

Country strategy for development cooperation

with Estonia

January 1 2002 – December 31 2004



REGERINGSKANSLIET

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Central and Eastern Europe Department

COUNTRY STRATEGY FOR DEVELOPMENT COOPERATION WITH ESTONIA: 2002–2004

1. INTRODUCTION

The Swedish Government has decided to adopt a country strategy for development cooperation with Estonia and other countries to which it gives priority in Central and Eastern Europe. The present country strategy will determine the focus of Sweden's cooperation with Estonia during the period 2002–2004. The strategy is based on proposals by the Swedish International Development Cooperation Agency (Sida), additional considerations put forward by the Ministry for Foreign Affairs, the views of other ministries involved in cooperation with Estonia, and priorities presented in the continuous cooperation with Swedish partners and deliberations held in Tallinn on May 15th 2002.

1. REFORM POLICY

Since Estonia regained its independence in 1991, the country has undergone a radical political and economic transformation. Today the country has a functioning parliamentary democracy and a developed market economy. The political situation is stable and the overall growth rate high. Estonia's primary foreign policy goals are accession to the European Union and membership of Nato. The country became a member of the World Trade Organisation in 2000.

The EU, which accounts for some 70 per cent of all foreign trade, is Estonia's principal trading partner. Sweden is Estonia's second

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biggest trading partner. It is also the country's largest single foreign investor, accounting for approximately 40 per cent of all direct investment.

Since the end of the 1990s, the country's reform policies have been governed by the need for alignment with the rules governing the EU internal market and the Union's regulatory framework. Relations with the EU have been regulated by a Europe Agreement signed in 1998, when the country embarked on negotiations for EU membership. Estonia aims to conclude negotiations by the end of 2002 and accede to the Union in 2004.

Estonia's ability to stimulate continued domestic and foreign investment in productive sectors will be decisive to the country's economic development.

3. MEMBERSHIP NEGOTIATIONS AND ALIGNMENT WITH EU POLICIES

Estonia has made substantial progress in terms of alignment with the *acquis communautaire* and the development of its institutional structure.

In its annual progress report of November 2001, the Commission noted that Estonia had already met the Copenhagen criteria in the political sphere in 1997. The work of consolidating the country's democratic institutions has continued since that time, and considerable progress has been made. The Commission further noted that significant progress had been made in integrating residents who did not hold Estonian citizenship. It also reported progress in the sphere of justice and home affairs in the form of new penal laws. However, continued reform aimed at promoting greater transparency and coordination in the public administration, including the judiciary, would be needed. Effective implementation of new legislation was contingent on improved cooperation with international organisations. The Commission also pointed to the need to enhance the efficiency and effectiveness of the judiciary, improve the quality of court rulings and decisions, and ensure better access by citizens to the legal system. Special efforts should be

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devoted to the fight against organised crime including drug trafficking.

The Commission considers that Estonia has a functioning market economy capable of coping with competitive pressures and market forces within the EU in the not too distant future, provided the reform programme is fully implemented. Although Estonia is once again growing rapidly, and enjoys increasing economic stability, active financial policies will continue to be of major importance. Vital progress has been made in the field of structural reform. The legal and institutional frameworks are now in place. However, mobility in the labour market is limited. The ongoing work of restructuring of the oil shale industry and the property registration system should be accelerated.

The Commission noted that Estonia continues to make progress on the adoption and implementation of the *acquis communautaire*. The Estonian central government administration has been strengthened and most of the institutions necessary to the adoption and implementation of the *acquis* are now in place. Examples include the accreditation of an Office for the Special Accession Programme for Agriculture and Rural Development (SAPARD), the reorganisation of the fisheries administration and the merger of bodies that extend support to the business sector. However, additional measures will be needed to strengthen the central administrative apparatus. These include the reorganisation of market surveillance, more effective steps to stop piracy and other forms of counterfeiting and the establishment of the necessary machinery to administer the Common Agricultural Policy. Other priorities include measures to strengthen the government's administrative capacity in the environmental, judicial and customs spheres and the establishment of an appropriate, efficient apparatus to administer EU structural funds.

The Commission noted that significant progress had been made on the short-term priorities established during the 1999 partnership and that Estonia had now committed itself to medium-term priorities in areas such as the internal market, agriculture, fishing, transport, the labour market, the social sector, the environment and justice and home affairs.

