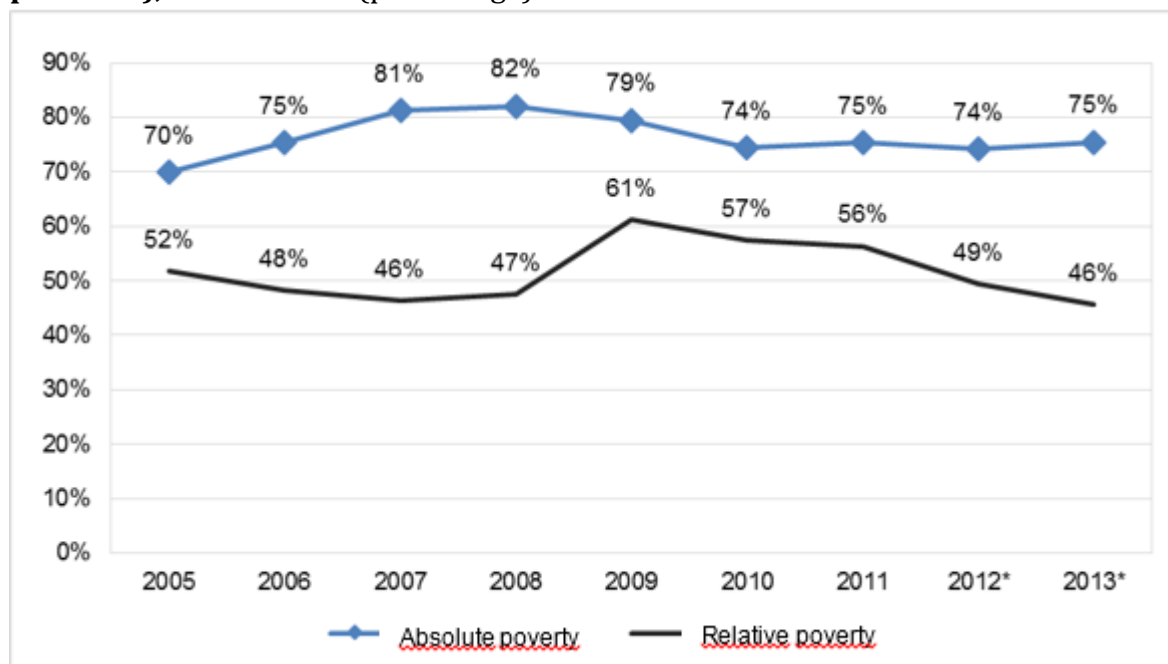
Social transfers, incl. family benefits have an important part in reducing poverty. Social transfers also reduce absolute poverty. In 2013, social transfers (incl. pensions, family benefits) reduced the absolute poverty of children by 11.3 percentage points and social transfers without pensions reduced it by 9.3 percentage points.

As we compare years 2007–2008 to the years of recession (2009 and 2010), the influence of social transfers on relative poverty of the population became more important. Unemployment rates went up during the years of recession and employment-gained income of people decreased; the relative poverty line dropped (see figure 1) and the role played by the social transfers in reducing relative poverty became more important. Starting from 2011, the influence of social transfers on relative poverty decreased again, as the consequence of economy gaining impetus: unemployment decreasing and employment-gained income of the population increasing. In 2013, social transfers incl. pensions reduced the relative poverty of the population by nearly 46% (18.6 percentage points).

In the case of absolute poverty, we can observe a conflicting trend: comparing years 2007–2008 to the years of recession (2009 and 2010), the influence of social transfers on reducing absolute poverty of the population decreased and showed a growth trend again in 2011. In 2013, social transfers incl. pensions reduced the absolute poverty of the population by nearly 76% or 24.6 percentage points.

As the absolute poverty line is lower than the relative poverty line, the role of social transfers in reducing absolute poverty is bigger than in reducing relative poverty.

**Figure 4. Proportion of poverty rate with and without social transfers (incl. pensions), 2005–2013<sup>1</sup> (percentage)**



<sup>1</sup> The data source for income information of 2012 and 2013 changed – in addition to the Social Survey and the databases used earlier (Estonian National Social Insurance Board, Health Insurance Fund, Unemployment Insurance Fund), the data of the Tax and Customs Board were used. Hence, due to the presumed significant impact of the change of data source, the data of 2012–2013 must be considered an interruption of time series. Due to the change of data source, the data published for 2012 were corrected on May 13, 2015.

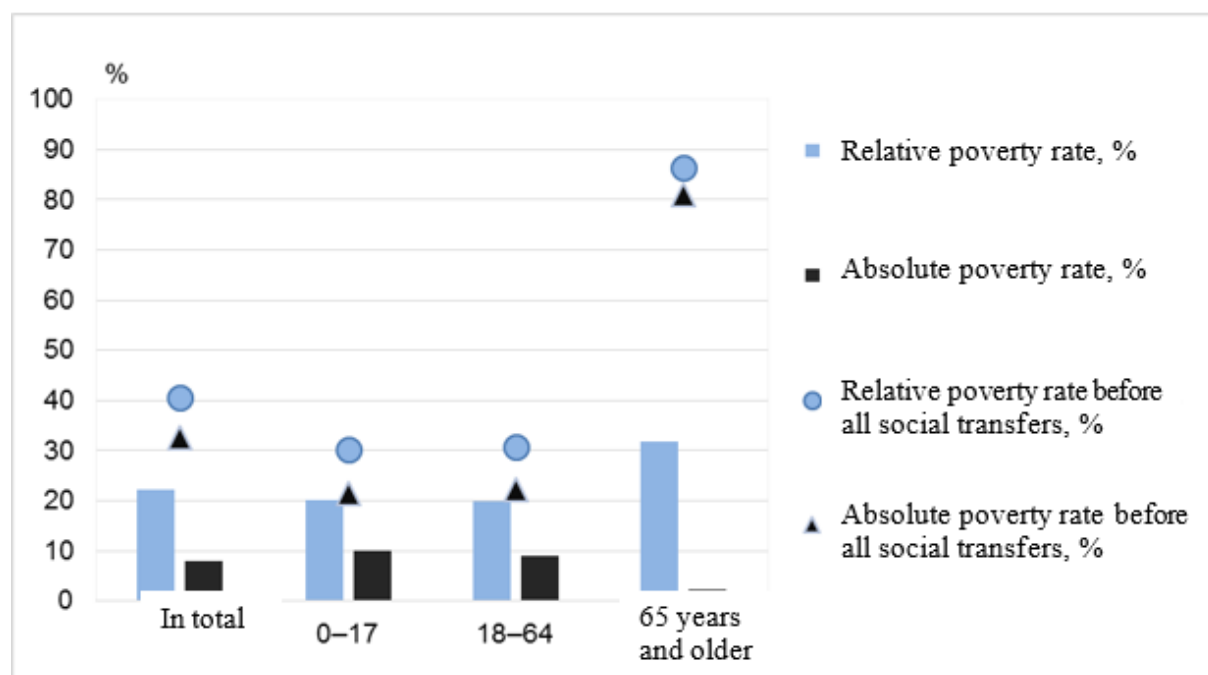
*Source: Statistics Estonia, Estonian Social Survey 2006–2014 (income years 2005–2013)*

Social transfers have the strongest influence on poverty among population 65 years old and older. Without the social transfers, in 2013, 81% and 86.3% of the population 65 years old and older would have lived in absolute and relative poverty, respectively.

As we observe the relative poverty rate among children before and after social transfers, it can be said that in 2013 the social transfers (including pensions and family benefits) reduced the at-risk-of-poverty rate for children by 9.9 percentage points, thus by almost 33% (from 30.1% to 20.2%). Compared to 2012, the impact of social transfers on poverty has decreased by 3.9 percentage points. The diminishing impact of social transfers on children can also be explained by improved situation in the economy, decrease in unemployment and increase in employment-gained income of the population.



**Figure 5. Absolute and relative poverty rate for the total population and by age groups before and after all social transfers (incl. pensions), 2013**



Source: Statistics Estonia, Estonian Social Survey 2014 (income year 2013)

The following sections provide an overview of the impact of social transfers on poverty in 2013 in detail by different social transfer types.

### Various unemployment benefits

In Estonia, the main unemployment benefits are unemployment insurance benefit and unemployment allowance. In 2013, 8.4% and 22.4% of the population, respectively, would have lived in absolute and relative poverty without these benefits; the combined impact of the benefits on absolute and relative poverty of the population represents, 0.4 and 0.3 percentage points, respectively. By age groups, the impact of various unemployment benefits is the strongest on absolute poverty of children (0-17) (0.6 percentage points).

**Table 2. Impact of unemployment benefits on absolute and relative poverty of the total population and various age groups, 2013 (percentage points<sup>1</sup>)**

	Total	0-17	18-64	65 and older
Absolute poverty	0.4	0.6	0.3	0
Relative poverty	0.3	0.2	0.3	0.1

<sup>1</sup> Difference in absolute and relative poverty rates before unemployment benefits and after all social transfers.

Source: Statistics Estonia, Estonian Social Survey 2014 (income year 2013)

## Family benefits and parental benefit

Family benefits and parental benefit play the most important role in supporting children and families with children and mitigating poverty. Among age groups, family benefits and parental benefit have the strongest effect on the absolute and relative poverty of children (0–17), and among household types the effect is strongest on the absolute and relative poverty of families with children.

In 2013, 16.3% and 24.8% of children under 18, respectively, would have lived in absolute and relative poverty without family benefits and parental benefit. In sum, family benefits and parental benefit decreased the absolute poverty rate of children (0–17) by 6.2 percentage points and their relative poverty rate by 4.6 percentage points: the absolute poverty rate decreased by 38% and the relative poverty rate by 19%. Family benefits and parental benefit calculated separately also had a strong influence on poverty of children.

**Table 10. Influence of family benefits and parental benefit on absolute and relative poverty of children (0–17), 2013 (percentage points<sup>1</sup>)**

	<b>Family benefits and parental benefit in total</b>	<b>Family benefits</b>	<b>Parental benefit</b>
Absolute poverty	6.2	3.9	2.7
Relative poverty	4.6	2.2	2.2

<sup>1</sup> Difference in absolute and relative poverty rates before family benefits and parental benefit and after social transfers.

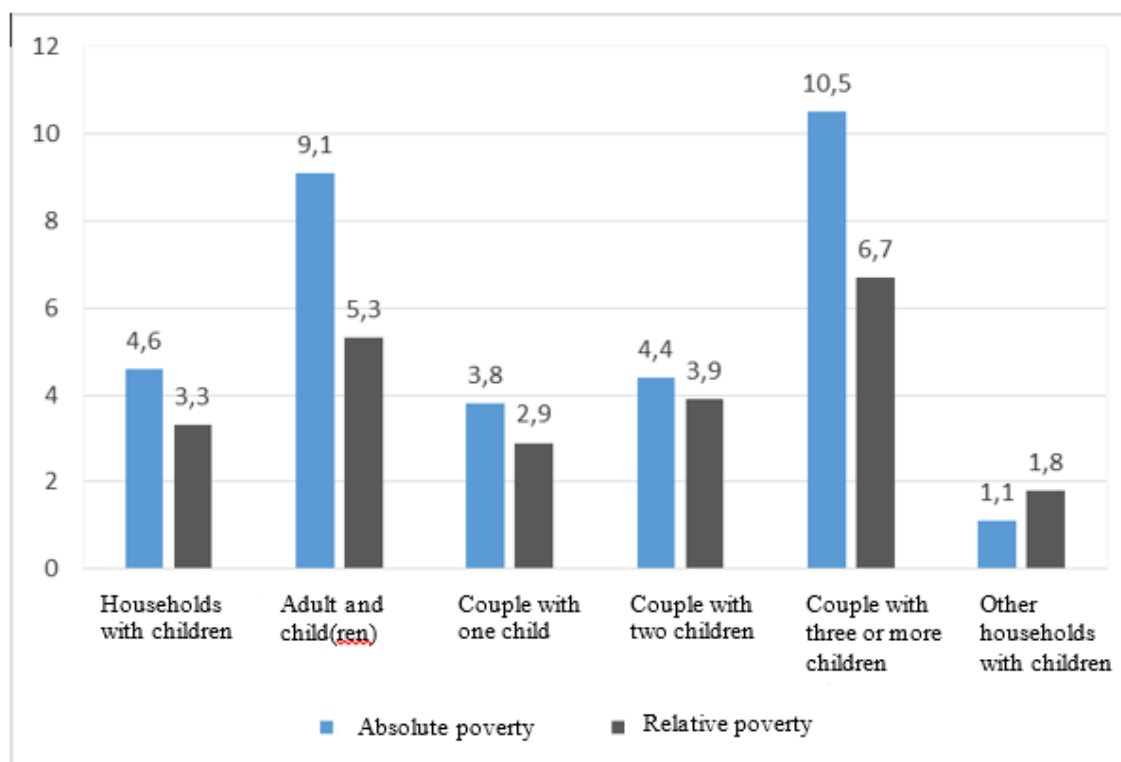
*Source: Statistics Estonia, Estonian Social Survey 2014 (income year)*

Among households with children, family benefits and parental benefit had the largest impact on households with a single parent and on couples having three or more children. The combined impact of benefits reduced the absolute poverty of couples with three or more children by 10.5 percentage points or 47% and their relative poverty by 6.7 percentage points or 23%; the absolute poverty of households with a single adult and a child/children was reduced by 9.1 percentage points or 37% and their relative poverty was reduced by 5.3 percentage points or 13%.

In total, the combined impact of family benefits and parental benefit resulted in a decrease of absolute poverty by 4.6 percentage points or 33% and relative poverty by 3.3 percentage points or 15% in all households with children.

The absolute poverty of all Estonian households was decreased by the combined effect of family benefits and parental benefit by 2.4 percentage points or 23% and their relative poverty by 1.9 percentage points or 8%.

**Figure 6. Combined effect of family benefits and parental benefit on various households with children, 2013 (percentage points<sup>1</sup>)**



<sup>1</sup> Difference in absolute and relative poverty rates before family benefits and parental benefit and after social transfers.

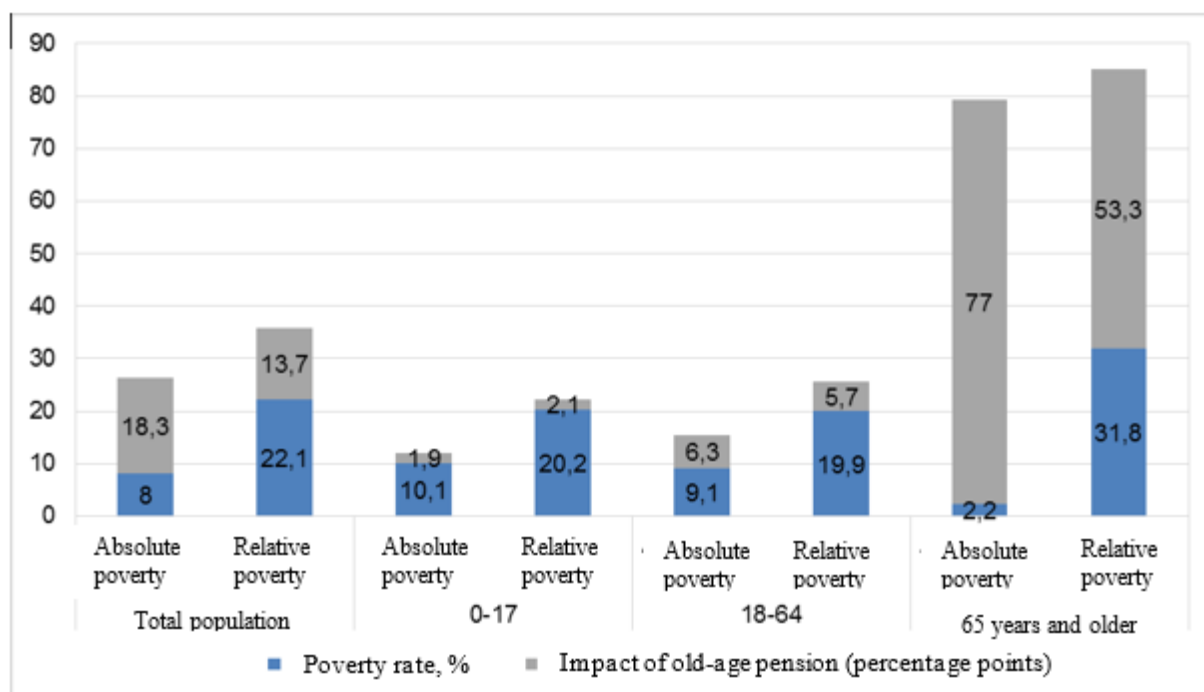
Source: Statistics Estonia, Estonian Social Survey 2014 (income year 2013)

## Old-age pension

Considered separately, old-age pension is the social transfer with the strongest effect on reducing poverty among all social transfers. In 2013, the absolute poverty of the population without old-age pension would have been 26.3% and its relative poverty would have been 35.8%; in other words, old-age pension reduced the absolute poverty of the total population by 18.3 percentage points or 70% and its relative poverty by 13.7 percentage points or 38%. Considering the total population, old-age pension had more influence for women than men.

