ESTDEV
From the people of Estonia

Estonian Centre for International Development (ESTDEV)

Annual Report

2025

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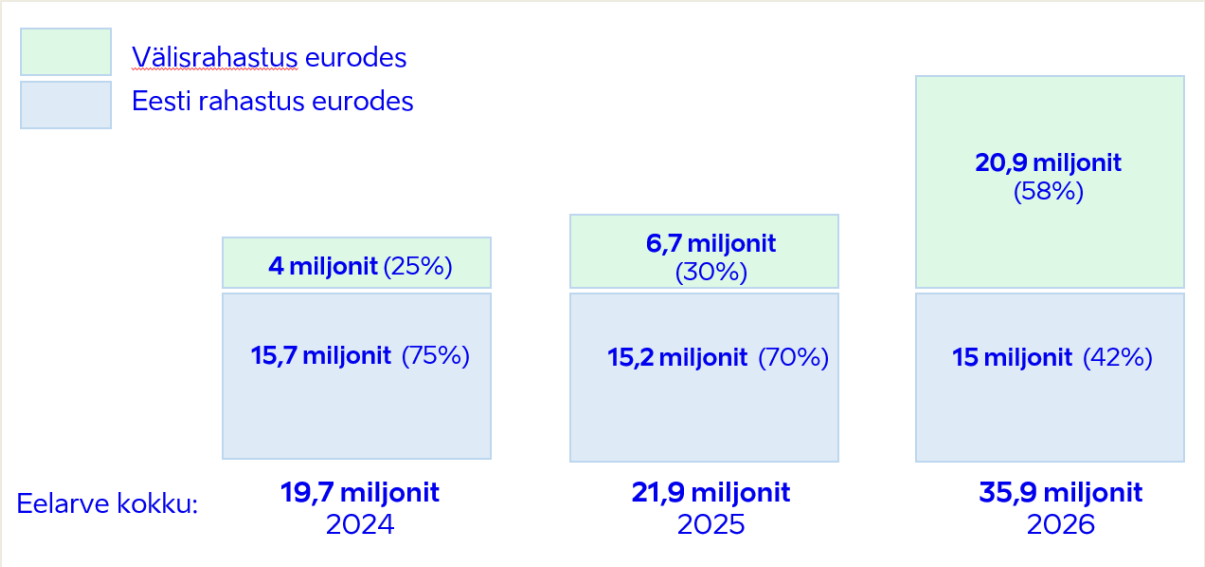
Foreword

The past year brought significant new opportunities to Estonian development cooperation thanks to the external funding secured by ESTDEV. The 25.6 million euros added through donor agreements is strategic capital that will help Estonian organisations increase their international reach, enter new markets, strengthen export capacity and directly contribute to the growth of the Estonian economy over the coming years.

Every euro the Estonian state directed to ESTDEV in 2025 was multiplied by 1.7, raising the agency's 2026 budget from 22 million to nearly 36 million euros. For the first time, Estonian development cooperation used more external funding to finance activities than Estonian budgetary resources. This is an extraordinary achievement, especially considering that in 2025, many major donors reduced their development cooperation amounts.

Figure 1. ESTDEV budget, share of Estonian funding and external funding



Source: ESTDEV

(Note: The provided chart shows external funding in green and Estonian funding in blue, scaling from 19.7 million in 2024 to 35.9 million in 2026).

Donor countries are increasingly directing their development cooperation funds through Estonia, as ESTDEV is able to manage projects efficiently and effectively. ESTDEV focuses its efforts on areas where international demand for Estonian expertise has emerged: cybersecurity, e-governance, education systems and innovation, reform experience, successful EU accession experience, and the development of the rule of law.

The largest share of external funding—15.3 million euros—was secured for the reconstruction of Ukraine. In 2025, ESTDEV signed funding agreements with Sweden,

Norway, Ireland, Italy, the United Kingdom and Liechtenstein. The additional funding made it possible to expand activities within the framework of the Tallinn Mechanism to strengthen Ukraine's cyber resilience and to open new lines of action improving the quality of healthcare, continuing education for medical professionals and rebuilding medical infrastructure.

ESTDEV secured the most external funding in the field of e-services and cybersecurity—21.3 million euros. These projects clearly demonstrate that Estonia's public and private sectors are trusted and called upon to strengthen the resilience of partner countries, creating real operational opportunities for the Estonian development cooperation community. Development cooperation allows Estonian solutions to be implemented in complex reform environments, which in turn increases the expertise of Estonian civil society and academia while building up the international competitiveness of Estonian companies.

Figure 2: Attracting external funding, leveraging Estonian funding by target country

Country/Region	Estonian Funding	Attracted External Funding	Leverage of Estonian Money (Multiplier)	Sector
Ukraine	11,000,000	15,345,540	1.4	Reconstruction; cybersecurity; education
Moldova	975,000	1,050,000	1.1	Agriculture (EU+digital); education
Armenia	379,860	0	0	
Georgia	50,000	0	0	
Belarus	70,140	0	0	
Africa region	1,000,000	9,293,709	9.3	E-governance, cybersecurity
Other/GovStack	126,906	218,000	1.7	E-governance

