**RIS3 in Estonia**

**Key facts**

**Capital:** Tallinn

**Size:** 45,227.0 km2

**Population:** 1.3 million

**GDP:** EUR 21 billion

**Unemployment rate:** 5.3%

**Economy**

Estonia is a small country, so for RIS3 the national level equals the regional level.

Estonian economy is diversified and open: in 2017, the exports of goods from Estonia amounted to 12.8 billion euros and imports to Estonia to 14.7 billion euros at current prices.

The Estonian economy is dominated by SMEs in traditional sectors with fairly limited needs for R&D. Investment in R&D is concentrated in a few large companies. Business innovation is concentrated in a limited number of high-technology sectors, such as ICT, biotechnology, and financial and telecom services.

Estonia produces the biggest number of startups and seed stage investments per capita in Europe. A significant amount of business investment in innovation is conducted by startups and not captured in R&I statistics.

Estonia is known for its widespread and free Wi-Fi connections, its commitment to e-government, building its future IT skills base and other e-services.

**Research & Development[[1]](#footnote-1)**

The structure and basis of operation of Estonia’s research and development (R&D) system are established in the Research and Development Organisation Act (RDOA).

The Government of the Republic:

* prepares national R&D development plans;
* submits them to the Riigikogu (parliament):
* approves national R&D programmes;
* ensures the cooperation between the ministries and enacts legislation.

The *Research and Development Council* advises the Government of the Republic on matters related to R&D.

The *Ministry of Education and Research* implements national research policy, organizes the financing and evaluation of the activities of R&D institutions and coordinates international research cooperation at the national level. The Ministry is also responsible for the planning, coordination, execution and monitoring of research policy related to the activities of universities and research institutes.

The Minister of Education and Research is advised by the *Research Policy Committee*.

The *Ministry of Economic Affairs and Communications* is responsible for planning, coordinating and executing research and development activities and innovation policy related to business.

*Estonian Research Council* is the main research funding agency for Estonian research and is responsible for institutional and personal research funding in Estonia and providing support for participation in Horizon2020 and other EU programs.

**Priority Areas**

As part of RIS3 processes, three wide growth areas have been selected:

* ICT horizontally through the economy
* Health Technologies
* Enhancement of Resources (biomass, oil shale; materials technologies and biotechnology)

In 2014 the Estonian Development Fund drafted growth areas reports, giving brief overviews of global trends, putting together SWOT analyses, selecting focus niches for each growth area and addressing main problems and possible solutions to the growth of priority areas. A weakness of the reports is that they had different authors and came out as different as the titles suggest (making key findings difficult to compare).

Around the time of completion of the growth area reports high-level discussions started about closing down the Estonian Development Fund. Eventually, in late 2016 the Economic Development Department of the Ministry of Economic Affairs and Communications took over the responsibilities of the Estonian Smart Specialisation Secretariat.

**Governance**

Main governance body is the Smart Specialisation Steering Committee, comprising of seven members, a high-level representative from each of the following: Ministry of Economic Affairs and Communications; Ministry of Education and Research; Ministry of Finance; State Chancellery; Universities Estonia; Estonian Chamber of Commerce and Industry; Association of Services Industry.

The Deputy Secretary Generals of the first two ministries listed above hold the chair of the Smart Specialisation Steering Committee, taking turns every other year.

The Heads of the Economic Development Department and Science Department and experts of the two key Ministries meet on a regular basis to discuss ongoing issues related to smart specialisation and to prepare for the meetings of the Steering Committee.

**Support Measures**

Six financial support measures have been implemented since 2014 to support the growth of priority areas:

1. Technology Development Centres
2. Clusters
3. Innovative Procurement
4. Startup Estonia programme
5. Support for Applied Research
6. Scholarships

**EDP and Challenges Faced**

Taking a critical stance, it could be said that Estonia has implemented only fragments of EDP. There were active stakeholder engagement efforts made as part of the growth areas selection process, but subsequently the body that lead this process (Estonian Development Fund) underwent a liquidation.

RIS3 related challenges that Estonia is facing:

* When priority areas were selected in 2012-2013, the Research and Development Council advising the Government adopted a position that the priority areas should not be defined narrowly. So currently the Estonian priority areas are wide, making it difficult to prioritise action and implement close monitoring of progress. At the same time strong interest groups oppose narrowing priority areas down. In 2018 a larger study will be carried out to evaluate the progress of priority areas. The results of the study should help clarify the picture and move towards narrowing priorities.
* The support measures implemented in benefit of priority areas are financed from EU structural funds and thus are not flexible. There is little space for project selection over the period, due to differences in their aims and set-up some measures only had one or two calls.
* Re-starting EDP that would encompass wide and balanced, continuous and regular stakeholder engagement. The key actors involved with the Estonian RIS3 have frequent communications with relevant stakeholders, but not in a format designed specifically for EDP. A related issue is that the Smart Specialisation Secretariat is comprised of 1-2 staff only, who hold administrative tasks related to the work of the Smart Specialisation Steering Committee, RIS3 international affairs, reporting on progress to European Commission, as well as monitoring and analytical tasks and building/strengthening relationships domestically and interregionally.
* One option we’re considering for the structure of EDP is to add a second, lower tier to the Steering Committee. This tier would be made up of working groups and the number and title (theme and tasks) of the working groups could be changed from time to time, as new windows of opportunities open, others close, and certain problems that have been worked on in cooperation get solved. The key benefit of the second tier would be enhanced capacity and capability for smart specialisation work taken on by the Steering Committee with the support of the small Secretariat. A key difficulty relates to motivating stakeholders to participate in the work of the second tier and compiling the members of the working groups with most relevant people – in a small country like Estonia, the pool of the people able to take part in discussions over innovation and to implement innovation in reality is small, so the same people sit in different decision-making, advisory and working groups.

1. Source: The Ministry of Education and Research website: <https://www.hm.ee/en/activities/research-and-development>. Accessed 5 March 2018. [↑](#footnote-ref-1)