Without old-age pension, all the main age groups of the population (0–17, 18–64, 65 and older) would have lived in bigger poverty in 2012. This means that we should not discuss old-age pension solely within the elderly coping context – income provided by old-age pension also influences the coping of household members who share the dwelling with an old-age pensioner. For example, old-age pension affected the decrease in both absolute and relative poverty among children by approximately 2 percentage points.

**Figure 7. Impact of old-age pension on absolute and relative poverty of the total population and by different age groups, 2013**



*Source: Statistics Estonia, Estonian Social Survey 2014 (income year 2013)*

Among various household types, old-age pension has the strongest poverty reducing impact in households without children and households with 64 year old and older family members. The decrease in poverty was most notable in absolute poverty (69.7 percentage points or 95%) and relative poverty (68.8 percentage points or 85%) in households of couples with no children and at least one member older than 64 years. In this household group there are elderly couples with old-age pension being the sole income of the household and therefore, the absence of old-age pension would leave the household with practically no income.

### **Survivor's pension**

In 2013, survivor's pension decreased the absolute poverty of the total population by 0.4 percentage points or 5% and their relative poverty by 0.3 percentage points or 1%. Survivor's pension is important for those households with an adult and children where after the death of one parent, the other parent has been left to raise the child or children alone. In total, survivor's pension decreased the absolute poverty of households with one adult and a child/children by 2.9 percentage points or 16% and their relative poverty by 1.2 percentage points or 3%.

### **Pension for incapacity for work**

Pension for incapacity for work is also a type of social transfer that has a considerable impact on reducing the poverty of the population. In 2013, pension for incapacity for work decreased the absolute poverty of the population by 3.4 percentage points or 30% and their relative poverty by 3.2 percentage points or 13%.

Pension for incapacity for work reduced most the absolute poverty (by 4.1 percentage points or 31%) and the relative poverty (by 3.7 percentage points or 16%) of the working-age population. Among the working-age population (18–64), the impact was bigger on men than on women.

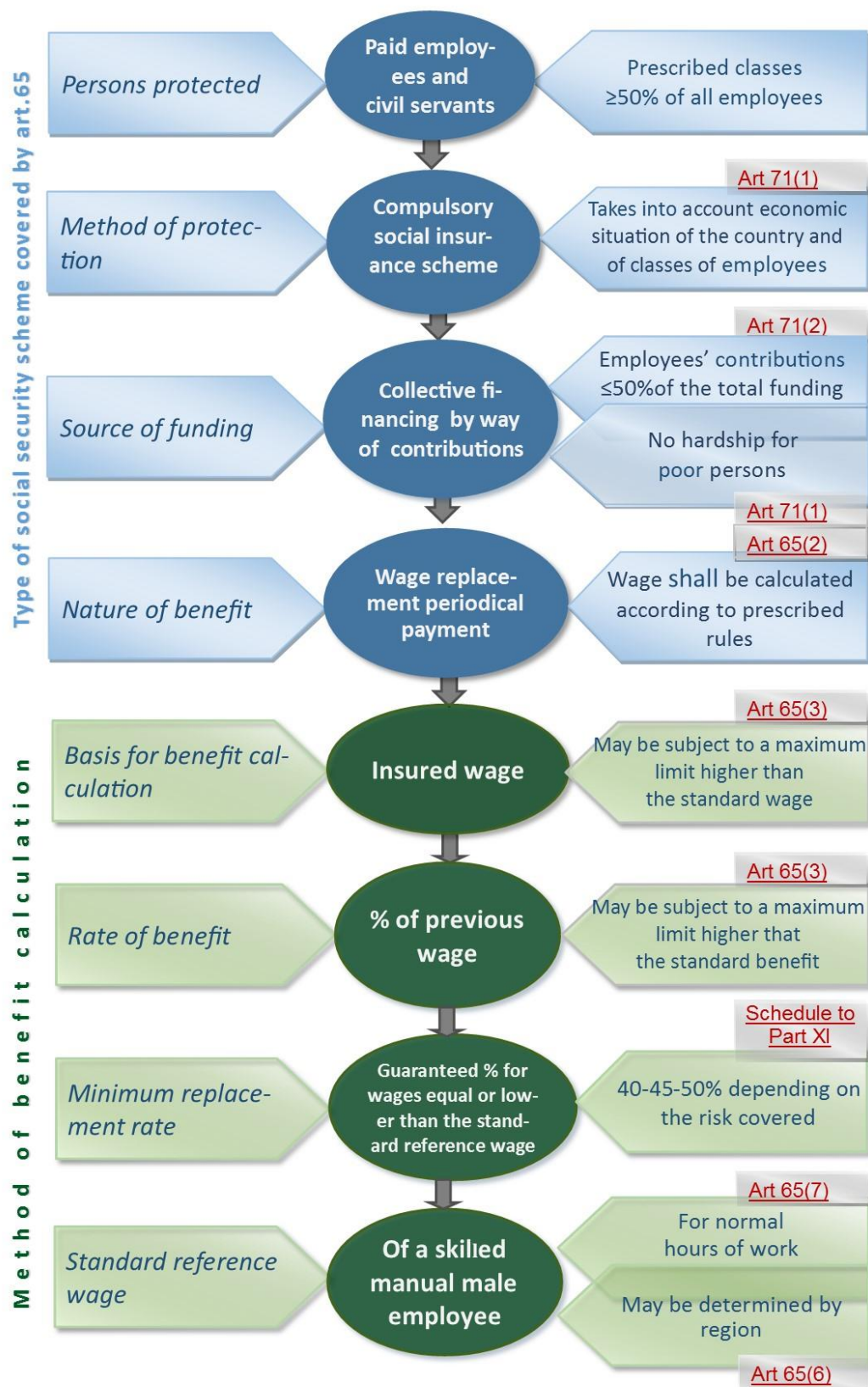
As we observe both households with and without children, the impact was strongest on households without children, in terms of both absolute and relative poverty. In 2013, pension for incapacity for work reduced the absolute poverty of households without children by 4.7 percentage points or 41% and their relative poverty by 4.1 percentage points or 14%.



*CHAPTER II. Selection of the Article 65, 66 or 67 under C102/ECSS and determination of the Standard Reference Wage used for calculating the replacement level of benefits*

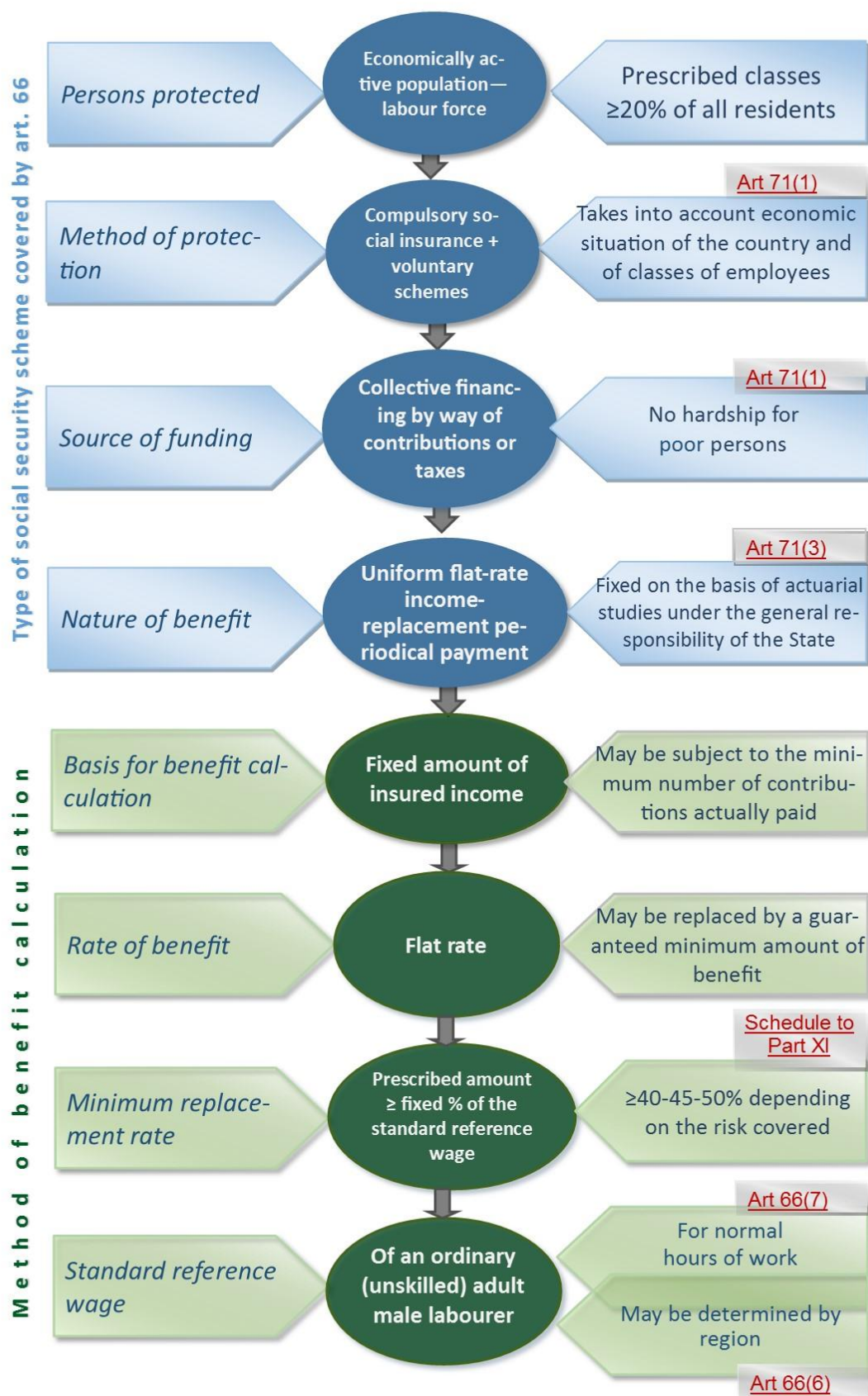
- [Fig. 1. Article 65: Type of social security schemes and method of benefit calculation](#)
- [Fig. 2. Article 66: Type of social security schemes and method of benefit calculation](#)
- [Fig. 3. Article 67: Type of social security schemes and method of benefit calculation](#)
- [Extracts from the Government Reports \(2012-2014\) on the ECSS concerning the Reference Wage](#)
- [Table 1. Calculation of the reference wage under all options permitted by Articles 65-66 of the ECSS/C102](#)
- [Fig.4. Comparison of the reported reference wage to other wage indicators in Estonia](#)

**Fig. 1. Article 65: Type of social security schemes and method of benefit calculation**

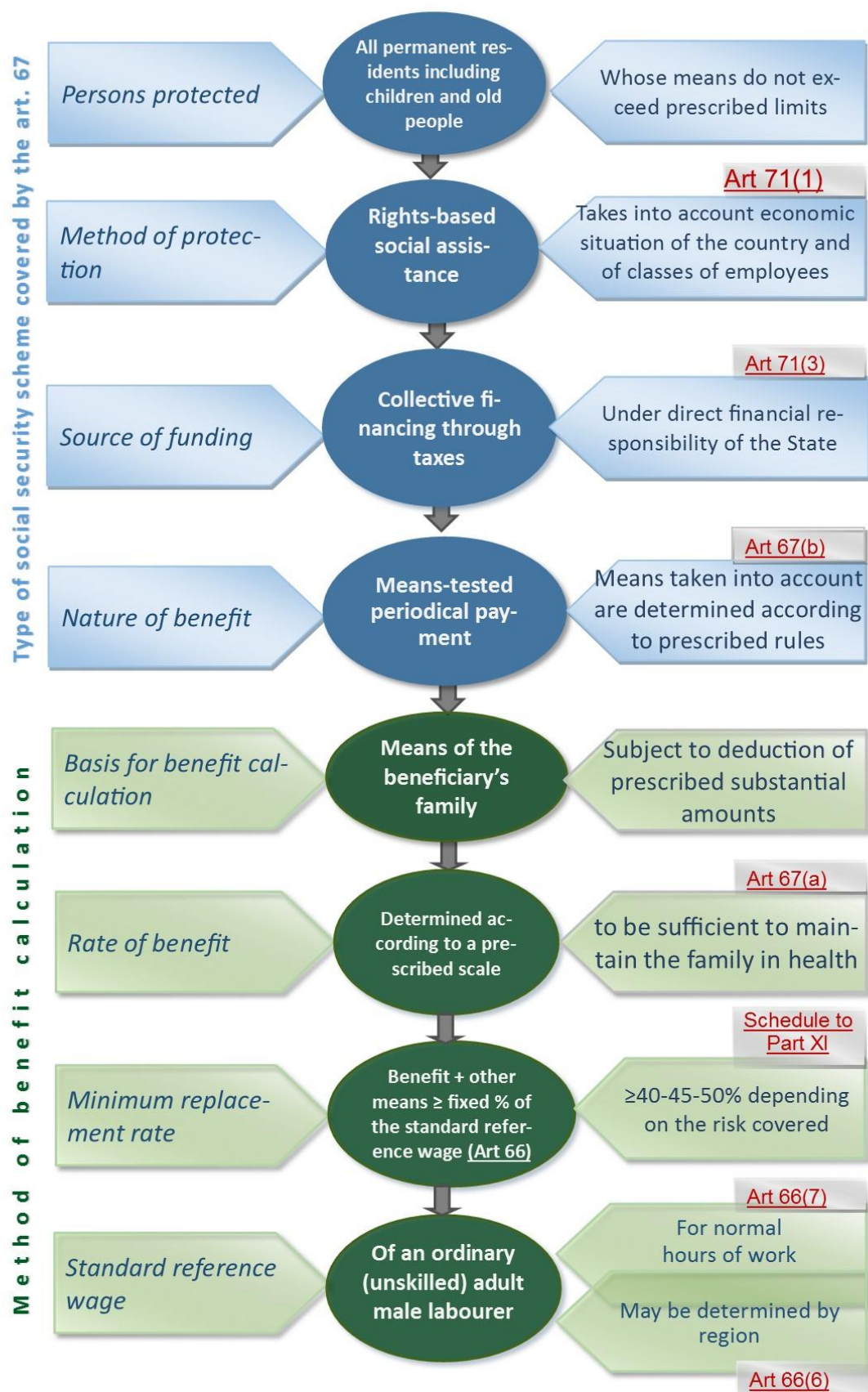




**Fig. 2. Article 66: Type of social security schemes and method of benefit calculation**



**Fig. 3. Article 67: Type of social security schemes and method of benefit calculation**



## **Extracts from the Government Reports (2012-2014) on the ECSS concerning the Reference Wage**

### ***Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2013 - 30 June 2014), p.10, 13***

Reference is made to Article 65 of the Code.

The average income of insured persons taxable with social tax was 849.65 euros per month in 2013 (data by the Social Insurance Board). In 2013 respectively, the gross earnings of a skilled male worker pursuant to Article 65 (6) (c) of the Code were as follows:  $1.25 * 849.65 = 1,062.06$  euros.