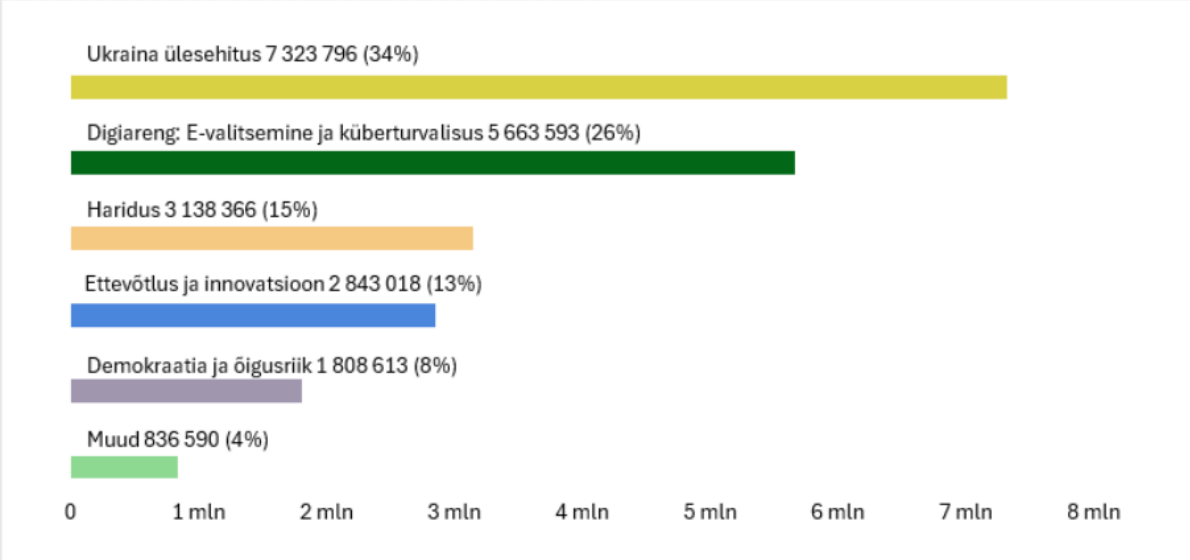
Source: ESTDEV

It is estimated that every million in external funding brings nearly 300,000 euros in tax revenue to Estonia, as the projects are primarily implemented by Estonian companies. In

2025, over 70 organisations from the public sector, private sector and civil society participated in development cooperation projects in seven partner countries: Ukraine, Moldova, Armenia, Georgia, Kenya, Uganda, and Botswana.

When breaking down ESTDEV contributions by sector, in 2025, 7.3 million euros went to support Ukraine's reconstruction (primarily on the construction or restoration of physical infrastructure), which comprised 34% of ESTDEV's project portfolio. The volume of the e-governance and cybersecurity portfolio was 5.6 million euros (26%). The education portfolio accounted for 3.1 million euros (15%), projects supporting entrepreneurship amounted to 2.8 million euros (13%), and democracy and rule of law projects totalled 1.8 million euros (8%).

Figure 3: Project volume and distribution by sector in 2025 (of total budget)



Source: ESTDEV
(Note: The provided bar chart visualises the funding distribution outlined above, led by Ukraine's reconstruction at 7.32M euros).

In the fall of 2025, ESTDEV reached a significant milestone, successfully passing the European Commission (EC) evaluation process, the so-called pillar assessment, and received accreditation for the direct management and implementation of European Union (EU) funds in international cooperation. This recognises the high quality and reliability of Estonian development cooperation, placing ESTDEV in the same category as large European agencies such as Germany's GIZ, France's AFD or Belgium's Enabel.

The obtained status ensures early access to planned EC funding and provides an operational overview of projects submitted through the investment centres of other member states. Furthermore, ESTDEV earned the right to participate as a "prime contractor" in EU-funded projects, which broadens the operational opportunities for Estonian organisations both in

development cooperation partner countries and more widely around the world.

In conclusion, development cooperation is not charity or technical assistance, but an activity that creates real growth opportunities for various Estonian sectors, including private companies, and supports the formation of stable, economically resilient partners. This, in turn, strengthens both Estonian and European security by reducing the region's vulnerability to crises and instability.

I. About the Organisation

ESTDEV continued to expand its activities and improve quality in 2025, focusing on both strengthening the internal organisation and increasing its international presence.

- **Team**: As of the end of the year, ESTDEV employed 40 staff under employment contracts, plus a management board member and a five-member supervisory board. Sectoral experts also contributed to the implementation of development cooperation projects, with whom 38 contracts under the Law of Obligations were signed during the year. Involving experts allowed ESTDEV to apply specific know-how and ensure flexible, high-quality project implementation according to partner countries' needs.

- **Structure**: In 2025, ESTDEV's structure was reorganised with the aim of strengthening focus areas, improving the substantive quality of project management and enhancing cooperation with partners operating in target countries. Thematic teams were created, where project managers from respective fields were consolidated alongside the sector manager. By the end of the year, ESTDEV had teams dedicated to developing programmes in democracy and the rule of law, education, e-governance and cyber security, and economic development. In addition to the sectoral teams, two regionally focused teams focused on the development and management of donor relations and new initiatives within Europe and Africa. The thematic teams were supported by the financial management, communications, legal counselling and compliance control, and human resources departments.

- **Presence**: ESTDEV strengthened its presence in partners countries, which is critical for implementing projects and maintaining relations with donors.

  Kyiv, Ukraine: In September 2025, an ESTDEV representative (seconded through the Ministry of Foreign Affairs) began work at the Estonian Embassy in Kyiv, representing Estonia's interests in the reconstruction of Ukraine. Their role is to establish connections with local organisations and international donors, monitor the project progress, and contribute to the activities of the Tallinn Mechanism coordinating cyber cooperation.

  Nairobi, Kenya: Starting in September 2025, a Nairobi-based ESTDEV representative began managing the Kenyan project implementation centre, which had already been operating for nearly two years. Their task is to represent Estonian development cooperation in Africa and develop relations with donor organisations and local partners. Three local project managers make up the rest of the team and are responsible for implementing projects in other African partner countries in addition to Kenya.

Brussels, Belgium: National experts seconded to Brussels in cooperation with the Ministry of Foreign Affairs continued their work at DG INTPA and DG ENEST. Their activities have been crucial in mapping new funding opportunities.

- **Membership**: ESTDEV continued its active participation in the EU development cooperation organisations network and EC cooperation platforms to share Estonian success stories and experiences and to keep an eye on new European funding instruments and opportunities.

  Practitioners' Network is a platform for operational information exchange and coordination of activities with other European agencies. Through the network, ESTDEV initiated several joint projects with Sida, the Swedish development cooperation agency, in Ukraine and Expertise France in Africa.

