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# COUNTRY PROFILE

## Estonia

APRIL 2008

### OVERVIEW

The primary goal of the U.S. is for Estonia to play a positive and stabilizing role in an integrated Europe and to participate fully in regional political, economic and security structures. The essential elements for



### Tallinn

meeting this objective are: the integration of prosperous and democratic Baltic member states into transatlantic institutions; development of civilian-controlled, European and transatlantic compatible defense forces; and, complete transition to an open market economy. The 1998 U.S.-Baltic Charter spells out the fundamentals of U.S. bilateral relationships in the Baltics and establishes institutional mechanisms to support sovereignty and free markets, promote respect for human rights and the rule of law, and strengthen security ties. Estonia joined the North Atlantic Treaty Organization (NATO) and the European Union (EU) in 2004.

Between 1991 and 1996, USAID delivered \$30 million to support Estonia in its transformation from a state-controlled economy under communist rule to a market-oriented democracy. Aid from the American people was targeted to re-establishing pluralistic democracy, promoting economic reform, and protecting the environment, primarily through the transfer of technical expertise by both long- and short-term advisors, training workshops and exchanges, limited capital development expenditures, and financing for equity and loan capital in support of private enterprise. Although the USAID Mission in Tallinn closed its doors in 1996, the legacy of USAID development assistance has endured.

### PROGRAM LEGACY

#### INFRASTRUCTURE THAT SUPPORTS ECONOMIC GROWTH

USAID programming was instrumental in helping the Estonian Government facilitate privatization of state industries and promote regional trade and direct foreign investment. Support also contributed to the creation of the Estonia Small Business Association, now more than 700 members strong, to ensure that small business needs were considered in the privatization process. USAID assisted in the

#### ESTONIA SNAPSHOT

Date of independence:  
August 20, 1991  
Capital: Tallinn  
Population: 1.315 million  
GDP per capita: \$20,300  
(purchasing power parity)

For more information,  
see [www.usaid.gov](http://www.usaid.gov)  
Keyword: Estonia



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## COUNTRY PROFILE CONTINUED

development of a capable banking system by providing management advisory services to the Estonian Banking Association to aid in the recovery of commercial banking following the 1992-93 crash. As a result, the Estonian financial system has developed the capacity to fulfill a crucial private-sector role and satisfy an important portion of the domestic investment requirements arising out of the privatization program. Today, Estonia has the most dynamic development index among new EU members and actively shares its experience with reform-minded leaders in other countries in the region.

### **INSTITUTIONS THAT UPHOLD JUST, DEMOCRATIC GOVERNANCE**

USAID assistance helped Estonia strengthen government at the municipal level and rebuild its legal infrastructure to function fairly and effectively. Support enhanced local governance by institutionalizing citizen participation, prioritizing public needs and improving budgeting capabilities, and privatizing municipally-owned enterprises. Programming supported the organization of political parties and campaign building, and helped to engage citizens in the political process by strengthening a network of nongovernmental organizations (NGOs) devoted to research and advocacy on democracy issues. The Estonian Law Center, established with USAID funding, now provides education and training to judges, lawyers, court staffs, police, and others to advance their professional capabilities and reinforce the rule of law.

### **PARTNERSHIPS TO MAXIMIZE ENERGY EFFICIENCY**

With USAID support, Estonia joined the Regional Energy Efficiency program which integrates the three Baltic national utility companies and has increased energy efficiency, improved energy sector coordination, and made energy more affordable by restructuring pricing systems to more accurately reflect the market value of electricity and power.

### **POST-PRESENCE RELATIONS**

#### **A SUSTAINING PARTNERSHIP FOR REGIONAL DEVELOPMENT**

The Baltic American Partnership Fund, jointly funded at \$15 million for a ten-year period by USAID and the Soros Foundation, has provided resources to ensure that NGOs provide a lasting legacy for democratic and civil society development in Estonia, Latvia and Lithuania. The Fund will close-out in 2008. The U.S. will continue to collaborate with Estonia, now an emerging foreign assistance donor, to promote democracy and economic growth in the region and elsewhere in the world.

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