### ***Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2013 - 30 June 2014), p.16-17***

Titles I and III Article 66

a. Regular unskilled male worker is defined as an unskilled male industry worker (ISCO-08 International Standard Classification of Occupations, occupation code 9).

b. In 2013, the average gross hourly wage of a regular unskilled male worker for full-time and part-time work was 3 euros and 81 cents (the calculation is based on the survey of Statistics Estonia from October 2010 (gross hourly wage of full-time and part-time employees), according to which the gross hourly wage of an unskilled male worker (main group) was 3 euros and 09 cents, and a survey on wage differences based on sex, according to which the average gross hourly fee of male processing industry workers was 6.20 euros) (PA5335). According to the calculations, the gross hourly wage of an unskilled male worker in October was 61.4 per cent of the gross hourly wage of an unskilled male processing industry worker. Thus, according to estimations, the hourly wage of an unskilled male worker is 3.81 euros and the calculated gross monthly wage 624.40 euros (average number of hours 163.9 according to the wage calculation by Statistics Estonia). Since the income-tax-free minimum for 2013 was 144 euros per month, the income tax rate was 21%, the unemployment insurance premium rate was 2.0% and the rate of contributions to the mandatory funded pensions (the second pillar of pension insurance) for people who had joined pension insurance was 2%, then in this case the net wage was 503.78 euros.

### ***Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2012 - 30 June 2013), p.10***

The average income of insured persons taxable with social tax was 792.75 euros per month in 2012 (data by the Social Insurance Board). In 2012 respectively, the gross earnings of a skilled male worker pursuant to Article 65 (6) (c) of the Code were as follows:

$1.25 * 792.75 = 990.94$  euros.

***Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2011 - 30 June 2013), p.18***

Regular unskilled male worker is defined as an unskilled male industry worker (ISCO-08 International Standard Classification of Occupations, occupation code 9) – Article 66 (6) b

In 2012, the average gross hourly wage of a regular unskilled male worker for full-time and part-time work was 3 euros and 53 cents (the calculation is based on the survey of Statistics Estonia from October 2010 (gross hourly wage of full-time and part-time employees), according to which the gross hourly wage of an unskilled male worker (main group) was 3 euros and 09 cents, and a survey on wage differences based on sex, according to which the average gross hourly fee of male processing industry workers was 5.75 euros). According to the calculations, the gross hourly wage of an unskilled male worker in October was 61.4 per cent of the gross hourly wage of an unskilled male processing industry worker. Thus, according to estimations, the hourly wage of an unskilled male worker is 3.53 euros and the calculated gross monthly wage 581.55 euros (average number of hours 164.6 according to the wage calculation by Statistics Estonia).

Since the income-tax-free minimum for 2012 was 144 euros per month, the income tax rate was 21%, the unemployment insurance premium rate was 2.8% and the rate of contributions to the mandatory funded pensions (the second pillar of pension insurance) for people who had joined pension insurance was 2%, then in this case the net wage was 467.61 euros.

**Table 1. Calculation of the reference wage under all options permitted by articles 65-66 of the ECSS/C102**

Articles in the ECSS/C.102		Comments	Reference wage: amount	
			ILO calculations 22-2010	Government <sup>23</sup>
Article 65 (para 6): a skilled manual male employee				
Option 1	Art.65 (6)a: a fitter or turner in the manufacture of machinery other than electrical machinery	occupations of fitter and turner can be found among skilled employees of ISCO 08 <sup>24</sup> (group 7)	N/A	
Option 2	Art.65 (6)b: a person deemed typical of skilled labour	a skilled employee of the ISIC rev.4 <sup>25</sup> group with the highest number of male employees: <i>typical skilled male worker in manufacturing</i>	814 euros <sup>26</sup>	
Option 3	Art.65 (6)c: a person whose earnings are equal to 125 per cent of the average earnings of all the persons protected	in countries where all employees are protected average wage is normally used	971 euros <sup>27</sup> (full-time and part-time employees)	<b>Parts III, IV, VIII:</b> average income of insured persons taxable with social tax 1.25 * 849.65 = 1,062.06 euros (2013) <sup>28</sup> 1.25 * 792.75 = 990.94 euros (2012) <sup>29</sup>  The average income of insured persons taxable with social tax was 908.12 euros per month in 2014 (data by the Social Insurance Board). Respectively, the gross monthly earnings of a regular skilled male worker pursuant to Article 65 (6) (c) of the Code were as follows in 2014: 1.25 * 908.12 = 1,135.15 euros.
Article 66 (para 4): an ordinary male labourer				
Option 4	Art.66 (4)a: a person deemed typical of unskilled labour in the manufacture of machinery other than electrical machinery	an employee of the ISIC rev.4 Manufacture of machinery (2-digit level of the classification: ISIC Rev.4 Section C. Manufacturing, code 28)	N/A	
Option 5	Art.66 (4)b: a person deemed typical of unskilled labour	an unskilled employee of the ISIC rev.4 group with the highest number of male employees: <i>typical unskilled male worker in manufacturing</i>	600 euros <sup>30</sup>	<b>Parts V, VII, IX, X:</b> 624.40 euros (2013) <sup>31</sup> 581.55 euros (2012) <sup>32</sup> <b>Gross wage of a regular unskilled male worker</b> is calculated and forecasted on the basis of gross hourly wage of a male worker in processing industry. Processing industry was chosen because it has been the industry with the largest number of employees (20% of all employees) for years (101.9 thousand employees in 2014)

\* Gross wages are used unless stated otherwise

<sup>22</sup> ILO calculations based on EUROSTAT data from Labour Force Survey - LFS-2013 and SES-2010 (see detailed information further)

<sup>23</sup> Reference wage reported by the Government on the application of ECSS and C.102

<sup>24</sup> ISCO 08 – International Standard Classification of Occupations 2008 (detailed explanation to follow) <http://www.ilo.org/public/english/bureau/stat/isco/isco08/>

<sup>25</sup> ISIC rev.4 - International Standard Industrial Classification of All Economic Activities, Rev.4, 2008

<http://unstats.un.org/unsd/cr/registry/isic-4.asp>

<sup>26</sup> Structure of earnings survey (SES)– Eurostat, 2010 [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses10\\_48&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses10_48&lang=en)

<sup>27</sup> Structure of earnings survey (SES) – Eurostat, 2010 [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses\\_monthly&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses_monthly&lang=en)

<sup>28</sup> Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2013 - 30 June 2014), p.10, 13

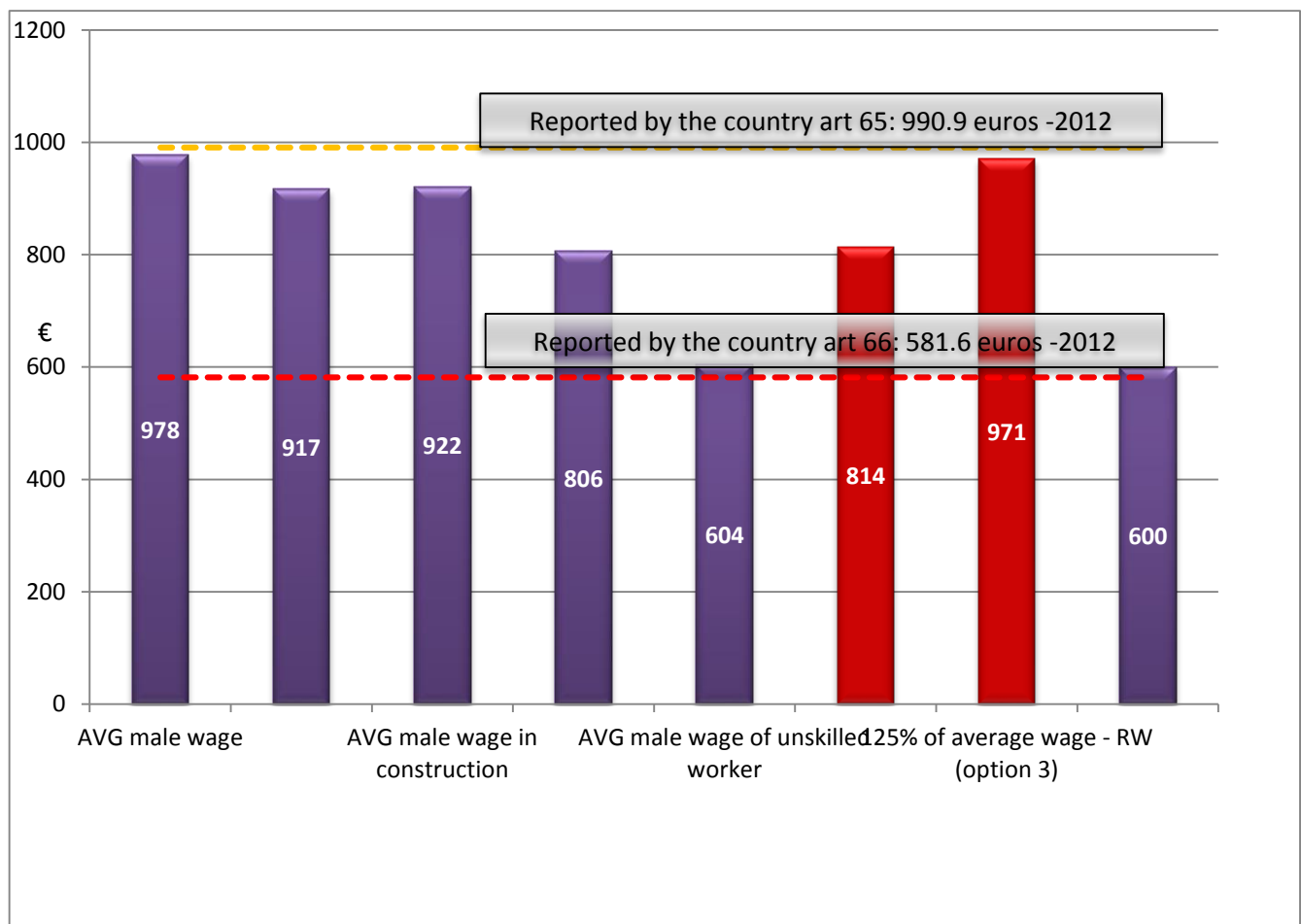
<sup>29</sup> Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2012-30 June 2013), p.10

<sup>30</sup> Structure of earnings survey – Eurostat, 2010 [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses10\\_48&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses10_48&lang=en)

<sup>31</sup> Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2013 - 30 June 2014), p.16-17

<sup>32</sup> Report of Estonia under Article 74 of the European Code of Social Security and its Protocol (1 July 2012 - 30 June 2013), p.18

**Fig. 4. Comparison of the reported reference wages to other wage indicators in Estonia, 2010, euros**



Source: Eurostat SES - [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses10\\_48&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses10_48&lang=en) and [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses\\_monthly&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses_monthly&lang=en) for option 3 – 125% of average wage (working time includes both full-time and part-time employees)



*CHAPTER III. Integrated Management of compliance and reporting obligations of Estonia under social security provisions of the ratified international treaties on social rights*

- [Table 1. Up-to-date social security standards in force](#)
- [Table 2. Pending comments of the supervisory bodies](#)
- [Table 3. Up-to-date standards on which reports are due in 2016](#)
- [Table 4. Up-to-date standards on which reports are due in 2017](#)
- [Next detailed report of Estonia under Article 74 of the ECSS. \(Extract from CEACR 2015 Conclusions\)](#)
- [Coordination of reporting between the ECSS and C102. Form for the annual report on the European Code of Social Security](#)
- [Fig. 1. Time management of the 5 years reporting cycle \(2011-2016/17\) on international and European social security standards](#)
- [Fig. 2. Time management for reporting on social security standards in 2016](#)

Table 1. Up-to-date social security standards in force

<div>Social Human Rights</div> <div>International treaties</div>	Right to health		Right to work		Right to just conditions of work	Right of the family and children to protection	Right of mothers to protection	Rights of persons with disabilities		Right to an adequate standard of living	Financing & Organization
ICECSR	Right to Social Security Art.9										
	Art.12		Art.6		Art.7§b	Art.10§1§3	Art.10§2			Art.7§a§ii, 11§1	Art.2§1, 4, 5
UN Conventions					CRPD	CRC	CEDAW	CRPD			
ESC Revised	Art.11, 13§1		Art.1§1§3	Art.23	Art.3§1§2§3, 15§2	Art.16, 27§1b,c	Art.8§1	Art.15 §1§3		Art.4§1	
					Art.3§4					Art.13§1§2 §3, 14, 30	
	Right to Social Security Art.12§1§2§3										
Protocol	II	III	IV	V	VI	VII	VIII	IX	X	Schedule to XI	
ECSS	Medical care Part II	Sickness benefit Part III	Unemployment benefit Part IV	Old-age benefit Part V	Employment injury benefit Part VI	Family benefit Part VII	Maternity benefit Part VIII	Invalidity benefit Part IX	Survivor's benefit Part X	Level of benefits Part XI	Financing& Organization Part XII
C102	Part II	Part III	Part IV	Part V	Part VI	Part VII	Part VIII	Part IX	Part X	Part XI	Part XIII
ILO Conventions					C121					C121 Art.19-21	C121 Art.22-26
				C128 Part III				C128 Part II	C128 Part IV	C128 Part V	C128 Part VI
	C130 Part II	C130 Part III								C130 Part III	C130 Part IV
			C168				C183 Art.6,7			C168 Art.15,16	C168 Part VIII



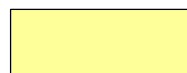
Social Security Standards in force for Estonia



Social Security Standards not in force



<div>Social Human Rights</div> <div>International treaties</div>	Right to health		Right to work		Right to just conditions of work	Right of the family and children to protection	Right of mothers to protection	Rights of persons with disabilities		Right to an adequate standard of living	Financing & Organization
ICECSR	Right to Social Security Art.9										
	Art.12		Art.6		Art.7§b	Art.10§1§3	Art.10§2			Art.7§a§ii, 11§1	Art.2§1, 4, 5
UN Conventions					CRPD	CRC	CEDAW	CRPD			
ESC Revised	Art.11		Art.1§1§3	Art.23	Art.3§1§2§3, 15§2	😞 Art.16	Art.8§1	Art.15§1		Art.4§1	
	😞 Art.13§1				😞 Art.13§1	Art.13§2§3, 14, 30					
	Art.13§1	😞 Right to Social Security Art.12§1									
	Art.12§2§3										
	Protocol	II	III	IV	V	VI	VII	VIII	IX	X	Schedule to XI
ECSS	Medical care Part II	Sickness benefit Part III	Unemployment benefit Part IV	Old-age benefit Part V	Employment injury benefit Part VI	Family benefit Part VII	Maternity benefit Part VIII	Invalidity benefit Part IX	Survivor's benefit Part X	Level of benefits Part XI	Financing& Organization Part XII
C102	Part II	Part III	Part IV	Part V	Part VI	Part VII	Part VIII	Part IX	Part X	Part XI	Part XIII
ILO Conventions					C121					C121 Art.19-21	C121 Art.22-26
				C128 Part III				C128 Part II	C128 Part IV	C128 Part V	C128 Part VI
	C130 Part II	C130 Part III								C130 Part III	C130 Part IV
			C168				C183 Art.6,7			C168 Art.15,16	C168 Part VIII



Pending comments of the supervisory bodies



critical comments or non-compliance

**Table 2. Pending comments of the supervisory bodies**

Table 3. Up-to-date standards on which reports are due in 2016

<div>Social Human Rights</div> <div>International treaties</div>	Right to health		Right to work		Right to just conditions of work	Right of the family and children to protection	Right of mothers to protection	Rights of persons with disabilities		Right to an adequate standard of living	Financing & Organization
ICECSR	Right to Social Security Art.9										
	Art.12		Art.6		Art.7§b	Art.10§1§3	Art.10§2			Art.7§a§ii, 11§1	Art.2§1, 4, 5
UN Conventions					CRPD	CRC	CEDAW	CRPD			
ESC Revised	Art.11, 13§1		Art.1§1§3	Art.23	Art.3§1§2§3	Art.16, 27§1b,c	Art.8§1	Art.15 §1§3		Art.4§1	
					Art.15§2					Art.13§1§2 §3, 14, 30	
					Art.3§4						
	Right to Social Security Art.12§1§2§3										
Protocol	II	III	IV	V	VI	VII	VIII	IX	X	Schedule to XI	
ECSS	Medical care Part II	Sickness benefit Part III	Unemployment benefit Part IV	Old-age benefit Part V	Employment injury benefit Part VI	Family benefit Part VII	Maternity benefit Part VIII	Invalidity benefit Part IX	Survivor's benefit Part X	Level of benefits Part XI	Financing& Organization Part XII
C102	Part II	Part III	Part IV	Part V	Part VI	Part VII	Part VIII	Part IX	Part X	Part XI	Part XIII
ILO Conventions					C121					C121 Art.19-21	C121 Art.22-26
				C128 Part III				C128 Part II	C128 Part IV	C128 Part V	C128 Part VI
	C130 Part II	C130 Part III								C130 Part III	C130 Part IV
			C168				C183 Art.6,7			C168 Art.15,16	C168 Part VIII



