

# EAS kui vahendaja innovatsiooniprotsessis: eile, täna, homme

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Ettevõtluse Arendamise Sihtasutus

# Why to support the innovation (invention)?



We need added value

**well being = wealth**

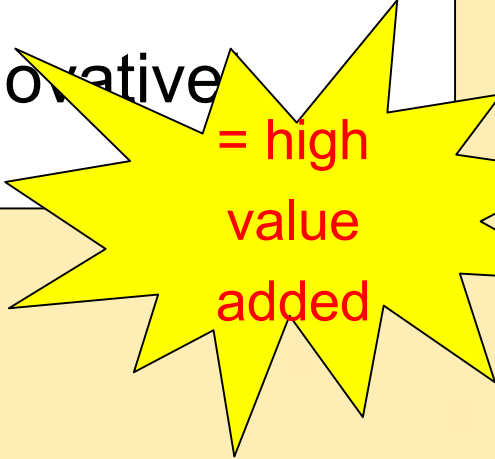
(measured by)

**Value added =**  
**= Operating Profit +**  
**+ Employee Costs +**  
**+ Depreciation + Amortisation**

# How to increase value added?

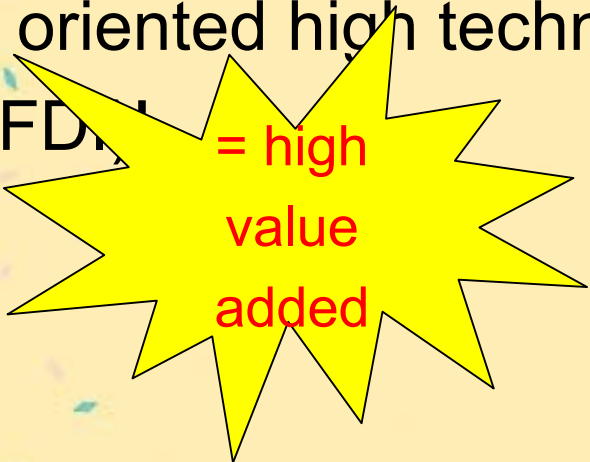
John Bradley: The Economical and Social Research Institute, Ireland:

- Make your existing industries more innovative



= high  
value  
added

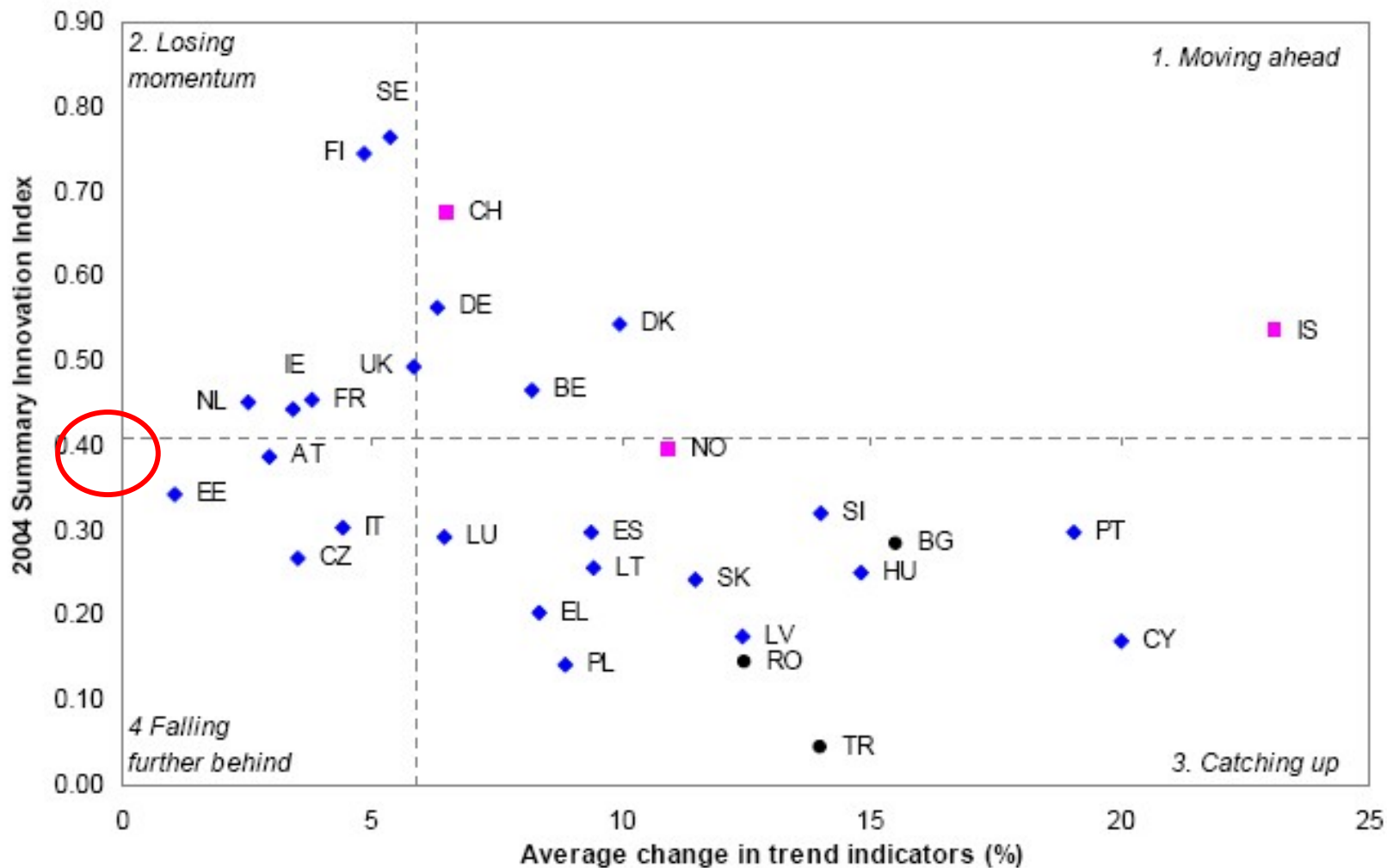
- Attract export oriented high technology foreign direct investments (FDI)



