



REPORT

ESTONIA'S ROLE IN THE CHANGING ARCHITECTURE OF INTERNATIONAL DEVELOPMENT COOPERATION

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Cover image: A prominent example of Estonian public-private cooperation in Ukraine is the construction of the Ovruch kindergarten in the Zhytomyr region, where, in addition to the construction and expansion of buildings, Estonia also supports the training of staff in modern teaching methods. Reference: ESTDEV

Keywords: Estonia; development cooperation; OECD; Ukraine; Georgia; Moldova; Africa; ESTDEV; European Union; UN; BRICS; reform experience; digital development; educational cooperation

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ABBREVIATIONS

BRICS	Brazil, Russia, India, China, South Africa
CPVA	Central Project Management Agency (<i>Centrinė projektų valdymo agentūra</i>)
D4D	Digital for Development
DAC	Development Assistance Committee
ESD	Estonian School of Diplomacy
eGA	e-Governance Academy
ESTDEV	Estonian Centre for International Development
HARNO	Education and Youth Board
IMF	International Monetary Fund
EIC	Environmental Investment Centre
GNI	Gross national income
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PVV	Freedom Party (<i>Partij voor de Vrijheid</i>)
SIDA	Swedish International Development Cooperation Agency
TAIEX	Technical Assistance and Information Exchange
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

Development cooperation is a tool of soft power for states that enables them to promote their values, build relationships with partner states, and reduce global poverty. Since development cooperation is impacted by changes in the norms and power dynamics of international politics, it is essential to analyse Estonia's use of development cooperation up to now and the directions it may take in the future.

Firstly, bilateral development cooperation is becoming more interest- and business-based, with development cooperation by western countries also being increasingly shaped by the goal of promoting their own goods and services. For example, Sweden – one of the European Union's key donor countries – is increasingly focusing on its exports. At the same time, it is hoped that economic growth in the global south will offer solutions to the global north's security and welfare challenges, including migration. Another significant trend in the area is the growing influence of non-democratic donor countries that use development cooperation not to empower local populations but to consolidate or expand their spheres of influence. This shift is exacerbated by substantial cuts in development aid budgets in several western countries, including the United States – the largest contributor to aid – which leaves more room for China and other states offering an alternative to western governance models.

Estonia has primarily focused its development cooperation on sharing its transition experience with countries such as Ukraine, Georgia, and Moldova, who have shown interest in the lessons Estonia's example can offer and whose development directly affects Estonia's security. These reform efforts include the promotion of democracy, the rule of law, and a favourable business environment, along with a strong emphasis on education-related development cooperation. More recently, Estonia has expanded its efforts to share its expertise in digital governance and digital education, particularly with African countries. A new area of focus is the export of Estonia's education model, which might help address the high global demand for quality education, though there is still no national consensus on what the priorities in this sector should be and who the suitable actors are.

The overarching aim of Estonian development cooperation has been to support target countries and their populations. At the same time, it has also served as a means to advance Estonia's own security, reputation, and economic interests. Compared to larger donor countries, Estonian development cooperation resources are very limited, yet it has distinct strengths that should be better recognised internally and more widely promoted internationally. Estonia conducts strong bilateral development cooperation with relatively little fragmentation, in which it takes advantage of its strengths: digitalisation, flexibility, personal engagement, low coordination costs, and reform expertise.

Thus far, Estonian development cooperation has focused on so-called smart cooperation (reforms, IT, and education) and supporting human development in middle-income countries. This approach should continue, rather than shifting towards infrastructure development in the world's poorest nations. The reconstruction of Ukraine is an exception, where Estonia is both taking a leading role that sets an example for others and supporting a key security partner.

INTRODUCTION

The balance of power in the world is currently undergoing a tectonic shift, one that is also affecting the nature of development cooperation. At the same time, development cooperation has never been static, having changed quite a bit over time. The Ministry of Foreign Affairs commissioned a study by the International Centre for Defence and Security, the aim of which was to examine the global trends in contemporary development cooperation and their impact on Estonia, taking into account Estonia's own contemporary development cooperation goals.

As a relatively young donor country, Estonia is well-positioned to adapt to global trends and act flexibly to set an example for other countries. Estonia's thematic and geographical preferences must be thought through in light of the changing international environment. The links between development cooperation and security and business interests also require critical analysis.

Development cooperation has thus far received little attention in Estonia's international policy-related research and discussions. It has also received little attention in the broader public debate, and Estonians have the lowest awareness of development cooperation compared to other European countries. At the same time, development cooperation is an important part of Estonia's foreign policy, on which a significant amount of state resources is spent (EUR 101 million, or 0.28% of GNI in 2023). One of the goals of this study is to contribute to increasing public awareness and stimulating public debate regarding development cooperation.

The four chapters of the report analyse the nature of development cooperation, both in the

world and in Estonia; global trends in the use of development cooperation; the geostrategic dynamics of the use of the development cooperation as a tool; the experiences of European comparator countries; and the possibilities of shaping Estonian development cooperation. The study is based on academic literature, public documents on development cooperation, and semi-structured interviews with Estonian experts working in developing countries, international researchers in the field of development cooperation, and representatives of the Swedish and Lithuanian ministries of foreign affairs. The list of interviewees is provided at the end of the report. In addition, we present policy recommendations for the future planning of Estonian development cooperation.

1. OVERVIEW OF GLOBAL AND ESTONIAN DEVELOPMENT COOPERATION

1.1. WHY ENGAGE IN DEVELOPMENT COOPERATION?

Development aid means financial or material support from donor countries to target countries in order to boost their economies and increase the well-being of local populations. Countries and international organisations finance development primarily in the form of grants, sometimes also as loans. While historically the problem with development aid has been its top-down orientation, in which equal involvement of target countries and the creation of long-term partnerships were not considered important, western countries have improved their approach and now place emphasis on development cooperation. As the name suggests, its goal is long-term cooperation between donor and target countries to implement sustainable development projects in order to respond to the challenges of a changing world: globalisation and its repercussions, changing geopolitical power lines, and the growing importance of climate change.

Economic prosperity remains one of the goals of development cooperation, but the modern approach to development cooperation also includes the promotion of democracy and the protection of human rights and the environment. Development cooperation reflects both solidarity and a sense of moral responsibility, as well as the effort to increase international cooperation that would create a more stable and

secure environment. However, development cooperation is not necessarily altruistic and can be a foreign policy tool to protect the values and interests of the donor country.

The world began to pay more systematic attention to development after World War II, when developed countries repeatedly changed the structure of economic models in the global south, which mostly had a negative impact on developing countries.¹ In the 1960s and 1970s, many developing countries strove for self-sufficiency and industrialisation, but in the 1980s, western countries made the principles of neoliberal economic policy a condition for development cooperation, which led to premature de-industrialisation and economic recession in many developing countries.²

Initially, rich countries provided development aid through a clear process of trial and error and according to the economic interests of the developed countries – the hope being that the economic development of developing countries would make the world safer and stimulate trade. Development aid was partly due to Europe's colonial past, which, on the one hand, brought with it a desire to preserve the former system of subordination but, on the other hand, also a sense of responsibility and the outbreak of idealism after World War II.³ While development was initially considered only from the perspective of economic well-being, today this approach has moved on, and instead of pure development aid, the focus is on mutual cooperation. The aim is also democracy, human rights, decentralisation, and many other values that may sometimes conflict with the traditional development goal – i.e., economic growth.⁴

Despite various criticisms, many good results have been achieved in the world with the support of development aid and cooperation. Even if their direct connection with development aid and cooperation is difficult to measure, a certain impact can be assumed. First, the proportion of people living in extreme poverty has decreased markedly since the 1970s. Second, **the health indicators of the world's population** have improved significantly. As with extreme

poverty, health care has not improved evenly between and within countries, and there are places and groups of people who still need to be reached. Even so, the trend is positive. This is also seen in the average increase in global life expectancy: life expectancy was 56.49 years in 1970 and 73.33 years in 2024.⁵

The same can be said about **education**. In the 1950s, literacy rates began to rise worldwide: in 1960, 42% of the world's population was literate, in 1983 it was 70%, and today it is 87%, which indicates that almost nine out of ten people worldwide can write.⁶ This success means that literacy alone no longer gives people an advantage in the labour market, which is why we need to think about supporting access to secondary and higher education. New hopes lie in digitalisation, better collaboration, and creative thinking in both the global north and the global south. For example, technology and social media have become common tools even for selling agricultural products.

Poverty reduction and meeting people's basic needs remain at the heart of development cooperation. This is stated, for example, in the **UN's 2030 Agenda for Sustainable Development**, which is based on the goals and outcomes of the previous development plan drawn up until 2015. According to the UN, progress has been made at the global level, for example, in reducing child mortality, combating HIV/AIDS, and ensuring access to clean water, energy, and mobile networks.⁷ However, only 17% of the goals have progressed at the predetermined pace, while others have been achieved more slowly than planned or have experienced setbacks.⁸ Therefore, it is foreseeable that, just as not all the targets set for 2015 were met, many of the ambitious goals of the new sustainable development agenda will also not be achieved by 2030. The obstacles include the Covid-19 pandemic, wars, and climate change, which have increased the number of people in need.

In addition, the gap between the supply of and demand for humanitarian aid, which is traditionally included in the development cooperation budget, is constantly widening worldwide, as the number of natural disasters and man-

¹ Frederick Cooper, *Africa since 1940: The Past of the Present*. New Approaches to African History, Cambridge University Press, 2002.

² Zinabu Samaro Rekibo, "The Economics of Late Development, Industrialisation and Economic Integration: with Case Studies of Ethiopia," TTU Kirjastus, doctoral thesis, 2018.

³ Daron Acemoglu *et al.*, "The Colonial Origins of Comparative Development: An Empirical Investigation," *The American Economic Review*, Vol. 91, No. 5, 2001, 1369–1401.

⁴ Eve Parts, *Arenguökonomika*, Tartu Ülikooli Kirjastus, 2000.

⁵ Macrotrends.net, "[World Life Expectancy 1950-2025](#)."

⁶ Katharina Buchholz, "[This is how much the global literacy rate grew over 200 years](#)," World Economic Forum, 12 September 2022.

⁷ United Nations, "[Progress towards the Sustainable Development Goals](#)," 2 May 2024, 3.

⁸ United Nations, "[With Less than One Fifth of Targets on Track, World Is Failing to Deliver on Promise of the Sustainable Development Goals, Warns New UN Report](#)."

made crises that humanitarian aid is used to alleviate in order to save lives is increasing. The provision of humanitarian aid is affected both by volatile funding and by the fact that working for aid organisations has become increasingly dangerous for the workers themselves, as warring parties in conflicts around the world – from Ukraine to Gaza to Sudan – have not always respected the Geneva Conventions on humanitarian law. While humanitarian aid and the safety of development cooperation and humanitarian workers or access to conflict areas cannot be guaranteed, aid programmes may be halted prematurely, as happened, for example, after the Taliban came to power in Afghanistan in 2021, when much of western development cooperation there essentially ended overnight.

If we are a responsible country that helps others, we can also expect to receive help when needed

Estonia's development cooperation was launched in 1998, when we started with small initiatives in Ukraine, striving to join the European Union, NATO, and the clubs of other developed nations and wishing to increasingly transform from a consumer of security into its provider.⁹ Today, Estonia is a country with a high gross national product and a high human development index, whose small contribution to development cooperation would probably not be understood in the developed world. Thus, one of the biggest motivators for investing in development cooperation has been **the image of the Estonian state**, the relevance of which has not disappeared. Through this, in turn, **security interests** come into play. If we are a responsible state that helps others, we can expect that we will be helped, if necessary. The rules that apply in human society also apply between states – self-centredness is not tolerated, whereas cooperation and friendliness help ensure survival in difficult circumstances.

For a small country, security interests are always a primary concern, and based on this, the priority development cooperation countries for Estonia

were selected: since 2006, when our development cooperation became more systematic, we have focused primarily on the EU's eastern neighbourhood countries (**Ukraine, Moldova, and Georgia**), whose development should most directly enhance our own security. At that time, **Afghanistan** was added to the list of priority countries, where we worked with our allies on both military and civilian fronts. In addition, a priority of our foreign policy has been the desire to boost our own economy and that of the target countries, and to develop relations with third countries (which became especially important in connection with Estonia's membership in the UN Security Council). This is where **Africa** comes into play, because it is through the development of this part of the world that we are contributing more generally to the level of global development. Estonia's development cooperation has always been characterised by a **value-based approach** – through development cooperation, we promote democracy, the rule of law, and the protection of human rights, which in turn stems from our belief in international law and order.

1.2. WHERE DOES THE MONEY COME FROM?

The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) is the main body of the OECD that coordinates the organisation's development assistance policy. It sets guidelines for official development financing and promotes the effective allocation of aid, transparency, and poverty reduction. The DAC monitors the allocation of aid and sets official development cooperation targets for donor countries. The world's largest donor countries, or DAC members, allocated a total of **USD 223.2 billion** to development cooperation in 2023,¹⁰ while the need for aid is estimated to be in the trillions and growing.

⁹ Estonian Ministry of Foreign Affairs, "[Estonian Development Cooperation Database](#)."

¹⁰ OECD, "[Official development assistance \(ODA\)](#)."