  Through **Digital 4 Development (D4D)**, the EC coordinates large-scale digital initiatives (Team Europe Initiatives - TEI). Funding from D4D's Africa branch has allowed ESTDEV to initiate most of its major projects in African partner countries. Today, D4D has also expanded to the EU's immediate neighbourhood (MENA and Eastern Neighbourhood). ESTDEV is expected to sign its first contracts there next year. ESTDEV also uses the D4D platform to introduce Estonian digital expertise and success stories, and for strategic advocacy in shaping the new EU Multiannual Financial Framework (MFF). Estonia advocates that the focus of digital cooperation should not lean too heavily on physical infrastructure but should also include e-services and the development of digital skills, which creates long-term opportunities for Estonian companies to participate in international projects.

- **Processing of Grants**: In 2025, ESTDEV adopted the Ministry of Culture's digital platform *toetused.kul.ee*. Integration with the commercial register and the tax board made the submission and processing of applications faster and more efficient for both the applicant and the grant provider. The new application environment allowed application rounds to be announced earlier, giving applicants more flexibility to plan their activities and start operations more promptly.

- **Quality Management**: ESTDEV successfully passed the recertification audit, receiving confirmation that the organisation's management system complies with the ISO 9001:2015 standard. The system is continuously updated based on the institution's development, the requirements of external donors and the needs of beneficiaries, to ensure the continuity of operations, staff training and a documentary base for auditing.

Key Performance Indicators 2025/2024

Financial Indicators	2025	2024
Total current assets	7,531,267	6,927,221
Total fixed assets	43,472	50,245
Total current liabilities	7,028,976	6,410,181
Total net assets	545,763	567,285
Current ratio*	1.07	1.08
Total grants	22,913,431	16,807,231
Change in grants	36.3%	13.3%

**The current ratio reflects the company's ability to cover short-term claims of creditors with current assets.*

II. Regional Goals and Results

1. EU Eastern Neighbourhood

ESTDEV's work in the EU's Eastern Neighbourhood (Ukraine, Moldova, Armenia, Georgia and the Belarusian exile community) is based on the principle that Estonia's security and values are best protected when the countries in our neighbourhood are stable, democratic, crisis-resilient and firmly on the path of EU integration.

This year was exceptionally successful in expanding Estonian development cooperation in the EU's Eastern Neighbourhood region. By signing new funding agreements with external donors worth a total of 16.3 million euros, ESTDEV grew the 12.5 million euros received from the state by 1.4 times.

External funding does not only mean new projects, but it is also a clear acknowledgement of Estonian expertise and ESTDEV's ability to manage complex international programmes. Among ESTDEV's new external partners and donors are the Swedish development cooperation agency Sida, Norway's Norad, Germany's GIZ, and Japan's JICA in addition to the EU Commission and the Ministries of Foreign Affairs of Ireland, Liechtenstein and Andorra.

With external funding, opportunities for Estonian companies and organisations to initiate new projects in European target countries expanded significantly in 2025. The largest share of the funding went to support the reconstruction of Ukraine, which remains Estonian development cooperation's main priority.

Regional project portfolios grew in almost all ESTDEV's operational areas, such as the implementation of Estonia's e-state and cybersecurity solutions, the promotion of educational innovation, and the sharing of reform experiences needed for EU accession, inclusive public governance and rule of law principles. External funding also made it possible to expand ESTDEV's project areas to include healthcare and business environment development, where Estonia has strong development experience and expertise. The sector is ready to participate in development cooperation projects.

Behind the growth is ESTDEV's strategic decision to strengthen sectoral programmes and intensify cooperation with both target country partners and Estonian mentors, experts and organisations implementing the projects. This has created a clear framework for setting goals, planning and validating projects. It also supports the growth of partner countries' capacities and their ability to create services that affect people's daily lives: more secure digital services, better-functioning government institutions, quality education and an environment conducive to economic development.

Developments by Target Country

- **Ukraine**: Strategic reconstruction work continued in 2025, building on the strong foundation laid in previous years. Activities focused on creating cross-sectoral synergies to ensure the mutually supportive impact of initiatives and avoid resource fragmentation. ESTDEV confirmed its role as a reliable and effective project implementer, which has also been demonstrated by increased international interest in the Tallinn Mechanism. Several countries supporting Ukraine, including Sweden, Norway, Italy, the UK, and Ireland, approached ESTDEV with funding proposals to ensure the successful implementation of their projects. In addition to e-governance and cybersecurity, donor attention also expanded to the healthcare and education sectors. The focus of the year was the reconstruction of social infrastructure destroyed in the war. Two family-style small group homes for large foster families, a 36-apartment social housing building for internally displaced persons, and a bomb shelter for a children's emergency shelter were completed. The first medical infrastructure reconstruction project was launched, and renovations began on a preschool education methodology centre and an educational innovation demonstration centre. All infrastructure projects are designed to support substantive reforms in their respective sectors, preparing Ukraine for EU accession.

- **Moldova**: Following the 2024 referendum, when Moldova confirmed its desire to join the EU, supporting the country's Euro-integration became a priority for ESTDEV. Activities in 2025 focused both on preparing civil servants for accession negotiations and on strengthening Moldova's cyber capabilities, as under the conditions of Russia's hybrid attacks, cybersecurity and preventing misinformation are essential prerequisites for continuing reforms. During the year, ESTDEV secured 900,000 euros from the European Commission to support bringing Moldova's agricultural and food sector financing system into compliance with EU standards. Cooperation with UNICEF also continued in developing the digital skills of Moldovan teachers.

- **Armenia**: ESTDEV focused on expanding activities and building relationships with local partners and other member states. The sectoral focus remained on e-governance and empowering the business environment, including increasing the export capacity of local businesses. Cooperation with the European Commission intensified, and Armenia's public administration reform needs were mapped. Several of these initiatives may be implemented in 2026 with support from external partners.

- **Georgia and Belarus**: Due to the domestic and foreign political situation, ESTDEV did not initiate new projects in these countries in 2025. The organisation limited itself to funding small-scale initiatives supporting civil society through a call for proposals. Nevertheless, ESTDEV remains ready to continue supporting democratic values in both countries in accordance with Estonia's foreign policy guidelines.