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4. DEVELOPMENT COOPERATION TO DATE

Swedish support for the reform and transition process in Estonia dates back to 1990. Some SEK 670 million was expended on bilateral development cooperation projects and programmes between 1990 and 2000. Most of these undertakings were related to the goal of achieving a socially sustainable economic transformation. Other areas in which support was provided included environmentally sustainable development, the promotion of democracy and human rights and security enhancement. Sweden is a major donor to Estonia.

Support for the alignment process has become a key concern in the context of Swedish development cooperation, in line with the aims set out in the 1999–2001 country strategy. In practice, virtually all Swedish support extended during this period had a direct or indirect bearing on Estonia's efforts to align with the rules governing the EU internal market and the Union's regulatory framework.

Support for security enhancement during the initial stages of cooperation in the form of equipment provision mainly for border control, coast guard, police and customs operations, played an important part in safeguarding Estonia's independence. This was gradually superseded by more extended security-building support aimed at institutional and skills development.

Support aimed at enhancing Estonia's democratic culture was focused primarily on improving cooperation between local government authorities, county administrative boards and NGOs. Cooperation through the Swedish Institute has been invaluable in making new contacts and building networks in the fields of culture and education. Since the beginning of the 1990s, Sweden has provided extensive support in the form of language training projects and programmes aimed at integrating the Russian-speaking population in Estonia. Many of these were implemented in cooperation with the UNDP. The national integration programme is currently being implemented with Swedish support. Since the mid-1990s, bilateral cooperation has been marked by an increasing emphasis on gender equality concerns.

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In view of the significance of the judiciary for the process of alignment to EU policies, development cooperation in the judicial sphere was intensified in 1998, when the Estonian and Swedish governments signed an agreement on development cooperation in this sector.

The period between 1999 and 2001 saw an increase in support measures for the social sector as Estonia's priorities came increasingly into line with Sweden's aims.

Estonia's agricultural reform programme benefited from extensive Swedish support for mapping and land surveying operations and institutional development. Cooperation in the business sector focused mainly on the restructuring and consolidation of the Estonian banking system. Cooperation in this area, through Swedfund Financial Markets and other players, facilitated major Swedish investment.

The HELCOM Action Programme for the Baltic Sea, the EU alignment process and, in more recent years, Baltic 21, the regional programme for sustainable development in the Baltic Sea region, have all been targets for Swedish support in the environmental sphere. Support linked to the Action Programme mainly took the form of feasibility studies and investment in water and sanitation systems. Agricultural support, also part of Baltic 21, focused on demonstration exercises and training aimed at reducing run-off of nutrient salts from agricultural land into the sea. Cooperation, primarily involving the Swedish Environmental Protection Agency and the Estonian Ministry of the Environment, focused on water-related issues and chemical pollutants, with the emphasis on alignment with the *acquis communautaire*.

Swedish support in the energy sphere has contributed to financial savings, a better environment, improved know-how and expertise and new job opportunities. A primary target here was a programme – co-financed by the World Bank – for the rehabilitation of district heating in Estonia's major cities.

Performance evaluations show Swedish bilateral development cooperation to have been highly relevant in terms of pre-established

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objectives and to have contributed favourably to Estonia's development. According to the report *Developing Cooperation with Central and Eastern Europe*, cooperation adhered closely to the recommendations set out in the 1999–2001 country strategy. Bilateral support also served to promote Swedish business interests in a number of sectors, including the environment, energy, forestry and the banking system. Bilateral support projects have also focused public attention on the administrative capacity of Swedish central authorities, allowing them to compete successfully for EU-financed PHARE/Twinning projects, among others.

Phasing out of development cooperation with Estonia began during the 1999–2001 strategy period. Support for land reform, infrastructure, the banking and financial system, agriculture, forestry and fishing and the promotion of trade and industry is almost concluded. Estonia's capacity to absorb bilateral support is becoming more limited as EU-financed programmes increase in number and scope. However, cooperation continues in those areas where bilateral measures are needed to supplement EU assistance. This applies particularly to the judicial and environmental spheres and to the social sector.