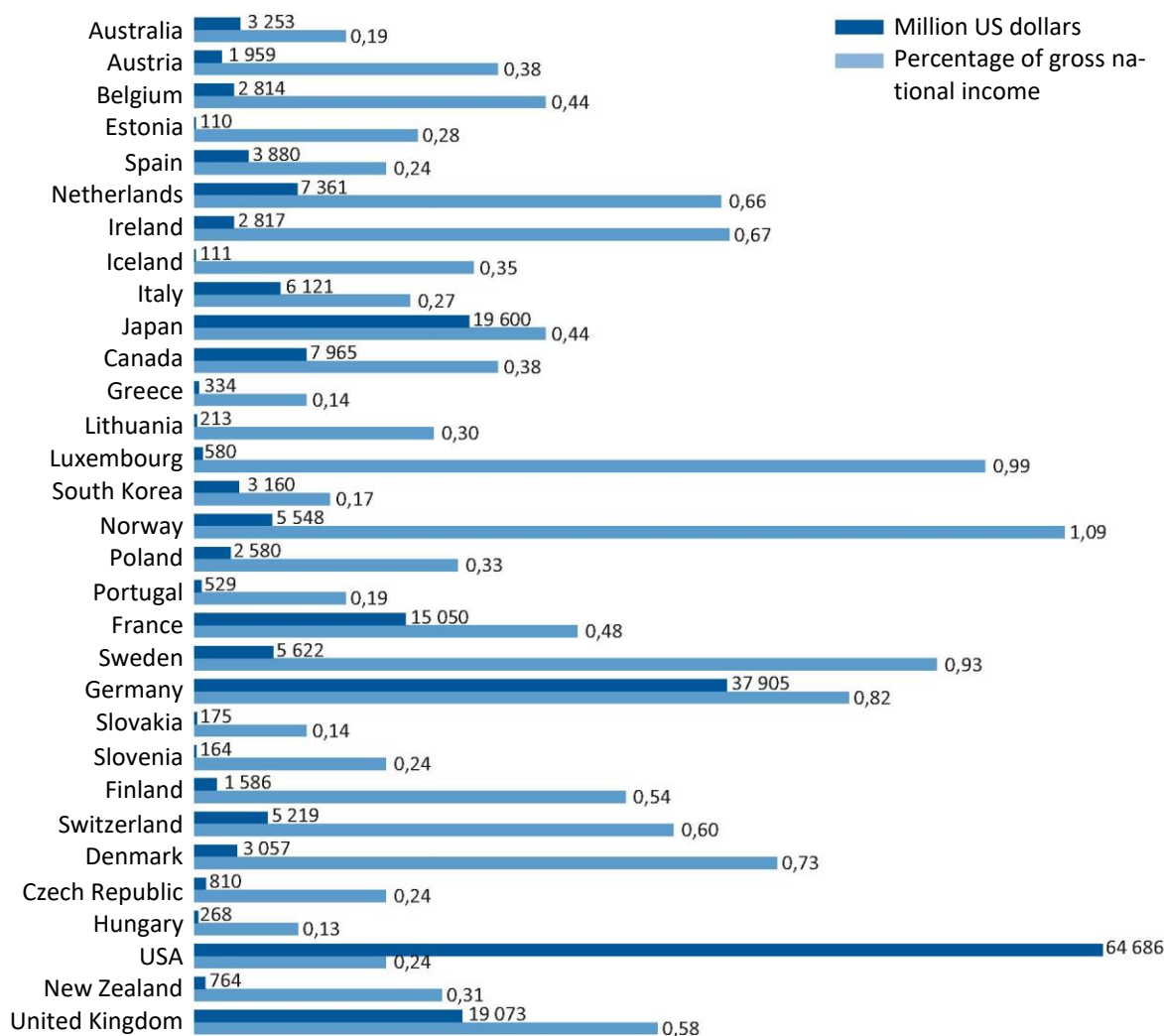


Figure 1. National contributions to OECD official development assistance in 2023. Source: OECD

The largest DAC development aid donor country in 2023 continued to be **the United States** with USD 63.69 billion. It is followed by **Germany** (37.9), **EU institutions** (26.87), **Japan** (19.6), **Great Britain** (19.7), **France** (15.5), **Canada** (7.97), **Netherlands** (7.36), **Italy** (6.12), **Sweden** (5.62), **Norway** (5.55), **Switzerland** (5.22), **Spain** (3.88), **Australia** (3.25), **South Korea** (3.12), **Denmark** (3.06), **Ireland** (2.82), **Belgium** (2.81), **Poland** (2.58), **Austria** (1.96), **Finland** (1.59), **Czech Republic** (0.81), **New Zealand** (0.76), **Luxembourg** (0.58), **Portugal** (0.53), **Greece** (0.33), **Hungary** (0.27), **Lithuania** (0.21), **Slovakia** (0.18), **Slovenia** (0.16), **Iceland** (0.11), and **Estonia** with USD 0.11 billion.

The OECD's official development assistance (ODA) figures must always be taken into account when shaping the image of development cooperation. The goal of old EU member states is to spend 0.7% of gross national income (GNI)

on ODA by 2030, but only a few have achieved this target so far. Countries that joined the EU in 2004 or later have set a target of reaching 0.33% by 2030.¹¹ Using a percentage definition means that if GNI decreases, so does ODA, which is why several countries (e.g., the Netherlands and Sweden) have decided to separate GNI and ODA and allocate a fixed amount for development financing, so that development cooperation planning cannot suffer. Development financing cuts can also be expected from President Donald Trump's second administration, but it is not yet known whether and what example this will set for other countries.

Each country makes its own political decision on whether to report its activities to the OECD as eligible aid. For example, China, Russia, and most of the BRICS countries, which also provide aid, are not included in the ODA calculation. Their aid is of a different nature in many ways.

¹¹ The EU already made a joint commitment in 2005 to spend 0.7% of its GNI on ODA by 2015. However, the target was not achieved, and the 2015 Council decision postponed the same target to 2030. The old member states

have promised to strive to achieve 0.7%, while the new ones have aspired to reach 0.33%.

Among international organisations, the EU and the UN are the biggest players in the developing world. In 2021, the EU presented the **Global Gateway investment strategy**, which is in line with the UN Sustainable Development Agenda and the Paris Agreement. Under the strategy, the EU has pledged to invest EUR 300 billion in development cooperation between 2021 and 2027 – around EUR 150 billion has been invested in the Africa-Europe investment package so far, with EUR 45 billion in the Asia-Pacific region and Latin America and the Caribbean. The Global Gateway is in line with the G7 leaders' aim to launch a value-based, high-standard, and transparent infrastructure partnership to satisfy global infrastructure development needs.¹² Therefore, the initiative represents a clear response to the rise of the BRICS countries, especially China's One Belt One Road Initiative.

The UN **2030 Agenda for Sustainable Development** was established in 2015 in collaboration with 193 governments and consists of 17 sustainable development goals, divided into 169 smaller targets. Currently, 162 countries and territories and 37 UN agencies are working together to achieve the goals of the action plan, funds, and programmes.¹³ To monitor progress towards the goals of the Agenda, the UN Statistical Commission has adopted a harmonised global indicator framework with some 230 separate indicators.¹⁴ In addition to several summits and publications, the UN publishes a Sustainable Development Report every four years, which includes policy recommendations for the future and provides an overview of achievements to date.¹⁵ Development financing frameworks describe the UN's policy on resource mobilisation and financing for development, including the role of official development assistance, private sector engagement, trade, and debt relief in supporting development efforts.¹⁶

The UN 2030 Agenda for Sustainable Development is implemented by several sub-organisations. For example, the United Nations Development Programme (UNDP) is one of the largest UN agencies, focusing on eradicating poverty, reducing inequality, improving resilience, and promoting sustainable development worldwide. The UN **Economic and Social Council** organises development cooperation forums, the main purpose of which is to facilitate dialogue between donor and recipient countries and

thereby improve the quality of development assistance. The UN Children's Fund (UNICEF) also participates in development cooperation, working in more than 190 countries and territories to save children's lives, protect their rights, and help them fulfil their potential from early childhood to adolescence.

The Bretton Woods institutions are also closely associated with development cooperation. The Poverty Reduction and Growth Trust Fund is the main instrument of the **International Monetary Fund** (IMF) used to provide concessional loans to low-income countries. Every dollar of national support enables the Trust Fund to provide a zero-interest loan of five dollars to beneficiary countries. Estonia's contribution to the Trust Fund's activities in 2024 was USD 500 000. **Within the World Bank**, the International Development Association is important to Estonia, as it is the main instrument through which Estonia supports the development of the least developed countries. The debt sustainability framework developed by the IMF and the World Bank helps low-income countries manage their debt levels while contributing to the achievement of development goals.¹⁷ The Heavily Indebted Poor Countries (HIPC) Initiative deals with the debt burden of countries, and its activities are also supported by the European Union.¹⁸ In addition, regional development banks have grown significantly, which mainly provide loans and offer, to some extent, an alternative to the Bretton Woods institutions.

Financing for **Estonian** development cooperation comes from the state budget and is relatively small compared to the contributions of other major donor countries in the EU. Estonia's ODA is **0.28%** of GNI, with a target to increase it to **0.33%** by 2030. In 2023, Estonia's eligible ODA amounted to **EUR 101 million**, of which **EUR 46 million** was multilateral and **EUR 55 million** was bilateral. Multilateral cooperation was divided into three parts: **EUR 38 million** was Estonia's mandatory contribution to the EU; **EUR 4.6 million** was allocated to the UN; and **EUR 4.6 million** to the World Bank. Of the bilateral aid, **EUR 31 million** was aid given to Ukrainian refugees living in our country.

¹² European Commission, "[Global Gateway Strategy](#)," 1 March 2023.

¹³ United Nations, "[United Nations Sustainable Development Group](#)."

¹⁴ UN [Resolution 71/313](#), 6 July 2017.

¹⁵ United Nations, "[Global Sustainable Development](#)

[Report](#)," 2023.

¹⁶ United Nations, "[Financing for Sustainable Development Report](#)," 2024.

¹⁷ World Bank, "[Debt & Fiscal Risks Toolkit](#)."

¹⁸ World Bank, "[Heavily Indebted Poor Countries \(HIPC\) Initiative](#)," 9 May 2024.

The Estonian Development Cooperation Centre (ESTDEV) had **EUR 17.7 million** at its disposal for bilateral development cooperation in 2024; the Ministry of Foreign Affairs distributed approximately **EUR 3–4 million** as humanitarian aid and **EUR 3 million** in development cooperation funds. Ukraine has received **EUR 9–14 million** in funding in recent years (including humanitarian aid); Moldova, Georgia, Armenia, and Belarus were funded with a total of just over **EUR 1 million**, and Africa was also funded with almost **EUR 1 million**. In 2022, Estonia's ODA was significantly higher – EUR 193 million – because more aid was temporarily provided to refugees in Estonia (at the same time, the expenses incurred on refugees arriving in the country have been allowed to be taken into account only during the refugee's first year of stay in the country). The share of humanitarian aid in Estonia's total ODA is approximately 4%.

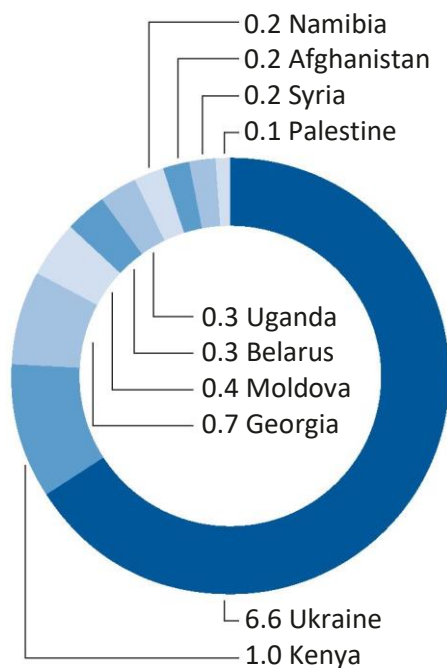


Figure 2. Estonia's support to the 10 largest development cooperation partners (million dollars) in 2022. Source: OECD

Estonia also uses **European Union funds to implement its development cooperation objectives**. For Estonian state-level development cooperation institutions, the easiest way to access EU funds is to go through the **EU pillar-based assessment**¹⁹ process, which essentially means

easier access to the use of European Commission funds. For example, the e-Governance Academy (eGA), with a turnover of EUR 19 million in 2023, is already using EU funding to the extent of almost 95%, including thanks to the successful completion of the pillar-based assessment in 2021. In addition, the EU has tools such as **twinning**,²⁰ **TAIEX**²¹ to introduce good practice in the public sector of target countries and the **Team Europe Initiative**, which allows EU member states to pool their efforts and resources to promote a specific area in the target country.

Estonia also cooperates closely with the UN and its subsidiary organisations, which help to leverage our experience by providing additional funds and involving experts from both sides. In addition, Estonia is increasingly using **money from other donor countries**. Estonia has cooperated, for example, with the following countries and agencies: USAID (USA), Enabel (Belgium), GIZ (Germany), SIDA (Sweden), and aid organisations from France, Spain, Finland, Norway, and Canada. It is through such international cooperation that the willingness of other countries to perform development cooperation (e.g., some specific reforms) and our experienced experts can be brought together.

The share of funding received from other sources is already quite large and constantly growing. The reputational, security, and economic benefits of development cooperation for Estonia cannot be measured in money, but overall, it can still be assumed that development cooperation is a profitable activity for our country and people.

1.3. WHERE DOES THE MONEY GO?

A large part of **the world's** development cooperation funding goes to developing the infrastructure of target countries. Estonia is among those European countries that are trying to balance the situation by investing in **human development**, because disproportionately large infrastructure investments can even inhibit human development, for example, when people are evicted from their homes to build a dam, road, or bridge.²² A large proportion of the resources

¹⁹ The pillar assessment is essentially like a driving licence for easier use of EU funds. Institutions are assessed in up to nine areas, six of which are mandatory.

²⁰ Twinning is a public-sector cooperation instrument aimed at the EU's neighbourhood and enlargement countries. Twinning projects focus on the transposition of EU legislation and structural reforms in specific sectors, with an average project duration of one year. The Directorate-

General for Enlargement and Eastern Neighbourhood is responsible for twinning.

²¹ TAIEX (Technical Assistance and Information Exchange) is a narrower technical assistance and information exchange instrument that supports the transposition and implementation of EU legislation. Projects are shorter in duration and targeted at a wider range of countries.

²² Rekiso 2018.

of undemocratic countries are directed towards the least developed countries and infrastructure.

For decades, the issue of whether development cooperation should lead to **democracy** has been a central issue in development cooperation discussions. Today, China and several other East Asian and Arab countries have found that there is no direct link between development and democracy, and that democracy does not necessarily guarantee development, and authoritarianism does not necessarily hinder it. Democratic governance does not automatically lead to better economic performance. However, democratic governance implies more citizen engagement, and corruption becomes easier to combat.

