

# The potential of demand-side measures in Estonia

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*Synergies between European Structural and Investment Funds (ESIF) & Research and Innovation Funding: The Stairway to Excellence*

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## Feasibility Study for the Design and Implementation of Demand-side Innovation Policy Instruments in Estonia

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- Key features of the study
  - *Starting point: Smart specialization strategy*
  - *International benchmarking (UK, NL, FI)*
  - *Identification of the readiness of actors and sectors to pick up demand side measures (incentive structures and how to use/change them)*
  - *Identification of demand side measures with highest potential in each smart specialization sector*
  - *Highlighting the necessary pre-conditions for successful introduction of the selected demand side measures*
  - *Policy options: what demand side measures should be introduced and how they should be integrated to the respective policy mixes*
  - *Recommended action plan and impact measurement*

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- Key conclusions
  - *Necessary preconditions*
    - Establish horizontal government-level, longer term, ambitious visions and strategies that feature research and innovation.
    - Actively build partnerships with market actors.
    - Establish systematic innovation risk management practices for the public sector.
  - *Recommended policy option*
    - Launch experimental demand-side measures simultaneously alongside activities aimed at addressing the preconditions. Launched measures must be designed to be flexible and sufficient learning processes put in place.
    - Requires a holistic approach and collaboration between several ministries.

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- Key recommendations
  - *E-government/e-governance*
    - Procurement of innovation (incl. big national projects, e.g. e-residency)
    - Experimental platforms (tolerance for failure)
  - *Healthcare*
    - Procurement of innovation
    - Smart norms and regulations (performance based)
    - Buyer incentives (personalized and preventive healthcare, self monitoring, etc.)
  - *Smart construction*
    - Pre-commercial procurement
    - Procurement of innovation
    - Smart standards and regulations (performance based)
    - Awareness of international market trends
    - Experimental platforms

## Introducing procurement based measures

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- How to ensure innovation?
  - *Long term vision*
  - *Risk management*
- How to make these attractive for companies?
  - *Awareness of international market potential*
- How to ensure impact?
  - *Ambition level, focus on societal challenges*
  - *Systematic approach to experimentation and wider adoption*
  - *Engagement*
- What about wider European impact?
  - *Joint cross border procurement*

## Thank you

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