5. COOPERATION IN 2002–2004

5.1. Objectives

The overall aim of development cooperation between Sweden and countries in Central and Eastern Europe is to promote sustainable development, closer integration and partnership in the Baltic Sea region and its vicinity on the basis of each country's needs and utilising Sweden's resource base.

5.2. General considerations

It is in Sweden's interests to actively promote the accession of Estonia and other Baltic countries to the European Union. Accordingly, one of the main tasks of Sweden's Baltic policy during the remainder of the pre-membership period is to continue its support for the full integration of these countries into the EU. It is

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also in Sweden's interests to ensure the development of mutually active transfrontier cooperation between the Baltic countries and the Russian regions adjacent to them.

Estonia's favourable economic development and the swiftness of its alignment with the *acquis* have permitted the gradual reduction of support in recent years, while normal neighbourly relations have grown increasingly close. The reduction of bilateral support, facilitated by the large-scale transfer of resources through the EU, is expected to continue. It is foreseen to be phased out in connection with Estonia's EU-accession, probably in 2004. It is important that contacts previously established should not be lost in the transition to normal neighbourly cooperation.

The use of Estonian resources and experience in connection with Swedish development cooperation with other countries in Central and Eastern Europe and Central Asia should continue to be encouraged.

5.3. The scope, form and direction of future development cooperation

Over the period 2002–2004, continued phasing out of development cooperation is anticipated with a view of cessation in connection with the EU-membership. The timetable for the final phase-out will depend on a number of factors, including the negotiations then in progress. This will call for a special review of the strategy in 2003.

Cooperation shall be informed by three considerations: the need to promote alignment with the EU in the candidate countries, the promotion of good relations with Sweden and the need to adopt a gender equality perspective in all development cooperation.

Support shall include measures aimed at supporting Estonia's efforts to align with the EU *acquis communautaire* prior to membership and be based on Estonia's own pre-membership strategy. The emphasis should be on helping Estonia meet the requirements set out in the *acquis*. Swedish support shall be aimed at undertakings which are outside of, yet serve as a complement to, EU support programmes. To support the institutional EU alignment

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a special fund has been created to finance shorter advice and education activities through Swedish authorities within the framework of Estonia's National Programme for the Adoption of the Acquis.

Important remaining areas for Swedish bilateral support are judiciary, the environment and the social sector. Wherever possible Swedish support should form part of EU programmes. Twinning is an important instrument in the administration sphere. Close coordination with EU PHARE is anticipated.

Development cooperation shall contribute to the creation of close, long-term neighbourly cooperation between Swedish enterprises, NGOs and central and local government authorities and their counterparts in Estonia. Cooperation should lead to the continued intensification of trade and cultural exchanges between the two countries. Cooperation shall be targeted at areas in which Sweden has special knowledge and expertise and is particularly qualified to extend support. It is essential that support be phased out at a pace and in ways that will facilitate continued cooperation of mutual interest.

Active concern for gender equality shall be a salient feature of all development cooperation between Sweden and Estonia. The implications and consequences of support measures for men and women shall be assessed in the planning and preparatory stages. In addition, special support aimed at women or men, e.g. measures aimed at strengthening the position of women in the labour market, may be called for. Measurable project goals should be set in all relevant cooperation areas. Expectations of cooperation partners should be clarified in this respect.

As in the past, support should take the form of technical cooperation, focusing on measures primarily designed to enhance the development of expertise and institutions. Cooperation in the environment field could also include investment support. Support should be provided for activities for which Estonia has overall responsibility and restricted to the provision of resources, in terms of skills and capacity, that are not available in the country. Among other things this means that Swedish support should be consistently

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linked to the requirement that costs be shared with the Estonian opposite party.

The following recommendations apply to the six cooperation areas set out below:

- common security
- deepening democracy
- economic change
- social security
- the environment
- education and research

5.3.1 Common security

The aim of security-enhancing support for Central and Eastern Europe is to promote common security in the region in both civil and military spheres.

The corresponding measures involve support for:

- the development of security policy know-how and expertise
- a democratically based total defence system
- peace-support operations
- defence environment projects
- the non-proliferation of weapons of mass destruction
- emergency preparedness
- border management
- the promotion of know-how and expertise in the sphere of asylum and migration policy.