This raises the question of whether and what kind of projects we can carry out in undemocratic countries. No western country has been able to completely solve this problem. Democratic governance is an important value for Estonia, which we want to promote on a global level; however, not every project has to be directly aimed at the development of democracy. If strengthening democracy in the target country is chosen as the main objective, effective projects aim at influencing the fundamentals of popular power: support for civil society, free and fair elections, protecting media freedom and human rights, as well as digital development. In addition, more can be achieved in this area if assistance is aimed at supporting democratisation in the long term rather than preventing regression in the short term.²³

The basic principles of Estonia's development cooperation are needs-based and result-oriented; they presuppose equal partnership and a sense of ownership by the partner country, which means that each target country has primary responsibility for its own development strategy and its implementation. **Priority areas** in Estonia's Development Cooperation Strategy (2024–30) are formulated as follows: democracy and the rule of law, good governance; economic development; quality education; and contribution to solving global environmental problems. These are complemented by horizontal topics: gender equality, e-governance, and cybersecurity.²⁴

In simple terms, Estonia's current development

cooperation could be summarised as a single activity, which is **the passing on of reform experience**. This includes the promotion of democracy, the rule of law, and the business environment, as well as digitalisation and education. In the EU's Eastern neighbourhood countries, we have taken a more holistic approach to supporting development, while in African countries, we have focused mainly on the national digital transition and digital education of various target groups.

Western donor countries operate **in the EU's eastern neighbourhood countries**, which are of primary importance to us, to a relatively limited extent (there are USAID, the EU, the UN, development banks, etc.). From the perspective of the EU member states, it was more of an eastern European domain until full-scale conflict began in Ukraine, after which this country rose to an important place on the priority list of many European countries.²⁵ Other eastern neighbourhood countries have not become as important.

Estonia **currently has eight priority countries in development cooperation**: four EU Eastern neighbourhood countries and four African countries. As previously mentioned, the countries of primary importance to Estonia were initially selected on the basis that they would affect our security in the most direct way and could also apply our transition experience. Since 2006, the priority Eastern neighbourhood countries have been **Ukraine, Georgia, and Moldova**. **Armenia** has once again been added to the list of priorities. Previously, the target countries also included **Belarus**, which was excluded in 2020 due to the decline of democracy. **Georgia** is currently losing priority for the same reason. If democracy is in decline in the country, Estonia will continue to mainly support the third sector and free media instead of cooperating with the local government.

²³ Niño-Zarazúa et al., "[Effects of Swedish and International Democracy Aid](#)," Expert Group for Aid Studies (EBA), 2020.

²⁴ Estonian Ministry of Foreign Affairs, "[Arengukoostöö ja humanitaarabi strateegia 2024-2030](#)," 2024.

²⁵ The ODA directed to Ukraine in 2022 was the second highest amount of aid sent to a single country in history.

Estonia has supported Ukraine the most extensively – both financially and in terms of the number of projects, contributing to reforms in various areas ranging from agriculture to the justice sector. Since the start of Russia’s full-scale invasion in 2022, Estonia has multiplied the resources allocated to Ukraine. Estonia was among the first countries to start reconstruction in Ukraine, wishing to set an example for others. Therefore, we have undertaken somewhat unusual activities for ourselves, such as the restoration of the Ovruch kindergarten, the Malyn Bridge, and family-style homes in the city of Zhytomyr. This means that in our target region, Zhytomyr Oblast, we are also engaged in reconstruction, not only in sharing know-how. Ukraine has opened up new, valuable opportunities for the Estonian **private sector**.

Estonia has supported Ukraine the most extensively – both financially and in terms of the number of projects, contributing to reforms in various areas ranging from agriculture to the justice sector

In **Georgia** and **Moldova**, the aim of activities has been to systematically reform the public sector (including in education and the digital sector) and empower people at the grassroots level (including civil society as a whole, but especially women and children). In **Armenia** and **Belarus**, during difficult times, we have also tried to support democratic developments as much as we can and according to our possibilities by assisting civil society.

Africa is currently the continent with the greatest growth potential in the world, but also with the highest risk index for economic activity. What happens in Africa directly affects the entire world, in the case of the EU, not only in terms of threats (e.g., migration), but also in terms of opportunities. Therefore, after the EU’s immediate neighbours, it is a logical choice for Estonia, as a responsible European donor, to contribute to the development of Africa, because supporting this region sends an important message to our allies, partners, and the countries of the global south. Estonia’s Africa-oriented development cooperation expanded significantly in 2017, when Estonia held the presidency of the Council of the European Union and campaigned for a seat on the UN Security Council. In Africa, there are **four priority countries** for us: the upper middle-income countries of **Namibia** and **Botswana**, located in Southern Africa; the lower-middle-income country of

Kenya; and the least developed country, **Uganda**, located in Eastern Africa. Our closest cooperation is with Kenya, where ESTDEV also has several partners.

Before the creation of ESTDEV, Estonia’s focus in Africa was on leading community-based support for Mondo and other NGOs: entrepreneurship, women’s empowerment, education, etc. Now, our main area of activity in Africa is **digital development**. The initiatives led by ESTDEV are primarily aimed at the public sector and are largely implemented in cooperation with Estonian companies. In addition, NGOs have provided digital education to various target groups. In Africa, Estonia mainly uses EU funds, for example, by participating in **the European Team initiative D4D** (Digital for Development), which brings together countries interested in digital development cooperation and whose projects are often regional. In addition, Mondo, Estonian Refugee Council, and Estonian companies operate in several other African countries, such as Angola, Benin, Ghana, Rwanda, Zambia, Tanzania, and the Republic of South Africa (RSA). Estonian companies also operate in Africa in the field of environmental protection.²⁶ Estonia has only one embassy in Africa (in Egypt) and a non-resident ambassador, who is accredited to Kenya and RSA, and also serves as Estonia’s special envoy to all of Africa.

Estonia has carried out development cooperation in several other countries. Since 2006, Afghanistan has been a priority country for our development cooperation, partly due to the participation of the Estonian military contingent in the international security assistance forces and the diplomatic mission in Kabul. Since 2021, the focus in Afghanistan has been mainly on humanitarian aid. Estonian NGOs have provided bilateral humanitarian aid in several other countries, such as Syria, Lebanon, Jordan, Yemen, and Myanmar (Burma).

1.4. WHO CARRIES OUT DEVELOPMENT COOPERATION?

The development cooperation coordination systems are similar in most EU countries: the policy is led by the Ministry of Foreign Affairs or the Ministry of Trade and Development Cooperation, and a separate agency or several agencies are usually established to implement projects.

²⁶ For example, the Environmental Investment Centre (EIC) and the Estonian Green Technology Association.

Estonia's development cooperation is regulated by the Foreign Relations Act and the Regulation on Conditions and Procedure for Providing Development and Humanitarian Aid.²⁷ The role of the government and parliament in development cooperation is relatively limited: the government is mainly limited to approving development cooperation funds in the state budget, while the Foreign Affairs Committee of the Riigikogu also approves the selection of target countries and priority topics. However, this does not differ significantly from the practice of other EU countries.²⁸

The Ministry of Foreign Affairs shapes development cooperation policy, manages humanitarian aid funds, coordinates Estonia's participation in EU twinning projects and TAIEX, and assesses the impact of projects. The most important policy document is the aforementioned **Development Cooperation and Humanitarian Aid Strategy 2024–30**. The ESTDEV Foundation was established in 2021 for development cooperation,²⁹ which grew out of the Eastern Partnership Centre established in 2011. The goal of establishing ESTDEV was to bring Estonian development cooperation into a new era in terms of quality, which was intended to move project management out of the Ministry of Foreign Affairs. The Ministry of Finance is mainly responsible for Estonia's development cooperation contributions to international financial institutions. Several ministries and their subordinate agencies contribute to the projects,³⁰ as well as the universities of Tallinn and Tartu. **The private sector** is increasingly being involved in development cooperation – in addition to IT and training companies, several construction companies are also participating in Ukraine, for example.

The **third sector** participates extensively in development cooperation. The largest players are the e-Governance Academy and the NGOs Mondo and the Estonian Refugee Council. There are also about 30 smaller NGOs actively participating in the projects. Several major NGOs have their own representatives in the target countries. The Roundtable for Development Cooperation brings together third sector actors, which also advises the Ministry of Foreign Affairs on

policy development. In the autumn of 2024, the Ministry of Foreign Affairs led the first meeting of the Development Cooperation Council (DCC), which brings together all stakeholders in Estonian development cooperation, and has great potential to be a good forum for both policy development and the efficiency of development cooperation in the future. ESTDEV distributes funds for development cooperation mainly through rounds, co-financing rounds, and procurements.³¹ The project partners in the target countries are representatives of all sectors, and cooperation is not necessarily carried out only between two countries, two businesses, or two NGOs but in a combined manner. According to the 2023 Eurobarometer, the awareness of the Estonian people about development cooperation and their support for it were the lowest among the EU Member States.³²

2. GLOBAL TRENDS IN DEVELOPMENT COOPERATION

2.1. NEW TRENDS

Along with the changing of the international system, important changes are also taking place in the content and objectives of development cooperation. In this chapter, development cooperation researchers and experts interviewed for the study describe the challenges, key issues, and trends in development cooperation. The chapter concludes with an overview of the development aid policies of the BRICS countries.

First, the interviewees believe that the division of the world into centre and periphery (with the aim of making the periphery resemble the centre) is outdated. In this context, it is important for the donor country to define for itself what is considered development cooperation and **what is considered success or failure**. Is development cooperation an obligation of high-income countries to poorer ones or simply a foreign policy tool that helps strengthen alliances and trade

²⁷ The regulation is currently being amended.

²⁸ In many EU countries, parliament has a significantly greater role in preparing the budget - and thus also the development cooperation budget.

²⁹ ESTDEV's task is to manage the Estonian state's development cooperation funds, for which rounds and procurements are organised, to initiate and manage specific projects, to find funding from other countries and international organisations, and to create and coordinate expertise.

³⁰ The Ministry of Climate and the EIC, which has a

separate development cooperation round through which climate and environmental projects in developing countries are financed.

³¹ The partnership co-financing round is intended for those who need to add a domestic contribution to money from elsewhere in the world. Procurements are mostly aimed at the public sector for the implementation of specific ESTDEV projects, while rounds are aimed at the non-governmental sector and the private sector.

³² Eurobarometer, "[EU citizens and development cooperation](#)," 2023, 9.

relations and expand political influence? Is aid instead considered part of a counter-terrorism strategy and security policy? In short, the donor country needs to know what the real goals of the funding it provides are and whom it actually serves: the donor country itself, the elite of the target country, the local population of the target country, international aid workers, a group of young, trained aid workers in the target country, or someone else entirely.

Global development cooperation is once again becoming a tool for pursuing national interests and creating a market for the donor country's private sector

A precise and honest definition by the donor and the search for answers to key questions are useful for showing the way. Estonia also needs to be accountable to itself regarding the extent to which aid is given to meet the needs of the recipient and the needs of Estonia, i.e., in relation to our own national interests or views. This is an important consideration, as several interviewees claim that aid that is based on the needs of the donor country, rather than the needs of the recipient country, is usually ineffective. At the same time, it is clear that global development cooperation is once again becoming a tool for realising national interests and a market creation tool for the private sector of the donor country.

Interviewees highlight that some donor countries are still designing programmes and other forms of intervention and improving existing plans based on their own bureaucracy and interests, failing to involve local people in more thorough planning, and doing everything within the constraints of short-term funding. After World War II, there were enough development cooperation target countries that were generally interested in long-term progress and wanted to make good use of donor country resources. Under such conditions, evidence-based methods worked well, which could increase the effectiveness of projects. Today, many countries that were previously interested in cooperation have made progress and no longer need assistance. There are countries left where the situation is very complicated or where the leadership is not interested in change. The approach of donor countries should not be based on templates,

because using the same methods in different circumstances will not work. Measuring effectiveness is not a solution if local conditions are not known. You could be creative and think about whether and how to do development cooperation in places where the local elite lack the incentives for bringing about lasting change because it is unnecessary or even harmful to them in one way or another.

All interviewees highlight **climate change and environmental protection**. It is important to note that the largest emitters of greenhouse gases are still the countries of the global north and the BRICS countries. This creates a vicious circle, where the need for development aid only increases due to the increasing frequency of natural disasters. Desertification and natural disasters caused by climate change are destroying infrastructure, people's homes and livelihoods, especially in low- and middle-income countries, making these countries uninhabitable in parts and pushing more and more people below the poverty line. Aid programmes alone are of no use if they actually create a large-scale need for aid. Many EU countries are involved in climate-focused aid programmes within the framework of development cooperation; although the EU as a whole is the fourth largest emitter of greenhouse gases in the world, it has a significantly smaller impact on the global situation than China, the US, and India.³³ It can be expected that the new US administration will be passive in addressing climate issues.³⁴ At the UN climate conference COP29 negotiations, countries around the world committed to increasing climate-related development cooperation to USD 300 billion,³⁵ but here, too, the real need for funding is in the trillions, which developing countries themselves are unable to pay.³⁶

The increase in **migration** of people from third countries to Europe and the US, combined with the high political charge of the migration issue, has raised the question for western countries whether and to what extent development cooperation should be linked to migration prevention or aim at restricting migration. Strictly speaking, preventing migration (building borders, monitoring people, etc.) is not an eligible activity for ODA. However, migration and ODA can be linked in two ways: when a donor country directs its resources towards ODA rather

³³ ClimateTrade (blog), "[Which Countries Are the World's Biggest Carbon Polluters?](#)," 17 May 2021.

³⁴ White House, "[Putting America First in International Environmental Agreements](#)," 20 January 2025.

³⁵ United Nations, "[COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting](#)

[Lives and Livelihoods](#)," 24 November 2024.

³⁶ An important question in the discussion is whether Climate finance should be added to ODA (developing countries prefer this option) or the achievement of climate goals can be reconciled with existing ODA commitments (donor countries' desire).

than ODA directly to migration prevention or if the scope and choice of development cooperation activities are shaped by the government's goal of preventing migration. This shows that donor countries provide more aid to countries they consider to be potential sources of emigration.³⁷ Migration pressure is a particularly sensitive issue for southern Europe. For example, in one interview, it was pointed out that Italy provides aid to Tunisia and Libya in order to improve control over migration, not to support economic development. From a narrow perspective of preventing migration, the development cooperation may even have a negative impact, because once a certain income level is reached, migration tends to increase – the population in extreme poverty only satisfies its basic needs and is unable to afford to emigrate.³⁸

The interviewees have different views on **corruption**, or the potential loss of development aid money. According to one view, one should not worry too much about corruption in the target country as long as the development cooperation offers tangible change. Even slow efforts to build functioning institutions should be assessed positively otherwise, they will only regress. From another perspective, corruption is a clear obstacle to development, because resources may be well invested in principle, but due to a lack of political will, they do not produce results. This conclusion is illustrated, for example, by the European Court of Auditors' audit of EU-funded projects for judicial reform in the Western Balkans. The audit found that the projects were implemented effectively: capacity building of various state institutions was supported and good results were achieved. However, there was a lack of political will to strengthen the rule of law mechanisms, which meant that the work done had no real impact. This led to the conclusion that projects supporting the rule of law must be conditional and that the EU should exert much more political influence on the target countries in order to bring about change.³⁹

The assessment of the impact of corruption is in turn closely related to the assessment of institutional impact, on which there is no consensus in the scientific literature. One school of thought argues that development cooperation works

better in the context of stronger institutions in countries with developed laws and that the ability to enforce them allows countries to channel more capital into their economies and populations. However, the development of institutional capacity has been hampered by the colonial past.⁴⁰ According to another school of thought, the notion that aid does not have an effect because of the recipient countries' own institutional structures is not correct – aid works when it is used systematically, with a clear focus and guided by real data. Thus, according to this view, it is not only the recipient countries who are responsible for the use of development aid funding, but also the organisations and countries involved in development cooperation, who should systematically analyse their failures and take responsibility for their shortcomings.⁴¹ Institutional capacity is also a vicious circle – since countries with stronger institutions are usually in a better economic position, less aid reaches the least developed countries with weak institutions because people are afraid to invest there.