Report in 2016

<div>Social Human Rights</div> <div>International treaties</div>	Right to health		Right to work		Right to just conditions of work	Right of the family and children to protection	Right of mothers to protection	Rights of persons with disabilities		Right to an adequate standard of living	Financing & Organization
ICECSR	Right to Social Security Art.9										
	Art.12		Art.6		Art.7§b	Art.10§1§3	Art.10§2			Art.7§a§ii, 11§1	Art.2§1, 4, 5
UN Conventions					CRPD	CRC	CEDAW	CRPD			
ESC Revised	Art.11, 13§1		Art.1§1§3	Art.23	Art.3§1§2§3, 15§2	Art.16, 27§1b,c	Art.8§1	Art.15 §1§3		Art.4§1	
					Art.3§4					Art.13§1§2 §3, 14, 30	
	Right to Social Security Art.12§1§2§3										
Protocol	II	III	IV	V	VI	VII	VIII	IX	X	Schedule to XI	
ECSS	Medical care Part II	Sickness benefit Part III	Unemployment benefit Part IV	Old-age benefit Part V	Employment injury benefit Part VI	Family benefit Part VII	Maternity benefit Part VIII	Invalidity benefit Part IX	Survivor's benefit Part X	Level of benefits Part XI	Financing& Organization Part XII
C102	Part II	Part III	Part IV	Part V	Part VI	Part VII	Part VIII	Part IX	Part X	Part XI	Part XIII
ILO Conventions					C121					C121 Art.19-21	C121 Art.22-26
				C128 Part III				C128 Part II	C128 Part IV	C128 Part V	C128 Part VI
	C130 Part II	C130 Part III								C130 Part III	C130 Part IV
			C168				C183 Art.6,7			C168 Art.15,16	C168 Part VIII



Report in 2017

**Table 4. Up-to-date standards on which reports are due in 2017**

## **Next detailed report of Estonia under Article 74 of the ECSS**

*(Extract from CEACR 2015 Conclusions)*

In accordance with the reporting cycle on the Code, by 31 July 2016, the Government shall submit once in five years a detailed report covering the period since the last detailed report from 1 July 2011 to 30 June 2016. By 31 October 2016, the Government will also have to report on the application of the accepted provisions of the European Social Charter belonging to the thematic group “Health, social security and social protection”, which includes the right to protection of health (Article 11), the right to social security (Article 12), the right to social and medical assistance (Article 13), the right to benefit from social welfare services (Article 14), the right of elderly persons to social protection (Article 23), the right to protection against poverty and social exclusion (Article 30). The Committee observes that these articles of the Charter are directly related to many provisions of the Code, which form a single legal space of the European social security law. Taking into account that the reference period for the report on the Charter (1 January 2012 to 31 December 2015) falls inside the abovementioned period for a detailed report on the Code, the Government may wish to coordinate the fulfilment of its reporting under these instruments in order to improve the quality and consistency of the information provided. Such coordination could be extended further to include reporting on the social security provisions of the United Nations human rights treaties, including the International Covenant on Economic, Social and Cultural Rights, Estonia’s periodic report on which is due in December 2016.

With regard to coordination of compliance obligations, the Committee recalls that, in formulating its country conclusions on the application of the Code, it takes account of the relevant observations made by other supervisory bodies, such as the European Committee of Social Rights and the United Nations Committee on Economic, Social and Cultural Rights. To facilitate the integrated management of Estonia’s obligations under the social security provisions of the main European and international treaties on social rights, the Committee refers the Government to the coordination tables and reporting timelines presented in the attached ILO technical note, together with the structured compilation of the comments made by their supervisory bodies. The Committee hopes that such a holistic vision will help the Government to apply the rights-based approach to its fiscal consolidation policy and complement it by the legal consolidation of all international obligations binding Estonia to the full respect of social security rights.

**Coordination of reporting between the ECSS and C102**  
**Form for the annual report on the European Code of Social Security (as modified**  
**by the Protocol additional thereto)**

If a Government is bound by similar obligations as a result of having ratified the Social Security (Minimum Standards) Convention adopted by the 1952 General Conference of the International Labour Organisation, it may communicate of the Council of Europe copies of the reports it submit to the International Labour Office on the implementation of this Convention.

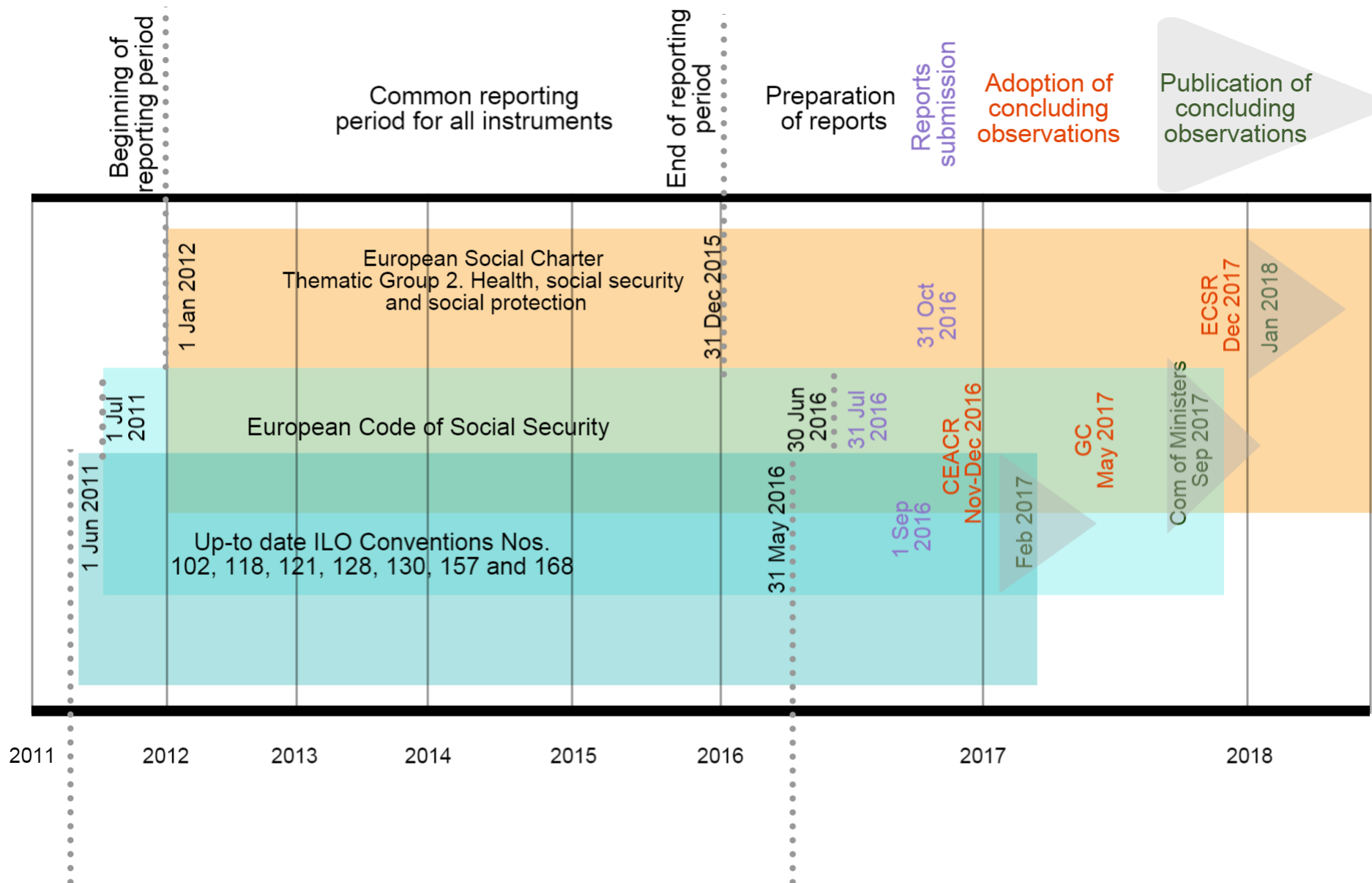
Council of Europe, Strasbourg 1967

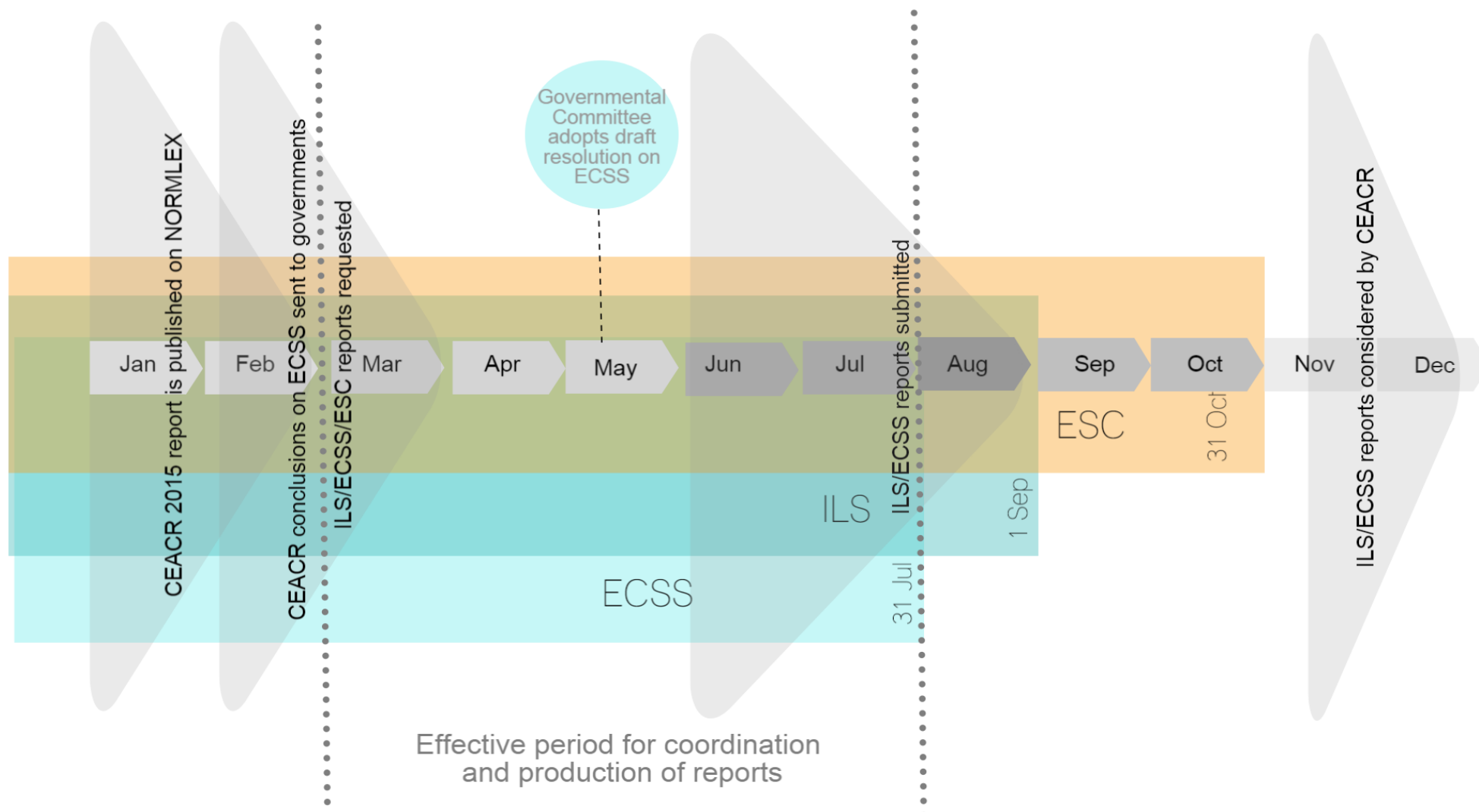
The timeline chart illustrates the reporting period for all instruments from 2011 to 2018. The chart is divided into three main horizontal bars representing different instruments:

- Up-to date ILO Conventions Nos. 102, 118, 121, 128, 130, 157 and 168** (light blue bar, 1 Jun 2011 to 31 May 2016)
- European Code of Social Security** (medium green bar, 1 Jul 2011 to 30 Jun 2016)
- European Social Charter Thematic Group 2. Health, social security and social protection** (orange bar, 1 Jan 2012 to 31 Dec 2015)

Key events and dates are marked along the timeline:

- Beginning of reporting period** (1 Jun 2011)
- End of reporting period** (31 Dec 2015)
- Preparation of reports** (30 Jun 2016)
- Reports submission** (31 Oct 2016)
- Adoption of concluding observations** (31 Jul 2016)
- Publication of concluding observations** (31 May 2016)
- CEACR** (Nov-Dec 2016)
- GC** (May 2017)
- Com of Ministers** (Sep 2017)
- ECSR** (Dec 2017)





**Fig. 2. Time management for reporting on social security standards in 2016**





*Chapter IV. Concluding observations of the supervisory bodies concerning provisions of the ratified international treaties on social rights and statements of other international bodies reviewing national economic and social policy*

- [Table 1. International treaties on social rights ratified by Estonia](#)
- [Table 2. Monitoring Mechanisms of State Party Compliance and Reporting Obligations](#)

1. [\*\*United Nations\*\*](#)

- [International Covenant on Economic, Social and Cultural Rights](#)
- [Convention on the Rights of the Child](#)
- [Convention on the Elimination of All Forms of Discrimination against Women](#)
- [Convention on the Right of Persons with Disabilities](#)

2. [\*\*Council of Europe\*\*](#)

- [European Social Charter](#)
- [European Code of Social Security](#)

3. [\*\*International Labour Organization\*\*](#)

4. [\*\*EU Country-Specific Recommendations: 2015\*\*](#)

**Table 1. In force international treaties on social rights ratified by Estonia**

<b>Body</b>	<b>International Treaty</b>	<b>Entry into force for Estonia</b>	<b>Next report due on</b>
<b>United Nations</b>	<b>ICESCR</b>	<b>21 Oct 1991</b>	<b>2 Dec 2016</b>
	<b>Convention on the Rights of the Child</b>	<b>21 Oct 1991</b>	<b>Submitted 2 Jul 2014, tbc in 2016</b>
	<b>Convention on the Elimination of All Forms of Discrimination against Women</b>	<b>21 Oct 1991</b>	<b>Submitted 24 Mar 2015, tbc in 2016</b>
	<b>Convention on the Rights of People with Disabilities</b>	<b>30 May 2012</b>	<b>30 Jun 2014 (not submitted)</b>
<b>Council of Europe</b>	<b>European Code of Social Security</b>	<b>20 May 2005</b>	<b>1 Jul – 31 Aug 2016</b>
	<b>European Social Charter</b>	<b>11 Sep 2000</b>	<b>31 Oct 2015</b>
<b>International Labour Organization</b>	<b>Convention 102</b>		
	<b>Convention 103</b>		
	<b>Convention 121</b>		
	<b>Convention 128</b>		
	<b>Convention 130</b>		
	<b>Convention 168</b>		
	<b>Convention 183</b>		
<b>European Union</b>	<b>Country-Specific Recommendation of 14 July 2015</b>		

**Table 2. Monitoring Mechanisms of State Party Compliance and Reporting Obligations**

<b>Instrument</b>	<b>Supervisory body</b>	<b>Type of a State party report/Reporting cycle</b>	<b>Comments of a supervisory body</b>
International Covenant on Economic, Social and Cultural Rights <b>(ICESCR)</b>	Committee on Economic, Social and Cultural Rights <b>(CESCR)</b>	Periodic reports – every 5 years; initial report – within one year after the entry into force (Art.17)	Concluding observations of the CESCR
Convention on the Rights of the Child	Committee on the Rights of the Child <b>(CRC)</b>	Periodic reports – every 5 years; initial report – within two years after the entry into force (Art.44)	Concluding observations of the CRC
Convention on the Elimination of All Forms of Discrimination against Women	Committee on the Elimination of Discrimination against Women <b>(CEDAW)</b>	Periodic reports – every 4 years; initial report – within one year after the entry into force (Art.18)	Concluding observations of the CEDAW
Convention on the Rights of People with Disabilities	Committee on the Rights of Persons with Disabilities <b>(CRPD)</b>	Periodic reports – every 4 years; initial report – within two years after the entry into force (Art.35)	Concluding observations of the CRPD
European Code of Social Security <b>(ECSS)</b>	ILO Committee of Experts on the Application of Conventions and Recommendations <b>(CEACR)</b> ; European Committee on Social Rights <b>(ECSR)</b> ; Governmental Committee of the European Social Charter and the European Code of Social Security; Committee of Ministers of the Council of Europe.	Full reports – every five years in conjunction with the ILO Convention 102; Annual reports every year (Art.74).	Conclusions of the CEACR; Report and recommendations of the GC; Resolutions of the Committee of Ministers.
European Social Charter/ Revised European Social Charter <b>(ESC)</b>	European Committee on Social Rights <b>(ECSR)</b> ; Governmental Committee <b>(GC)</b> of the European Social Charter and the European Code of Social Security; Committee of Ministers of the Council of Europe.	Normal reports – annually on one of four thematic groups; simplified reports – every two years in case of acceptance of the collective complaints procedure.	Conclusions (national reports) and decisions (collective complaints) of the ECSR; Report and recommendations of the GC; Resolutions of the Committee of Ministers.
ILO Conventions (C102, C121, C128, C130, C168, C183)	Committee of Experts on the Application of Conventions and Recommendations <b>(CEACR)</b> ; Conference Committee on the Application of Standards <b>(CAS)</b> .	Five-year cycle – simplified reports under the ILO technical conventions; detailed report – one year following the entry into force.	Observations and direct requests of the CEACR; Conclusions of the CAS.

