

Nonprofit Organizations in Regional and Civil Society Development: Estonian case and results of studies

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This paper characterizes the development of Civil Society (CS), nonprofit sector (NPS), nonprofit organizations (NPO), nongovernmental organizations (NGO) and civil society organizations (CSO), but first and foremost role, possibilities and scope of NPO-s and NGO-s in regional development (RD) and community development or local development (CD) of Estonia.

The Republic of Estonia is a small once-independent country in the North-East Europe, joining NATO in March 2004 and EU on 1st of May 2004. Process of rebuilding and developing of economy, institutional structure and society and building up CS in Estonia has run a bit more than ten years. We describe or try to describe and characterize the development and sustainability of CS and CSO or NPO by the use of traditional SWOT – analyses method, well-known in strategic development planning and processing.

Table 1 Development and dynamics of nonprofit sector in Estonia, 1998 – 2004: nonprofit organizations** (NPO) – nonprofit associations (A), foundations (F) and churches and religious organizations (C & R) – registered in official state registers

| Date | A | | F | | C & R | | NPO TOTAL |
|------------|--------|-------|--------|------|--------|------|------------------|
| | Number | % | Number | % | Number | % | |
| 01.01.1998 | 7 037 | 91,84 | 65 | 0,85 | 560 | 7,31 | 7 662*** |
| 01.01.1999 | 12 342 | 94,72 | 122 | 0,94 | 566 | 4,34 | 13 030*** |
| 01.01.2000 | 12 401 | 93,36 | 306 | 2,30 | 576 | 4,34 | 13 283*** |
| 01.01.2001 | 13 666 | 93,51 | 372 | 2,55 | 576 | 3,94 | 14 614 |
| 01.01.2002 | 15 886 | 94,00 | 436 | 2,58 | 578 | 3,42 | 16 900 |
| 01.01.2003 | 17 893 | 94,11 | 505 | 2,66 | 615 | 3,23 | 19 013 |
| 01.01.2004 | 19 283 | 93,74 | 570 | 2,77 | 718 | 3,49 | 20 571 |

** Today is out of statistics of nonprofit organizations very numerous **number of informal societies or non-registered societies**

* **By the data of Register's Centre of Estonian Ministry for Justice (Hallemaa, 2003, 2004)**

We have fixed earlier, that there are some several understandings and conceptions, what is, what contains and how wide is CS scope (Hallemaa, 2002): 1) CS as an area of close and direct equivalent co-operation between public, business and non-profit or third sector; 2) CS as third sector; 3) CS as all the society with transformed society, co-operation principles and governance.

The Estonian NGO- s, NPO- s and CSO- s prepared in the end of 1990's Approval of the Estonian Civil Society Development Concept (hereinafter EKAK) (2001). The EKAK has adopted by the 1st General Assembly of Estonian NGO Roundtable in the beginning of 2001 and handed over to the Parliament of Estonia in May 2001. Estonian Parliament Riigikogu adopted it as state document and long-term instruction on 12 of December 2002 (Estonian ..., 2002). But in processing of the EKAK in parliament in close cooperation with NPS and authorities there was made some compromises, which deformed description and understanding of scope and content of Estonian CS. In Approval of the EKAK (2001), the CS of Estonia has described as all the society, "as society that is free, democratic, peaceful, governed by justice, wealthy, evolving and founded on the active participation of its citizens and involves all people in the community depending on their interests and abilities". But in

real, adopted concept EKAK (2002), the content of CS fixed as third sector: “Civil society” means self-initiated cooperation of people for pursuing their interests, discussing public issues and participating in decision-making processes, as well as the associations, networks and institutions which enable such cooperation.

Regional differences in development levels are typical both to the developed and to the underdeveloped countries. During the period of once-independence Estonia has progress in development, in generally. But the differences in development levels between social groups and different regions have grown abnormally great. It seems particularly in connection with European Community. It influences also the regional development of CS, NPS and NPO. There are extremely big differences between regions of Estonia by structure, number and characteristics of development of NPO and NPS (Table 2). The same tendencies we can see in RD and CD of Estonia. NPO and CSO have played essential role in RD and CD. This role has grown rapidly during the few last years and must continue to grow up, particularly in CD. NPS play also a role in total paid employment, as in all countries. All European and other countries use regional policy in several ways. In Estonia, today is needful to increase essentially size and capacity of stimulative regional policy, based on support for enterprises and also for NPO-s.

