



WYOMING LEGISLATIVE SERVICE OFFICE

Research Memorandum

E-RESIDENCY

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by

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In 2014, Estonia authorized its e-residency program.¹ The program provides individuals with a government-issued digital identity and status that enables access to Estonia's business environment and e-government services.² Estonia was the first country to offer e-residency following the development of its e-government infrastructure and implementation of a wide variety of information technology (IT) policies.³ This research memorandum broadly discusses Estonia's e-government initiatives and provides preliminary information regarding Estonia's e-residency program.

E-ESTONIA

Estonia's e-residency program is part of the country's broader efforts to develop e-government practices and digital infrastructure. Estonia's e-governance system (e-Estonia) originated when the country regained its independence from the Soviet Union in 1991.⁴ Estonia's independence provided an opportunity for the country to formulate its e-governance framework and invest in the latest technologies available.⁵ E-Estonia further served as a national strategy to assist in the country's democratic transition as well as its economic and social advancement.⁶

E-Estonia conceptually began with the establishment of databases and registries containing information about individuals, businesses, and organizations, as numerous e-government

¹ Peter Roudik, "Estonia: E-Residency May Be Granted to Foreign Investors" (The Library of Congress, June 6, 2014).

² Id.

³ Taavi Kotka, Carlos Ivan Vargas Alvarez del Castillo, and Kaspar Korjus, "Estonian e-Residency: Redefining the Nation-State in the Digital Era," University of Oxford (European Social Fund and the Estonian Government, September 2015).

⁴ Id.

⁵ Kevin Tammearu, "What the United States Can Learn from Estonia on e-Governance" (Center for European Policy Analysis, August 31, 2021).

⁶ Id.

processes and services depend on data accuracy and availability.⁷ Three projects, however, were essential for the implementation of e-Estonia:

- “The Principles of the Estonian Information Policy”: the country’s first digital strategy for IT development. The Estonian Parliament ratified the policy in 1998;
- Digital ID card system: a mandatory national card that provides digital access to Estonia’s e-services, banking operations, and business transactions;⁸ and
- X-Road: a platform facilitating secure internet-based data exchange between public and private sector information systems.⁹

Estonia’s early adoption of e-banking and other financial services such as “e-Tax” further assisted in the acceptance and universalization of online services for the country.¹⁰ Generally speaking, since 1991, Estonian e-government initiatives have evolved in complexity and scope, with the expansion of existing platforms and creation of new services such as e-residency.¹¹

Today, Estonia ranks among the world’s most developed in terms of digital government practices, including the extent and quality of online services and telecommunication infrastructure.¹² Estonia ranked third on the 2020 United Nations’ (UN) E-Government Development Index.¹³ The United States ranks comparatively high on the Index, being the ninth most developed out of 193 UN Member States.¹⁴ While the availability of e-government services in the U.S. is steadily increasing, Estonia differs in that the country previously concentrated on increasing the effectiveness of its e-government services by relying on interoperability and the digital identity system.¹⁵

Estonian citizens and e-residents can access a wide range of government services online, with the exception of marriage, divorce, and real estate transactions.¹⁶ Estonia’s e-governance initiatives include digital ID, i-Voting, X-Road, and data embassy.¹⁷ The Estonian Government asserts that 99 percent of public services are currently available online, 44 percent of Estonians use i-Voting, and officials estimate their e-government initiatives have saved nearly 844 years of working time.¹⁸

⁷ Id.

⁸ Nick Heath, “How Estonia Became an E- Government Powerhouse” (National Conference of State Legislatures, February 19, 2019).

⁹ Taavi Kotka, Carlos Ivan Vargas Alvarez del Castillo, and Kaspar Korjus, “Estonian e-Residency: Redefining the Nation-State in the Digital Era,” University of Oxford (European Social Fund and the Estonian Government, September 2015).

¹⁰ Id.

¹¹ Id.

¹² Juwang Zhu and Vincenzo Aquaro, “Compendium of Digital Government Initiatives in Response to the COVID-19 Pandemic” (United Nations Department of Economic and Social Affairs, May 2020).

¹³ Id.

¹⁴ Id.

¹⁵ Kevin Tammearu, “What the United States Can Learn from Estonia on e-Governance” (Center for European Policy Analysis, August 31, 2021).