## 1. United Nations

### International Covenant on Economic, Social and Cultural Rights – Concluding observations 2011 (the numeration of comments is kept in accordance to the original file with observation)

[\*UN Office of the High Commissioner for Human Rights website link, Treaty bodies database\*](#)

8. The Committee notes with concern that the Equal Treatment Act does not prohibit discrimination on all grounds stipulated in article 2, paragraph 2 of the Covenant in the enjoyment of all economic, social and cultural rights.

**The Committee calls on the State party to adopt the necessary legislative amendments so as to prohibit discrimination on all grounds stipulated in article 2, paragraph 2 of the Covenant and in the exercise of all economic, social and cultural rights. The Committee also requests that the State party include in its next periodic report information and statistical data on court cases and complaints lodged to the Gender Equality and Equal Treatment Commissioner on discrimination, as well as actions taken thereon.**

10. The Committee expresses concern about the discrimination against the Russian-speaking population which continues to be disproportionately affected by unemployment and poverty. (art. 2, para. 2)

**The Committee calls on the State party to intensify its efforts to address the persistent disadvantages faced by the Russian-speaking population in the enjoyment of economic, social and cultural rights, and to ensure that strategies and policies adopted in this regard address both formal and substantive discrimination, and include the implementation of special measures in the field of employment.**

**Furthermore, the Committee calls on the State party to ensure that language requirements in relation to employment are based on reasonable and objective criteria, linked to the needs for the performance of each individual job, so as to avoid discrimination on the basis of language.**

13. The Committee is concerned that unemployment remains significant, in spite of the efforts of the State party. The Committee is also concerned about the vulnerability of the employment sector in the State party to economic shocks, as shown by the drastic surge in unemployment between 2008 and 2010. (arts. 6 and 7)

**The Committee recommends that the State party intensify its efforts in reducing unemployment and that measures taken in this regard also seek to reduce the vulnerability of the employment sector to economic shocks. The Committee also recommends that the State party closely monitor the enforcement of the Employment Contracts Act so as to ensure that the application of the provisions aimed at introducing flexibility in employment relations does not lead to violations of rights under articles 6 and 7 of the Covenant. The Committee refers the State party to its general comment No. 18 (2005) on the right to work.**

14. The Committee is concerned that, despite the efforts made by the State party aimed at raising awareness of the provisions of the Gender Equality Act among employers and workers, women remain disadvantaged in the labour market. In particular, women have greater difficulty to be reintegrated into the labour market and generally earn much less than male workers, including when they perform the same work. (arts. 6, 7 and 3)

The Committee urges the State party to take all necessary measures to ensure an effective enforcement of legislation on gender equality in employment and to create an enabling environment which promotes the participation of women in the labour market, including by ensuring the availability and affordability of day-care services in all regions. The Committee also calls on the State party to ensure that the formulation and the implementation of the plan to address the gender pay gap, called for by the Parliament, take account of the need to expand the mandate of labour inspectors to monitor discrimination in remuneration and the need to ensure equal remuneration for work of equal value.

15. The Committee is concerned that in spite of efforts undertaken, a large proportion of persons with disabilities are still unemployed. (arts. 6, and 2, para.2)

**The Committee recommends that the State party intensify efforts aimed at providing persons with disabilities with the opportunity to secure an appropriate employment. The Committee recommends that the State party continue to raise awareness of the rights of persons with disabilities as well as of incentives in place, and to address the obstacles identified, such as accessibility and transport. The Committee also calls on the State party to ensure that measures taken in this regard effectively aim at the realization of the right to gain a living by work freely chosen or accepted.**

16. The Committee remains concerned that, in spite of the significant increase in the level of the minimum wage, it does not provide a decent living for workers and their families. (art. 7)

**The Committee recommends that the State party take the necessary measures to ensure that the level of the minimum wage provides a decent living for workers and their families.**

18. The Committee is concerned that a significant number of persons receiving social security benefits live in poverty. Moreover, the Committee expresses concern about the limited duration of the payment of unemployment benefits. (art. 9)

**The Committee calls on the State party to review its social security policy to ensure that benefits, both in terms of amount and duration guarantee an adequate standard of living to recipients and their families. The Committee refers the State party to its general comment No. 19 (2007) on the right to social security.**

19. The Committee is concerned that unemployment benefits are not paid in cases where the employment contract has been terminated due to professional fault. (art. 9)

**The Committee urges the State party to rescind the condition imposed on the payment of unemployment benefits, as regards the motive of termination of the employment contract.**

22. The Committee notes with concern the acute shortage of housing, including social housing, in Tallinn and, to a lesser extent, in cities and towns as well as rural municipalities, which undermines the ability of the State party to provide accommodation especially for disadvantaged and marginalized individuals and groups. The Committee also regrets that it has not been provided with information on the circumstances in which evictions can be conducted without court decisions. (art. 11)

**The Committee urges the State party to take the necessary measures to address the shortage of housing, including social housing, in all regions concerned, especially for disadvantaged and marginalized individuals and groups. The Committee also requests that the State party include in its next periodic report information on any enactment**

relating to evictions. In this regard, the Committee refers the State party to its general comment No. 7 (1997) on forced evictions.

23. The Committee notes with concern that, in spite of efforts undertaken, the number of persons living below the poverty line and those at risk of poverty remains high, particularly among non-Estonians. (art. 11).

**The Committee recommends that the State party formulate and implement policies and strategies to reduce poverty. In this regard, the Committee refers the State party to its 2001 statement on poverty and the Covenant.**

## **Convention on the Rights of the Child – Concluding observations 2010**

[\*UN OHCHR website link, Treaty bodies database\*](#)

19. The Committee notes with appreciation that, despite overall cuts in the budget for state administration, which are conditional to Estonia's entry into the euro area, the State party has allocated resources for the establishment and functioning of a new department on child and family policies within the Ministry of Social Affairs. The Committee, nevertheless, regrets that some areas of concern remain, including the insufficient budget, capacities and resources available to civil servants at the local level to offer a real access to justice to victims, as noted in the report of the Special Rapporteur on the sale of children, child prostitution and child pornography following her visit to Estonia in October 2008 (A/HRC/12/23/Add.2).

**20. The Committee recommends that the State party allocate, when planning its national budget, financial resources specifically for the implementation of the Optional Protocol. The Committee, in particular, recommends that the State party:**

**(a) Allocate additional human and financial resources to ensure the full implementation of the Optional Protocol in its entire territory, particularly in each of the 17 regional police units, strategically prioritizing the training and specialization of human resources;**

**(b) Strengthen the human, technical and financial capacities of the police for conducting criminal investigation of child pornography on the Internet, considering the particular challenges posed by this complex and globalized offence;**

**(c) Increase the human and financial resources available to social services with a view to raising the number of child protection workers to match the needs of individual local authorities and to raise the ratio of child protection workers deployed per 1,000 children.**

## **Convention on the Elimination of All Forms of Discrimination against Women – Concluding observations 2007**

[\*UN OHCHR website link, Treaty bodies database\*](#)

26. The Committee remains concerned about the lack of information on the situation of rural women, including their access to adequate health-care services, education, credit, social security and other facilities, and their participation in decision-making.

**27. The Committee requests the State party to provide, in its next report, a comprehensive picture of the de facto situation of rural women in all areas covered by the Convention.**

## **Convention on the Right of Persons with Disabilities – Concluding observations 2014**

No conclusions available.

## 2. Council of Europe

### European Social Charter

[\*Official website of the European Social Charter, link to conclusions\*](#)

#### **Article 1 – Right to work – Conclusions 2012**

##### **Paragraph 1 - Policy of full employment**

###### **Employment situation**

Trends on employment and unemployment deteriorated significantly in Estonia during the reference period – the employment rate amounted to 61.0% in 2010, a decline from 69.4% in 2007. The unemployment rate rose rapidly as a result of the crisis to a record high 16.9% in 2010 from 4.7% in 2007 (unemployment in Estonia was one of the highest in the EU-27, where the average was 9.7% in 2010). The youth unemployment rate was of 32.9% in 2010, a very sharp increase from 10.0% in 2007. As regards the long-term unemployment rate, as a percentage of all unemployed persons, it amounted to 45.3% in 2010, down from 49.2% in 2007. The above statistical information shows a very different picture from the one in the last assessment of the situation (Conclusions 2006), where Estonia was going through an economic growth period, employment was also growing and unemployment decreasing.

The Committee notes that unemployment increased during most part of the reference period, including in respect of young people. This being said, a considerable fall of the unemployment rate was observed in the third quarter of 2010, in line with the economic recovery.

###### **Employment policy**

The Committee notes from Eurostat that the activation rate in Estonia, that is, the number of persons taking part in an active measure as a percentage of the unemployed, was only 2.1% in 2009. This was one of the lowest activation rates among the EU-27 countries that year, where the average was 28.9%. According to Eurostat, public expenditure on active labour market policies in Estonia amounted to 0.24% of GDP in 2009, which is below the average of the EU-27 countries (where the average public spending on active labour market measures as a% of GDP that year was 0.78%).

The Committee notes that the level of spending on active measures has increased since the last report (0.05% in 2006). Another source mentions that despite considerable increases since 2009, financing of active labour market policies remains one of the lowest in the EU-27 countries, and results in a low share of the unemployed receiving active support.

The Committee finds that employment policy efforts in Estonia, measured both in terms of the activation rate and spending on active labour market measures, were modest during the reference period, and asks whether there are plans to implement more measures in this area.

###### **Conclusion**

Pending receipt of the information requested, the Committee defers its conclusion.

##### **Paragraph 3 - Free placement services**

The report mentions that pursuant to legislative amendments in 2009 the duties of the Labour Market Board were transferred to the Estonian Unemployment Insurance Fund. The new body is responsible for unemployment insurance as well as implementation of labour policy, including labour market services. According to the report, as a result of the merger of the



employment agencies, the number of participants in active labour market services and the quality of such services has significantly increased.

The report indicates that the percentage of placements made by the Unemployment Insurance Fund as a proportion of all persons who gained employment was 52.3% in 2010, up from 7.6% in 2007.

The report contains no information on the numbers or qualifications of staff working in the Unemployment Insurance Fund. The Committee asks the next report to indicate the total number of staff, the number of counselors involved in placement services, and the ratio of placement staff to registered jobseekers.

### **Conclusion**

Pending receipt of the information requested, the Committee concludes that the situation in Estonia is in conformity with Article 1§3 of the Charter.

## **Article 3 - Right to safe and healthy working conditions – Conclusions 2013**

### **Paragraph 1 - Safety and health regulations**

The Committee previously examined (Conclusions 2005, 2007 and 2009) the general objective of Estonia's occupational health and safety policy and concluded that the situation was in conformity with the Charter.

The Committee notes that the State is involved in scientific and technical research on occupational health and safety, as well as in the training of qualified professionals. It asks that the next report give concrete examples of the State's involvement in knowledge activities (analysis of sectorial risks, elaborate standards, issue guidelines) and of the design of certification schemes and training modules (how to work, how to minimise risks for oneself or others).

The Committee asks for information on any steps taken to increase the number of work environment representatives and work environment councils in undertakings. It then asks for concrete examples of the involvement of the Advisory Committee of Working Environment in shaping occupational health and safety policy in practice. Pending receipt of this information, the Committee defers its conclusion on this point.

### **Conclusion**

Pending receipt of the information requested, the Committee defers its conclusion.

### **Paragraph 2 - Safety and health regulations**

To determine whether all workers are actually afforded the same level of protection in practice, the Committee asks that the next report provide information on any restrictions to the implementation of the current legislation and regulations based on the number of employees.

The Committee asks for information on whether temporary workers, interim workers and workers on fixed-term contracts have a right to representation at work. Pending receipt of this information, the Committee defers its conclusion on this point.

The Committee asks that the next report provide information on the changes introduced by the Act of 13 December 2006 amending the Act of 16 June 1993 on employees' representatives which transposed Directive No. 2002/14/CE of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community. It also asks for information on any steps taken to increase the number of work environment representatives and work environment councils in undertakings. It then asks for concrete examples of the involvement of the Advisory Committee of Working Environment

in shaping occupational health and safety policy in practice. Pending receipt of this information, the Committee defers its conclusion on this point.

## **Conclusion**

Pending receipt of the information requested, the Committee defers its conclusion.

## **Paragraph 3 - Enforcement of safety and health regulations**

The Committee takes note of the information contained in the report submitted by Estonia.

### **Occupational accidents and diseases**

The Committee previously examined the situation of occupational accidents and diseases (Conclusions 2005, 2007 and 2009) and concluded that the situation was in conformity with the Charter (Conclusions 2007 and 2009).

The report indicates a number of occupational accidents (total number of accidents) which decreased over the reference period (from 4 075 in 2008 to 3 215 in 2010), as did the incidence rate for such accidents (from 620.70 in 2008 to 563.10 in 2010). These figures, which reflect a downward trend, are manifestly low in relation to the average incidence rate in the EU-15 and the EU-27 (2 269.42 in 2008 and 1 582.71 in 2010). The number of fatal occupational accidents decreased too (from 21 in 2008 to 17 in 2010), as did the incidence rate for such accidents (from 3.20 in 2010 to 3.00 in 2011). These figures, which reflect a steady downward trend compared to the previous reference period, are considerably higher than the average rates of incidence in the EU-15 and the EU-27 (from 2.36 in 2008 to 1.87 in 2010). According to the report, the stability of heavy accidents and the increase in light accidents should be ascribed to improvements in accidents reporting, employers' awareness, and law compliance.

EUROSTAT data confirms the trend with regard to the number of occupational accidents (more than three days' absence excluding commuting accidents) (from 6 202 in 2008 to 4 329 in 2010), the incidence rate of such accidents (1 460.16 in 2008 and 1 213.04 in 2010), and the manifestly low level in relation to the average incident rate in the EU-15 and the EU-27. The data also confirms the trend with regard to the number of fatal accidents (from 11 in 2008 to 7 in 2010) and to the incidence rate for such accidents (from 2.31 in 2008 to 2.10 in 2010) which is slightly above the average rate in the EU-15 and the EU-27.

The report follows a classification of occupational diseases into occupational disease proper, illness caused by work and work-related illness. It indicates a slight increase of occupational diseases (from 75 in 2008 to 104 in 2010) and of the corresponding average incidence rate (from 11.4 in 2008 to 18.2 in 2010) during the reference period; and an overall stabilisation of cases of illness caused by work (from 266 in 2008 to 154 in 2010) and the corresponding average rate of incidence (from 11.4 in 2008 to 18.2 in 2010). The work life survey conducted in 2009 shows that, besides 2.4% employees who had an occupational accident, 11% had work-related health issues and 15% had experienced work-related stress.