Economic efficiency is expected more from target countries than ever before, but this is not an appropriate goal in the context of, for example, women's safety or support centres for vulnerable youth etc. Development funding has become more short-term, meaning that results must be achieved within a couple of years, although a longer period would usually be needed to register progress. A good strategy could be to provide funding for several years for pilot projects that have proven themselves. Development cooperation can also be made more efficient with **milestone-based payments**. The assessment of the impact of initiatives is hampered by the fact that the metrics are based on a single project, but the sectors as a whole are not assessed.

Western countries need to be better at **strategic communication**, honestly telling citizens of both their own countries and those of the target countries what they do and why, as well as acknowledging mistakes. For example, in Serbia, the EU funded 90% of the vaccination programmes during the Covid-19 pandemic and China 10%, but the public had the opposite impression of the donors' contribution. Soft power cannot be created if western aid and

³⁷ These are often countries from which some people have already emigrated to the donor country and created their own community there, which could support further growth in migration. Sarah B. Bermeo and David Leblang, "Migration and Foreign Aid," International Organisation, Vol. 69, no. 3, 2015, 627–657.

³⁸ Michael A. Clemens and Hannah M. Postel, "Deterring Emigration with Foreign Aid: An Overview of Evidence from Low Income Countries," Population and

Development Review, Vol. 44, no. 4, 2018, 667–693.

³⁹ European Court of Auditors, "EU support for the rule of law in the Western Balkans: despite efforts, fundamental problems persist," 2022.

⁴⁰ Acemoglu et al. 2001: 1369–1370.

⁴¹ Paul Collier and David Dollar, "Development Effectiveness: What Have We Learnt?," The Economic Journal, Vol. 114, No. 496, 2004, F244–F271.

development cooperation programmes are not well communicated to the public. On the other hand, we should not get caught up in branding, for example, messages such as country X or agency Y donating something do not foster a sense of ownership in the target country and can even harm development efforts. The excessive branding and highlighting of the donor country simply puts the local population in the position of users.

Excessive branding and highlighting of the donor country put the local population in the position of users

The link between development cooperation and **the economic interests** of the donor country has also come full circle, which means creating new opportunities for the private sector and finding a market. The Netherlands is an example of a European country that has adopted a long-term strategy to combine development cooperation and the contribution of the private sector. In general, however, attracting the private sector is a difficult task in all countries. Also, the target countries may not be interested in the participation of companies, because they expect their products to be allowed on the donor country's market in return for opening their market, but these attempts have not been very successful.

From the perspective of development cooperation, it is important to monitor the impact that right-wing populist governments will have on its volume and nature. The steps taken by the administration of President Donald Trump to close down the US Agency for International Development (USAID) signal that current policies and programmes are being radically reviewed.⁴² This reflects the new administration's broader concerns about foreign aid and will lead to far-reaching changes in all of the US development cooperation. In Europe, the Netherlands, under the leadership of the Freedom Party, is planning to reduce development cooperation, while Sweden is planning to increase its effectiveness (see Chapter 3 for more details). At the same time, Türkiye has significantly increased its development funding, especially bilateral aid, under President Recep Tayyip Erdogan, in order to raise Türkiye's profile abroad and improve its prestige.⁴³ Aid is also increasingly being considered a foreign policy tool by countries that want

to show that they offer an alternative to western governance. Reducing western development cooperation (the US has been the world's leading donor) creates a vacuum in which it is easier for other countries to gain a foothold.

2.2. DEVELOPMENT COOPERATION POLICY OF THE BRICS COUNTRIES

Globally, the geostrategic competition to both consolidate and expand influence has become the strongest trend in development aid. As an alternative to the more conditional and regulated western development cooperation, some of the BRICS countries (now an enlarged community, but originally named after Brazil, Russia, India, China, and South Africa) are offering development aid. In 2015, the New Development Bank was established within the BRICS framework, which provides financial assistance for infrastructure and development projects, primarily to BRICS countries and partners, but has also taken on the goal of expanding its activities to other developing countries. In addition to the New Development Bank, BRICS includes the Asian Infrastructure Investment Bank, in which China is the largest shareholder (31%).

Some BRICS countries are still recipients of development cooperation themselves, in parallel with the provision of development cooperation.⁴⁴ This helps them to strengthen the narrative of the importance of cooperation between countries in the global south and resist the more value-based development cooperation offered by western countries. At the same time, the residents of the BRICS countries currently make up nearly 40% of the world's population; they account for almost half of the world's oil production, and in terms of purchasing power parity, they account for the production of nearly 37.3% of the world's gross domestic product – in comparison, it can be said that the EU member states taken together produce only about 14.5%. Considering that one of the goals of the BRICS countries is to further expand alternative development cooperation forms and projects between the countries of the global south, the west will be presented with an

⁴² Humeyra Pamuk et al., "[Trump Administration Memo Tells USAID to Put 'America First' in Reviewing Foreign Aid](#)," *Reuters*, 26 January 2025.

⁴³ Yavuz Tüylöglü, "[Turkish Development Assistance as a Foreign Policy Tool and Its Discordant Locations](#)," Centre

for Applied Turkey Studies (CATS), Working Paper, no. 2, The German Institute for International and Security Affairs (SWP), 2021.

⁴⁴ OECD, "[ODA recipients: countries, territories, and international organisations](#)."

enormous challenge in the future.⁴⁵

The push by western countries to place development financing from BRICS and other non-DAC countries within the ODA framework reflects broader political disagreements and changes in the field of development cooperation. The rise of the BRICS countries has brought several consequences: instead of the traditional top-down relationship between the donor country and the recipient country, their equal position is emphasised (this is, in turn, a factor that has influenced the further development of Western cooperation models), development cooperation is governed by different (according to the BRICS countries, more horizontal) mechanisms, and new forms of development cooperation are also created (e.g., trilateral cooperation). These new forms have begun to be used in ACP by several DAC countries.⁴⁶ Since most of the BRICS countries are former colonies, the sharing of their experiences and knowledge may be more appealing to low-income countries. However, in order to increase the transparency of development financing provided outside the DAC, DAC countries have tried to increasingly attract cooperation from southern countries under the ODA umbrella and monitor their development cooperation more closely – e.g., a China and DAC study group has been established for this purpose.

2.2.1. RUSSIA

Driven by the Kremlin's security policy, Russia uses development financing as an obvious means to achieve other foreign policy goals. During the Cold War, it offered Moscow's technical assistance to export its industrial system and to bring together Moscow-friendly governments around the world.⁴⁷ Russia's current development aid policy was shaped during the economic boom of the 2000s; Russia changed its status to a net donor country, instead of a recipient, in 2006. Today, Russia's foreign policy discourse on aid continues to be top-down: 'gifting modern solutions' to recipients, rather than using a more modern approach that

emphasises partnership, fairness, and joint co-operation to achieve results.⁴⁸

Since 2015, Russia's total estimated spending on development financing has been just over USD 1 billion per year. This represents about 0.04% of GNI (2023).⁴⁹ By and large, Russia has used 60% of these funds for bilateral development cooperation and 40% for multilateral development cooperation.⁵⁰

Development cooperation partners are chosen based on political considerations. This preference is reflected in the 2014 National Policy concept for International Development Cooperation, which emphasised that the primary recipients of Russian ODA (including humanitarian aid) are the Eurasian Economic Union (a regional bloc of Central Asian and Caucasian countries dominated by Russia) and countries traditionally friendly toward Moscow (e.g., Cuba, North Korea, and, until recently, Syria). The Georgian separatist regions of Abkhazia and South Ossetia have also been identified as beneficiaries.⁵¹

Russia is aggressively engaging in debt cancellation, which in 2019 accounted for the largest share of Russia's bilateral development assistance (61%).⁵² According to Moscow, they have cancelled tens of billions of dollars in Cold War-era debts of various countries. For example, it has been loudly proclaimed that Russia cancelled the debt of several African countries, totalling USD 20 billion.⁵³ Typically, part of the debt is written off, but the rest is used as collateral or an incentive to conclude arms deals or make strategic investments, which usually benefit Russian companies.⁵⁴

The 2014 concept was updated in 2023 by a presidential decree, which placed greater emphasis on using development aid as a tool to improve Russia's image abroad (damaged by the invasion of Ukraine). Pro-Kremlin publications have emphasised that Russia needs to better integrate its development policy with its global

⁴⁵ Spencer Feingold, "[BRICS: Here's what to know about the international bloc](#)," World Economic Forum, 20 November 2024.

⁴⁶ Geovana Zokkal Gomes and Paulo Esteves, "[The BRICS Effect: Impacts of South–South Cooperation in the Social Field of International Development Cooperation](#)," Institute of Development Studies, Vol. 49, no. 3, 2018

⁴⁷ Alessandro Iandolo, *Arrested Development: The Soviet Union in Ghana, Guinea, and Mali, 1955–1968*. Cornell University Press, 2022.

⁴⁸ Botakoz Kassymbekova and Erica Marat, "[Time to question Russia's imperial innocence](#)," PONARS Eurasia Policy Memo, no. 771, 2022.

⁴⁹ Thomas Kunze et al., "[Russia's Development Policy:](#)

[Concepts and Implementation](#)," Konrad Adenauer Stiftung, 2021.

⁵⁰ United Nations, "[UNDP Transparency Portal](#)."

⁵¹ See Mariya Omelicheva, "[COVID-19 "Humanitarianism": The Geopolitics of Russia's Coronavirus Assistance](#)," PONARS Eurasia Policy Memo, no. 727, 2021.

⁵² Kunze et al. 2021: 7.

⁵³ This figure supposedly reflects the total accumulated amount, although it is sometimes presented as a one-time write-off amount.

⁵⁴ Karel Svoboda, "[Russia's Loans as a Means of Geoeconomic Competition in Africa and Latin America](#)," Problems of Post-Communism, Vol. 71 (2), 2024, 156–166.

stance.⁵⁵

2.2.2. PEOPLE'S REPUBLIC OF CHINA

Among non-democratic countries, China's activities have the greatest impact on the trends of international development cooperation. In the 2000s, the country began to open up at the international level, increasing foreign investment and supporting the expansion of Chinese companies into other countries. This was also accompanied by the introduction of development assistance as a foreign policy tool. In 2018, the China International Development Cooperation Agency was established, and China has now grown to be one of the world's largest bilateral aid providers.

Development aid is being used as a tool to improve Russia's image abroad

China does not follow DAC guidelines when providing development assistance, instead operating according to its own set of rules. China's development funding is not value-based and does not impose conditions on human rights protection, good governance, or inclusion – it is an easy alternative in countries where the conditionality and bureaucracy of western aid are sensitive issues. The Forum on China-Africa Cooperation has concluded that linking development aid to human rights protection means politicising human rights, and the forum also draws attention to the double standards of western countries and the fact that they consistently interfere in the internal affairs of other countries under the banner of human rights.

Chinese leaders emphasise the image of a shared past among the countries of the global south and solidarity with other developing countries against imperialism and colonialism

Chinese leaders emphasise the image of a shared past among the countries of the global south and solidarity with other developing countries against imperialism and colonialism. One of the few conditions for Chinese development cooperation is the expectation that

recipient countries will not recognise Taiwan and respect China's sovereignty over it. This means, among other things, that authoritarian countries mutually support authoritarian domestic practices in world politics (e.g., votes are cast in favour of China at the UN on resolutions concerning the status of the Uyghurs).

The main part of China's development cooperation is the preferential loans (interest-free and with flexible repayment) provided to partners, which allow for the rapid implementation of low-cost projects. However, the lack of control mechanisms can create loan traps that recipient countries cannot cope with on their own. There are cases where China has cancelled the debt of developing countries because it cannot be repaid, but then the debt simply tends to accumulate again within a few years and even multiply.⁵⁶

The terms of the loan agreements contain striking clauses that distinguish China's lending policy from that of other countries and international organisations. For example, since 2014, China has guaranteed the confidentiality of borrowers, which means that China can grant loans in secret – neither party is required to disclose the terms of the loan agreement, which makes it difficult to assess the economic position of the recipient country and prevents citizens from holding the head of state responsible for debts arising from secret loans. In addition, China has the right to demand repayment of the full amount of the loan from the recipient country in the event of actions that harm China's investment interests in the borrowing country, for example, if relations with China deteriorate or the political situation changes.⁵⁷

Actual statistics on China's development assistance are not available, so only rough estimates can be presented. AidData reports estimate China's annual international development financing commitments to be as much as USD 85 billion, but only a small portion of this can be compared in the ODA framework. For example, according to the Chinese Ministry of Finance, the volume of bilateral aid in 2021 was about USD 3.1 billion, but according to AidData experts, it remained at USD 10–15 billion and increased to USD 12–18 billion in 2023.⁵⁸ In recent years,

⁵⁵ Sergey Mikhnevich, "[How Can Russia Make Its International Development Assistance More Effective?](#)," Valdai Discussion Club, 15 March 2023.

⁵⁶ Anzette Were, "[Debt Trap? Chinese Loans and Africa's Development Options](#)," South African Institute for International Affairs, Policy Insights, no. 66, 2018.

⁵⁷ Anna Gelpert et al., "[How China Lends: A Rare Look](#)

[into 100 Debt Contracts with Foreign Governments](#)," AidData, Peterson Institute for International Economics, Kiel Institute for the World Economy, Center for Global Development, 2021.