Security-enhancing support constitutes one of the cornerstones of Sweden's Baltic policy. Government policies are informed by a broad view of security. The concept is not limited to military security but also presupposes civil, diplomatic, political and economic measures.

The transfer of know-how and institution building (training and advice) are the main forms of support here. However, some assistance in the form of military materiel is also provided. The Swedish Armed Forces acting in consultation with the Swedish and

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Estonian governments draw up annual programmes with a view to making security-enhancing support more long term and coherent.

The Swedish security-enhancing support in the military sphere is aimed at contributing to the build-up of a national defence capacity under democratic control in Estonia. This also improves Estonia's ability to make its own security policy choices. This is in Sweden's interest.

Support should be used to tackle areas or problems of transboundary nature and applied to issues of significance in the security policy sphere. Security-enhancing support should serve to expedite membership of the EU and alignment with other international cooperation structures.

Estonia's accession will alter the situation yet again and steps should be taken to phase out security-enhancing support in some areas. However, certain sectors receiving security-enhancing support are less closely linked to EU membership while having considerable significance for Swedish security. This applies particularly to the total defence sphere where the need for support is more long term.

Support in the security policy sphere, originally aimed at enhancing the ability of the Baltic countries to act in the international arena, has focused increasingly on promoting national security policy know-how and expertise, and continued support in this area may be expected. On the Estonian side, the activities are coordinated between the Ministry of Defence and the Ministry of Interior with subordinated authorities.

Sweden is assisting Estonia with long-term planning in connection with the latter's armed forces, in which the principles of democratic control and public support play a fundamental part. The training of officers and other military personnel are a significant component of cooperation in this area. Support is also extended to the Baltic countries' joint defence college BALTDEFCOL in Tartu, Estonia. Sweden also coordinates and directs the college's activities.

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As regards peace support operations, Sweden extends support to the Baltic battalion BALTBAT and its naval counterpart, the Baltic Naval Squadron BALTRON. Multilateral support is now being reduced as the Baltic countries assume increasing responsibility for development projects. Instead, more support is being provided to the recipient countries' national defence forces.

Environmental projects and programmes linked to military activities continue to be important. For example, Swedish support for the development of risk assessment methods and environmentally safe handling of hazardous substances is expected to continue. Training in defence-related environment matters is another area of concern.

The situation with respect to security-enhancing support in the civil sphere is generally regarded as satisfactory and a gradual phasing out of bilateral support during the programme period may be appropriate. A number of concluding measures relating to non-proliferation may be necessary in order to strengthen the collaborative capability of authorities at national and pan-Baltic level to deal with smuggling and illegal trade in nuclear material.

Accident and disaster preparedness is now relatively well developed in Estonia. However, as it is not yet on a par with that of the Nordic countries, further training will be necessary before fully developed neighbourly cooperation is possible. Greater emphasis should be given to preventive measures. Concluding measures should be linked to bilateral agreements on rescue services.

Estonia's maritime safety capability is judged to be adequate and a transition to normal neighbourly cooperation is regarded as feasible during the strategy period.

Thus, although a certain measure of support will continue to be necessary, it appears that a transition to normal, operational cooperation will be attainable within the next few years. This can take a number of forms. For example, steps could be taken to incorporate Estonia in various networks that would provide a framework for continued selective measures.

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Estonia now has adequate structures and an organisation in place for dealing with migration. A national regulatory framework conforming to international standards has been adopted and implementation has reached an acceptable level. However, it is important that a state of readiness be maintained to deal with influxes of refugees, although these are extremely small at present. Supplementary measures in areas where Estonia lacks sufficient experience, and/or where they are deemed appropriate in Sweden's view may receive support in the coming years.

Sweden should be prepared to provide continued support for the development of Estonia's customs. Work still needs to be done to expand administrative capacity in this area and ensure that implementation directives are followed up.

As Swedish bilateral support is dependent on EU-financed programmes in many of these areas, efforts should be made to ensure that they are coordinated with and complement the latter. EU financing should be sought for future activities wherever possible.

As effective Baltic Sea cooperation on security enhancement is in Sweden's overall national interests, the authorities concerned should make contingency plans for possible cooperation after EU membership within the framework of their normal international operations.

