Summary
The Future of European Digital States: Building on Best Practices from Estonia

On April 16, the Estonian Embassy in Berlin and the Digital Society Institute (DSI) at ESMT Berlin co-hosted an event aimed at facilitating the exchange of best practices and lessons learned in developing digital ecosystems between Estonia and Germany. The event emphasized the significance of robust digital solutions in addressing contemporary challenges such as climate change, security threats, and labor shortages, underscoring the pivotal role of digitization in fostering resilience and innovation within European states.

Estonia, renowned for its pioneering efforts in building a nationwide digital ecosystem grounded in trust frameworks and digital identities, showcased its success in spurring innovation and economic growth while safeguarding critical data. Notably, Estonia's trusted digital infrastructure has annually saved 2-3% of GDP in transaction costs. The event provided a platform for collaborative dialogue, leveraging Estonia's expertise and Germany's evolving strategies to propel digital resilience across Europe.

The event, titled "The Future of European Digital States: Building on Best Practices from Estonia," aimed to raise awareness among public and private sector decision-makers about the efficiency gains associated with digital identities and citizen-centric service delivery. Moreover, it facilitated discussions on key technological and regulatory requirements essential for enhancing digital security and addressing the evolving cyber threat landscape.

The keynote address by Estonian President Alar Karis covered several pertinent topics: He provided an overview of Estonia's digital evolution with the goal of building an open digital society, pointed out that Estonia's people are the most important resource within this context, and stressed the importance of education in achieving this objective.

Estonia is the most advanced digital democracy in the world and an innovator when it comes to digital administration. Almost all public services are digital in Estonia. Thus, President Karis gave the audience a demonstration of how digitalization works in the Estonian government.

Further, President Karis presented Estonia's efforts to utilize AI in governance. Moreover, he discussed the challenges and opportunities of cross-border service provision and data exchange within the EU. Finally, President Karis addressed the increasing cybersecurity challenges: politically motivated malicious attacks are becoming more and more common with DDoS attacks and cyber espionage for example targeting public services. He pointed out that considerable effort and coordination are required to counter this, especially at the EU level.

This was followed by keynotes from Stefan Schnorr, State Secretary at the Federal Ministry for Digital Affairs and Transport, and Dr. Markus Richter, State Secretary at the Federal Ministry of the Interior, who spoke about the digitalization of Germany. In his speech Stefan Schnorr highlighted the commitments outlined in the national digital strategy and Germany's ongoing digitization initiatives. Dr. Markus Richter addressed the need to coordinate more effectively and called for stronger collaboration with European partners, especially regarding open source and interoperability.

The panel discussion that followed featured experts from academia, and the private sector, addressing a range of topics pertinent to digital transformation. The insightful discussion between Oliver Väärtnõu (Cybernetica), Andres Raieste (Nortal), Dr. Dirk Woywod (Verimi), and our colleague Lilly Schmidt (Digital Society Institute (DSI, ESMT Berlin), and moderated by Johannes Steger (Tagesspiegel Background Cybersecurity) highlighted best practices and lessons learned in fostering robust digital ecosystems between the two countries. Key insights from the panel discussion included: National digital transformation should prioritize high-frequency digital services that impact citizen's daily lives, at the same time as ensuring a high level of privacy protection. Successful digital transformation should be based on strategically exchanging "value for trust", which builds acceptance and allows citizens to adapt gradually. Lastly, the shift to digital public services must be prioritized considering the aging workforce and the significant number of civil servants retiring in the coming years.

During the discussion, it was noted that there are valuable lessons to be learned from Estonia, especially regarding public-private partnerships. While working cultures differ from country to country, Germany could benefit from being more willing to take risks and move faster in the digital space. Currently, there is a strong focus on potential risks, and digital public services are often perceived less as opportunities. In contrast, Estonia is demonstrating the effectiveness of a citizen-centric approach with proactive government services; a new generation there has never had to visit a government office for a passport or driver's license.

Trust is critical to the success of such projects. In Estonia, this trust exists because the benefits and reliability of these processes have been proven, following the principle of "value for trust". The new eIDAS regulation is expected to increase trust by ensuring data transparency and built-in security. Although Germany is a challenging market for eID services, especially for startups, the private sector continues to lead the public sector in innovation. In addition, demographic changes are leading to the retirement of many public servants, making the digitization of services even more urgent.

Overall, the event acted as a catalyst for cross-country collaboration, providing valuable insights and fostering dialogue to accelerate the development of robust digital ecosystems across Europe. By leveraging shared experiences and expertise, Estonia and Germany aim to build a digitally resilient Europe capable of meeting the challenges of the 21st century.