The Committee previously noted that under-reporting and concealment of occupational accidents were common (Conclusions 2005) and that the Government expected the situation to improve with the entry into force of legislation on occupational accident and disease insurance (Conclusions 2007). The report does not confirm that such legislation was passed during the reference period, but mentions Government Regulation No. 75 of 3 April 2008 on the procedure for registration, notification and investigation of occupational accidents and diseases, which provides that the obligation to report occupational accidents to the Labour Inspectorate primarily rest with the physician. Moreover, if the employer is in principle liable to investigate all occupational accidents, the Labour Inspectorate must investigate fatal accidents only. According to the Country Report by the Health and Safety Expert Group of the Northern

Dimension Partnership on Public Health and Social Well-Being (pp. 14), the raise of occupational accidents in comparison to the previous reference period may be explained by the integration of independent workers into the statistics since 2007, and workers experienced an increase in psycho-social stress caused by harassment and threat of violence. According to the National Audit Office, public authorities cannot develop a policy to improve the situation of occupational health and safety if they lack an overview of occupational accidents, and introducing a separate insurance system for occupational accidents and diseases would motivate employers to improve the work environment. The legal analysis of the Act of 16 June 1999 on Occupational Health and Safety (OHS Act) (TNO Report) (p. 49), which the report refers to, concurs on the latter.

The Committee takes note of this information. It recalls that States Party have a duty to provide precise information on developments in respect of occupational accidents and that, in assessing respect for the right enshrined in Article 3§3 of the Charter, the number and frequency of occupational accidents and their trends are a decisive factor.<sup>5</sup> It asks that the next report explain the disparity between the number of fatal accidents indicated in the report (21 in 2008 and 17 in 2010) and by EUROSTAT (11 in 2008 and 7 in 2010).

The Committee notes that, because it entrusts employers with the investigation of all occupational accidents, the accident reporting system under Government Regulation No. 75 is not sufficiently efficient to meet the requirements of Article 3§3 of the Charter. In view of the persistent under-reporting, the Committee asks that the next report provide information on the implementation of Government Regulation No. 75 in practice, in particular how many non-fatal accidents were investigated by the Labour Inspectorate; whether physicians were aware of their reporting obligations in practice; whether steps were taken to counter potential arrangements between employers and workers; and whether sanctions were applied to employers or physicians in the event they fail to meet their reporting obligations. The Committee also asks for information on steps taken to reduce the high level of fatal accidents and the increasing cases of occupational disease.

## **Conclusion**

Pending receipt of the information requested, the Committee defers its conclusion.

## **Article 8 - Right of employed women to protection of maternity – Conclusions 2015**

### **Paragraph 1 - Maternity leave**

The Committee takes note of the information contained in the report submitted by Estonia.

### **Right to maternity leave**

Pursuant to Section 59 (1) of the Employment Contracts Act (ECA), a woman has the right to a pregnancy and maternity leave of 140 calendar days (20 weeks). Between 30 and 70 days can be taken before the birth of a child. If less than 30 days are taken before the expected birth, the unused part of the leave cannot be used later. The Committee notes from the report that the average duration of pregnancy and maternity leave was 139.3 days in 2013, which seems to indicate that in practice women take entirely their maternity leave. It asks the next report to clarify whether this is the case. It notes in this respect that, according to another source (Pall. K. and Karu. M. (2014) Estonia Country Note, in P.Moss (ed.) International Review of Leave Policies and Research 2014, available on [leavenetwork.org](http://leavenetwork.org)), maternity leave is obligatory and 100% of employed women take up leave. The Committee asks the next report to provide all relevant information with a view to confirming that, in law and/or in practice, the right of women to at least six weeks compulsory postnatal leave is guaranteed.

The Committee furthermore notes that both parents are entitled to child care leave until the child reaches the age of three years. Child care leave may be used by one person at a time, in one or several parts at any time and it is remunerated on the basis of the minimum wage. The Committee asks the next report to clarify what is the maximum length of parental leave and its level of remuneration.

As regards the regime applicable to women employed in the public sector, the report confirms that the pregnancy and maternity leave provisions (Section 59 ECA) and the paternity leave provisions (Section 60 ECA) apply both to officials (civil servants accepted into service with an administrative act and having authorisation to exercise public authority) and employees (civil servants under an employment contract and performing work which supports the exercise of public authority). In addition, the new Civil Service Act entered into force on 1 April 2013 provides for a temporary ease of service conditions for pregnant officials (Section 48).

### **Right to maternity benefits**

The Committee notes that the situation which it has previously found to be in conformity with the Revised Charter has not changed: all employed women are entitled to 100% of their average wage during maternity leave. It notes from the report that the same regime applies to women employed in the public sector.

With reference to its Statement of Interpretation on Article 8§1 (Conclusions 2015), the Committee asks whether the minimum rate of maternity benefits corresponds at least to the poverty threshold, defined as 50% of the median equivalised income, calculated on the basis of the Eurostat at-risk-of-poverty threshold value.

### **Conclusion**

Pending receipt of the information requested, the Committee concludes that the situation in Estonia is in conformity with Article 8§1 of the Charter.

## **Article 11 Right to protection of health – Conclusions 2013**

### **Paragraph 1 - Removal of the causes of ill-health**

#### **Right of access to health care**

In reply to the Committee, the report confirms that foreign nationals residing or working lawfully in the country have access to health care on equal conditions to nationals. As regards vulnerable groups which are covered by the public health insurance system, the report indicates that the following categories have equal rights to insured persons: pregnant women, persons under 19 years of age, persons receiving a state pension or those with 5 years left before reaching pensionable age, and students up to 24 years.

The Committee however notes from another source that private expenditure comprises approximately a quarter of all health expenditure, mostly in the form of co-payments for pharmaceuticals and dental care. According to this source, this growing out-of-pocket expenditure may hinder access to health care for low-income population groups. As a consequence, health financing has become more regressive over recent years. The Committee asks the next report to provide information on the consequences of this regressive public health financing on access to health care.

As regards waiting times, the report acknowledges that despite additional financing, waiting times have not improved during the reference period. Moreover, the maximum length of waiting time, established by a decision of the Health Insurance Fund on 6 March 2009, was extended to 6 weeks for out-patient specialised medical care (previously 4 weeks). The report states that

the shortening of waiting times does not depend on financial considerations, as much as it does on the number and labour organisation of doctors and nurses. The Committee considers that waiting times continue being an area of concern, and asks to be kept informed of further developments in this area, notably whether a structural change of healthcare personnel is envisaged as a means of improving efficiency.

The report indicates that there are high rates of population satisfaction with access and quality of healthcare services. General satisfaction with medical services was rated good or very good by 74 % of persons in 2010. In its previous examination of Article 11, the Committee adopted a general question addressed to all States on the availability of rehabilitation facilities for drug addicts, and the range of facilities and treatments. As the report does not address this issue, the Committee requests that information be included in the next report.

### **Conclusion**

Pending receipt of the information requested, the Committee concludes that the situation in Estonia is in conformity with Article 11§1 of the Charter.

## **Paragraph 2 - Advisory and educational facilities**

### **Counselling and screening**

The Committee points out that prevention through screening must play an effective role in improving the standard of health of the population. In its previous conclusion, the Committee noted that screening of breast and cervix cancer for women were available, as well as tests for cardiovascular diseases (Conclusions 2009). As the report contains no information on these matters, the Committee asks the next report to provide up-to-date information on screening programmes available throughout the country.

### **Conclusion**

Pending receipt of the information requested, the Committee concludes that the situation in Estonia is in conformity with Article 11§2 of the Charter.

## **Paragraph 3 - Prevention of diseases and accidents**

The Committee notes from another source<sup>1</sup> that in recent years in Estonia, waste quantities have been growing, mostly due to developments in the field of industry, economy and consumption. However, the total waste generation has to some extent been decoupled from economic growth. The Committee asks to be kept informed of initiatives and developments in the field of waste management.

The report reiterates the existence of a Strategy for HIV and AIDS 2006-2015. Despite the still high prevalence of the disease, the report indicates that activities combating the spread of HIV have been efficient. The Committee asks to be kept informed on measures for the control of communicable diseases.

The report mentions a number of campaigns which have been implemented during the reference period with a view to reducing the number of accidents: on the prevention of alcohol abuse, on road safety, on reducing violence in close relationships, water and fire safety. The Committee asks the next report to also include figures or trends on the number of accidents.

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 11§3 of the Charter.

## **Article 12 Right to social security – Conclusions 2013**

### **Paragraph 1 - Existence of a social security system**

#### **Risks covered, financing of benefits and personal coverage**

In its previous conclusion (Conclusions 2009) the Committee asked for updated figures concerning personal coverage of social security risks. The Committee notes from the report that in 2011 93% of the population was covered by health insurance, while 42.4% was covered by sickness insurance. As regards unemployment risk, 68.2% of the population was covered. As regards the share of covered persons in the total active population, it remains high at 90% in case of sickness benefit and 92% in case of unemployment benefit. 99% percent of persons of pensionable age are insured under the pension system. According to the report, social tax is paid by the state for certain categories of persons, such as non-working parents raising three or more children, persons registered as unemployed pursuant to the Labour Market Services and Benefits Act, persons participating in labour market training etc. In reply to the Committee questions asked in the previous conclusion as to what categories of persons were not covered by health insurance, the Committee notes from the report that according to the amendment to the Social Tax Act, which entered into force in 2009, a person is covered by health insurance if he/she is registered as unemployed person, in addition to the recipients of unemployment insurance benefit and unemployment allowance. Thus persons not covered are the persons not registered as unemployed pursuant to the Labour Market Services and Benefits Act, which means that they have not turned to the unemployment insurance fund.

#### **Adequacy of the benefits**

The Committee observes that the 50% of Eurostat median equivalised income amounted to €233 in 2011. As regards unemployment benefit, the Committee notes from the report that the number of recipients increased four times during 2008-2010 due to high unemployment and slightly decreased in 2011. In its previous conclusion the Committee held that the minimum unemployment allowance as well as the minimum unemployment insurance benefit were manifestly inadequate. In this respect the Committee notes from the report that as regards the minimum unemployment allowance, in 2011 its daily rate amounted to € 2.11 (about €65 per month) whereas as of 2013 the daily rate is €3.27 (€100 per month). The Committee further notes that the maximum length of unemployment insurance benefit is 360 days and the maximum limit of the unemployment insurance benefit is 50% of the three times Estonia's average wage per calendar year. The minimum unemployment benefit rate is 50% of the minimum wage. The Committee thus notes that the minimum unemployment insurance benefit amounted to 50% of €278 or €139 in 2011. 26 The Committee notes that despite the fact that the Government managed to maintain an upward trend in the amount of unemployment allowance notwithstanding the high demand for this benefit due to high unemployment rate, its level has remained well below the Eurostat at-risk-of-poverty rate and is therefore manifestly inadequate.

The Committee notes from the report that according to paragraph 7(1) of the Labour Market services and Benefits Act, the Unemployment Insurance Fund will make a decision to terminate registration of the unemployed if the latter refuses, without a good reason, to accept suitable work.

The Committee asks in this regard whether unemployment allowance or unemployment insurance benefit will also be withdrawn in this case and whether there is a reasonable initial period where the unemployed may refuse unsuitable employment offer without losing unemployment benefit.

As regards pension benefit the Committee notes that the base value of the pension stood at €114 in 2011 while the national pension stood at €128 and the total number of its recipients stood at 6 428 persons. The Committee considers that the minimum level of pension benefit is manifestly inadequate. The Committee asks what is the minimum level of sickness and maternity benefits.

### **Conclusion**

The Committee concludes that the situation in Estonia is not in conformity with Article 12§1 of the Charter on the grounds that:

- the minimum levels of unemployment allowance and unemployment insurance benefit are manifestly inadequate;
- the minimum level of national pension is manifestly inadequate.

### **Paragraph 2 - Maintenance of a social security system at a satisfactory level at least equal to that necessary for the ratification of the European Code of Social Security**

The Committee notes that Estonia has ratified the European Code of Social Security and has accepted parts II to V (medical care, sickness, unemployment, and old-age benefits) and from VII to X (family, maternity, invalidity and survivor's benefits). The Committee notes from Resolution CM/ResCSS(2012)5 on the application of the European Code of Social Security by Estonia (period from 1 July 2010 to 30 June 2011) of the Committee of Ministers that the law and practice in Estonia give full effect to all accepted parts of the Code, subject to receiving additional information on the application of some parts of the Code (regarding sickness benefit and Article 68.b of the common provisions).

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 12§2.

### **Paragraph 3 - Development of the social security system**

The Committee notes from the report that in 2010 the amendment to the State Pension Insurance Act was passed which raised the general retirement age from 63 to 65. According to the report there have been amendments to the Health Insurance Act which expanded the personal coverage of the system. The system now covers persons who pay social tax for themselves. According to the amendment to the Social Tax Act of 2009, a person is covered by health insurance if he/she is registered as unemployed pursuant to the Labour Market Services Act. All women are covered from the date their pregnancy is confirmed. As regards sickness benefit, as of 1 January 2009 employer pays sickness benefit until 4<sup>th</sup> day of illness and it is paid for by the health insurance fund afterwards. As regards unemployment benefit, in 2008 the amendment to the Labour Market Services and Benefits Act entered into force according to which the amount of unemployment allowance is 31 times the daily unemployment allowance. A person whose income is less than the monthly amount of unemployment allowance has the right to receive this benefit. Moreover, the Labour Market Services and Benefits Act and the Unemployment Insurance Act were amended as concerns the rules applicable to the decision to terminate a person's registration as unemployed. The payment of an unemployment insurance benefit shall be terminated if the insured person refuses, without good reason, to comply with the Individual Action Plan or the suitable employment. In 2009 an amendment to the Unemployment Insurance Act entered into force which establishes a waiting period for payment of unemployment insurance benefit for a person whose employment relationship was cancelled due to a lay-off and the employer due to unforeseen economic circumstances failed to provide an employee with work. Such a person will become entitled to unemployment insurance benefit

only after exhausting his/her claims for lay-off benefit (one or two months from the termination of an employment relationship). From 2009 the Unemployment Insurance Fund and the Labour Market Board were merged into one legal person governed by public law called the Estonian Unemployment Insurance Fund. The Fund deals with both the state unemployment allowance scheme as well as the unemployment insurance benefits scheme.

## **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 12§3 of the Charter.

## **Article 13 - Right to social and medical assistance – Conclusions 2013**

### **Paragraph 1 - Adequate assistance for every person in need**

#### **Types of benefits and eligibility criteria**

As regards medical assistance, the Committee notes from the information provided that, in 2011, 92.9% of the population was covered by the health insurance. This includes certain vulnerable groups (such as pensioners, minors, students, pregnant women, registered unemployed people...) whose health insurance is paid from state contributions. The report states that uninsured persons have nevertheless access to emergency care and that the state budget available to this effect was, in 2011, €7 071 696. Given that Estonia has not accepted Article 23 of the Charter (the right of elderly people to social protection), the Committee assesses the level of non-contributory pensions paid to a single elderly person without resources under this provision.

The Committee notes that the report does not provide information in this respect. It understands that the social aid available to individuals and families in need also applies to elderly people and asks the next report to confirm this.