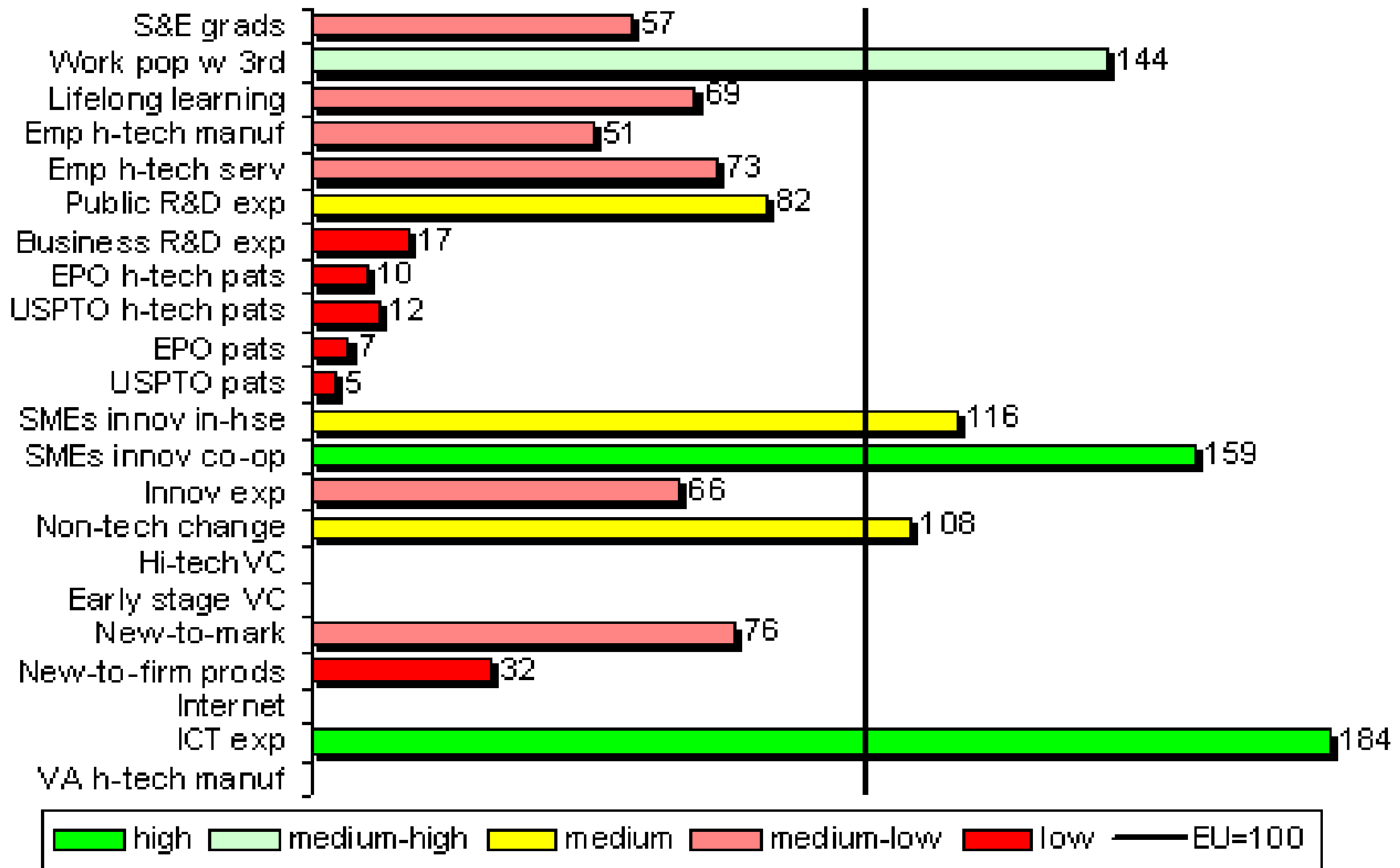
= high  
value  
added



### Average country trend by Summary Innovation Index

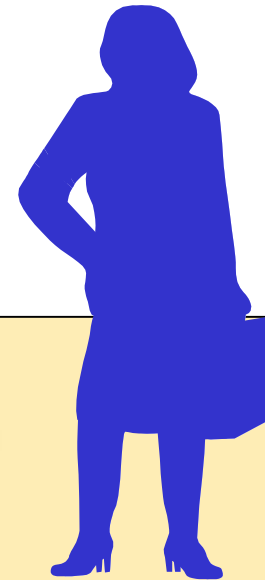
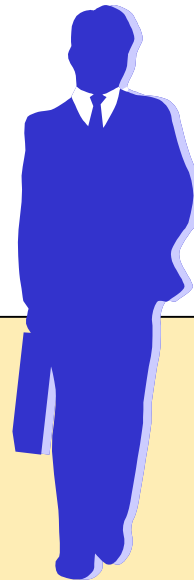
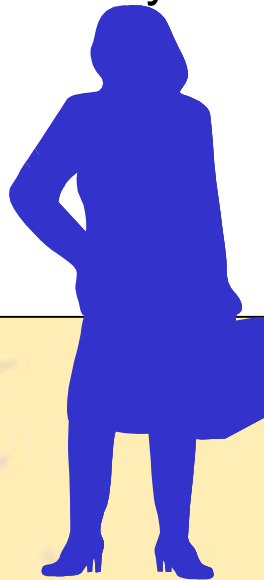
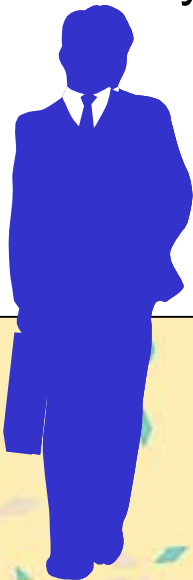