2. Africa

Africa's growing population and rapid digital development make this region an economic partner with one with great potential, but at the same time, these countries face the challenge of providing their youth with education, employment and societal participation — factors that directly impact migration, the economy and global stability. Estonia has made a strategic choice to contribute by sharing its experience in the fields of e-governance, cybersecurity, education and revitalising the business environment. ESTDEV's activities in Africa are an investment in shaping open, stable societies and developing long-term partnerships. The work done during the year confirms that Estonian knowledge and skills are highly valued in Africa and that deepening cooperation simultaneously supports the development of partner countries as well as Estonia's foreign policy, economic and security goals.

This year was exceptionally successful in expanding Estonian development cooperation in Africa. While the Estonian state contributes an average of 1 million euros a year to Africa, in 2025, ESTDEV grew this sum ninefold, securing 9.3 million euros in additional funding through participation in European joint initiatives. This is an amount that Estonian companies and organisations, including the third sector, can use to launch and expand their activities in African countries.

At the centre of interest for European donors and African partner countries is the involvement of Estonian expertise in three areas: e-governance and cyber cooperation, education systems and educational technology, and the business environment and innovation, where Estonia has valuable experience and a clear value proposition to share with partner countries. When negotiating European joint initiatives, ESTDEV represents Estonia's interests and ensures that the best possible consortium of Estonian public, private and third-sector organisations and experts is put together to address the needs of partner countries.

ESTDEV's project implementation centre in Kenya contributes to mapping the needs and capabilities of African countries, managing relations with local beneficiaries and donors located in the region. ESTDEV also involves Estonian professional associations in project preparation to validate the solutions that the Estonian consortium, or Team Estonia, offers the partner country. When engaging Estonian organisations, ESTDEV also considers the capacity and interest of different sectors to implement these projects in Africa. Such a model gives all Estonian parties the opportunity to test and develop their activities, adapting them to local conditions, in order to offer the partner country sustainable solutions with long-term impact. This includes providing companies with an opportunity to map more distant markets.

In 2025, ESTDEV took a clear direction toward creating regional projects, as digital solutions, entrepreneurship and education reforms are all topics that create opportunities for cross-

border cooperation between African countries. The European Commission, the main donor for ESTDEV's activities in Africa, is also increasingly funding projects that span multiple countries in Africa as well as multiple continents. Currently, a project is being prepared where activities will take place not only in Kenya and Uganda but also in Ukraine, Moldova and Kosovo.

The work done in Africa shows that Estonian development cooperation is targeted, value-based and forward-looking. It is an investment that supports the development of partner countries and the welfare and security of Estonian society at large.

Development Projects by Country

- **Kenya**: As a result of Estonian development cooperation, Kenya, with its 56 million people, adopted the Estonian model for implementing e-services. In 2025, one of the first European joint projects in which ESTDEV participated concluded. As a result, Estonian companies developed three pilot public e-services for Kenya (a birth register, a vocational education admissions information system and a loan support information system for socially vulnerable groups). In addition to developing e-services, ESTDEV also strengthened the capacity of relevant Kenyan institutions and key public sector figures to manage these processes. To achieve long-term impact, ESTDEV is planning a follow-up project, within the framework of which two new e-services will be created, with a strong focus on increasing Kenya's institutional capacity. The completed digital project confirmed the image of Estonia as a reputable digital state and ESTDEV's ability to implement a large-scale project and brought invitations to participate in several European initiatives. This comes with new growth opportunities for Estonian organisations and companies, which in turn boosts the Estonian economy. Through the Africa call for proposals, ESTDEV also piloted two digital education models well-known in Estonia in Kenya. HK Unicorn Squad and Mondo brought technology education for girls to Kenya, while kood// continued its coding school for youth. Continuing education, along with the opportunity to be one's own employer, is a vital topic in Kenya, where the average age is 20 and youth unemployment is very high. Adapted to local conditions, kood/Nairobi entered into a partnership with Kenya's largest university, Kenyatta University. This project has also caught the attention of the government, as it helps address youth unemployment. Development cooperation projects are a good opportunity to test whether solutions that work in Estonia and Europe are also applicable in Africa. The need for "ready" and scalable solutions is great, which in turn opens up opportunities for Estonian practitioners as well.

- **Uganda**: With the support of Estonian development cooperation, the development of teachers' digital skills in Uganda continued through the Mondo programme, which was expanded in cooperation with Tallinn University. The Digipeegel (Digital Mirror) solution introduced makes it possible to assess the digital maturity of educational

institutions and direct future cooperation more effectively. In 2025, ESTDEV focused primarily on educational cooperation in Uganda, taking into account the country's complex human rights situation and political context. In collaboration with Makerere University, TalTech began updating the e-health master's curriculum, contributing to the development of the local healthcare sector. The project is also supported by a Ugandan-born researcher who studied in Estonia, strengthening knowledge transfer between the two countries. Consulting on the creation of the Uganda Qualifications Framework continued to improve the alignment of education with labour market needs. ESTDEV's activities have helped strengthen partnerships and increase Estonia's reliability as a long-term development partner.

- **Botswana**: In Botswana, Estonian development cooperation focused on digitalisation and supporting economic diversification. ESTDEV participates in a European Commission project that develops data exchange solutions and pilots e-services in cooperation with SmartBots, which leads the country's digitalisation. The implementation of the project has shown that continuous presence is a prerequisite for effective cooperation, which is why a local expert was engaged as an ESTDEV representative. Botswana's economy has long been dependent on the diamond industry, but the changed economic situation has increased the need for new growth directions. To support this, ESTDEV funded the BCS training project through the Africa call for proposals, which is implemented in cooperation with the Innovation Hub of the University of Botswana to promote startup entrepreneurship. The application of Estonian solutions aims to strengthen local capabilities and create new opportunities for Estonian companies on the international market.

