



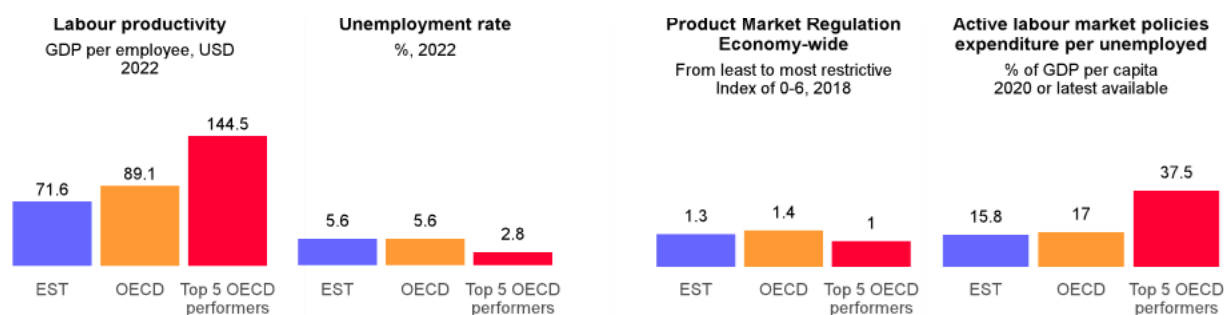
## Performance gaps

### Product and labour markets functioning

- Given the small size of the country, competition in some domestic sectors remains limited.
- Regulations for lawyers and notaries could allow for more competition in these services.
- Regulatory transparency could be increased through systematic rules on interactions between public and private officials including in the Parliament.

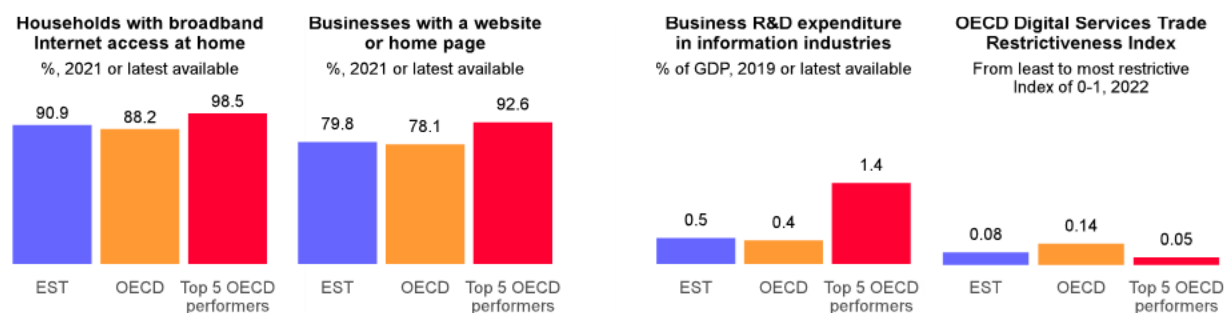
## Recommendations

- Remove quantitative and territorial restrictions on notaries, allow inter-professional cooperation and advertising.
- Review regulations on voting right in law firms, allow setting up of business with other professionals.
- Strengthen accountability of the energy and rail regulators by requiring that they present annual report to the relevant parliamentary committees.
- Award public services contracts for rail transport through competitive tenders.
- Mandate disclosure of interest groups that are consulted in regulatory and legislative processes and cooling-off periods for members of legislative bodies, members of cabinet and appointed public officials leaving office.



### Digital transition

- Despite solid and secure digital infrastructure, world-leading e-government and high levels of trust among users of digital services, Estonian companies, in particular small ones, lag behind, hampering digital diffusion.
- Boost public investment to better support coverage for ultra-fast broadband, including subsidising last-mile rollout for smaller enterprises.
- Reduce red tape in the application process for digital diagnostics, to better identify digital needs of companies, and increase take-up rate.