#### **Level of benefits**

To assess the situation during the reference period, the Committee takes account of the following information:

- Basic benefit: according to the report and MISSOC the subsistence level of a person living alone was €76.70 in 2011 (and €61.36 for each other household member). This level is established on the basis of the minimum expenses needed for food, clothing, footwear and other goods and services to satisfy basic needs. However, the Committee notes from the report that the levels set are lower than the cost of the minimal basket of food, which was estimated at €85.1 in 2011, while the estimated minimum means of subsistence for a single person was estimated at €186.3 (monthly) in 2011. Are entitled to the benefit all persons whose income falls below the subsistence level, after deducting the housing costs (including the rent or maintenance fee of the apartment, the costs for heating, water, gas and electricity as well as the costs of taxes and insurances). The report indicates the "socially justified standards" for dwellings in terms of size and number of rooms, while the limits connected to the housing expenses are determined at local level. The report to the Governmental Committee (Governmental Committee, Report concerning Conclusions 2009, Doc. T-SG(2011)1final, §§271-274) insists on the fact that the subsistence level does not correspond to the subsistence benefit actually paid, which depends on the income of the family and housing expenses incurred in a given month. Thus, the average amount of benefit per application was €98.1 in 2008, €108.38 in 2009 and €146.97 in 2011. The authorities also explain that the housing costs represented 45% of the total amount of the subsistence benefit in 2007 and 47% in 2009 and, although the debts in the payment of housing costs are not subject to coverage from subsistence benefits funds, any



person who cannot pay the housing costs is granted assistance to draft feasible debt payment schedules or find a cheaper but decent accommodation. They also indicate that in practice there have been no cases where persons have lost their dwelling and there are very seldom cases where they had to find a different accommodation. According to the information provided to the Governmental Committee, a survey on the use of subsistence benefit and its impact on alleviating poverty was ongoing, with a view to elaborating new policy measures and possibly increasing the subsistence level. The Committee asks the next report to provide updated information in this respect.

- Additional benefits: specific supplements (€15 in 2011) are paid for children under 18 years of age. Besides, there are additional benefits such as transport and accommodation benefits payable for participation in labour market training. The report indicates furthermore that most local authorities pay additional benefits, such as medicament allowances, firewood allowances, education allowances, food allowances for students and kindergarden children as well as ad-hoc allowances in case of exceptional needs of a person, however the report indicates that the respective data are not available.
- Medical assistance: the Committee notes that there have been no changes to the previous situation according to which the coverage was practically universal. It notes that persons who do not fall within the compulsory health insurance scheme and are without resources have access to emergency medical care and that discussions are under way to raise the level of medical care provided. It asks the next report to provide updated information in this respect.
- Poverty threshold (defined as 50% of median equivalised income and as calculated on the basis of the Eurostat at-risk-of-poverty threshold value): it was estimated at €233 per month in 2011.

In the light of the above data, the Committee considers that the level of social assistance for persons living alone is inadequate on the basis that the minimum social assistance that can be obtained falls below the poverty threshold.

### **Personal scope**

According to the report, in 2009 there were 19 requests for subsistence benefits from nationals of states parties to the Social Charter, against 18 in the first half of 2010; the number of those resulting in the granting of subsistence benefits was respectively 6 and 7 (corresponding to 12 people each). The report furthermore indicates that out of 106 819 requests for subsistence benefits in 2009, 5 752 were submitted by foreign nationals with a temporary residence permit; another table indicates that in 2011, out of 24 114 households which were granted subsistence benefits, 6 784 corresponded to household whose head was a foreign national (including 1 992 from Russian Federation, 101 from Latvia, 100 from Ukraine, 38 from Lithuania, 7 from Armenia, 7 from Finland). The Committee asks the next report to clarify whether the latter figures correspond both to temporary and permanent residents, with a view to confirming that temporary residents have access to subsistence benefits on equal footing with Estonian nationals and permanent residents. Furthermore, according to the report, anybody is entitled to emergency social and medical assistance.

### **Conclusion**

The Committee concludes that the situation in Estonia is not in conformity with Article 13§1 of the Charter on the ground that the amount of social assistance granted to a single person without resources is inadequate.

## **Paragraph 2 - Non-discrimination in the exercise of social and political rights**

The Committee previously noted (Conclusions 2004) that Article 12 of the Constitution provides that everyone shall be equal before the law and prohibits discrimination on the basis of nationality, race, colour, sex, language, origin, religion, political or other opinion, property or social status, or other reasons. Furthermore, pursuant to the Personal Data Protection Act and in particular to Section 36 of the Social Welfare Act disclosure of information relating to social assistance recipients is prohibited, except where failure to disclose such information would endanger the life and health of others or if the information is related to a criminal offence. The report confirms that this situation has not changed and provides additional information on the measures taken to implement the legal framework. In particular, the Data Protection Inspectorate, within the Ministry of Justice, ensures inspection of data protection and process all complaints in this field. The Committee notes that the report confirms that also in practice the political and social rights of beneficiaries of social and medical assistance are not restricted.

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 13§2 of the Charter.

## **Paragraph 3 - Prevention, abolition or alleviation of need**

According to the report, social counselling services aim at preventing social problems and solving those already existing. They are addressed at the individual as well as at couples and/or families and the counsellors are specially qualified welfare workers. Although there is no precise data concerning the number of users of these services, the report underlines that counselling services are provided both to beneficiaries of subsistence benefits (598,163 applications were satisfied during the period from 2007 till the first quarter of 2012) and other people.

In reply to the Committee's question as to whether social services concerned with Article 13§3 are provided with sufficient means to give appropriate assistance as necessary, the report indicates that the services at issue are financed both by local authorities and state budget. In this regard, the state budget contribution to the funding of social services has raised from €35 867 in 2008 to €38 238 in 2011, while the whole contribution of the state budget to social welfare expenses in general (including social benefits, social services and other expenses related to welfare) has raised in the same period from €52 382 to €71 325, corresponding respectively to 0.92% and 1.16% of the state budget.

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 13§3 of the Charter.

## **Article 14 - Right to benefit from social services – Conclusions 2013**

### **Paragraph 1 - Promotion or provision of social services**

#### **Effective and equal access**

The report indicates that there is an uneven geographical distribution of social services. The Committee wishes the next report to indicate what are the impacts of this uneven distribution on effective and equal access to social services. In the meantime, it reserves its position.

### **Quality of services**

As to staffing, in 2011, social services as a whole employed around 5 900 people and two third of them had higher, specialized or vocational education. The report indicates that compared to 2008, the number of staff has increased. In this regard, the Committee wishes the next report to indicate the ratio of staff to users.

### **Conclusion**

Pending receipt of the information requested, the Committee defers its conclusion.

### **Paragraph 2 - Public participation in the establishment and maintenance of social services**

As indicated in the report, the involvement of civil society is regulated, on the one hand, by the involvement handbook for officials and non-governmental organizations, and, on the other hand, by the Civil Society Development Plan 2011-2014. The handbook was developed in 2009 and aims at providing recommendations on how to successfully carry out the involvement process of civil society. As to the Civil Society Development Plan 2011-2014, its objective is to ensure favourable conditions for civic engagement and the organization of civil society, notably, in the field of charity, philanthropy and financing of citizen's associations from state budget. In its last conclusion, the Committee asked official statistics on the participation of the civil society. The report answers that voluntary workers contribute a lot to the provision of social services, notably in day centre services, and that there were 603 volunteers in 2011 compared to 495 in 2008. According to the Ministry of Internal Affairs, nearly 60% of local governments delegate the provision of public services to private or third sector. This delegation aims at improving the quality and accessibility of public services and increasing its general capacity. In this regard, the Committee wishes to know whether and how the Government ensures that services managed by the private sector are effective and are accessible on an equal footing to all, without discrimination at least on grounds of race, ethnic origin, religion, disability, age, sexual orientation and political opinion.

### **Conclusion**

Pending receipt of the information requested, the Committee concludes that the situation in Estonia is in conformity with Article 14§2 of the Charter.

### **Article 15 - Right of persons with disabilities to independence, social integration and participation in the life of the community – Conclusions 2012**

#### **Paragraph 1 - Education and training for persons with disabilities**

##### **Anti-discrimination legislation**

In its last conclusion (Conclusions 2008) the Committee considered that Estonia was not in conformity with Article 15§1 on the ground that the anti-discrimination legislation in the field of education and training was inadequate.

The Committee now notes from the report that Section 2(2) of the Equal Treatment Act that entered into force on 1 January 2009 provides for a prohibition of discrimination on the ground of disability in access to all types and to all levels of vocational guidance, vocational training, advanced vocational training and retraining.

In light of the above, the Committee considers that the situation has been brought into conformity with Article 15§1 of the Charter. Nevertheless, the Committee recalls that it wishes to be informed of any case-law and complaints brought to appropriate bodies with respect to issues covered by this Article.

### **Vocational training**

The report states that the data from the Estonian Education Information System regarding disabled students in higher education does not reflect the actual situation because students do not wish to inform about their disability.

The Committee notes from the report that in addition to other allowances, disabled persons may apply for education allowance and in-service training allowance. The Social Insurance Board pays education allowance for students with disabilities in order to reduce any obstacles arising from the disability within the adult education system. The in-service training allowance is paid to working disabled persons for professional training and formal education acquired within the adult education system in order to promote their employment.

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 15§1 of the Charter.

### **Paragraph 2 - Employment of persons with disabilities**

According to the report, during the period 2007-2011 (September), persons with disabilities benefited from the following labour market measures: adaptation of premises and equipment for disabled persons (7 instances); special aids and equipment for disabled persons (24); working with a support person (99); and provision of the communication support at interviews (53). The report admits that not all services are equally available to everywhere and awareness of relevant rights and possibilities is still not sufficient.

In reply to the Committee's question concerning relevant case-law, the report states that the Supreme Court issued number of decisions related to the protection of the rights of people with disabilities, however, none of them dealt with disability-related discrimination in employment.

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 15§2 of the Charter.

### **Paragraph 3 - Integration and participation of persons with disabilities in the life of the community**

In its last conclusions (Conclusions 2008 and 2007) the Committee decided that the situation in Estonia was not in conformity with Article 15§3 of the Revised Charter on the ground that there was no anti-discrimination legislation to protect persons with disabilities, which explicitly covered the fields of housing, transport, telecommunications and cultural and leisure activities.

The Committee notes that on 1 January 2009 the new Equal Treatment Act entered into force. According to Section 2(1), discrimination on the grounds of ethnic origin, race, colour is prohibited in relation to access to and supply of goods and services which are available to the public, including housing. However, disability does not belong to the grounds applicable in this regard. Discrimination on the ground of disability is prohibited under Section 2(2), which covers, inter alia, area of employment and vocational training, but does not refer to areas covered by Article 15§3.

### **Conclusion**

The Committee concludes that the situation in Estonia is not in conformity with Article 15§3 of the Charter on the ground that there is no anti-discrimination legislation to protect persons

with disabilities which explicitly covers the fields of housing, transport, telecommunications and cultural and leisure activities.

## **Article 16 - Right of the family to social, legal and economic protection – Conclusions 2015**

### **Family benefits**

According to Eurostat data, the monthly median equivalised income in 2013 was €548. According to MISSOC, the monthly amount of child benefit was €19.18 for the first and second child and €76.72 for the third and following children. Child benefit thus represented a percentage of that income as follows: 3.5% for the first and second child and 14% for the third and next child. The Committee concludes that the situation is not in conformity on the ground that family benefits are not of an adequate level for a significant number of families.

### **Equal treatment of foreign nationals and stateless persons with regard to family benefits**

The report stresses that foreign nationals and stateless persons are treated equally as nationals with regard to family benefits. The Committee also notes from its previous conclusion that there are no residence requirement imposed on foreign nationals.

The Committee asks the next report to indicate whether refugees are treated equally with regard to family benefits.

### **Conclusion**

The Committee concludes that the situation in Estonia is not in conformity with Article 16 of the Charter on the grounds that:

- the notice period before eviction is too short;
- family benefits are not of an adequate level for a significant number of families.

## **Article 27 - Right of workers with family responsibilities to equal opportunity and treatment – Conclusions 2015**

### **Paragraph 1 - Participation in working life**

The Committee takes note of the information contained in the report submitted by Estonia.

### **Conditions of employment, social security**

In its previous conclusion the Committee asked for information about legislative provisions and/or collective agreements governing work conditions that may facilitate the reconciliation of working and private life, such as working from home or flexible working hours.

The Committee notes from the report that the number of collective agreements regulating work conditions that may facilitate the balancing of work and private life are stated on the basis of the data in the database of collective agreements as of 2011. Agreements for parental leave have been entered into on 49 occasions i.e. in 16% of all valid collective agreements. Teleworking agreements have been entered into on 9 occasions i.e. in 3%, while agreements for part-time work have been entered into on 22 occasions i.e. in 7% and agreements for additional time off have been entered into on 32 occasions i.e. in 10% of all valid collective agreements as of the end of 2011.

The Committee has previously noted that the State pays social contributions/tax for persons receiving child care allowance. The Committee asked if the crediting of periods of childcare leave in pension schemes is secured equally to men and women.

In this respect, the Committee notes from the report that the state pension system ensures that parental leave periods are accounted equally for men and women in their pension plans. In the mandatory funded pension system, additional mandatory funded pension payments for raising a child are made from the state budget for one parent (man or woman) from the child's birth until the child attains 3 years of age. The payment is made regardless of whether the person is on parental leave or not.

### **Child day care services and other childcare arrangements**

In reply to the Committee's question, the report states that professional standards have been established for both preschool child care institution teachers and childminders. Pursuant to Section 37 1 (2) of the Social Welfare Act a county government shall exercise administrative supervision over the quality of childcare service. In order to act as a childminder a person must hold a childminder's professional certificate or have completed the special needs education, preschool education or social work. 62% of teachers and 98% of managers in preschool child care institutions have completed professional higher education and the rest have completed vocational education.

The Committee takes note of the statistics concerning the participation rates of preschool children in preschool child care institutions and schools. It notes in particular that in 2013 the number of children attending preschools rose by 9.4% as compared to 2009.

### **Conclusion**

The Committee concludes that the situation in Estonia is in conformity with Article 27§1 of the Charter.

### **Article 30 - Right to be protected against poverty and social exclusion – Conclusions 2013**

No conclusions/reports available.

## European Code of Social Security

### **Resolution CM/ResCSS(2015)5 on the application of the European Code of Social Security by Estonia**

**(Period from 1 July 2013 to 30 June 2014)**

(Adopted by the Committee of Ministers on 10 September 2015 at the 1234th meeting of the Ministers' Deputies)

[Link to adopted by the Committee of Ministers resolutions](#)

#### **The Committee of Ministers notes:**

I. concerning Part III (Sickness benefit), Article 18 of the Code, with reference to Resolution CM/ResCSS(2014)5 concerning the duration of the payment of sickness benefit, that to comply with the requirements of the Code, the initial decision to amend section 57(5) of the Health Insurance Act has been replaced by the proposal to cancel this provision altogether. The appropriate draft law is currently being prepared and will be submitted to the Government of the Republic for passing it on to the Riigikogu;

II. concerning Part V (Old-age benefit), Article 28, Calculation of the level of benefit, that the calculation of the old-age pension of the standard beneficiary (a man with wife of pensionable age) includes old-age pension for 30 years of insurance (€268.36) plus the national pension provided at flat rate (€140.81 in 2013);

III. concerning Part XI (Standards to be complied with by periodical payments), Determination of the reference wage used for calculating the replacement level of benefits:

a. with regard to Article 65, for calculating the replacement rate of sickness, unemployment and maternity benefits, the report uses the reference wage of the skilled male worker defined under Article 65(6)(c) of the Code as 125 per cent of the average income of insured persons taxable with social tax (€849.65 per month in 2013, data provided by the Social Insurance Board). Observing that this average income is far below the average wage in Estonia (€949), the Committee of Ministers recalls that the reference wage of the skilled male worker under Article 65(6)(c) should represent 125 per cent of the average earnings of all the persons protected, who in Estonia are deemed to include prescribed classes of employees, as stated in the report under Articles 15(a), 21(a) and 48(a) of the Code;

b. with regard to Article 66, for calculating the replacement rate of the old-age, invalidity and survivors' pensions the report refers to Article 66 of the Code and either to the reference wage of an unskilled male industry worker (ISCO-08, occupation code 9) or regular unskilled male worker for full-time and part-time work, or unskilled male processing industry worker, or unskilled male worker within the production sector, or unskilled male worker in general;

IV. concerning social security and the reduction of poverty:

a. the detailed information on the dynamics of poverty in the country in the period of 2011-12, which shows a decrease of the absolute poverty rate among the working-age population (aged