- **Namibia**: There was no ESTDEV project round or European Commission-funded project in Namibia in 2025. The country's cooperation context is influenced by the background of President Netumbo Nandi-Ndaitwah, who studied in Moscow and whose foreign policy stance is clearly pro-Russian. Namibia's development focus is primarily directed at strategic natural resources, especially rare earth elements and the key area of the green transition, green hydrogen development, where development cooperation resources are also directed. For Estonia, the cooperation perspective in the Southern African region is currently clearer and more practical in Botswana and Zambia, where stronger partnerships exist alongside a greater readiness to implement Estonian solutions.

- **Tanzania**: In 2025, the Ministry of Foreign Affairs confirmed Tanzania as a new target country for development cooperation. A Twinning project is already underway in the country in cooperation with Finland and the Tanzanian Ministry of IT, and an e-governance project for developing e-services being prepared. The 2025 presidential elections did not meet democratic standards and were accompanied by extensive human rights violations, which also affect the cooperation framework. Therefore,

ESTDEV approaches Tanzania cautiously, engaging local civil society organisations and collaborating with the European Union Delegation (EUDEL) and other partners to ensure human-centric values and responsible implementation. Estonia's focus is directed at developing e-governance, linking technical solutions with the strengthening of institutional capacity.

- **Zambia**: In 2025, Zambia has become a new partner country for Estonian development cooperation in Africa. Zambia has emerged as a strategic partner for Europe, as part of the Lobito Corridor, which connects the resource-rich regions of Congo with the Angolan port of Lobito, and is a key infrastructure for both the regional and European economy. ESTDEV has already launched business development projects in Zambia in collaboration with European partners and will also begin a teacher training project in 2026. The country has significant development cooperation funding from various donors, including the European Commission, which creates favourable conditions for expanding activities. Zambia's growing strategic importance has opened up opportunities for ESTDEV to contribute not only to entrepreneurship but also to digitalisation, digital services and the development of related skills, thereby strengthening local capabilities and Estonia's role in international cooperation.

- **Nigeria**: In 2025, ESTDEV started project preparations in Nigeria, although the country is not among Estonia's development cooperation priorities. This is an exceptional opportunity where the potential benefit to Estonian digital expertise and companies is significant. Nigeria is an African country with nearly 250 million inhabitants and one of the continent's leading economies. The country's digital minister approached Estonia and Finland directly with a proposal to participate in a European Commission digitalisation project, the goal of which is to create a national data exchange solution along with the necessary frameworks and documentation, and to train officials to implement it. The successful launch of the project would create an opportunity for Estonia to implement its data exchange solutions in the largest country where they have been adopted thus far, and to strengthen Estonia's position as a leader in international digital governance.

In conclusion, the work done in Africa confirms that Estonian development cooperation is a forward-looking investment that strengthens the resilience of partner countries, expands the opportunities of the Estonian development cooperation sector, and simultaneously supports both Estonia's economic interests and Europe's broader security.

III. Sectoral Goals and Results

1. Reconstruction of Ukraine: Development of Social Infrastructure

Estonia began implementing reconstruction projects in Ukraine in May 2022, shortly after the outbreak of the full-scale war. The early and consistent presence in restoring physical infrastructure has been a clear political message: for society to continue functioning, support must be provided parallel to military action, not just after it ends. Through the construction or renovation of social infrastructure, ESTDEV focuses on ensuring the continuity of vital public services in the fields of education, social welfare and healthcare, to strengthen community trust in Europe's long-term support.

In 2025, projects dedicated to Ukraine's reconstruction made up the largest share of ESTDEV's project portfolio, a total of 7.3 million euros. Of this, 1 million euros was additional funding secured from the Irish Ministry of Foreign Affairs for the reconstruction of the intensive care and rehabilitation department of the Berdychiv Hospital. The Japan International Cooperation Agency (JICA) also supplied facade materials for the Brusyliv modular apartment building for internally displaced persons. These partnerships confirm ESTDEV's reliability as a project preparer and implementer. A total of 14 reconstruction projects were in progress in 2025.

Among the larger objects completed last year were two family-style small group homes in Zhytomyr with bomb shelters, a 36-apartment social housing building in Ovruch with a shelter, and a children's emergency shelter and bomb shelter in Zhytomyr.

As a significant qualitative development, the portfolio's first hospital complex reconstruction project was added in 2025. The accompanying continuing education programme for medical personnel will support Ukraine as it brings its medical services into compliance with EU requirements. ESTDEV's construction portfolio is based on the principle that investments in infrastructure must support reforms, systematically linking them to raising service quality and local capacity. This increases long-term impact and reduces the risk that buildings might be left underutilised or without a necessary service provider.

In parallel with ongoing projects, ESTDEV invested in preparing new reconstruction initiatives. A longer-term project cycle was implemented beyond the constraints of a single fiscal year, allowing for more thorough needs mapping, technical preparation and partner involvement. This creates a clearer foundation for launching large-scale investments in the coming years.

The biggest challenge of 2025 proved to be the implementation of construction projects while facing a labour shortage caused by the war. Ukrainian contractors faced difficulties in finding qualified labour, which extended the deadlines of two projects. Even so, all projects

were completed within the initial budget.

The goal for 2026 is to expand cooperation with the municipalities of the Zhytomyr Region where Estonia has not previously implemented projects, particularly in the cities of Korosten, Zviahel and Olevsk. The focus is on a broader application of Estonia's timber house industry and energy-efficient construction competence in the Ukrainian reconstruction process. ESTDEV has engaged Tallinn University of Technology in Estonia and Zhytomyr Polytechnic State University in Ukraine in the energy efficiency projects to link Ukraine's reconstruction activities with Estonian research and development.

In conclusion, 2025 has shown that a targeted, partnership-based, long-term approach allows ESTDEV to make a lasting, systematic contribution to the reconstruction of Ukraine even in difficult conditions.

2. e-Governance and Cyber Security

Estonia's digital state experience and cyber defence capabilities have evolved into an important foreign policy tool to help protect Estonia's security, economic and values-based foreign policy interests. Cybersecurity and functioning e-services are no longer just a domestic issue. If the public sector of partner countries is vulnerable, cyber threats, service interruptions and abuses spread quickly to Europe as well. Conversely, if partner countries have secure and interoperable digital solutions, regional stability grows, and the implementation of the EU's enlargement and neighbourhood policies is strengthened. From this perspective, the use of Estonian money in cyber defence and e-governance development cooperation is clearly justified. ESTDEV's activities prevent risks, create new economic opportunities and shape international standards based on European values.