⁵⁸ Rolf Schwarz and Marina Rudyak, "[China's Development Co-Operation](#)," OECD, 2023.

China has increased the importance of multilateral cooperation, so development aid is also financed through international organisations (UN, World Bank, and IMF).⁵⁹ This is also an attempt to improve its global image, as in the past, China's bilateral cooperation has been labelled neo-colonialist and economically imperialist.⁶⁰ In addition, China has been very successful in recent years in procurements by international development banks and development cooperation organisations – Chinese companies received 29.2% of World Bank project financing in 2013–22, while the USA received only 2.4%.⁶¹

China's development aid (or loans) is predominantly directed towards infrastructure: the transport sector, mining, information and communication networks, and, to some extent, the construction of government buildings. Supporting education and healthcare is secondary for China. At the same time, the projects are almost entirely built with Chinese labour, which deprives the recipient country's construction sector of the opportunity to earn money, gain new experience, and reduce unemployment.⁶² In addition, there are concerns about the environmental impact and overall quality of the projects.

Therefore, a fairly direct connection can be made between development policy and China's own interests, for example, the New Silk Road or the One Belt One Road Initiative, which combines both economic interests and the creation of a geopolitical network. China exports raw materials (oil, precious metals, and rare earths needed in electronics) from the recipient countries and imports finished products and machinery to them. The EU's Global Gateway is significantly more value-based and regulated compared to the New Silk Road.

China itself criticises western development aid policies on the grounds that development cooperation between countries of the north and the south tries to rely on the experiences of developed countries, but these may not work in other contexts. In China's opinion, western countries underestimate the positive impact of infrastructure on long-term growth and have imposed excessive and unnecessary restrictions on investment in low-income countries. China focuses

instead on efficiency and the cheapness of projects. The principles of Chinese development aid are similar to western policies in the 1960s and 1970s, when loans with local guarantees were also widely granted.

2.2.3. INDIA, BRAZIL, AND SOUTH AFRICA

India's development cooperation has been based on cooperation with the countries of the global south and the principles of impartiality and non-interference of the Bandung Conference. Until the 1990s, India itself was a major aid recipient, but in the past two decades, due to accelerated economic growth, India has increasingly started to provide assistance to others. Today, the Indian government sees development cooperation as a source of the country's credibility, through which it strengthens its leading role in the global south.⁶³ India's grants and loans are primarily intended for other South Asian countries, with an allocation of nearly USD 620 million for this purpose.⁶⁴ In South Asia, India's support is primarily aimed at infrastructure development. According to OECD estimates, India spent a total of USD 858 million on development cooperation in 2022.⁶⁵

India's growing presence in Africa, especially among business owners in the consumer goods sector, suggests that China and India are beginning to compete for influence in the global south with one another and with the global north. Neither China nor India imposes conditions on target countries to protect human rights, increase women's participation, or prevent environmental damage.

⁵⁹ Mao Ruipeng, "China's growing engagement with the UNDS as an emerging nation: Changing rationales, funding preferences and future trends," Deutsches Institut für Entwicklungspolitik (DIE), Discussion Paper, no. 2, 2020.

⁶⁰ Denghua Zhang, "Assessing China's Trilateral Aid Cooperation and Foreign Aid Reform," in *A Cautious New Approach: China's Growing Trilateral Aid Cooperation*. ANU Press, 2020, 225–252.

⁶¹ Eric Martin, "China Got Lion's Share of World Bank

Contracts," "US Agency Finds," Bloomberg, 11 May 2023.

⁶² Were 2018: 6.

⁶³ The Economic Times, "India will be partner, contributor, collaborator on how to address development challenges," EAM Jaishankar," 24 September 2023.

⁶⁴ That is 53 billion Indian rupees ([Indian Ministry of External Affairs website](#)).

⁶⁵ OECD, "Development Co-operation Profiles. India," 17 June 2024.

Brazil's development cooperation has been based on impartiality and a preference for multilateral aid, coupled with solidarity with other southern countries and, therefore, the promotion of mutual development cooperation. In particular, Brazil has focused on the member countries of the Community of Portuguese Language Countries in South America and Africa. According to the OECD, Brazil's spending on

Union), and the government also established the African Renaissance Fund in 2000, through which up to 5% of all funds intended for cooperation are spent. The OECD estimates that in 2022, the South African Republic had a total of USD 31 million in funds allocated for bilateral development cooperation, although analysts claim that the South African contribution may have actually been bigger.⁷⁰

China and India will compete for influence in the global south with one another and with the global north

cross-border sustainable development assistance in 2022 amounted to USD 120 million, with the main target group being partner countries in South America.⁶⁶ Total spending by Brazil on development cooperation has varied considerably: it peaked in 2015, when a total of USD 1.8 billion was disbursed (measured in 2020 prices), but in 2020, spending fell below USD 400 million after President Jair Bolsonaro came to power.⁶⁷ President Lula da Silva transformed Brazil into a major donor country in the 2000s and is currently trying to return its former leadership position in development cooperation, using, for example, G20 initiatives.⁶⁸

South Africa's post-apartheid foreign policy has focused on African countries, with development aid playing a role in restoring the country's position after years of isolation and condemnation due to apartheid. The transition from apartheid to a new way of life also earned RSA the reputation of a peacemaker, which is why the promotion of good governance is a constant part of Pretoria's development cooperation.⁶⁹ In addition, RSA has tried to use development cooperation to increase its influence in the Southern African Development Community and to soften its image as a country acting alone across the continent.

Analysts' estimates of the volume of bilateral and multilateral development assistance to the Republic of South Africa vary widely. The majority of the development cooperation in RSA is multilateral (e.g., the UN and the African

3. EUROPEAN COMPARISON COUNTRIES

It is beneficial to take a closer look at one Nordic (Sweden), one Eastern European (Lithuania), and one western European (the Netherlands) country, all of which are active in bilateral development cooperation. Sweden and the Netherlands are notable for having recently made significant changes to the scope and principles of the ACP, while Lithuania is the most active EU country in EU twinning projects and TAIX.

3.1. SWEDEN

Recently, Sweden has been spending approximately USD 5.6 billion per year on ODA (of which USD 3.6 billion has gone to bilateral aid), which makes up 0.9% of its GNI. This has made Sweden one of the proportionally largest donors to the DAC. A new government took office in 2022, and the following year, the largest reform of development assistance since the 1970s was implemented. This also led to cuts in the development assistance budget: for the period of 2026–28, the state budget will allocate SEK 53 billion (USD 4.8 billion) per year for development assistance. It also means decoupling the development cooperation budget and ODA from the GNI, as this will allow for better planning of development cooperation during economic downturns. While the target was previously 1% of Sweden's GNI, in the coming years the target will remain at around 0.7%.

⁶⁶ OECD, "[Development Co-operation Profiles. Brazil](#)," 17 June 2024.

⁶⁷ Rafael T. Schleicher and Ana F. Barros-Platau, "[The Brazilian international development cooperation: over-representation, ambivalence, decentralisation and instrumentalism](#)," *Revista tempo do mundo*, no. 31, 2023, 38.

⁶⁸ The Business Times, "[G20 summit kicks off with global pact to fight hunger, poverty](#)," 18 November 2024.

⁶⁹ Philani Mthembu, "[South Africa as a Development](#)

[Partner: An Empirical Analysis of the African Renaissance and International Cooperation Fund](#)," in *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda: Contested Collaboration*, 2021, 567–581.

⁷⁰ OECD, "[Development Co-operation Profiles. South Africa](#)," 17 June 2024; Carmel Rawhani, "[The unaccounted billions in international aid](#)," *The Mail & Guardian*, 26 September 2016.

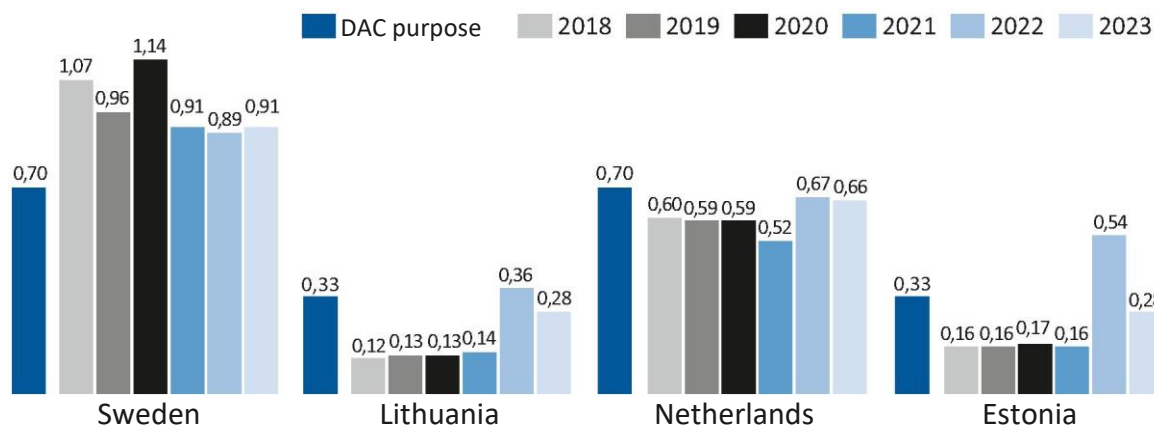


Figure 3. Comparison of ODA funding % of Estonia, Lithuania, the Netherlands, and Sweden. Source: OECD

The reform had been planned for a long time, but in the end, it was partly due to the start of Russia's full-scale war against Ukraine, which led to increased defence spending and Sweden joining NATO in March 2024. One reason was the growing misunderstanding among the population over the past 15 years as to why Sweden contributes more to development cooperation than many other countries. At the same time, there are also many opponents of the reform who say that vulnerable countries should not be left in the lurch. The aim of the reform is to make Sweden's development cooperation significantly simpler, more transparent, and more efficient, as well as to plan it over the long term.⁷¹ Effective use of money requires greater prioritisation and smarter action. There are increasing attempts to involve private money in development cooperation, as Sweden believes that there is never enough money in development cooperation and that the lack of it is a bigger problem for Sweden than the lack of experts or coordination capacity.

In Sweden's development cooperation strategy for 2021–25, the country's primary task is to alleviate crisis situations and meet the goals set out in the UN 2030 Agenda for Sustainable Development. To this end, synergies will be created between humanitarian aid, development cooperation, and peacekeeping; local circumstances will be taken into account; and the dependence of target countries on aid will be reduced. The priorities include poverty reduction, democratic development, education, climate,

and the digital revolution. The latter is a new objective, with a particular focus on reducing the digital divide and on digital infrastructure projects in target countries.⁷² Sweden has also been a member of D4D since 2024 and is keenly interested in Estonia's experience in the field of digital development cooperation.

In 2023, Sweden's 10 main target countries for development cooperation were Ukraine, Afghanistan, the Democratic Republic of the Congo, Somalia, Ethiopia, South Sudan, Mozambique, Tanzania, Uganda, and Syria.⁷³ Since 2022, the most important target country has been **Ukraine**. Following the outbreak of full-scale war, Sweden has spent SEK 57.8 billion (USD 5.2 billion) in support of Ukraine, of which SEK 48 billion was military aid and SEK 9 billion was civilian and humanitarian aid.⁷⁴ The government plans to continue the reconstruction of Ukraine with bilateral funds for a long time.⁷⁵ Swedish society understands the need to help Ukraine very well. At the same time, it offers new opportunities for the private sector. The government has also adopted a separate Ukraine strategy.⁷⁶

The Ministry for Foreign Affairs of Sweden carries out bilateral development cooperation through implementing agencies, several of which have also undergone an EU pillar assessment. The largest of these is the Swedish International Development Cooperation Agency (SIDA). Sweden also cooperates with like-minded donor countries and the EU. SIDA

⁷¹ Swedish Government, "[Development Assistance for a New Era](#)," 14 December 2023. For example, during the 2023 reform, SIDA's previous 600 objectives were significantly reduced, and the project database was made more accessible to the public.

⁷² At SIDA, 200 people work on digital issues alone, and three at the Ministry of Foreign Affairs.

⁷³ OECD, "[Development Co-operation Profiles. Sweden](#)," 17 June 2024.

⁷⁴ Swedish Government Office, "[Humanitarian and civil support to Ukraine](#)," last updated 6 February 2025.

⁷⁵ Areas of Ukraine's reconstruction: vital infrastructure, healthcare, hospitals, schools, kindergartens, green revolution, economic development, and the fight against corruption.

⁷⁶ Swedish Government Office and Ministry for Foreign Affairs, "[Strategy for Sweden's reconstruction and reform cooperation with Ukraine 2023–2027](#)."

coordinates twinning and TAIEX. Sweden does not have a national development cooperation coordination format – the table around which all participants would have to fit would need to be very large (the Civil Society Development Cooperation Forum has nearly 100 members). At the same time, Sweden would welcome the creation of more contact points between the private and third sectors, so that both can better understand each other's activities.

Sweden is trying to involve more and more private companies in development cooperation in order to promote exports. For example, Swedish companies can contribute to development cooperation projects related to the green revolution. Increasing the private sector's contribution also depends, to some extent, on the cooperation between SIDA and the export agency (Business Sweden). Reconciling business interests and value-based development cooperation is sometimes difficult, as it requires new ways of thinking, especially since civil society is closely monitoring the whole process.

3.2. LITHUANIA

Lithuania aims to become the most active development cooperation donor country in its region. In 2023, Lithuania contributed USD 190.7 million, or 0.28% of its GNI (the same share as Estonia), to development cooperation-related programmes, of which 57.8% was bilateral development financing. Lithuania's contribution to the European Union's ODA was EUR 87 million (USD 91 million).⁷⁷ Proportionally, the same amount was also spent in 2022 as in Estonia, when the temporary nearly two-fold increase in funds compared to the previous year was due to supporting Ukraine and war refugees who had come to Lithuania.

