

Estonia: Policy mix and implementation of the RIS3



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EESTI ARENGUFOND

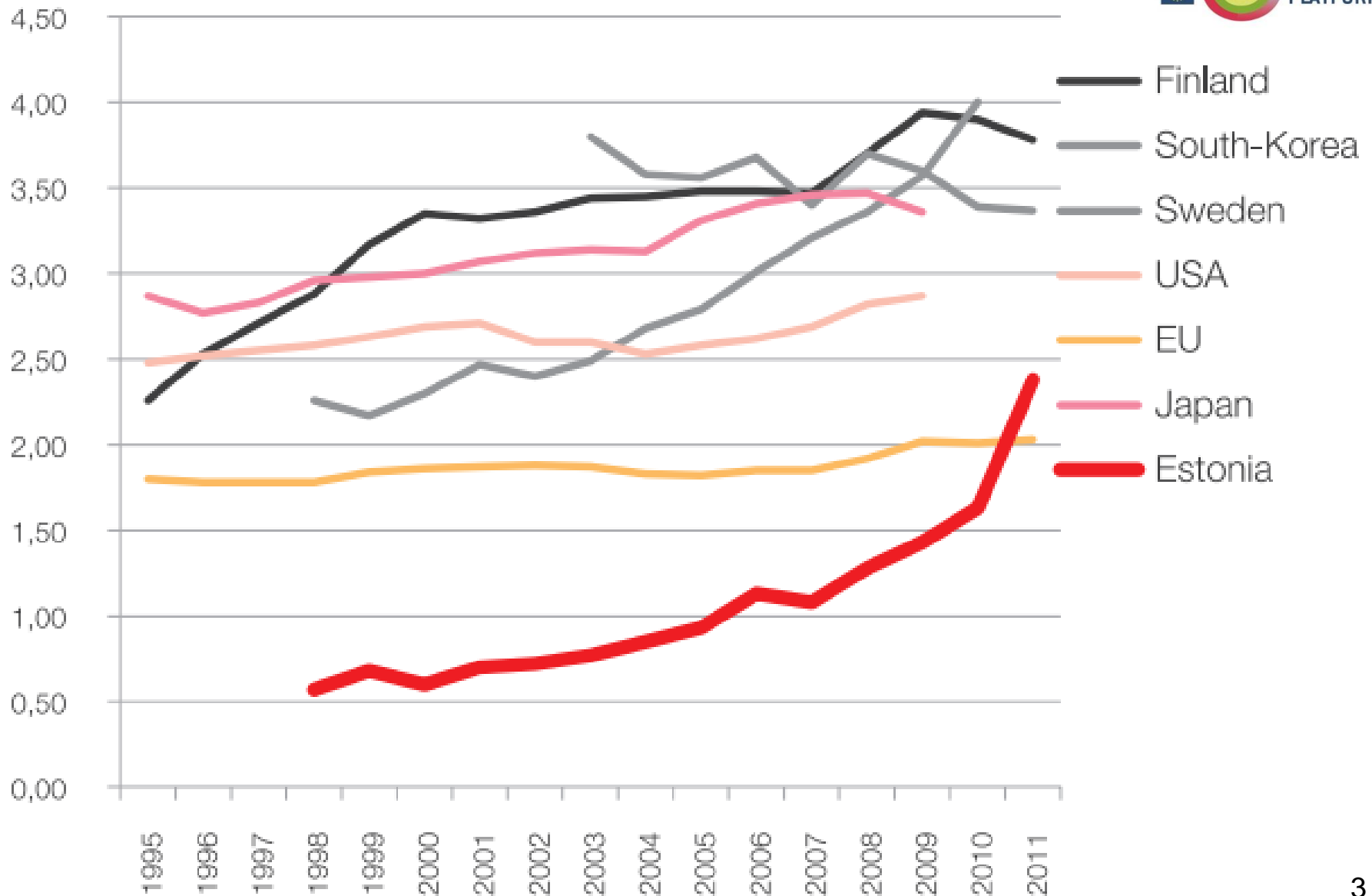


Issues we would like to discuss

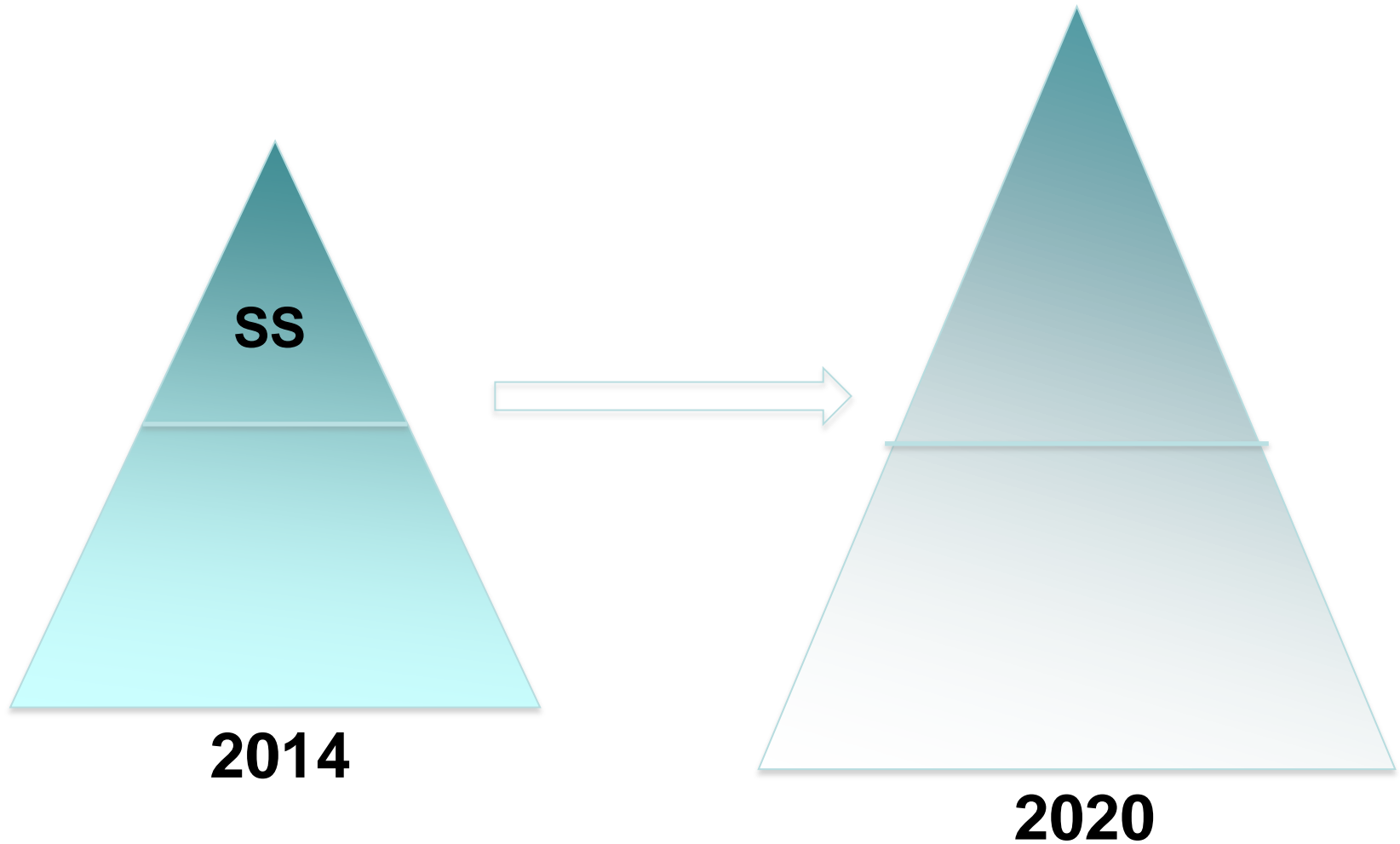


- Estonia's strengths in RIS3 development and implementation have been the continuous involvement of entrepreneurs and the cooperation between stakeholders (ministries, entrepreneurs, academia).
- The main bottleneck in RIS3 development and implementation is the risk that the measures will not be developed systematically enough to restructure the innovation landscape.
- Questions you would like peers to discuss after your presentation:
 1. How could the small size of Estonia be used as an opportunity?
 2. What are the best areas for cooperation with other regions?
 3. How could Estonia improve the managing of RIS3 and policy mix?
 4. How could Estonia improve the indicators and goals for SS?

R&D expenditure as a ratio of GDP (source: Eurostat)



Structural change of Estonian economy



Brief overview

Estonia's work on S3

- **S3 Status**

- Estonia has selected three priority areas: ICT, Healthcare, Resources.
- We have identified bottlenecks in each of these areas and are currently working on specific measures to resolve these issues.

- **S3 Governance**

- The Ministry of Economic Affairs and Communications (MEAC) and the Ministry of Education and Research (MEAR) are responsible for the RIS3 design and implementation process.
- The Estonian Development Fund acts as the secretariat.
- Depending of the topic, various stakeholdes are brought together (including other ministries, entrepreneurs, scientists etc).