In 2025, ESTDEV focused on two interrelated goals in its cyber defence and e-governance portfolio. The first was increasing the cyber resilience of the civil sector so that partner countries can prevent, detect and resolve cyber incidents. The second was the development of human-centric, secure and reliable e-services so that public services are more accessible and transparent to the public.

In 2025, ESTDEV's e-governance and cybersecurity project portfolio totalled €5.6 million, including €2.3 million in external funding. Most of the portfolio, €4.5 million, was implemented primarily by Estonian companies through public procurement, while another €1.1 million was channelled to Estonian organisations through funding rounds. In total, 32 projects were active during the year, 13 of them funded through application rounds.

In 2025, ESTDEV secured a record 21.3 million euros for projects in the field, marking a significant leap in both funding volumes and partnerships. ESTDEV signed its first large-scale international contract for 12.3 million euros with Sida, the Swedish development cooperation

agency, to strengthen Ukraine's cyber resilience. In addition, 9.3 million euros was secured for the development of Kenya's cybersecurity, confirming Estonia's position as a reliable and competent digital partner in Africa.

In the field of digital development and cybersecurity, international demand for reliable solutions is growing, which creates real economic opportunities for Estonian companies and experts.

Moreover, Estonia's emerging role as a leader in good practices and standards strengthens the state's strategic position and increases societal sense of security. In developing international frameworks and partnerships, the portfolio was more strongly linked to Team Europe initiatives and the GovStack approach. It is important for Estonia that international digital development frameworks support privacy, human rights and security.

Developments by Target Country

The activities of 2025 focused on four main intervention directions: strengthening the cyber defence of critical infrastructure and state institutions; developing human-centric e-services; creating prerequisites for secure data exchange; and shaping international frameworks and partnerships.

- **Ukraine**: Activity focused on the growth of civil sector cyber resilience and ensuring the functioning of e-services in wartime. As a significant structural change, civilian cyber defence activities were more clearly consolidated into the framework of the Tallinn Mechanism, which increased allied countries' investment. Cyber exercises were conducted, preparations were made for the implementation of framework procurements and specific digital services were developed. It is estimated that the services supported by Estonia reached approximately 1.3 million people.
- **Moldova**: ESTDEV supported Moldova's overall cyber readiness and election cybersecurity, which supported the country's alignment with EU requirements. A total of 29 institutions and companies participated in the EU Cybersecurity Directive NIS2 tabletop exercise, establishing a basis for further cooperation with European partners. The development of cyber defence curricula was also supported in cooperation with Tallinn University of Technology.
- **Armenia**: Prerequisites were created for secure data exchange and the development of e-services, including agreeing on pilot activities to implement an X-Road-like solution. The development of e-services focused on service design, data management and privacy. The aim was to ensure that digitalisation would bring about a leap in quality in the user experience of services and not be limited merely to digitising existing processes. Technical foundations were prepared for secure data exchange between the tax board and financial institutions to reduce manual processing and strengthen data protection.

- In **Kenya** and the **East Africa region**, there was a move towards more systematic scaling, and use cases for cross-border e-services were prepared. In creating prerequisites for data exchange, the principles of secure data exchange were introduced in Kenya and pilot activities were carried out. These prerequisites are critical because without reliable data exchange, functioning e-services cannot emerge.
- In **Uganda**, the focus was on raising management-level cyber awareness and creating local training capacity.

In conclusion, 2025 proved to be groundbreaking in the field of e-governance and cybersecurity, cementing Estonia's position as a reliable digital partner and shaper of international standards. During the year, Estonia's digital state experience clearly became a strategic foreign policy tool that helps prevent cross-border cyber threats, support the European neighbourhood policy, and open new opportunities to introduce Estonia's experiences.

In 2026, the focus will be on scaling and sustainability. In Ukraine, the priority is the rapid implementation of Tallinn Mechanism investments and achieving measurable impact. In Africa, the focus will be on implementing cross-border e-service pilots and deploying digital public infrastructure. The overarching goal is to strengthen Estonia's visibility and value proposition, involving both the public and private sectors, and explaining the results to the Estonian public.

3. Promotion of Quality Education

Educational cooperation is one of the most impactful and sustainable investments in development cooperation, as it lays the foundation for the long-term development of society. In 2025, ESTDEV's education portfolio grew both in volume and substance, covering the entire spectrum of the education system from early childhood education and general education to vocational and higher education, teacher education and lifelong learning.

The portfolio's development was aligned with ESTDEV's strategic priorities, focusing on Ukraine, the EU Eastern Neighbourhood and Africa. Education was represented in all ESTDEV's geographical and thematic calls for proposals. Diverse implementation models (service contracts, cooperation agreements, consortia) were used to carry out projects. Partnerships in the education sector strengthened due to regular meetings, cooperation seminars and information days, which brought new parties into the field and improved project quality. Cooperation with the Ministry of Education and Research became more substantive, helping to link the policy level to the implementation of cooperation projects.

The volume of ESTDEV's education sector projects totalled 3.1 million euros in 2025. Of this, approximately 1.3 million consisted of projects implemented by ESTDEV, and approximately 1.8 million went to fund proposals by Estonian organisations. The education portfolio

comprised a total of 53 projects.

The year was groundbreaking in terms of attracting external funding and expanding international cooperation. Liechtenstein joined an early childhood education initiative in Ukraine, contributing to the development of EDUHUB in the Zhytomyr Region. Additional funding from UNICEF increased the volume of the Moldova education programme nearly threefold, enabling the expansion of teachers' digital skills development and strengthening cooperation with national institutions. At the end of the year, ESTDEV joined two major Team Europe Initiatives, the Regional Teachers Initiative for Africa (RTIA) and the cross-regional **W**omen Leadership in public ICT sector. These partnerships will bring approximately 12 million euros to ESTDEV in 2026 and confirm the organisation's growing role as a designer and implementer internationally influential education initiatives.