For characterizing role, possibilities and scope of NPO in RD, we have examined and made statistical analyses for weighted average indexes. For such we have taken relatively integrated indexes, describing development potential, level and possibilities of regions on one hand and strength and development of NPO and CS on the other hand: **(1) personal income tax received into local budget per inhabitant (PIT/inh) and (2) nonprofit organizations or civil society organizations per 1000 inhabitants (NPO/R)**. We have calculated weighted average indexes as well as by Estonia, its counties (15) and local administrations (247) and in different years, summarized in table 2 (by Hallemaa, H.).

Table 2 Weighted average indexes by Estonia and its local administrations (valid N; local a.) in 2000, 2001 and 2002 - nonprofit organizations or civil society organizations per 1000 inhabitants (NPO/R) and personal income tax received into local budget per inhabitant (PIT/inh) (by Hallemaa, H.)

| Mark & year (index) | Valid N | Average index by Estonia | Minimum by local administrations | Maximum | No. of local a. under w. average |
|------------------------|------------|-----------------------------|-------------------------------------|---------|-------------------------------------|
| NPO/R 2000 | 247 | 9,08 | 0,0 | 35,4 | 216 |
| NPO/R 2001 | 247 | 10,69 | 0,0 | 51,6 | 216 |
| NPO/R 2002 | 247 | 12,42 | 0,0 | 56,7 | 210 |
| PIT/inh 2000 | 247 | 2680,6 | 537,7 | 5209,8 | 167 |
| PIT/inh 2001 | 247 | 2889,9 | 554,7 | 5474,0 | 174 |
| PIT/inh 2002 | 247 | 3200,7 | 653,4 | 6673,1 | 179 |

For statistical analyses and data processing we use program *STATISTICA 6.0*. Normality of variables was checked by Lillifors' and Shapiro-Wilk's tests. For all variables the distributions were skewed towards smaller values, hence nonparametric methods were used. **Spearman Rank Order Correlations by counties of Estonia between NPO/R and PIT/inh were significant (p<0.005) and varied between 0.73 (2000) and 0.83 (2001)** (table 3). The same figures by local administrations of Estonia are: 1) 2000 - 0.48; 2) 2001 - 0.46; 3) 2002 - 0.52. It means, that they are not so strong, but they are extremely authenticity (p<0,000001 at all three cases). For statistical analyses and researches we also use more

complex indexes and data (financing of activities of NPO, salaries, payments of social tax, focal indicators of the Regional Development Strategy of Estonia and etc.).

Table 3 Spearman Rank Order Correlations (Correlation coefficients) between weighted average indexes by counties of Estonia in 2000, 2001 and 2002 (by Hallemaa, H.)

| | NPO/R 2000 | NPO/R 2001 | NPO/R 2002 |
|--------------|------------|------------|------------|
| PIT/inh 2000 | 0.728571 | 0.757143 | 0.764286 |
| PIT/inh 2001 | 0.789286 | 0.825000 | 0.839286 |
| PIT/inh 2002 | 0.707143 | 0.757143 | 0.760714 |

Several participants, social partners and doers in CD are: 1) inhabitants of settlement units without the status of local administration and their self-initiative; 2) acting groups in CD (grass-roots organizations); 3) elders of villages; 4) neighbouring villages; 5) local administrations; 6) cooperation and joint acting forms of CSO and NPS; 7) state development programs; 8) State and Government; 9) European Union and its development programs and funds; 9) other international structures and forms. As **acting groups in CD (AGCD)** shall be treated: 1) independent AGCD; 2) development societies and associations; 3) territorial societies and associations, including village's societies; 4) information rooms and training centers; 5) women's and family's societies and movements; 6) other societies of sphere of interest; 7) other forms. The main sources of direct funding for CD are: 1) public sector: local authorities; 2) public sector: regional/national; 3) national governments; 4) national development programs; 5) EU development programs; 6) other international resources; 7) voluntary and NGO sector and energy; 8) self-initiative of citizens; 9) social partners. We have started to describe and map several different types and models of CD. As the example of participation of NGOs in RD and CD and implementing of them by international regions as taken the Baltic Sea Region and the Baltic Sea NGO Network and Forum (Figure 1 and 2) (Final Statement ..., 2004; Hallemaa, 2004-14, 2004-15; The Statute ..., 2004).

As a conclusion: Development of NPO and NPS and support of this development by public sector is of great movement for process of building up CS and guaranteeing CD. NPO and CSO have played and play essential and growing role in RD and particularly in CD. Participation of NGOs in RD and CD and implementing of them is ever more essential also by international regions (as Baltic Sea Region for example; European Union). There are extremely big differences between regions of Estonia by development of NPO and NPS and also in RD and CD. The regional policy is needed in each country, especially in Estonia. For characterizing role, possibilities and scope of NPO in RD and CD, we can examine and make statistical analyses for weighted average indexes.