Estonia's S3 Priorities

- **National priorities**

- Estonia has defined three national priorities in terms of research, innovation and development:
 - ICT
 - Healthcare
 - Resources
- The priorities have been approved by the government and have been included in the strategies of both the MEAC and MEAR.

- **Digital Growth**

- Digital growth is a national priority through our focus on the ICT sector.

- **Regional specificities**

- In Estonia the national = the regional
- Estonia is hoping to cooperate with other regions in Europe.

ICT

- Strong professional association (Infotehnoloogia Liit - ITL)
- Constant search for international opportunities
- Already existing links between entrepreneurs and scientists
- Both the business side and the science side are quite strong

--> Now we should start moving away from being procurement partners for other countries (i.e. providing services) to **creating** more of our own **products** (i.e. creating scalable businesses with large added value).

--> Estonia could become a **testbed platform!**



Horizontal technologies



INFORMATION AND COMMUNICATIONS TECHNOLOGY

Multiple technologies supporting a sector

ENERGY TECHNOLOGY

MATERIALS TECHNOLOGY

INFORMATION TECHNOLOGY

INNOVATIVE
HOUSE

Healthcare

BIOTECHNOLOGY

There is strong science in the biotechnology sector, but there are very few success-stories in terms of business in Estonia.

The likelihood of success is very low, but the potential impact is enormous!

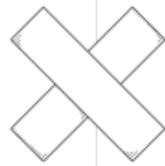
E-HEALTH

There are already some solutions that have been developed, but the full potential has not yet been reached. Could Estonia be a testbed platform for (international) solutions?



E-Health

- Involvement of ICT
- Creation of added value needs to be focused on (not just the problems of one institution)
- The information systems of large hospitals are not synchronized
- The private sector is only loosely involved
- Unused potential for export of e-health services
- Potential for personal medicine?



Biotechnology

- Need for a fund of funds to support long-term risky projects
- Foreign experts could really benefit this sector
- About 50,000 people's genome information has already been mapped
- There is potential for healthcare tourism

Resources



MATERIALS SCIENCE

- strong in Estonia
- e.g. Nanotechnology Competence Centre

INNOVATIVE CONSTRUCTION

Estonia is already providing 3% of all wooden houses bought globally. Now we need to look into IT solutions, alternative materials and smart energy solutions (e.g. Rakvere Smart House Competence Centre).

CHEMICAL INDUSTRY

- more efficient use of oil shale
- e.g. Oil Shale Competence Center

FOOD THAT SUPPORTS HEALTH

- focus on food that supports health
- e.g. Bio-Competence Centre of Healthy Dairy Products
- however, there are geographic limitations

Structure of RIS3 governance



The role of the Estonian Development Fund



- Project management of the horizontal (pan-ministries) strategy making process;
- Managing the strategies' stakeholder's consortiums;
- Monitoring the progress on the strategy and effect of the measures.

Towards a strategic policy-mix to support S3 priorities



- **S3 budget**

- Both the MEAR and MEAC will direct EU funding towards the selected growth areas. The approximate direct budget is around 145 million euro for the period up to 2020, but other policy instruments will also indirectly contribute to the growth areas.

- **Policy instruments**

- **MEAC:**

- Demand-side policies - 20 mEUR
- Collaboration networks (competence centers and clusters) – 50 mEUR
- Start-up Estonia – 8 mEUR

- **MEAR:**

- Applied research programme (incl. growth area specific activities, such as the IT Academy) – 42 mEUR
- Speciality scholarships – 25 mEUR