5.3.2 Deepening democracy

Justice and Home Affairs

The aim of cooperation is to strengthen the rule of law in Estonia by supporting the development of lasting institutional and administrative capacity in the authorities concerned. As such efforts are vital to Estonia's integration into the EU this form of support should be a key factor in determining the direction of future cooperation.

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Cooperation in the judicial sphere concerns the following areas:

- The police service
- The prosecution service
- The judiciary
- The prison and probation service
- Crime prevention

Although major support will continue to be needed in this sphere, this will increasingly be covered by the EU PHARE programme. Swedish authorities should remain involved in these EU-financed programmes, particularly in those areas where Sweden's resource base can be turned to account. Continued bilateral measures shall either complement EU undertakings or target areas considered to have a direct bearing on EU alignment efforts but are not covered by the PHARE programme. Efforts should be made to ensure that support measures have the full support of the recipient parties.

Development cooperation should reflect greater concern for the country's justice and law enforcement system – the police and prosecution services, the judiciary and the prison and probation service – and its internal coherence. To this end, a more programme-oriented form of cooperation is now being planned as part of support efforts for the Estonian police service, in which the other elements of the system, e.g. the prosecution service, will be more involved. Measures designed to strengthen the ability of the Estonian authorities to combat international organised crime, in particular trafficking in women and children and drug trafficking, may be called for. These could include the intensification of practical cooperation and transfer of know-how among the authorities concerned, as well as measures aimed at preventing violence against women. Cooperation shall also incorporate a crime prevention perspective.

Development cooperation aimed at strengthening the Estonian judiciary and prison and probation service will mainly take the form of twinning programmes involving Swedish and Estonian authorities. Cooperation between the Swedish Ministry of Justice and the Estonian Ministries of Justice and the Interior will feature advice on EU alignment.

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Swedish development cooperation in the judicial sphere shall be gradually replaced by normal neighbourly cooperation in areas of mutual interest, in accordance with agreements entered into by the Estonian and Swedish governments.

Cooperation at local and regional level

Cooperation between Sweden and Estonia and local and regional level is extensive. Government financed support in this area shall be wound down during the strategy period as normal neighbourly relations become established and financing through EU programmes increases. However, there will be continued need for support measures, particularly in view of the large regional disparities within the country in terms of economic and social development. Particular attention should be paid to the situation in north-east Estonia.

Areas of particular importance in this respect include the public administration, the social sector, EU alignment and the ability of local and regional authorities to administer EU structural funds.

Support should continue to be extended as part of existing programmes for in-depth twinning and cooperation on municipality and county level. Where appropriate, Swedish regional and local support measures should be coordinated at county level. Efforts should be made to promote greater integration of small rural municipalities as conditions in these areas often differ considerably from those in bigger towns and cities.

Special attention should be given to the problem of obtaining greater access to EU financing, and thereby facilitate a gradual transition to other forms of cooperation.

Support for civil society

Measures aimed at promoting public participation in political life and the concerns and activities of associations and related organisations should be supported by funds channelled via NGO's and organisations associated with political parties. This form of support is designed to strengthen local organisations for cooperation and thereby foster a vigorous civil society. In Estonia it is widespread

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and most of the NGOs with which Sida has framework agreements are active in the country.

Cooperation between these organisations during the coming strategy period shall take into account Estonia's impending accession to the EU and the eventual cessation of development cooperation in connection with the accession. Consideration should be given to the likelihood that there is a continued mutual interest in cooperation in many areas thereafter.

The organisations' strategies in the coming years should focus on support to the cooperation partners for EU-alignment projects, the mobilisation of members as well as of EU and other funding. Other priority areas are HIV/AIDS, alcohol and drug abuse, trafficking in human beings and sexual exploitation.

It is worth noting that measures at local and regional level and support to civil society provided in the course of cooperation in Eastern and Central Europe enjoy a wide public support in Sweden.

Culture, language and integration

Thanks in part to the efforts of the Swedish Institute, there is now a well-developed contact network linking Swedish and Estonian cultural and social institutions, organisations and individual professionals. The aim of continued support shall be to foster a democratic culture, mainly through cultural and social exchange focused on projects which enjoy a strong support in the recipient country. Efforts should be made to promote more contact in regions outside the capital.

