



REPUBLIC OF ESTONIA
MINISTRY OF ECONOMIC AFFAIRS
AND COMMUNICATIONS

Estonian enterprise policy

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Contents

- ✓ Estonian enterprise policy in general
- ✓ New trends
- ✓ Policy measures

Evolution of Estonian enterprise policy



Enterprise infrastructure
and staff training

2004-2006



Machinery and
equipment; technological
innovaton

2007-2013



**Innovation +
entrepreneurship
New business models**

2014-2020

Targets of Enterprise Growth Strategy 2020

BUSINESS MODEL

(Share of young innovative enterprises, early phase investments)

VALUE ADDED

Productivity per employee 80% EU average (currently 69)

R&D

(Private sector R&D expenses 2% GDP)

ENVIRONMENT

(Doing Business 15)

EXPORT

(Estonian share in world trade 0,11%)

Policy targets I

Business model

- ✓ **The number of enterprises established three years ago with turnover exceeding 125,000 euros (as the three-year average; source: Business Register)**

initial level (in 2011) 1150, target level (in 2020) 1600

- ✓ **Number of enterprises with at least 20 employees (source: Statistics Estonia)**

Development and production

initial level (in 2011) 3217, target level (in 2020) 4000

- ✓ **The share of private sector expenditure on research and development in GDP (Source: Statistics Estonia)**

Initial level (2011) 1.52%, target level (2020) 2%

- ✓ **Sales of new to market and new to firm products or services (ratio to total return on sales; source: Statistics Estonia)**

Initial level (2010) 9.7%, target level (2020) 18%

- ✓ **The ratio of labour productivity per hour worked to the Eurozone average in current prices (Source: OECD)**

Initial level (2011) 51%, target level (2020) 65%

Policy targets II

Sales and marketing

- ✓ **The share of Estonia in the world trade (source: WTO)**
Initial level (2011) 0.099%, target level (2020) 0.11%
- ✓ **Number of exporters (source: Statistics Estonia)**
Initial level (2012) 11 281, target level (2020) 15 700
- ✓ **Unit value index (UVI) (source: Eurostat)**
Initial level (2011) 130.6, target level (2020) the increase in the value is faster than the EU average

Competitive position

- ✓ **Estonian ranking in the World Economic Forum (WEF) Global Competitiveness Report**
Initial level (2012) 34th, target level (2020) 25th.
- ✓ **Estonian ranking in the Doing Business report**
Initial level (2012) 21st, target level (2020) 15th.

Better result with smaller funds

Before			Now
Many grants for many companies	↓	↑	Less grants, better targeting
Grants	↓	↑	Financial instruments
Individual grants	↓	↑	Systemic cooperation
Project plan writing	↓	↑	Groundwork before plans
Application evaluation	↓	↑	Counselling through project period

Financial instruments

Ex-ante evaluation→

Loans for entrepreneurs

State guarantee (price level ↑, maximum amount ↑)

Credit insurance

Estonian Innovation Fund

Baltic Innovation Fund

145.5 mln

Entrepreneurship awareness raising

- ✓ Trainings in various sectors e.g. management, marketing, etc.
- ✓ Activities to increase export capacity of entrepreneurs, e.g. fair visits, export consultants and a contact network in foreign markets
- ✓ Advice and information in county development centers
- ✓ Events to raise awareness on entrepreneurship

56.9 mln

The development program for entrepreneurs

- ✓ Identification of the development needs of entrepreneurs based on diagnostics
- ✓ Supporting the development activities of entrepreneurs (related to personnel, processes, development of products and services, as well as sales and marketing + technology investments)
- ✓ 2nd half of 2015

75 mln

Start-up grant

To help people with little experience in entrepreneurship to establish an enterprise that has remarkable growth potential and capacity to internationalize.

8.1 mln

Innovation and development vouchers

- ✓ Seek solutions to development problems enterprises are facing
- ✓ Develop and test innovative solutions
- ✓ Build knowledge of new technologies
- ✓ Study issues concerning intellectual property
- ✓ Third quarter of 2015

10 mln

Demand-side instruments

- ✓ To help eliminate systemic and market failures.
- ✓ Target group of the activities is public and private sector.
- ✓ To develop a package of activities that facilitates the use of public procurements to promote innovation.
- ✓ Activities: raising awareness among contracting authorities and tenderers, expert counseling, trainings, creation of sectoral networks and support for innovation procurement.

20 mln

Technological development centres

- ✓ R & D activities based on the wishes and needs of entrepreneurs
- ✓ R & D of technological development centres and development activities of the organization of technological development centres, marketing activities of technological development centres, etc.

Clusters

Carrying out development activities of cluster to contribute to the increasing of production effectiveness, development or improvement of products, services and processes, and thus achieving higher added value.

Carrying out joint marketing activities with a wider networking of the cluster and involvement of new partners.

10 mln

Start-up Estonia

- ✓ Training and development programs introduced in pre-start-up stages:
- ✓ Programs for developing start-up skills and knowledge
- ✓ Programs for establishing start-ups and achieving investor readiness
- ✓ Support of accelerators in start-up stages
- ✓ 2nd quarter 2015

10 mln

Work in Estonia

- ✓ Introducing Estonia as a target country with a flexible and entrepreneur-friendly economic environment, brilliant scientists and numerous career possibilities
- ✓ Assisting in making it easier to find and hire foreign specialists, simplifying immigration and realizing the potential of entrepreneurs and workforce
- ✓ Assisting in making Estonia a target country for foreign specialists where flexible services are offered
- ✓ Supporting foreign specialists and the creation of networks of actors that come into contact with them, as well as cooperation between them.

Industrial policy

- ✓ Ministry of Economic Affairs and Communication has called together variety of stakeholders to put together **Estonian Industrial policy Green Paper**.
- ✓ Ministry has mapped in together with stakeholders priority sectors and topics which will be considered.
- ✓ The main focus is to give overview of sectorial potential, find bottlenecks and offer solutions in fields such as employment, product development, infrastructure, internationalization, resources, taxation.
- ✓ Covered sectors include the ones that have largest share of export, additional value created, number of people employed, and potential for growth (chemicals industry, wood industry, food industry, plastics industry, machine industry, electronics industry).
- ✓ Therefore the wider objective of the Document is to acknowledge the importance of Industry in Economical Competitiveness, encourage technological transfer and improve interconnection between the industries. The Industrial policy green paper is a consultation document of policy proposals for debate and discussion to guarantee Estonian

OSKA

- ✓ Systematic and regular labor demand, monitoring, forecasting and feedback system
- ✓ Clear and precise information of needs of the labor market and skills are available. Sector-specific expert groups for defining need for key positions and readiness of schools and work force to meet the demand. Cooperation of employers + education system.
- ✓ Persons are able to test their skills and competences by self-assessment in the web environment
- ✓ 1-year action plan

Entrepreneur's right 2

- ✓ Government level agreement (lead by Ministry of Justice) to develop legal framework which supports entrepreneurship, innovation and investments
- ✓ To design supportive environment of e-services for residents and e-residents as well as legal base for virtual communication
- ✓ Codification and improvements in different fields:
 - Competition
 - Business code
 - Public procurements
 - Business register and accounting
 - Bankruptcy law
 - Quality of legislation (impact assessment)
 - Etc

Additional information

- Estonian Entrepreneurship Growth Strategy 2014-2020

http://kasvustrategia.mkm.ee/index_eng.html

- Estonian Ministry of economic Affairs and Communicatoin

<https://www.mkm.ee/en/objectives-activities/economic-development/entrepreneurship-and-innovation>



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Thank You!

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