Measures for SS

Fund of Fund for early stage investments

Competence Centers

Clusters

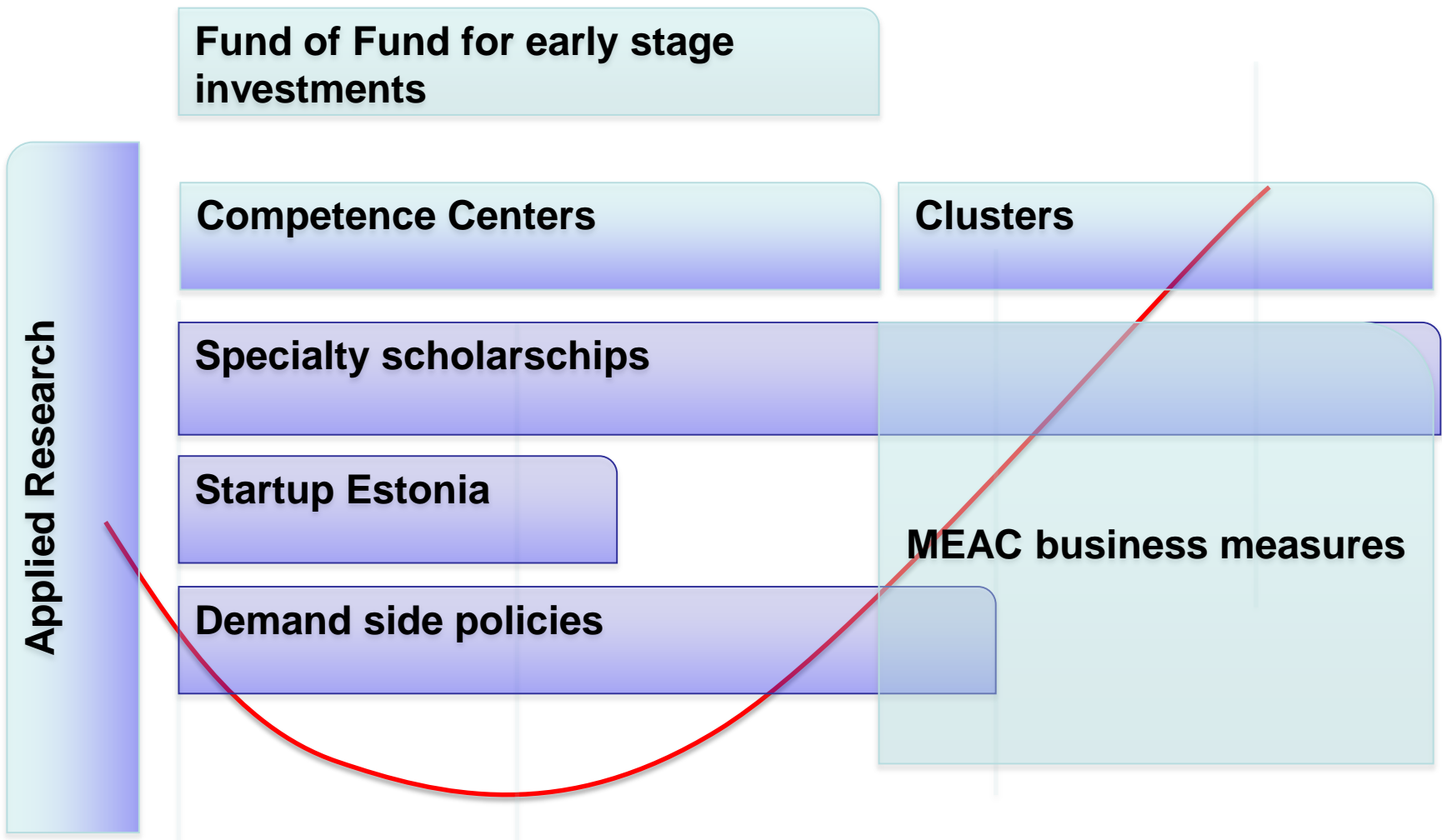
Specialty scholarships

Startup Estonia

MEAC business measures

Demand side policies

Applied Research



Measuring and assessing RIS3



- **Mechanisms**

- Currently the goals and the indicators for RIS3 are being developed in Estonia, the work will be finalised in Q2 of 2014.