¹⁶ Priit Martinson, “Estonia – the Digital Republic Secured by Blockchain” (PricewaterhouseCoopers, 2019).

¹⁷ Id.

¹⁸ Id.

Estonia was also the first country to deploy blockchain technology to verify and protect government data and back its state registries with KSI blockchain (i.e., healthcare registry, property registry, business registry, digital court system, etc.) to mitigate cyber-attacks.¹⁹

E-RESIDENCY

Through its e-residency program, Estonia issues non-residents with an electronic identity in the form of a digital ID card to offer secure and convenient services.²⁰ Several important factors such as the X-Road platform, broadband development, and national partnerships with the private sector provided the foundation and technical components of e-Estonia and the e-residency program.

Estonia first launched e-residency to attract international business and increase the country's international recognition in digital affairs.²¹ Currently, Estonia has more than 84,000²² e-Residents from 170 countries that have established 16,000 companies.²³ Under the program, e-Residents can:

- establish and manage an EU company remotely;
- apply for digital business banking and online payment services;
- access Estonian public and private e-services;
- digitally sign and transmit documents; and
- declare Estonian corporate taxes online.²⁴

E-residency is not a travel document, citizenship, or an actual residency but a digital identity with which e-residents can access all government e-services and incorporate a business in the EU.²⁵ Further, e-residency does not affect current residency, citizenship, or visas in any country.²⁶ Estonia encourages business owners, entrepreneurs, freelancers, and consultants who want to establish an EU company to apply for e-residency.²⁷

The application process requires individuals to submit a copy of a government-issued ID, a passport-style digital photo, motivation statement, and pay a €100-120 fee.²⁸ The Estonian Police and Border Guard Board (PBGB) monitors the e-residency application process, conducts background checks for applicants, and issues cards to Estonian embassies and consulates, which

¹⁹ “Estonia - We Have Built a Digital Society and We Can Show You How,” E-Estonia, September 24, 2021.

²⁰ Taavi Kotka, Carlos Ivan Vargas Alvarez del Castillo, and Kaspar Korjus, “Estonian e-Residency: Redefining the Nation-State in the Digital Era,” University of Oxford (European Social Fund and the Estonian Government, September 2015).

²¹ “Estonia - We Have Built a Digital Society and We Can Show You How,” E-Estonia, September 24, 2021.

²² “How Many Estonian e-Residents Are There?” (Republic of Estonia - E-Residency, August 5, 2021).

²³ Katrin Vaga, “Press and Media Contacts & Statistics: E-Residency of Estonia,” Republic of Estonia - E-Residency, October 20, 2021.

²⁴ Priit Martinson, “Estonia – the Digital Republic Secured by Blockchain” (PricewaterhouseCoopers, 2019).

²⁵ Id.

²⁶ “Why Become an e-Resident” (Republic of Estonia - E-Residency), accessed November 11, 2021.

²⁷ “Become an E-Resident: Learn the Benefits & Apply” (Republic of Estonia - E-Residency, October 25, 2021).

²⁸ Id.

provides digital ID cards to e-residents.²⁹ The PBGB will review an application and conduct a background check within 30 days.³⁰ Once the PBGB approves an application, it takes an additional two to five weeks to process and assemble an e-residency kit.³¹ E-residents can pick up their kit at an Estonian Embassy within six months³² and the digital ID cards are valid for five years.³³ Estonia requires e-residents to collect their digital ID card in person, as fingerprints are necessary to complete the application process.³⁴ The state fee for renewal or replacement is the same as the application fee (€100-120).³⁵

²⁹ Taavi Kotka, Carlos Ivan Vargas Alvarez del Castillo, and Kaspar Korjus, “Estonian e-Residency: Redefining the Nation-State in the Digital Era,” University of Oxford (European Social Fund and the Estonian Government, September 2015).

³⁰ “Why Become an e-Resident” (Republic of Estonia - E-Residency), accessed November 11, 2021.

³¹ Id.

³¹ “Become an E-Resident: Learn the Benefits & Apply” (Republic of Estonia - E-Residency, October 25, 2021).

³² Due to the spread of COVID-19 and related travel restrictions, e-residents can request an extension for collecting their e-residency kit from Estonian Embassies.

³³ “Become an E-Resident: Learn the Benefits & Apply” (Republic of Estonia - E-Residency, October 25, 2021).

³⁴ Id.

³⁵ Id.