An important development compared to previous years was the strengthening the link between the priorities of the education programme and the objectives of the calls for proposals. This allows projects funded from these calls to pilot activities that can be scaled through bilateral projects or European joint initiatives. The donor funding attracted in 2025 confirmed the efficacy of this approach.

The same logic carried over to the development of the scholarship programme. Instead of separate calls, starting from 2025, scholarships are part of specific projects and are aimed at empowering key partners through Estonian (micro)degrees or continuing education.

Developments by Target Country

- **Ukraine**: The is partner country with the largest scope of operations in the education sector, where activities covered early childhood education, vocational and higher education, teacher education, and educational management, as well as hobby education and youth work. During the year, ESTDEV's Ukraine education programme was finalised, which consolidates all activities into a unified, systemic whole. In vocational education, the integration of entrepreneurship education continued, resulting in the creation of a national entrepreneurship education framework and a teacher's book, and support was provided to increase the management capacity of Zhytomyr vocational school leaders. Within the framework of the European Union's Skills4Recovery initiative, Estonia contributed to the development of digital skills and workforce recovery support. In early childhood education, the creation of the EDUHUB methodology centre in Zhytomyr began, combining a modern learning environment, teacher training and a network-based learning model. In higher education, a large-scale reform project began, supporting the autonomy, management capacity and modernisation of personnel policies of Ukrainian universities. In addition, preparations for hobby education reform were carried out in Malyn, and at the intersection of the social and educational fields, alternative care training took place to strengthen

community resilience.

- **Moldova**: Education activities focused on supporting the digital transition and systematically developing teachers' digital competencies in cooperation with UNICEF. Additional funding was secured twice to allow for significant expansion of the programme and improvement of its strategic structure. Under the DigiProf programme for developing teachers' digital competencies, entry-level training was launched. During the year, 4,000 teachers were trained, to be joined by another 10,000 in the new year. The development of an intermediate-level training programme began, with the opening event attended by Moldova's Minister of Education and heads of educational institutions, cementing the activities' connection to national priorities. In parallel, preparations began for advanced-level digital skills training for teachers, which will create a comprehensive and sustainable model for building teachers' digital competencies in Moldova by following the Estonian example. In the field of assessment and data-driven management, electronic standardised tests were piloted, including a 4th-grade math e-test in which nearly 1,600 students from 77 schools participated. The pilot was conducted without technical glitches, and its results provided input for expanding e-assessment solutions and making national decisions in 2026.
- **Armenia**: Activities focused on raising educational management and institutional capacity, supporting the implementation of the national education strategy. A development programme for school principals and school teams was launched, involving dozens of school leaders and management teams, based on the methodology of Estonia's Future School. As part of the programme, training, mentoring, and development processes were carried out that supported the modernisation of school management practices and created the foundation for further systemic cooperation with the Armenian Ministry of Education. Through the project's opening seminar and high-level meetings, activities were tied to the policy level and future cooperation opportunities were discussed in digital education, continuing teacher education and the development of assessment systems.
- **Africa**: In 2025, ESTDEV focused on the development of teacher education, digital skills and competencies as they aligned with labour market needs, implementing pilot projects in several countries that laid the foundation for Estonia's participation in the preparation of the Regional Teachers Initiative for Africa (RTIA). In Kenya's Embu University, the first phase of a teacher education reform project concluded, resulting in the development of 11 competency-based model curricula and the training of local trainers, creating prerequisites for a nationwide rollout of the solutions. Digital pedagogy projects were also implemented in Kenya and Uganda, which strengthened the digital skills and institutional capacity of teachers and professors in vocational and higher education. The ICT sector was supported by the Digital Explorers II programme, which combined learning mobility, labour market analysis and partner capacity building to link youth digital skills with employers' needs.

In conclusion, 2025 evolved into a year of strategic maturity for the education portfolio, where reactive project-based activity was replaced by systemic, partnership-based, internationally impactful programme creation. In 2026, the focus is on consolidating and scaling the programme-based approach, using the external funding framework created in 2025. The goal is to launch new externally funded projects, increase the visibility and applicability of Estonian education solutions in Africa, and strengthen the education team's capacity to ensure sustainable growth.

4. Development of Democracy and Rule of Law

In the field of democracy and rule of law, ESTDEV focused primarily on strengthening partner countries' institutional reform capacity, based on OECD development cooperation principles and EU standards. ESTDEV supported central and local public sector institutions in planning and implementing policies, adopting transparent and responsible management practices, and reducing corruption risks. Significant emphasis was placed on developing modern work processes, e-governance solutions and improving administrative practices, which improve the quality of decision-making processes and increase the public sector's reliability. Estonia's reform experience made it possible to offer practical support tailored to the actual needs of partner countries rather than the simple transfer of ready-made models.

There were 25 democracy and rule of law projects in 2025, totalling 1.8 million euros. Of this, approximately 1.3 million consisted of projects implemented by ESTDEV, and approximately 500,000 euros were projects funded through calls for proposals and implemented by partners.

Prior to passing the European Commission's pillar assessment, it was important for ESTDEV to implement Estonia-based bilateral projects, which allowed it both to demonstrate and consistently grow Estonia's substantive competence in supporting reforms. These projects created a foundation for reliable, long-term cooperation with target country partners and supported ESTDEV's positioning within the international donor community.

The contacts and experience gained from these bilateral initiatives made it possible to move forward into multilateral cooperation formats and programmes funded by the EU. For example, in the field of statistics in Ukraine, a bilateral project evolved into participation in an EU-funded project in collaboration with the Swedish International Development Cooperation Agency (Sida), demonstrating ESTDEV's ability to grow Estonian initiatives into broader partnerships that have a greater impact on partner countries.

Separately, contacts and cooperation with UN system bodies should be highlighted. Today, there are joint projects with UNDP in Georgia, and thanks to the pillar assessment, they are interested in expanding cooperation. Unfortunately, the target countries under discussion have not been priorities for ESTDEV.