Lithuania's 10 main target countries for development cooperation in 2022 were Ukraine, Moldova, Belarus, Georgia, the Democratic Republic of Congo, Armenia, Türkiye, Tanzania, Azerbaijan, and Iraq.⁷⁸ The EU's Eastern neighbourhood countries are of particular importance to Lithuania, and two-thirds of the funding is directed towards them, the aim of which is, among other things, to facilitate their accession to the EU and, with the help of the Belarusian exile community living in Lithuania, to implement democratic changes in its neighbouring country. The remaining assistance is distributed among the countries

of Africa, the Middle East, and Central Asia. Thematically, it is primarily dedicated to the implementation of goals 4, 5, 6, 13, 16, and 17 of the UN 2030 Agenda for Sustainable Development: quality education, gender equality, affordable and clean energy, climate action, peace, justice and strong institutions, and international cooperation to achieve these goals.⁷⁹

The Lithuanian development cooperation framework document is the strategic guideline for development cooperation for the years 2022–25. In addition, separate strategies have been adopted for the Africa and Middle East region, and for Armenia, Moldova, Georgia, Ukraine, and Uzbekistan.⁸⁰ The review of the grand strategy is currently underway, with a new action plan covering the period 2025–30, and there could be significant changes in the choice of themes and target countries. Even so, Lithuania wants to continue with value-based development cooperation, especially since the country is guided by values in all its foreign policy to a large extent. In addition, Lithuanian development cooperation is already, and will continue to be even more so in the future, related to security: it combats hybrid threats and disinformation, increases awareness of external influences, and improves crisis resilience. In the future, it will also focus more on mitigating the effects of climate change. Another new priority area could be the Indo-Pacific region, with which Lithuania has close relations after opening a trade office in Taiwan in 2022.

Lithuania considers the strength of its development cooperation coordination system **to be the regularly convening Development Cooperation Council**, which brings together all important stakeholders: the public and private sectors, non-governmental organisations, development cooperation coordinators and implementers. The Central Project Management Agency (CPVA) coordinates both domestic public investments and the EU part of development cooperation, including twinning and TAIEX, taking on the task of project administration from start to finish – all that remains for experts is the joy of participation. Lithuania is at the forefront of twinning and TAIEX throughout the entire European Union and is ready to share its experience with Estonia on how to facilitate the deployment of experts abroad by ministries when needed in their home countries. The agency has undergone an EU pillar-based evaluation. The Ministry of Foreign Affairs shapes development policy and

⁷⁷ LTAID, "[Statistics](#)."

⁷⁸ OECD, "[Development Co-operation Profiles. Lithuania](#)," 17 June 2024.

⁷⁹ Lithuanian Ministry of Foreign Affairs, "[Strategic](#)

[Directions for Development Cooperation 2022–2025](#)," 27 December 2021.

⁸⁰ Lithuanian Ministry of Foreign Affairs, "[Development cooperation and democracy promotion](#)."

coordinates bilateral aid, and each ministry also has its own development cooperation budget. The share of the third sector in bilateral development cooperation is relatively small: since 2022, it has been 3–4%, while previously, it was around 20%, a level to which they wish to return. The DAC also recommends that Lithuania involve the private and third sectors more.

Lithuania is actively participating in the reconstruction process in Ukraine, trying to balance funds between infrastructure investments and human development projects. Reconstruction is being coordinated by the State Chancellery. Previously, Lithuania did not engage in infrastructure projects within the framework of development cooperation, but the war made it necessary to be flexible and quickly change priorities. Lithuania also has a development aid fund for granting loans. Lithuania would welcome cooperation with the Baltic states and views Estonia's successful digital image with envy.

3.3. THE NETHERLANDS

Dutch development cooperation is also undergoing major changes after the formation of a government led by the right-wing populist Freedom Party (PVV) in July 2024. The new government changed the title of the minister responsible for development: the Minister of Foreign Affairs and Development Cooperation became the Minister of Trade and Development Aid. The seemingly rhetorical change is actually substantive and reflects the PVV's understanding of development cooperation: "the rich help the poor."⁸¹

In 2023, the Netherlands' ODA was EUR 7 billion, which was 0.66% of its GNI (the Netherlands ranked seventh in the DAC). However, in July 2024, the new government announced budget cuts to the ODA: in 2025, it will decrease by over EUR 300 million and in 2026 by EUR 500 million.⁸² Grants to NGOs will decrease in the period 2026–30 from EUR 1.4 billion to EUR 400 million,⁸³ because it is recommended that NGOs obtain funds mainly from sources other than the state. The minister justified the decision with the view that the state should not be responsible for the continuation of activities by

NGOs; in his opinion, the role of NGOs in mediating development cooperation should also be reduced. The PVV has been sceptical about the usefulness of development financing. Apparently, cutting NGO funding – especially considering the sentiment of PVV voters – is the easiest way for the government to reduce the development cooperation budget, because it does not affect, for example, Dutch business interests. There is also a likely plan to decouple the development cooperation budget (ODA calculation) from the GNI, but this will become clear during the spring 2025 budget debate.

Already in 2022, the Netherlands set itself the goal of primarily focusing its development cooperation on areas where the country excels and which are effective: i.e., concentrate on fewer themes over a longer period of time and invest primarily in areas in which the Netherlands has the most experience. The Netherlands should continue to address the causes of poverty (including access to food and water), protecting human rights, promoting gender equality, the well-being of women and children, combating HIV/AIDS, climate, and trade development.⁸⁴

The Netherlands' main partners are Ukraine, Ethiopia, Benin, Mali, Yemen, Uganda, Niger, Burundi, South Sudan, and Afghanistan.⁸⁵ In 2023, Ukraine received EUR 330 million in aid. Most of development aid is directed to African and Middle Eastern countries; based on the Dutch Africa Strategy 2023–32, this region will remain a priority in the future. According to this strategy, the Netherlands addresses Africa as a whole (including the diaspora) and does not focus on specific regions.⁸⁶ At the same time, the Netherlands has been active primarily in complex regions, such as the Sahel and the Horn of Africa.⁸⁷ The share of Dutch bilateral aid in development financing is 66.8% (ours is approximately 50%).

⁸¹ Tobiah Palm, "[Waarom ontwikkeling van "samenwerking" naar "hulp" gaat: "Alsof we teruggaan in de tijd"](#)," Trouw, 13 June 2024.

⁸² Dutch Government, "[Regeerprogramma: Uitwerking van het hoofdlijnenakkoord door het kabinet](#)," 13 September 2024; NOS Nieuws, "[Zorgen over bezuinigingen op ontwikkelingssamenwerking](#)," 19 September 2024.

⁸³ The Ministry of Foreign Affairs of the Netherlands, "[Betreft Kamerbrief Toekomst synneking met saatsällchen](#)

[organisaties in ontwikkelingshulp](#)," 11 November 2024.

⁸⁴ Dutch Ministry of Foreign Affairs, "Betreft Kamerbrief."

⁸⁵ OECD, "[Development Co-operation Profiles. Netherlands](#)," 17 June 2024.

⁸⁶ Government of the Netherlands, "[The Africa Strategy of the Netherlands 2023-2032](#)," 31 May 2023.

⁸⁷ Dutch government, "[Policy Document for Foreign Trade and Development: Do what we do best](#)," 10 October 2022.

4. ESTONIAN DEVELOPMENT COOPERATION – WHERE NEXT?

4.1. WHAT TO DO?

The core of Estonian development cooperation has been **meaningful, effective action**, truly influencing the situation in target countries, not doing projects for the sake of ticking a box. This has been largely possible thanks to the initially selected priority countries, where sharing our transition experience has been relevant – Estonia is a real role model for these countries with its **reforms and transition**, if they desire to become just as successful. Curiosity about how we achieved our success, combined with a little envy, has been a driving force. Among other countries with similar reform experience and a development cooperation agency, no comparable actor has emerged besides Estonia – we have strong bilateral and relatively unfragmented development cooperation.

Among other countries with similar reform experience and a development cooperation agency, no comparable actor has emerged besides Estonia

Unlike Latvia and Lithuania, Estonia has directed essentially all of its development cooperation funds to the EU's three Eastern neighbourhood countries: Ukraine, Moldova, and Georgia. Although no lasting democracy or economic success story has emerged in any of them, progress has been made in some areas, such as the reform of Georgia's education system.⁸⁸ At the same time, Estonia has gained considerable development cooperation experience through its activities in these countries, meaning that we have a breeding ground for development cooperation skills. Additionally, in all target countries, we have focused our development cooperation primarily on areas where we are strong ourselves – mainly **IT and education** – which also significantly contributes to the effectiveness of our aid. For example, in the logistics of humanitarian aid, the role of on-site coordinators, and in the use of resources, digital

solutions constitute an area in which other countries could learn from Estonia in terms of efficiency.

Estonia's reform experience and its bilateral, rather broad, but also targeted development cooperation, have made it a relatively unique

We have created a niche and reputation for ourselves in development cooperation, the existence of which should be better recognised

country in the world. Almost without noticing it, we have created a niche and reputation for development cooperation, the existence of which should be better recognised and sold. We should continue with similar activities and also talk about them more.

Unfortunately, with development cooperation, one must always consider the fact that it is not possible to transform any other country into an exact Estonia 2.0. Taking into account and knowing local conditions is crucial. In Ukraine, Georgia, and Moldova, it is found that the Baltic states understand the local reality better and, therefore, are preferred to western Europeans as project partners. Our partners also appreciate the fact that Estonia does not lecture them. Estonia is essentially selling a collective western product (democracy, rule of law, and market economy) along with its own transition experience (which is also the reason why western donor countries fund our activities).

An important concept in development cooperation is **trust between the donor country and the target country**, the personal relationship between the parties involved, and the human approach that ensures their establishment. Building relationships often takes a long time. This gives people participating in the project motivation and an understanding of why they are doing something, which usually also means the success of the undertaking. The recipient must feel like a worthy and equal partner who develops a sense of ownership through the project; only in this way can **the continuity of the project** be ensured with local forces. A great advantage of Estonian experts in these countries (especially outside the capitals) has been their knowledge of the Russian language, although this advantage will diminish in the future. In

⁸⁸ The project to modernise the curricula of Georgian general education schools in cooperation with SA Innove and UNICEF took place in 2017–20. UNICEF ensured continuity with a follow-up project (Bee project), so that the 15 schools we trained started to train other schools on site (115). Thus, the Georgian general education system

(grades 1–12) has been largely reformed by us, and the teacher training curricula of Georgian universities have also been prepared based on the advice of Estonian experts.

developing democracies, the rapid turnover of people in different posts is often a problem, which sometimes means a noticeable loss of efficiency. Unfortunately, this question is not within our power to resolve.

Estonia should continue to focus mainly on so-called smart cooperation – broader reform experience (democracy, economic development, and the promotion of the rule of law), including education and IT in middle-income countries that are genuinely interested in the development of democracy. Even in the future, our goal should not be to build infrastructure in the poorest countries, which is typically beyond our means.

For the target countries, the greatest impact will undoubtedly be achieved **by systemic reforms**, which, unfortunately, can only be implemented through the government sector. This requires a clear commitment from the government sector to implementing reforms, as state leaders must be interested in the development of the country, not just personal well-being. We have several good examples from Ukraine (Trembita and DIIA in the digital sector), Georgia (modernisation of curricula in general education schools), and Moldova (in the field of strategic communication and cyber cooperation). At the same time, it is clear that over a period of 20 years, neither we nor anyone else has been able to create a functioning democracy in any of the target countries. On the contrary, there have been significant setbacks in all of them. Even so, educational cooperation with the government sector should not be abandoned, as the impact of education on democracy is extensive and long-term.

In countries where democracy is absent or in decline, support for the third sector, independent media, and human development should be maintained, in order to maintain the possibility of returning the country to a democratic course. Even if it is difficult to achieve systemic change at the national level, grassroots support can still bring tangible results. For example, African children are given the opportunity to continue their education, and a women's shelter in Georgia helps victims of domestic violence. In the case of the third sector, perhaps more thought should be given to empowering influential figures in society (e.g., journalists or teachers) to strengthen strategic communication.

When it comes to sharing reform experience, this also relates to EU accession experience – including adoption of the *acquis*, negotiations, and shaping public opinion. There is a time limit to sharing transition experience, because in 10–15 years, the people who participated in our own transition process will no longer be as active, so their experience should be used now even more proactively than before. The reform experience will also be introduced to the startup ecosystem through implementation in target countries.

Estonia's **digital and cyber success story**, which encompasses not only technical solutions but also more broadly how society functions (highlighting efficiency, simplicity, openness, and security), is unique and is what we are best known for in the world. Through this instrument, we have so far best managed to sell ourselves as a country globally; this also applies to development cooperation. In recent years, new players have emerged alongside Estonia: for example, India successfully sells its IT solutions to developing countries (without having created a systematic digital state in India itself), several other EU countries, US (via giants such as Amazon, Oracle, etc.), and China are also operating in the digital niche. Estonia, however, remains the only truly **digital state** in the world.

Just like democracy, we have been unable to systematically implement e-government elsewhere, because it is a relatively long, arduous, and expensive path. Ukraine is probably the closest to a systemic success story: with Estonian support, the Ukrainian X-road has been built, on which the mobile identification system DIIA is based; it has been indispensable in ensuring the functioning of the state during wartime. At the same time, one cannot expect that the Estonian model should be applied in exactly the same way elsewhere. We have successfully sold not only system elements (ID card, mobile ID, X-road), but above all, IT and cyber skills. The story is, therefore, mostly just packaging, as countries are interested in specific solutions that would suit their local circumstances. Estonian representatives are no longer invited to speak so much on e-government as on practical solutions. However, the circle of providers in the world is quite wide. We must also consider, in terms of money and people, that we are a very small player in the digital development world, often unable to get a foot in the door in countries where we are not represented.⁸⁹

⁸⁹ We are less involved in digital policy making in international organisations than many other countries and do not participate in all relevant international discussion formats. Also, continued systematic investment in the

development of our own digital state is important for the future of the digital sector as a sales item.

A major issue in the digital sphere is the clash between our principles and the interests of undemocratic governments. Estonia's story and products are aimed at openness, efficiency, and security, not at providing an effective surveillance system for authoritarian governments or facilitating vote buying in election campaigns.

One of the keys to the success of Estonia's **digital sector** has been public-private partnerships, which are often not understood by the target countries of development cooperation. All sectors participate in Estonian digital development cooperation: IT solutions and education are widely provided by companies, NGOs, and universities (TalTech) in addition to the eGA.⁹⁰ We often sell solutions to the donor country's public sector as a package, in which Estonian companies also play a role. However, the interest of our larger digital companies in development cooperation is rather lukewarm. Of the 10 000 IT companies in Estonia, 9 000 are micro-enterprises, and only about 100 companies export their products (mostly to EU countries). The interest of companies in the digital development cooperation may grow if they are directed to larger consortia. The attractiveness also depends on the target region: for example, digital companies are interested in the Western Balkans as a relatively close region.