18-64) and its slight increase among children (0-17) and the elderly (over 65 years). It also shows a marked increase in the relative poverty rate for all age groups (18.7 per cent in 2012 compared to 17.5 per cent in 2011), with the biggest increase in relative poverty affecting the elderly (24 per cent in 2012 compared to 17 per cent in 2011). The Committee of Ministers observes from these predominantly negative trends that the expansion of poverty has not been stopped during this period. With respect to the role of social transfers in reducing poverty, the report states that social transfers have the strongest influence on poverty among the elderly: without social transfers, in 2012, 79.6 per cent of the elderly would have lived in absolute poverty and 86.2 per cent in relative poverty. Among all social transfers, old-age pension has the strongest effect on reducing absolute (by 17.4 percentage points) and relative (by 14.6 percentage points) poverty among all age groups of the population. The Committee of Ministers observes however that, in 2013, the old-age pension of an unskilled male worker, who has been receiving the reference wage, after 30 years of insurance was €268.36 – much below the at-risk-of-poverty threshold of €328.90, while the (minimum) national pension of €140.81 was much below the subsistence minimum for a one-member household of €205 per month. Such low pensions for the low-paid workers, who form the main category of persons protected by the Code, draw the level of the average old-age pension in the country (€327.40 in 2013) also below the at-risk-of-poverty threshold. The Committee of Ministers points out that a pension system, to the extent that it operates below the poverty lines, does not fulfil the objectives of the Code, even though it may satisfy its technical provisions;

b. with respect to the wage-related social security benefits (sickness, maternity and unemployment benefits), the Committee of Ministers observes that their amounts for the low-paid workers fall below the at-risk-of-poverty threshold, as the minimum wage itself (€320 in 2013) does not reach this threshold, while the minimum amounts of these benefits (except maternity benefit) fall below the subsistence minimum;

c. that among other social benefits, family allowances and parental benefit have the strongest impact on reducing poverty of households with children. The Committee of Ministers notes with interest in this respect that recent measures taken by the government have strengthened basic guarantees of income security of the population constituting essential elements of the comprehensive social protection floor. Since 2013, a new type of allowance – needs-based family benefit – is provided to households with children that live below the income level established by the Riigikogu for each budget year. The needs-based family benefit is provided also to households with children that receive subsistence benefit, which represents State aid to needy persons and is calculated on the basis of net income of a single person or all household members during the previous month, fixed expenses for dwelling in the current month and the established subsistence level. Subsistence level includes minimum consumption costs on food, clothing and footwear and other goods and services, which are essential to meet the basic needs. According to the State Budget Act, the subsistence level for 2014 is €90 per month for one-person households or first member of a household and €72 for every other member. According to the Social Welfare Act, the subsistence level per every minor member of a household will be raised to the level of the first member of a household, effective from 1 January 2015. According to the State Family Benefits Act, also from 1 January 2015, the child allowance for the first and second child will be raised to €45 per month (in 2014, €19.18) and to €100 per month for the third and every other child (in 2014, €76.72). The report states that the combined effect of these measures will reduce the absolute poverty rate of children by approximately 2.6 percentage points and the relative poverty rate by 1.1 percentage points;



d. that the above projections were obtained by using the EU micro-simulation model (EUROMOD), which allows calculating the impact of taxes and benefits on income of households and labour market stimuli and comparing various scenarios;

e. considers that, until the expansion of poverty is stopped and the trend is reversed, the national social security system would not be deemed to perform effectively to enable the State to fully meet its social responsibility to provide benefits sufficient to maintain the “family of the beneficiary in health and decency” (Article 67(c) of the Code). The Committee of Ministers notes that the report refers in this respect to the development plan of the Ministry of Social Affairs for 2015-18 and defines the current cost level of social welfare in Estonia as “modest”;

V. concerning the definition of absolute poverty line and subsistence minimum:

a. that the poverty lines used in Estonia include relative and absolute poverty rates. The relative poverty line corresponds to the at-risk-of-poverty threshold calculated by Eurostat at 60 per cent of the equivalised median income. The absolute poverty line (also known as subsistence minimum) is calculated on the basis of three components – food expenses, housing expenses and individual non-food expenses. Food expenses are calculated on the basis of the minimum shopping basket. The calculated average minimum food basket value is based on average purchase prices of a sample food basket compiled with recommendations from nutritionists, which meets the 2,400 kcal daily energy requirement of an “average” person (in 2013, €92). According to Statistics Estonia, in 2013, the subsistence minimum for a one-member household was €205 per month;

b. that Estonia has developed one of the most comprehensive systems of absolute poverty indicators, which are regularly calculated by Statistics Estonia according to a well-developed methodology. This system has the merit of being objective, precise, transparent and responsive to changes, while being compulsory for the social welfare system and enforced by law;

Finds that the law and practice in Estonia continue to give effect to all accepted Parts of the Code, subject to increasing social transfers and pensions to the level sufficient to maintain the beneficiaries at least above the absolute poverty line;

**Decides to invite the Government of Estonia:**

I. concerning Part III (Sickness benefit), Article 18 of the Code, to indicate, in its next report, the progress made on the above-mentioned issue;

II. concerning Part V (Old-age benefit), Article 28, Calculation of the level of benefit, to explain, in its next report, the conditions of entitlement to the national pension and indicate whether it is paid to the insured man or to his dependent wife;

III. concerning Part XI (Standards to be complied with by periodical payments), Determination of the reference wage used for calculating the replacement level of benefits:

a. with regard to Article 65, to specify, in its next report, which categories of the population are included by the Social Insurance Board among insured persons taxable with social tax, besides prescribed classes of protected employees. In reviewing the method of determining the reference wage, the government may wish to refer to the above-mentioned “Technical note”, transmitted to the government, which sets out and calculates for Estonia all the options allowed by the Code under Articles 65 and 66 on the same time basis (2010) for which complete

Eurostat data are available. The government is asked to update the statistics used in this “Technical note”, indicating the exact source of data for future reference;

b. with regard to Article 66, to specify in its next report which of the above-mentioned definitions of the reference wage is correct and which option (a) or (b) of paragraph 4 of Article 66 is used for this purpose. The government is asked to also specify which of the following methods mentioned in the report were used and in what combination to obtain the reference wage amount for 2013: annual average figures of the same year; calculation based on the survey of Statistics Estonia from October 2010 (gross hourly wage of full-time and part-time employees); estimated forecasts of the Ministry of Social Affairs based on the above survey of 2008; and/or the EU wage structure in 2010 disclosed in October 2012;

#### IV. concerning social security and the reduction of poverty:

a. recalling that funds allocated to the pension system should be determined by means of actuarial studies in relation to the maximum of available resources and taking into account the economic situation of the country (Article 71 of the Code), to explain in its next report the measures taken or contemplated for raising benefits provided by the national pension system above the poverty lines and the results of the actuarial studies done for this purpose;

b. to explain in its next report the structure and role of the guaranteed minimum income and benefits in the Estonian social welfare system, compare their amounts to the absolute and relative poverty thresholds and assess the effectiveness of the minimum guarantees in fighting poverty. In doing so, the government may wish to refer to the infographs in the above-mentioned “Technical note” and update or complete the data, as well as the conditions of entitlement and sources of information used in the graphs;

c. with a view to attaining the above-mentioned targets, to be in a position to reverse the negative trends in child poverty in 2015;

d. to consider using the above-mentioned model to calculate the increases in other benefits that would allow it to stop and reverse in the shortest possible time frame the negative trend in the dynamics of poverty among other categories of the population;

e. recalling that, in Estonia, spending of 1 percentage point of GDP (without the pensions) causes overall average reduction of the at-risk-of-poverty rate by 3.3 per cent and of child poverty by 4 per cent, to specify in the next report whether the financial resources earmarked in the above-mentioned development plan or elsewhere are commensurate to the magnitude of the problems facing the social welfare system of Estonia. The government is asked to indicate what national objectives are fixed in the area of poverty and social exclusion;

#### V. concerning the definition of the absolute poverty line and subsistence minimum:

a. to explain, in its next report, the differences between the subsistence minimum and the notions of subsistence benefit and subsistence level used in the report in relation with the needs-based family benefit;

b. taking into account that measuring absolute poverty and subsistence minimum is an acute problem within the framework of the minimum guarantees established by the Code, to include in its next report a systemic description of all indicators defining the absolute poverty line and of all minimum amounts of social benefits and allowances in cash and in kind

## **CEACR 2015 Conclusions on the application of the European Code of Social Security and its Protocol by Estonia**

As a result of its examination, the Committee finds that the law and practice in Estonia continue to give effect to all accepted Parts of the Code, subject to providing complementary information with respect to the level of periodical payments.

*Part II (Medical care), Article 10(2) of the Code. Cost-sharing.* The Committee notes the list of the services funded by the Estonian Health Insurance Fund included in Regulation No. 194 of 19 December 2014, of the Government of the Republic, which entered into force on 1 January 2015, as well as the amendment to section 47 of the Health Insurance Act stating that the Fund will additionally provide compensation for justified and certified amounts over €300, which were paid during the calendar year for listed medicinal products necessary for the out-patient treatment of an insured person. If the amount of a patient's expenses is between €300 and €500, the Fund will compensate 50 per cent of the portion exceeding €300, and if the amount exceeds €500, the Fund will compensate 90 per cent of the portion exceeding that amount. Section 47(6) of the Health Insurance Act, pursuant to which the Fund did not compensate expenses exceeding €1,300 per calendar year, was repealed. ***The Government is requested to give a comprehensive description of the amounts that remain at the expense of patients when being provided medical care and pharmaceutical products.***

*Part III (Sickness benefit), Article 18.* In reply to the previous conclusions concerning the duration of the payment of sickness benefit, the Government reiterates that, to comply with the requirements of the Code, it decided to make a proposal to cancel paragraph 57 subsection (5) of the Health Insurance Act. The appropriate draft law is currently being prepared and will be submitted to the Riigikogu. ***The Committee asks the Government to indicate the progress made on this issue in its next report.***

*Part IV (Unemployment benefit), Article 22. Level of minimum unemployment benefit.* The report demonstrates that the level of unemployment benefit paid to a standard beneficiary exceeds the requirements of Article 65 of the Code. ***Please indicate the amount of the minimum unemployment benefit and the conditions for entitlement to it, as well as the amount of the social assistance which may be provided after the expiry of the unemployment benefit.***

*Part V (Old-age benefit), Article 28. Part IX (Invalidity benefit), Article 56. Part X (Survivors' benefit), Article 62. Calculation of the level of benefit.* The Committee notes that, for the purpose of demonstrating that the levels of old-age, invalidity and survivors' pensions are compliant with the minimum levels established by the Code, the Government provides calculations based on the reference wage of an ordinary adult male labourer, as defined in Article 66 of the Code. The Committee recalls that Article 66 of the Code applies to systems providing flat rate benefits or a minimum guaranteed benefit; such flat rate or minimum benefits must be at least equal to 40 per cent of the said reference wage. While the Government has established in its report that the benefit paid to a male worker in the processing industry (corresponding to the definition of an ordinary adult male labourer) reaches the percentage established by the Code, it has not demonstrated that the minimum pension paid by the system is equivalent to or exceeds this amount. In fact, it appears from the data supplied in the report that, in 2015, the monthly national pension rate, which represents the minimum pension paid to those above 63 years of age not entitled to a contributory pension, was €158.37 (net) and constituted only 29.9 per cent of the reference wage determined under Article 66 (€529.64 net). ***The Government is therefore requested to recalculate the level of old-age, invalidity***

***and survivors' benefits by having recourse to Article 65 of the Code on the basis of the reference wage of a skilled manual male employee as defined by the Code.***

*Part XI (Standards to be complied with by periodical payments), Articles 65 and 66 of the Code. Determination of the reference wage used for calculating the replacement level of benefits.*

*Article 65.* The Committee notes again that for calculating the replacement rate of sickness, unemployment and maternity benefits the report uses the reference wage of the skilled male worker defined under *Article 65(6)(c)* of the Code as 125 per cent of the average income of insured persons taxable with social tax (€908.12 per month in 2014, data provided by the Social Insurance Board). Observing that this average income does not correspond to the notion of “wage” and is far below the average monthly gross wage publicly made available by Statistics Estonia for 2014 (€1,005), the Committee recalls that the reference wage of the skilled male worker under *Article 65(6)(c)* should represent 125 per cent of the average earnings of all persons protected, who in Estonia are deemed to include prescribed classes of employees, as stated in the report under *Articles 15(a), 21(a) and 48(a)* of the Code. ***The Committee asks the Government to review the methodology of determining the reference wage for the calculation of benefits, as explained in the ILO technical note.***

*Article 66.* The Committee notes that for calculating the replacement rate of the old-age, invalidity and survivors' pensions the report refers to *Article 66* of the Code and to the reference wage of a regular unskilled male worker for full-time and part-time work defined as an unskilled male industry worker (ISCO-08, occupation code 9). According to the report, the gross wage of a regular unskilled male worker has been calculated and forecasted based on the gross hourly wage of a male worker in the processing industry (processing industry being chosen as it represents the industry employing the largest number of employees).

*Adequacy of social security benefits.* The Committee notes the extensive information supplied in reply to the issues raised in its previous comments with respect to the role of social security, and in particular of the guaranteed minimum benefits, in the reduction of poverty. In view of the variety of ways in which social security and statutory social assistance are used to prevent or reduce poverty and the complexity of indicators used to assess the adequacy of benefits, the Committee requested the ILO to summarize the relevant information in the country technical notes attached to its conclusions. ***The Committee invites the Government to update and supplement the statistical information in the 2015 technical note in its next detailed report, which shall also include for the same time basis (see Article 65(4) of the Code) updated statistics on social security coverage, amount of the reference wage and calculations of the replacement rate of benefits.*** The Committee will examine the question of the adequacy of social security benefits under accepted Parts of the Code on the basis of this comprehensive information.

*Article 74. Next detailed report on the Code.* (See above under Chapter III)

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### **3. ILO Conventions**

No observations/direct requests to reply to.

## 4. EU Country-Specific Recommendations: 2015

(the numeration of comments is kept in accordance to the original)

The European Union has set up a yearly cycle of economic policy coordination called the European Semester in 2010. Under the European Semester, the European Commission was given a mandate by Member States to check whether they take action on reform commitments they have made at EU level. The European Semester starts when the Commission adopts its Annual Growth Survey which sets out EU priorities to boost job creation and growth for the next year.

Each year, the Commission undertakes a detailed analysis of EU Member States' plans of budgetary, macroeconomic and structural reforms and provides them with the country-specific recommendations basing its decision on the submitted by each country National Reform Programme and Stability Programme. These recommendations provide tailor-made policy advice to Member States in areas deemed as priorities for the next 12-18 months. The European Council endorses the recommendations after the discussion.

Where recommendations are not acted on within the given time-frame, policy warnings can be issued. There is also the option of enforcement through incentives and sanctions in the case of excessive macroeconomic and budgetary imbalances.

### **Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of Estonia and delivering a Council opinion on the 2015 Stability Programme of Finland (2015/C 272/04), (18.08.2015, C 272/14, Official Journal of the European Union)**

[Official Website of the European Commission](#)

(8) Estonia is currently in the preventive arm of the Stability and Growth Pact. The incoming Government did not submit a Stability Programme by the deadline. Based on the Commission's 2015 spring forecast, the headline surplus recorded in 2014 is projected to turn into a deficit of 0,2 % of GDP in 2015 and 0,1 % of GDP in 2016. The government debt ratio is forecast to gradually decline from 10,6 % of GDP in 2014 to below 10 % of GDP in 2016. Based on the Commission's 2015 spring forecast, there is a risk of some deviation from the mediumterm objective in 2015 since the structural balance is projected to deviate from the medium-term objective by 0,4 % of GDP. The deviation is set to become significant in 2016 when an improvement by 0,4 % of GDP is required but the structural balance is projected to worsen by 0,3 % of GDP. Therefore, further measures will be needed in 2015 and 2016. Based on its assessment and taking into account the Commission's 2015 spring forecast, the Council is of the opinion that there is a risk that Estonia will not comply with the provisions of the Stability and Growth Pact.

(9) Estonia's employment rate reached 74,5 % of the working-age population in the third quarter of 2014 and the unemployment rate dropped to 7,6 %, the lowest level since 2009. The proportion of long-term unemployed is well below the EU average. However, the shrinking labour force, combined with low labour productivity, is becoming a medium-to-long-term challenge. Implementation of the ambitious Work Capacity Reform has started only recently.

While a number of tax-related measures have been adopted to increase labour market participation, they do not specifically target low-income earners. The gender pay gap is one of the widest in the Union. A lack of childcare facilities makes it more difficult for young parents, in particular mothers, to return to the labour market. The proportion of students in work-based apprenticeships is also low. There is a shortage of graduates in technology and science subjects. The quality of local authority social services is uneven.