Most of the projects were consciously launched in countries of high political importance, such as Ukraine and Moldova, though many risks affecting project implementation materialised in Ukraine. The war, power outages, travel restrictions, and frequent turnover of officials affected the timing of activities and the availability of participants, all of which demanded flexibility. In Moldova, regional specifics had to be taken into account, such as Gagauzia's regional autonomy, which required a tailored approach and dialogue with local partners. To mitigate such challenges, ESTDEV applied flexible working methods, combining virtual and physical activities with translation support in close cooperation with partners. Nevertheless, the completion of one project had to be postponed by several months.

- **Ukraine**: As a political priority, the main goal in Ukraine was to support the implementation of EU-related reforms, to increase the capacity of state institutions, ensure compliance with EU standards, and promote democratic, sustainable development. The projects raised institutional capacity in preparation for EU accession by improving key personnel's knowledge of EU functioning, legal frameworks and member state competencies. Support was provided for public sector management, the work of law enforcement agencies, tax administration, the statistical system, and the development of police and border management in accordance with the EU acquis and good governance principles. Several activities also dealt with energy security and critical infrastructure, where artificial intelligence-based data analysis and monitoring were piloted to strengthen surveillance and recovery capabilities. In addition to supporting the central government, projects also focused on the Zhytomyr Region.
- **Moldova**: In Moldova, ESTDEV focused on public sector reform, strengthening regional democracy and increasing the capacity of local governments and communities. ESTDEV supported the readiness of ministries and local institutions to implement EU-related reforms and improved the public sector's professionalism. Activities implemented in the Gagauzia Region strengthened cooperation between local governments, civil society, and communities and improved the capacity to plan and implement regional development projects in accordance with EU standards. Contributions were also made to training young officials, including introducing Estonia's experience in the fields of e-governance and public sector management, to strengthen the sector and its reform readiness.

In 2025, ESTDEV's main cooperation partners in Estonia were public sector institutions, including the Ministry of Regional Affairs and Agriculture, the Agricultural Registers and Information Board (PRIA), the Estonian Centre of Rural Research and Knowledge (METK), the Ministry of Justice, the Ministry of Economic Affairs and Communications, the Prison Service, the Tax and Customs Board, the Police and Border Guard Board, and Statistics Estonia. From the academic sector, partners included the Ragnar Nurkse Department of Innovation and Governance at Tallinn University of Technology and Tallinn University, and from the private sector, Civitta Estonia, VTX Management, and Hepta Airborne.

In conclusion, it can be said that over the past year, ESTDEV's democracy and rule of law portfolio in Ukraine and Moldova developed to be strategically sound and substantively impactful. Although the portfolio volume and the number of projects did not grow compared to the previous period, the focus of activities clearly shifted to supporting deeper, multi-year reform processes. These programmes lay the foundation for future cooperation and will allow for a focus in 2026 on deepening the results already achieved and ensuring the sustainability of reforms. Such an approach enables achieving results aligned with ODA expectations, increasing the impact of projects and supporting the socio-economic development of partner countries. The portfolio was also characterised by a shift from individual activities towards more comprehensive programmes that support public sector capability, reform implementation and goals related to EU integration. This, in turn, contributes to strengthening peace and stability in our geographical region.

5. Economic Development: Entrepreneurship, Innovation, and Green Transition

In 2025, ESTDEV's economic development sector focused on strengthening the business environment and creating prerequisites for sustainable economic growth in both EU Eastern Neighbourhood and African partner countries. Activities were primarily aimed at developing small and medium-sized enterprises, promoting innovation and increasing export capacity, linking these with practical skills, digital solutions, green innovation and access to new markets. One of the directions of the sectoral programme is also building connections between the business sectors of the partner country and Estonia. In this regard, there have been several success stories in recent years. For example, a local construction company that participated in Estonian business training in Ukraine won an ESTDEV procurement contract for the construction of two family-style small group homes in Ukraine.

In 2025, there were 24 ongoing projects in the field of economic development, totalling 2.8 million euros. Of that roughly 1.3 million was spent on projects implemented by ESTDEV, and about 1.5 million went to funding 19 partner projects through calls for proposals.

Through funding rounds and procurements, ESTDEV financed projects in 2025 that were directed at developing value chains and supporting innovation ecosystems both in Europe’s Eastern Neighbourhood and Africa.

- **Ukraine**: A substantial programme was launched in cooperation with Visionest Institute OÜ to increase the competitiveness of enterprises in the Zhytomyr Region in five key sectors: manufacturing, agriculture, electronics, renewable energy, and the creative industry. The programme promotes synergies between Estonian and Ukrainian companies to enter foreign markets. Visionest Institute also conducts training for export advisors to help with the country's economic recovery and

increasing international competitiveness.

- **Armenia**: The Visionest Institute project continued to increase the export capacity and competitiveness of Armenian small and medium-sized enterprises to support them entering foreign markets.
- **Africa**: As part of the EU digital-green innovation joint initiative, ESTDEV brought together the Estonian consulting firm Civitta and startup ecosystem leaders such as GrowthAfrica and mLab from Africa, alongside Latitude59 and Startup Wise Guys from Estonia, to create opportunities for the emergence of businesses with global impact. Estonia's experience in building a startup ecosystem was shared by the Estonian Cleantech Association and Garage48, which also organised Africa's first AgriTech hackathon to stimulate local entrepreneurship and create new ICT-based solutions in the Kenyan agricultural sector. For the third consecutive year, cooperation with Latitude59 continued in Kenya, which, through development cooperation, has evolved into a well-known, trusted brand in Africa. This has created immense added value for Estonian companies, which now have the opportunity at a single event to establish connections with potential partners and explore investment opportunities across all of Africa.

In conclusion, the business development field has great potential to become one of ESTDEV's focus areas. It promotes job creation in target countries and broadens cooperation opportunities for Estonian companies in new markets. The sector manager joining in 2026 will lay out the sectoral strategy and action plan for the subsequent periods.