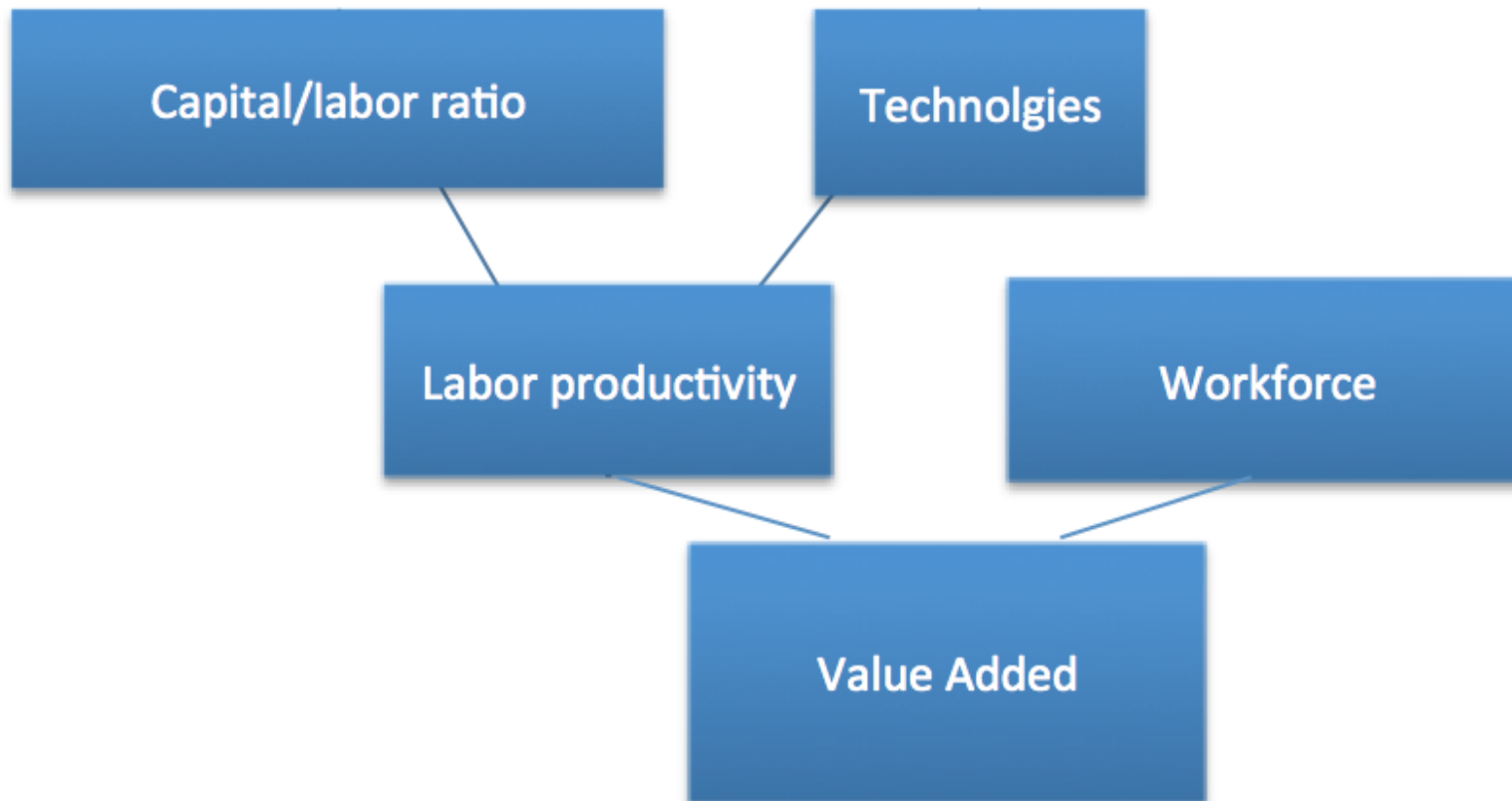
- **Indicators**

- Since the three growth areas for Estonia are very different as sectors and have different bottlenecks the key challenge will be to find suitable indicators for the growth areas.

- **Follow up**

- The evaluation of the RIS3 goals will be carried out by the Estonian Smart Specialisation Steering Committee on an annual basis.

Value added as a goal / indicator



Summary and next steps



- **Conclusions:**

- Estonia has been able to carry out the required Smart Specialisation research.
- 2014 will be a very important year in terms of RIS3 – the managing structure and the detailed measures must be implemented.

- **Questions you would like peers to discuss:**

1. How could the small size of Estonia be used as an opportunity?
2. What are the best areas for cooperation with other regions?
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Questions for Peers (1)

How could the small size of Estonia be used as an opportunity?

- *Why: Challenges and opportunities are very different for smaller countries*
- *Current state of play: Estonia has been searching for solutions that are taking advantage of the relative small size (eg. Testbed Estonia)*
- **Challenge: What could be the unused possibilities for Estonia to use the unique position in terms of innovation?**

Questions for Peers (2)

What are the best areas for cooperation with other regions?

- *Why: Cooperation between regions is important next step for every region, but especially for small export oriented countries*
- *Current state of play: There has been so far too little cooperation between Baltic countries and Baltic Sea Region countries related to SS*
- **Challenge: How to build cooperation platforms between regions? In which sectors is the need for cooperation the greatest?**

Questions for Peers (3)



How could Estonia improve the managing of RIS3 and policy mix?

- *Why: Implementation is the key challenge going forward*
- *Current state of play: Estonia has been able to create a steering committee for Smart Specialisation, sub-committee structure is currently being created*
- **Challenge: No system is perfect – how can Estonia improve the managing of RIS3 and policy mix?**

Questions for Peers (4)



How could Estonia improve the indicators and goals for SS?

- *Why: All measures and subsectors are different – that makes developing a practical indicator system very complicated*
- *Current state of play: The creation of indicators and goals is work in progress*
- **Challenge: How to build a system of horizontal and vertical indicators that are understandable and practical**