Efforts to encourage the integration of non-Estonian citizens into the community should be continued. They should aim at increasing accountability and co-financing as Swedish support is phased out during the strategy period. In general, the integration aspect of development cooperation should be borne in mind and measures to promote integration should be implemented where appropriate.

As development cooperation with Estonia is phased out it is vital that existing contacts are made use of and extended in ways that

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assist the transition to normal neighbourly cooperation between the Estonian and Swedish parties.

5.3.3. Economic change

The central government administration

Efforts must be made to strengthen Estonia's public administration if the country's alignment with the *acquis communautaire* is to proceed successfully. Swedish bilateral support has decreased as outstanding needs have been met increasingly by the EU PHARE programme. EU support is provided through the Twinning Programme, an important instrument for strengthening the administrative capacity of the Estonian government. Swedish authorities should continue to take part in twinning projects in Estonia. Bilateral support should be targeted at concluding measures which have a direct bearing on Estonia's integration into the EU and which complement PHARE and other funding programmes. Special attention shall be given to measures that promote alignment to and application of the regulations that apply in the internal market. In addition, support is foreseen within the framework of the special fund created in support of Estonia's National Programme for the Adoption of the Acquis.

Land reform

Land reform in Estonia is expected to be completed in 2002. Swedish support – which has encompassed institutional support aimed at building up the Estonian land survey authority, central and regional land surveying systems, property registration, property formation and valuation, and map-making – is now virtually at an end. Estonia is now in a position to draw up, develop and successfully implement its own strategies in the mapping and property spheres without external assistance. Minor supplementary measures relating to EU alignment in the sphere of reallocation and concentration of land holdings may be necessary.

The business sector

Thanks to Estonia's rapid development in the 1990s Sweden was able to wind up its previously extensive support in the infrastructure

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and business sectors, including banking and financial services, by the end of the decade.

A dynamic flow of trade and investment between the countries around the Baltic Sea will require a solution to the problem of border obstacles, including customs issues, that at present impede freer exchange. Measures to solve these problems, particularly on the Estonian-Russian border, should receive attention. In addition, special initiatives should be considered to promote cooperation between areas in the two countries that are close to the border. Coordination with EU-financed programmes should be sought.

Swedfund International AB is scheduled to receive an injection of capital in 2002 to cover venture capital undertakings in Central and Eastern Europe. There may also be occasion to make investments through Swedfund in Estonia in the years leading up to the country's accession to the EU.

5.3.4. Social security

Estonia has developed basic social services and social insurance systems and structures. However, deficiencies remain in a number of areas including the administration of the social insurance system. Pre-membership support can only be extended in certain areas, e.g. the working environment, as large segments of the social welfare sector are not covered by the EU regulatory framework. Continued bilateral measures may therefore be appropriate, either as a complement to existing support or in areas not covered by the PHARE programme.

Future Swedish support in the social sphere should focus on the reform of health and medical care and social services. Swedish support may be called for to help build up and strengthen systems for the care of children in foster-homes, reduce institutionalisation of children, improve working environments and integrate disabled people in the labour market. Support should be given to vulnerable groups. Specific activities should be made to improve the situation for children and youth, with a starting point in the UN Convention on Children's rights. Measures to improve the position of the disabled should be based on UN Standard Rules to ensure that people with

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functional impairments enjoy full participation and equality in the community. Swedish support for the Estonian Health Project 2015 should be planned in close cooperation with the World Bank.

Particular attention should be given to women and children who are victims, or potential victims, of trafficking in human beings and/or sexual exploitation. Continued support through the International Organisation for Migration (IOM) may be called for. This should be extended primarily to projects aimed at prevention and targeted mainly at young people. Implementation should conform to the declaration by the 2nd World Congress against Commercial Sexual Exploitation of Children held in Yokohama in 2001. The networks built up as part of the work of the Council of the Baltic Sea States (CBSS) to support efforts on behalf of vulnerable children in the region should be made use of.

Attention should also be directed at the serious situation with regard to the control of infectious diseases, particularly tuberculosis and HIV/AIDS. Support should be provided for preventive measures, information campaigns and the establishment and development of youth guidance centres. Efforts in this area should be aimed at supplementing and extending ongoing reform programmes with disease control elements. It is envisaged that projects and their coordination will be carried out within the framework set up by the CBSS to combat the spread of infectious diseases in the region. Programmes and projects aimed at combating the rise in alcohol and drug abuse observed in recent years are another important area of activity.