In addition to the already mentioned EU D4D, there are several international mechanisms through which our story and solutions can be sold even more, such as the Tallinn Mechanism⁹¹ in Ukraine and GovStack.⁹² The only joint cooperation project between Estonia, Latvia, and Lithuania in Africa also covers the digital field – Digital Explorers.⁹³ More than money, the problem in this field is **the lack of experts**. Although the situation is significantly better than a decade ago, Estonia is still short of nearly 2 500 IT specialists. In the case of development cooperation, foreign experts are also used (e.g., eGA in Ukraine), but the potential of this solution depends on the capabilities of the target country. If we are unable to find more experts, we should think about prioritising both the target countries and our own activities. The future success

of Estonia's digital development cooperation will be ensured by a more systematic approach – representatives of all sectors should be involved in shaping what, where, to whom, and why to provide.

There is a high global demand for the export of Estonia's **educational experience** and development cooperation, as Estonia has achieved good results in the PISA tests. However, there is no consensus on the priority of this topic across the country, and there is also no final clarity regarding the so-called products and providers. Within Estonia, it is necessary **to coordinate** decisions on the priority of educational export at the national level, as there is a shortage of providers in this field. There is a great shortage of experts in the public sector, and their workload often does not allow them to contribute to development cooperation. Help has been sought from universities, and the involvement of the private sector is on the agenda.⁹⁴ After ESTDEV undergoes a pillar-based assessment, a choice must be made whether to prioritise participation in educational projects or to acquire additional human resources.

An education export model is currently being developed. The Ministry of Education and Research and the entire sector are of the opinion that education will not be exported on a franchise basis, but rather that good practices will be shared. The plan is to reach practical tools in the second half of 2025, and the process will be led by Education Estonia together with a special envoy for education.⁹⁵ In the selection of target countries, the education sector focuses on priority countries for development cooperation and business diplomacy. It is also crucial to know the local conditions of the target countries in the field of education.⁹⁶

In Estonia, an international educational cooperation coordination body has convened (this includes the Ministry of Foreign Affairs, the Ministry of Education and Research, the Estonian Education and Youth Board, HARNO, and ESTDEV), addressing both development cooperation and the direction of education exports as

⁹⁰ Nortal, Cybernetica, Latitude59, BCS Koolitus, B.EST Solutions, Proud Engineers, Net Group, GoSwift, Digital Nation, EdTech, HK Unicorn Squad, e-Kool, Mondo, etc.

⁹¹ The Tallinn Mechanism includes Estonia, the Netherlands, Canada, Poland, France, Sweden, Germany, Denmark, the United States, and the United Kingdom, with NATO and the European Union as observer members. The platform is aimed at improving the cyber capabilities of civilian structures throughout Ukraine.

⁹² GovStack is a collaboration format between Estonia, Germany, the International Telecommunications Union, and the Digital Impact Alliance.

⁹³ Digital Explorers is one of Estonia's biggest success

stories in Africa to date. Through the project, 20 young Kenyans received digital training in Estonia in early 2024. Latvia has Armenia as a partner country, and Lithuania has Nigeria.

⁹⁴ The company Clanbeat, for example, is already working in this area.

⁹⁵ The Special Envoy for Education is a member of the Ministry of Foreign Affairs and a position created jointly with the Ministry of Education and Research.

⁹⁶ The systemic approach through development cooperation is also somewhat complicated by the fact that many countries in the world have mainly private schools.

important topics.⁹⁷ There is an action plan for the export of educational services for 2021–23 and a work plan for 2024–25, which focuses primarily on business diplomacy.⁹⁸ However, a comprehensive updated strategy would be needed with a focus on development cooperation. A sensible next step would be to write an updated strategy based on the discussions of the Development Cooperation Advisory Committee and transfer the decision-making to the government level. With FinCEED, an agency focused on education export, Finland offers valuable experience and a comparison.

In the case of the **Eastern neighbourhood**, everything that has been said about the reform experience and the digital and education sectors applies. In addition, projects should be directed away from the capital to the regions, because a sustainable country cannot be built solely through its capital. Ukraine is a special case among the Eastern neighbourhood countries, because its reconstruction will be linked to a large amount of money from EU donor countries in the future. Then it will also be seen to what extent this offers opportunities for Estonian companies.⁹⁹ Therefore, Estonia should continue to support Ukraine's reconstruction bilaterally, and not leave it to the great powers alone, even though this is not our classic development cooperation profile. At the same time, a country like Estonia, whose development cooperation is value-based and aims to provide an example as a country, should never implement projects whose real added value is questionable and which are born only from the desire for tourism on one side or the other – this danger has sometimes arisen in the case of other Eastern neighbourhood countries.

Africa is a new region for Estonian development cooperation, and we are still learning about the continent. However, in order to move forward effectively, a clearer vision of where to go is needed. Expanding Estonia's activities in Africa is related to finding new external funding (primarily from the EU, but also from other donor countries). The African part of the ESTDEV budget is already covered by 75% of the funding from the European Team Initiative, which gives us a better opportunity to tell our story. After the pillar-based evaluation of ESTDEV, there will be even more money. Then, it will become clear where the limits of our actual capabilities lie:

i.e., how many experts the state and the third sector have and how much interest the private sector has in operating in Africa. Afterwards, the current Africa Strategy (2020–30) must also be updated, because development has been rapid.

Estonia's activities in Africa are limited by the lack of local representatives, as we have only one diplomatic mission in Egypt for the entire continent. Meanwhile, expanding the network of embassies does not seem relevant, at least at present (see Chapter 4.3). In line with our development cooperation profile, it seems reasonable to continue **smart cooperation, particularly in middle-income countries**. This help also allows for the creation of jobs, which is of primary importance to the government of each target country. It must be taken into account that in Africa, there is a lot of competition between large donor countries, but the target countries still make their choices based on human relations and the reputation of the donor countries. Estonia should focus on certain countries with which we already have closer relations and where we are known – although Estonia's digital image is good, and helps us open doors, we are still a relatively new and unknown player on this continent. For example, **Kenya** is a country where Estonia is best known, especially thanks to the people hired on site by ESTDEV and the office there. A region-based approach would work if we had a greater presence on the ground – otherwise, our hands would still be too short, because the countries are different. Estonia's goal should not be to support the least developed countries bilaterally, but it would be more sensible to support them through multi-lateral cooperation. The most important donors to the least developed countries include several western European states, the World Bank, development banks, China, and Russia.

On the one hand, Estonia's current approach, according to which the selection of target countries is carefully considered and relatively narrow, is welcome. On the other hand, if we want to look for new target countries and consider creating a so-called second round of target countries, **the Western Balkans** represent a region where our reform experience is relevant, and the development cooperation there would also support EU enlargement. Both **the Central Asian** countries, whose profile is somewhat similar to that of the current Eastern

⁹⁷ In addition to the coordination body, several national initiatives have been created to promote export topics and consolidate the image of Estonia as a strong education and research country: HARNO initiatives Education Estonia and Study in Estonia; Estonian Research Council Initiative Research in Estonia.

⁹⁸ Estonian Ministry of Education and Research, "[Export of Educational Services](#)," last updated 28 January 2025.

⁹⁹ Companies involved in Ukraine include e.g., Harmet (wooden houses), DocuMental Clinic (online mental health solutions), and Visionest Institute (entrepreneurship, leadership training).

neighbourhood countries, and **North African** (e.g., Tunisia) and **Middle Eastern** countries, where our NGOs already provide humanitarian aid.¹⁰⁰ Building on the existing network of cooperation partners, new opportunities could be created there for our development cooperation partners through the integration of humanitarian and development fields.¹⁰¹

4.2. HOW TO DO IT?

The most important thing is not to expand activities but to act purposefully and meaningfully. Estonia will never compete with larger donor countries **in terms of development funding**. This also excludes, for example, large infrastructure projects and assistance to less developed countries. At the same time, life has shown that Estonia can often implement, with less money, what larger donor countries cannot do even when operating in a very expensive way. Estonia's success is based on the fact that we use our strengths: digitalisation, flexibility, a personal approach, low coordination costs, and our own reform experiences.

Internationally, ODA accounting is considered an important indicator of a country's performance, and Estonia has set the goal of reaching 0.33% of GNI with development cooperation by 2030. This is not a bad decision, as there could certainly be more money in some ODA sectors. However, many Estonian experts interviewed felt that the amount and the increase at the state's disposal should not be the highest priority goal in the further development of ODA. Instead, it is more important to better coordinate the use of experts, make Estonian development cooperation more qualitative and effective, and improve the corresponding reputation. Since ESTDEV is a relatively new institution, before expanding its reach worldwide, it should focus on developing domestic practice and stabilising its reputation so that we are strong in cooperation – which we can also promote to foreign partners. The clearer and more balanced our image is, the easier it is to promote ourselves to other donor countries.

More applications could be found than before

¹⁰⁰ In the International Centre for Defence Studies' 2022 southern neighborhood report, Tunisia and Morocco were also mentioned as potential priority African countries (in addition to Middle Eastern countries Lebanon and Jordan).

¹⁰¹ Humanitarian and development integration (*nexus*) is a separate term that means creating a bridge between humanitarian aid and development cooperation, with the aim of promoting peace and long-term development. Integration projects are more similar in nature to development cooperation projects, as they are aimed at the economic

for EU money. For example, Estonia allocated EUR 38 million to the EU's development cooperation budget in 2023, but it uses less EU money than it contributes. At the same time, it is an important lever that can draw more attention to Estonia and share good practice. Estonian development cooperation will be even stronger if we can exert more influence on the preparation of the EU development cooperation budget in international negotiations, for example, if we have knowledge and resources on a specific priority issue for us and if we create alliances with like-minded countries. In negotiations for the EU's Neighbourhood, Development and International Cooperation Instrument, success depends mainly on three factors: the commitment of the Member State to development cooperation, efforts to convince other stakeholders, and the Member State's relations with the holder of the presidency (including access to the holder of the presidency).¹⁰²

Among Estonian institutions, only the e-Government Academy has passed **the pillar-based assessment**, with over 95% of the funds used coming from the EU in 2022. If ESTDEV passes the pillar-based evaluation, its share of EU funding will also increase significantly, which, in turn, will raise the issue of a shortage of experts (see Chapter 4.3). In the calculation of **twinning**, Estonia was estimated to be among the average EU member states, lagging behind not only Lithuania, which was in first place, but also Latvia.¹⁰³ In **TAIEX**, Estonia is also among the average in terms of the number of experts. At the same time, among the target countries, Georgia is the leading country in twinning offers (23 offers in 2023). To date, we have participated in twinning a total of 29 times; in four cases, we were also in the lead role; approximately 200 Estonian experts have participated in TAIEX projects.

In addition, it is possible to participate in EU funding within the framework of **Global Gateway** cooperation through **Team Europe Initiatives**, which brings together EU Member States interested in a particular topic. In addition to the European Commission the projects are co-financed by each participating country. Estonia actively participates in the Team Europe Initiatives, but not as a lead country, as the lead

empowerment of people (via education and employment).

¹⁰² Magnus Lundgren et al., "[Member State Influence in the Negotiations on the Neighbourhood, Development and International Cooperation Instrument](#)," Expert Group for Aid Studies (EBA), 2022.

¹⁰³ European Union, "[Taiex & Twinning Highlights, Annual Activity Report 2023](#)."

country must have passed a pillar-based assessment. Team Europe Initiatives are often regional. Their aim is to combat the fragmentation of aid, but since the EU planning cycle is unfortunately long, new needs may arise faster than they can be responded to.¹⁰⁴

Estonia contributed EUR 4.6 million to UN development cooperation in 2023. Cooperation projects with UN sub-organisations (e.g., UNICEF and UNDP) help amplify Estonia's success story and would be wise to continue.

It is certainly not unimportant to seek additional funds through **co-financing from other countries**. However, based on the examples of Mondo and Pagulasabi, it can be assumed that if an organisation has a certain level of recognition and reputation, then the trademark begins working, meaning donor countries often find partners themselves. From this, we can conclude that if we put more emphasis on promoting the Estonian development cooperation brand, finding donor countries should become easier. At the same time, it must be taken into account that it is often difficult for us to cooperate with larger donor countries due to the significant differences in funding volumes. Therefore, we should focus on cooperating, to the extent possible, with those who share our working methods and objectives.

If more emphasis is placed on promoting the Estonian development cooperation brand, finding donor countries should become easier

Bringing more **private money** into development cooperation is under discussion, along with the creation of a development bank. However, it is not clear whether this makes sense in such a small country, when there is enough development cooperation money available across the border.

LENGTH AND SUSTAINABILITY OF PROJECTS, FUNDING FLEXIBILITY

Due to the budget cycle of the Ministry of Foreign Affairs, the funding for ESTDEV rounds is currently one year (except in the case of Ukraine), during which the project must be implemented. After the winners of the rounds are announced, this usually means that the project

must be completed in nine months. Several interviewees pointed out that there should be an opportunity to do one and a half, two, or even three-year projects, as it is more difficult to ensure **sustainability with short-term projects**. Likewise, an element of continuity should be written into the projects from the very beginning, which establishes how the activity will not remain a one-off, but will have a lasting impact. This means that local actors should become independent in carrying out development cooperation. This is a request that third sector project managers in target countries often fail to comprehend – they do not understand that if the same project has been funded for several years, why the funding is then discontinued. In recent years, Estonia has taken a course towards larger projects and less fragmentation of aid, which seems reasonable.

In addition to projects, one could also think about programmes – several projects that serve the same purpose. A consortia of different actors (including those from different sectors) could contribute to the programmes, which would reduce competition among the already scarce people in Estonia and improve synergy. However, this does not mean that every pilot project should always grow into a larger agenda, because not all initiatives are scalable. A good project focusing on grassroots multipliers can be cheap, limited in time and scope, but effective. It is, therefore, important that impact assessment is not simply a comparison of numbers in an Excel spreadsheet, but that it helps to understand the substantive impact of development cooperation.

The most flexible source of funding is **microfinancing** distributed by embassies, which makes it possible to respond quickly to smaller needs, with **100% of the money going to the target country**, as there is no coordination fee.