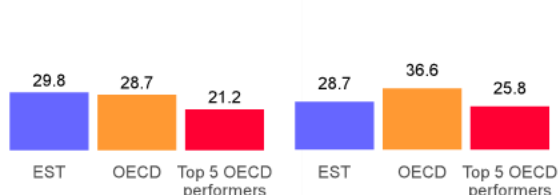


### Inclusiveness, social protection, and ageing

- Poverty is a persistent challenge worsened now by elevated inflation. One out of ten workers live in a poor household. Reducing relative poverty to 15% by 2023, from one of the highest levels in Europe, necessitates further reforms.
- To cope with accelerating digital diffusion and the transition towards a climate-neutral economy, further ramping up of active labour market policies and training activities for the unemployed, those at risk of unemployment and displaced workers, is warranted.
- Reduce low-wage employees' social security contributions to support take-home pay.
- Tighten transfers targeting and use digital and data to raise take-up.
- Create in-work benefits to make work pay.
- Increase spending on active labour market policies.
- Further align job-search assistance and training with local labour market needs, notably where carbon-intensive activities are concentrated.
- Conduct ex-post evaluations of training using the government's strong digital capacities.

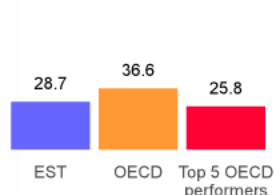
#### Mean poverty gap after taxes and transfers

Line at 60% of median disposable income  
2021 or latest available



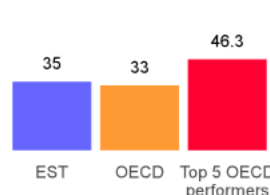
#### Impact of socioeconomic background in PISA reading score

%, 2018



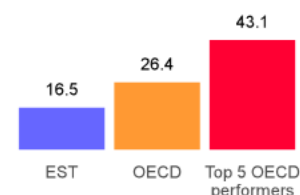
#### Strength of redistribution

Differences in Gini coefficients between market & disposable income relative to coef. on disposable income  
%, 2021 or latest available



#### Income levels provided by cash minimum-income benefits

% of median disposable income, 2021 or latest available

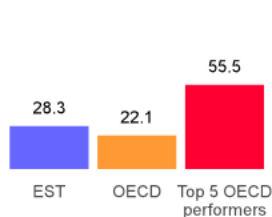


### Climate transition

- High GHG emissions have declined substantially. However, the economy is still relatively carbon intensive and oil shale remain prevalent in energy supply. Highly concentrated in the north-eastern region of Estonia, the phasing-out of this industry will have significant economic and social impacts.
- To enhance energy security, expedite synchronisation of the electricity grid with European standards.
- Reduce oil shale output over time as planned but mitigate the social impact through a funded comprehensive and long-term development plan.
- Further encourage low-carbon technology innovation by expanding public R&D investment and increasing the share of funding on environment-related issues.

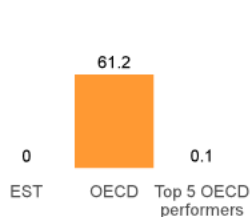
#### Share of renewables in the energy mix

%, Average over 2019-21 or latest available



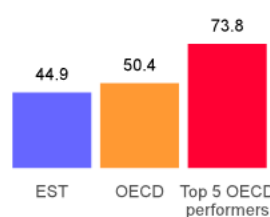
#### Share of population exposed to more than 10 µg/m3 of PM2.5

%, Average over 2017-19



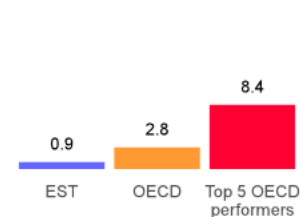
#### Carbon pricing score

%, at EUR 30 per tonne CO2, 2018



#### Environmentally-related government R&D budget

% of total government R&D 2021 or latest available

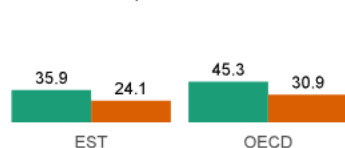


## Overall performance

#### Economy

Thousands USD per capita  
2022 or latest available

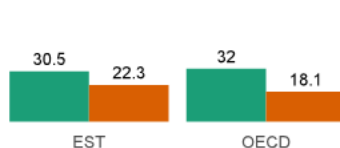
Gross Domestic Product  
Household gross adjusted disposable income



#### Inequality and poverty

2021 or latest available

Gini coefficient after taxes and transfers (index of 0-100)  
Poverty rate, line at 60% of median disposable income (%)



#### Environment and climate

1 unit of GDP, 2021

0.26 GHG emissions  
0.24 (OECD)

#### Welfare cost of premature deaths due to ambient particulate matter

% GDP equivalent, 2019





From:

## Economic Policy Reforms 2023

Going for Growth

Access the complete publication at:

<https://doi.org/10.1787/9953de23-en>

### Please cite this chapter as:

OECD (2023), "Estonia", in *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/74a35783-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.