Direct support through Sida should not be used for specific, selected initiatives at local level. Any support for such measures should be channelled through NGOs, the Eastern Europe Committee of the Swedish Health Care Community or via twinning activities, insofar as these organisations or structures are capable of providing support of this kind.

In this area, close and continuous dialogue should be maintained with Swedish enterprises and the Swedish Trade Council to ensure that support measures facilitate the long-term presence of Swedish companies in the health and medical care sector in Estonia.

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5.3.5. The environment

Meeting the environmental requirements for EU membership poses a major challenge for Estonia. EU alignment in this sphere will require substantial human and financial resources, even after accession. This is reflected in the EU's acceptance of an extended transition period for compliance with EU environmental regulations. There will therefore be a long term demand for continued support in the environmental sphere with the emphasis on EU alignment. Previous cooperation focused on support for the preparation and implementation of investment in water and sanitation, capacity-building measures and the transfer of know-how should continue throughout the 2002–2004 strategy period. Principally, the EU is expected to meet needs in this area through its various support instruments after Estonia's accession.

With regard to investment, support should preferably be extended to projects which have already been identified and where cooperation of some kind has already begun. Examples include water and sanitation projects in Narva, the programme for 17 small towns and the Sillamäe Tailing Pond Remediation Project. As before, support should be concentrated on fulfilling the HELCOM recommendations and EU directives. Institutional reforms are normally a condition for Swedish participation in investment programmes. Cooperation shall be based on previous experience and approaches developed by Estonian authorities, Nordic bilateral donors and financing institutions, and coordinated with the help of EU support. The projects already agreed on or currently in preparation have implementation periods and payment times of several years. Although the volume of new commitments will fall, disbursements for these projects and cooperation involving authorities will continue to be extensive during the next two to three years. This means that the level of Swedish support in the environmental sphere during the period will not fall below that of the immediately preceding years. As regards future measures, close and continuous dialogue should be maintained with Swedish enterprises and the Swedish Trade Council to ensure that support measures facilitate the long-term presence of Swedish companies in and relations with Estonia.

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Cooperation in the spheres of institution building and knowledge transfer should be continued throughout the 2002–2004 period. The most important areas of cooperation in the run-up to EU membership are support for institutional reform, harmonisation of environmental legislation and implementation of certain EU directives. Important areas are water and sanitation, environmental health and chemical pollutants. Furthermore, preservation of biological diversity, transboundary cooperation on water, application of the UN Framework Convention on Climate Change, including the Kyoto Protocol, and Baltic 21 especially as it applies to forestry and agriculture, are also topical.

In the energy sector, a comprehensive programme aimed at boosting energy efficiency has just been concluded. Further reforms in this sector are not expected to require donor support.

Cooperation in the sphere of radiation protection should continue throughout the period. The development of a national regulatory framework and, where appropriate, alignment with EU regulations on radiation protection will be needed, as will efforts to equip the relevant authorities with the necessary know-how, expertise and methodology to handle licensing and supervisory operations.

5.3.6. Education and research

Continued support will be extended to cooperation projects in the field of education and research and to the development of networks of common interest to players from Sweden and the Baltic countries. Transboundary cooperation, which could also include other countries in the region, should be encouraged. As previously, individual scholarships will play a significant part in cooperation. When awarding scholarship grants and designing cooperation projects, efforts should be made to ensure that men and women are equally represented. Baltic 21 projects in education and Education for All undertakings should receive priority.

As regards support for Swedish language instruction, measures for the coming period are expected to be similar in scope and character to those for the previous period. The number of Swedish lecturers should be the same as in 2001 following the cutbacks which have taken place in recent years.

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During the period, increased emphasis should be placed on the transfer of skills and know-how in education and research and on projects aimed at continued participation and cooperation within EU education and research programmes. In this connection, attention should be focused on the special EU action programme for women and research Women and Science. Consideration shall be given to the need for special measures to support cooperation in education and research after the conclusion of the programme period. It is essential that continued efforts be made to create and extend sustainable networks involving Swedish and Estonian universities and colleges of higher education. Adult education is an important area in which established cooperation should be encouraged to continue.



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