4.3. WHO COULD DO THIS?

The biggest limitation to the expansion of Estonian development cooperation is **the lack of experts**, as it is more difficult to overcome a shortage of people than a shortage of money. There is a shortage of experts, especially in the public sector, but also in the third sector. At the same time, it is possible to engage existing specialists more effectively than before and coordinate their work. It seems that the biggest

¹⁰⁴ There are other EU funding mechanisms, but they are often confusing, which makes them difficult to use. Direct funding from the European Commission is used, for example, by the NGO PractNet, whose main field of activity

is strategic communication and the fight against disinformation.

shortcomings are in coordination. One solution would be to create a project- or program-based intra- or cross-sectoral consortia that would enable the implementation of larger projects. In this case, cooperation would be fostered, instead of competition in procurements and rounds. Regional cooperation can be developed with Latvia and Lithuania, especially in sharing transition experience and twinning, in which Lithuania is at the forefront in the European Union. Expanding joint activities between the Nordic and Baltic countries could also be considered.

The need to **compile lists** to gather information about people and their competences was mentioned several times in the interviews. This particularly concerns the transition experience (reform experience, preparation for EU negotiations, public information, etc.), which we can continue to share for the next 10–15 years. Experts from all sectors who have ever worked in this field in Estonia and who are ready to contribute to development cooperation should be brought together, taking into account both retired and active practitioners. Such a database is currently being created at the Estonian School of Diplomacy (ESD).

It is not known exactly what the share of the state, private, and third sectors is in Estonian development cooperation. The Estonian public sector partner is usually the public sector counterpart in the target country, and development cooperation is aimed at developing the country. At the same time, experts in the state sector are very busy and often unable to participate in development cooperation projects. Following the example of Lithuania, Estonian ministries should be more aware that although an expert participating in a development cooperation project cannot fully engage in their regular work for a certain period, the institution benefits from this in several ways: the expert returns wiser and with a wider network of professional contacts; the expert may also receive a financial bonus if it is an EU project (e.g., twinning). EU activities also provide experience in conducting EU foreign policy. Participation in projects is usually well paid, which works as part of the motivation package and can be offered during recruitment. The Police and Border Guard Board is a good example of an institution that values international cooperation and sending experts to participate in foreign projects.

A new direction in development cooperation is

the involvement of private companies, because the interest-based and business-based nature of development cooperation is a growing trend worldwide. It must be taken into account that companies are not motivated to participate in development cooperation by humanitarian considerations, but by the desire to learn about new markets and enter them. This is not negative, because business exports contribute to the economy of both their home country and the destination country. Development cooperation is not aimed at making a profit; at the same time, it is not prohibited that development cooperation will bring money to some companies in the future. We have used development cooperation funds to develop opportunities for private companies, particularly in Ukraine. Business diplomacy can support the sustainability of development cooperation, as companies are mostly interested in establishing a foothold in the target country. For many companies, however, development cooperation represents a long and complicated path to new markets and profits. Moreover, the focus of development cooperation and the interests of the private sector often do not coincide, making it difficult to strengthen their mutual links without changing the focus, scope, or structure of development assistance.¹⁰⁵ Ukraine would be a sufficiently large and nearby market for Estonian companies, but the environment there is affected by uncertainty due to the war.

Positive steps include the creation of the **Development Cooperation Advisory Board**, which helps the Ministry of Foreign Affairs shape policy, and the convening of thematic coordinating bodies (e.g., in the field of education) as needed. The Development Cooperation Advisory Committee should certainly be used much more. It is necessary to consider whether to give the government and parliament control when deciding over the domestic organisation of development cooperation. This question arises primarily from the need to better coordinate Estonian development cooperation: i.e., narrowly speaking, for example, finding experts from ministries and, in a broader perspective, deciding, for example, on the priority of education export.

Estonia's representation in the target countries is important, because visits alone are not enough. Finding local partners or a local representative, building personal scholarships for development cooperation relationships, and knowing the local conditions are the keys to the

¹⁰⁵ Ari Kokko and Patrik Tingvall, "[Aid for Trade: En förskningsöversikt med recommendations för svenskt](#)

[bistånd](#)," Expert Group for Aid Studies (EBA), 2024.

project's success. Honorary consuls are one possible lever, but they are often too busy with their own duties to be systematically interested in development cooperation and to act in this area. Therefore, they may not be the best solution. If an Estonian organisation (eGA, Mondo, Estonian Refugee Council, etc.) already has a representative office in the country, in case of mutual interest, this could be turned into a representative office that other interested actors could use. This again requires a cross-sectoral approach, which could be directed by ESTDEV.

Mondo **offers global education in Estonian schools**, but the Estonian public is not well aware of the development cooperation and the corresponding needs. Development cooperation could be taught as a separate subject at Estonia's universities in bachelor's and/or master's studies, as well as scholarships for development cooperation should be created and better introduced for completing master's theses or engaging in corresponding foreign studies and internships. In addition, the voluntary participation of Estonian youth in various international development cooperation programmes would contribute to the growth of a conscious and caring generation of young people.

Estonia remains **a young, dynamic donor country** that is still searching for its precise role and identity. At the same time, the strengths that have developed by now should be more clearly recognised.

Estonia should be an example of well-designed, efficient activities that maximise the benefits to target countries and minimise the coordination costs

Estonia should serve in developing countries as a role model and advocate for both donor and target countries with effective activities that maximise the benefits to target countries and minimise the coordination costs. If Estonia receives greater recognition in this field on the global stage and our development cooperation is more targeted, it will hopefully significantly contribute to the understanding of the entire field at home.

POLICY RECOMMENDATIONS

Values:

- **Estonia should become more aware of and introduce the unique features of our development cooperation to the world.** Estonia has passed on its reform experience (including IT and education) mainly to countries where it is relevant and has carried out development cooperation primarily in areas where we ourselves are strong. Instead of providing the artificial, expensive, largely ineffective, and impersonal aid that is common in the world, Estonia carries out development cooperation in a meaningful, efficient, targeted, small-scale, and personal way. We have our own brand, which should be more widely recognised, the shaping of which should consciously continue, and which should be promoted more globally. We should not change Estonian development cooperation to resemble the world's, but the world's development cooperation should resemble Estonia's.
- **In a situation where the world's development cooperation is changing, Estonia should, first and foremost, continue to focus on its value-based nature and the representation of its national interests.** It would be appropriate to focus on specific countries with which we already have **closer** relations and where we pursue four goals: a value-based approach, security, economic reputation, and influence. Values are always related to interests, but the latter should not be allowed to prevail. The best conditions for effective cooperation are in countries where the promotion of democratic values and Estonia's security interests support each other, for example, in Ukraine.

Target countries:

- **The Eastern neighbourhood countries should remain our focus, despite the fact that democracy has regressed in some of them.** In undemocratic countries, support for the third sector, independent media, and human development should be the main focus. There is no point in competing with undemocratic donor countries or with leaders of target countries who are not interested in the development of their country as a whole. In addition, digital education can continue to

be distributed to different target groups. Projects should be directed, among other things, to other regions outside the capital, because a sustainable country cannot be built solely out of the capital. The tourism factor should be avoided: i.e., projects that are based on the tourism interests of the parties involved.

- **Sub-Saharan Africa should remain a target region for Estonian development cooperation, where activities should be systematised. The Africa Strategy (2020–30) needs to be updated.** African countries cannot be excluded from the list of preferred countries, as the greatest development needs are in the countries of the global south. However, they should not be at the top of Estonia's priorities, as we are not represented on the ground, which is why there are gaps in our knowledge of local conditions, especially since our reform experiences are primarily relevant in middle-income countries. In addition, geopolitical competition in Africa is high, and it is difficult for us to compete with China or India (also in the digital sector). In undemocratic target countries, our value-based approach complicates the situation.

Estonia is currently operating in Africa primarily with EU money, which is reasonable. However, problems are caused by a lack of experts and representation. It would be appropriate to focus on specific countries with whom we have closer relations and where we are better known, such as Kenya.

- **The range of target countries should be reviewed, but expanding it should not be a goal in itself.** The world map should be systematically reviewed: where our reform experience is relevant; where there are countries with developing democracies; and where it is possible to sell our experience, digital state, and education system in cooperation with and through the government of the target country (systemic changes are most effective when made this way).
- **Consideration should be given to adding the Western Balkans and some countries in Central Asia or the Middle East and North Africa (in a non-specific order) to the list of priority countries.**
- **In addition to updating the list of target countries, Estonia's representation there should also be reviewed.**

Topics:

- **Estonian development cooperation should continue to focus on so-called smart cooperation**, where the most important thing is not to expand activities but to act in a targeted and meaningful way. Estonia's development cooperation has so far been and should continue to be focused mainly on smart cooperation (reform, IT, and education) and human development (support for the needs of the most vulnerable groups, e.g., women and children) in middle-income countries, rather than on building infrastructure in the poorest countries. **The reconstruction of Ukraine** is an exception, as we are one of the first to set an example for others; even after the war is over, we cannot give up on it, hoping that the big donor countries will do everything themselves.
- **We should develop a strategy in the field of education and digital development cooperation that is in line with our actual capabilities** in order to determine what should be done, who could contribute, and which countries would benefit most. Both strategies should be approved by the government, using input from the Development Cooperation Council.
- **Sharing reform experience needs to be systematised.** There is probably a time limit to sharing our reform experience – in 10–15 years, those people who participated in our own transition process will no longer be active. Therefore, their experience should be drawn on even more.
- **Attention should be paid to the fact that the climate dimension is becoming increasingly important in global development cooperation, although there is no reason to put it at the top of Estonia's priorities.** Rather, Estonia should focus on its established strengths in the digital sector and education.

Funds and partnership:

- We must take into account the reality that the need for development funding in the world is not decreasing but rather increasing. From the perspective of reputation building and our security, it is still important to care and contribute, which is why it is **necessary to continue to increase ODA, or our own financial contribution to development cooperation.**

- **More EU money should be used for development cooperation, and we should continue joint projects.**
- **Development cooperation with the UN and richer countries' development agencies.** Estonia is a small country whose money and workforce will always be limited. Estonia should continue in its development cooperation in the direction of making greater use of the money provided by larger donors (the EU, other countries). This is possible by passing the EU's pillar-based assessment (eGA has already been assessed; ESTDEV will hopefully pass the assessment in 2025) and participating more actively in the Team Europe Initiative, twinning, and TAIEX. By working together with the EU and the UN, Estonia can promote its success story to wider audiences, while also relying on the human resources of its partners.
- **When looking for foreign partners, the focus should be on building a reputation.** Since ESTDEV is a relatively new institution, before expanding its reach around the world (i.e., extensively searching for new target countries and other donor countries), it should focus primarily on building a strong national good practice and showing itself as a stable partner – such a reputation can be advertised to foreign partners. Based on the examples of Mondo and the Estonian Refugee Council, it can be assumed that if an organisation has a certain level of recognition and reputation, the brand sells itself: i.e., donor countries find a partner themselves.
- **Development cooperation should include a review of the possibilities for cooperation between the Baltic States and between the Nordic and Baltic states,** which would help effectively solve the problem of a lack of experts. For example, the creation of consortia could be considered.

National coordination:

- **The use of experts should be better coordinated; appropriate lists should be drawn up; and consortia should be created.** There should be more clarity about who could contribute to the development cooperation. This should be done even more effectively than before: drawing up lists of potential experts and their skills (ESD already has a plan to do this regarding reform experience and also include retired people); creating project-based consortia that, under the leadership of ESTDEV, bring together contributors

from the same sector or different sectors as needed; carrying out joint projects with Latvia and Lithuania focusing on sharing reform experience; motivating ministries to participate more widely in bilateral projects, twinning, TAIEX and European team initiatives. Estonia's twinning system could be reviewed, following the example of Lithuania, and local experts could be invited to advise us. More foreign experts could also be involved and trained to present our story.

- **National coordination between the parties to development cooperation should be improved through the Development Cooperation Council.** Development cooperation could participate in policy-making, improving cooperation between different sectors, and exchanging experiences.
- **Consideration should be given to making project funding longer,** instead of the current nine months, it could be at least a year or a year and a half. The sustainability of aid could be better ensured if programme-based thinking were used instead of project-based thinking, because even a small project within a larger programme is not necessarily bad, and its impact can be large.

Private sector involvement:

- **The potential of the private sector should be better utilised. Involving the private sector in development cooperation is a growing trend both globally and in Estonia,** as it gives companies the opportunity to learn about new markets, through which they contribute to both our economy and the economy of the target country. For example, the Estonian private sector is often an important partner in the implementation of digital projects in the public sector of target countries. However, there seems to be a clear limit to the combination of business and development cooperation: the logical goal of companies is to make a profit, but the goal of development cooperation is primarily to support the target country. Sometimes, development cooperation means going too far for companies to make money.

Improving the image of development cooperation in Estonia:

- Consideration should be given to teaching development cooperation as a separate subject at one of the Estonian universities for bachelor's or master's studies, as well as to offering scholarships for master's theses on the topic of development cooperation or for study and internship abroad. In addition, the voluntary participation of Estonian youth would help in various international development cooperation programmes, while also contributing to the growth of a conscious and caring **generation of young people.**

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ANNEX. LIST OF INTERVIEWEES

GLOBAL TRENDS

Anne-Meike Fechter (School of Global Studies, University of Sussex)
Ben Selwyn (School of Global Studies, University of Sussex)
Domitilla Sagramoso (King's College London)
Kazi Jawoad Hossain (iDE)
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Agne Kuimet (Roundtable for Development Cooperation)
Anna Beitane (University of Tartu, Skytte Institute)
Dovilė Paužaitė (Ministry of Foreign Affairs of Lithuania)
Eero Janson (Refugee Council)
Ekke Nõmm (Estonian School of Diplomacy)
Epp Maaten (e-Government Academy)
Hannes Astok (e-Government Academy)
Iti Aavik (Roundtable for Development Cooperation)
Jaanika Lillemaa (Ministry of Education and Research)
Jana Silaškova (Estonian Information Technology and Telecommunications Association)
Julia Hector (Swedish Ministry of Foreign Affairs)
Karin Kaup-Lapõnin (formerly European External Action Service)
Koen Claessen (ICDS intern)
Liisa Ojaveer (Ministry of Education and Research)
Marki Tikhonova-Kreek (Nortal)
Merle Maigre (e-Government Academy)
Rasa Kairienė (Ministry of Foreign Affairs of Lithuania)
Stefano Braghiroli (University of Tartu, Skytte Institute)
Tanel Tang (European Commission)
Tarmo Viikmaa (Police and Border Guard Board)
Tiina Ilse (PractNet)
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