## Innovation performance relative to EU25 - Estonia

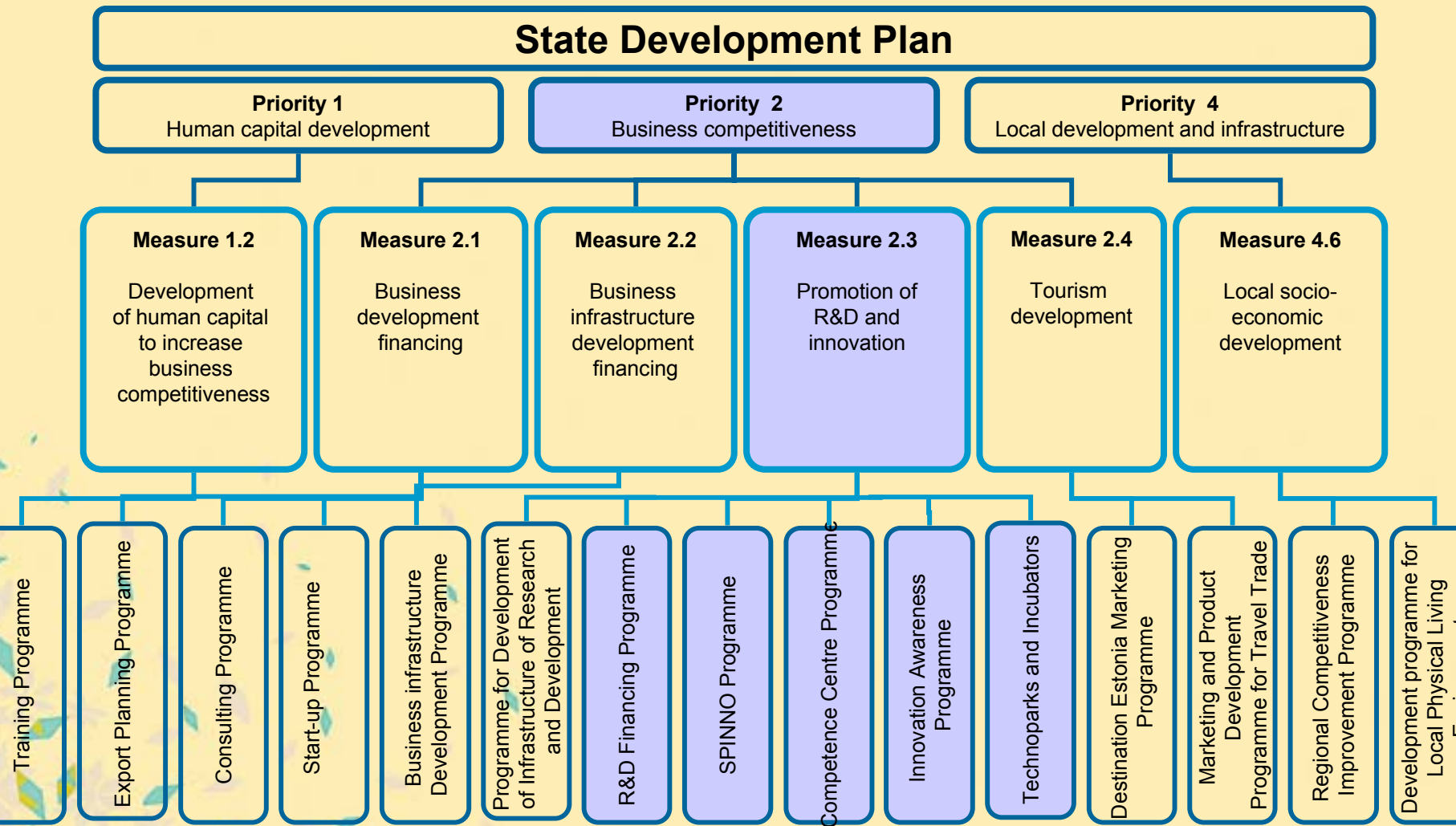


- Results of the survey by PRAXIS:

- 75% of market leaders have implemented information policy
- Policy makers
- Opinion leaders
  - 39 interviews
  - January – February 2005



# EE and the State Development Plan 2004 - 2006





# Financing

<b>Program</b>	<b>Financing 2004 to 2006</b> (mln euros)
<b>Business development</b>	<b>14.0</b>
<b>Business infrastructure development financing</b>	<b>14.9</b>
<b>R&amp;D and innovation advancement</b>	<b>51.7</b>
<b>Tourism development</b>	<b>19.0</b>
<b>Human capital development</b>	<b>10.1</b>
<b>Measures intended for regional development</b>	<b>43.6</b>
<b>Total</b>	<b>153.3</b>

# Structural funds implementation

Mesure/programs	Total budget 2004-2006 (mio EUR)	Satus	Decisions made 2004	Cash payment 2004	% cash / budget
<b>1.2. Human Resource Development</b>	<b>10,15</b>		<b>0,69</b>	<b>0,03</b>	0,30%
training programme	7,73	start at 01.07.04	0,69	0,03	0,39%
mentoring programme	0,19	start in January 05	0	0	0,00%
Innovation audit	0,49	start in April 2005	0	0	0,00%
County development centres training	0,26	in preparation	0	0	0,00%
Quality management programme	0,74	start in may 2005	0	0	0,00%
Tourism awareness and training programme	0,73	in preparation	0	0	0,00%
<b>2.1. Business development</b>	<b>14,02</b>		<b>4,40</b>	<b>1,15</b>	8,20%
Start-up programme	4,60	start at 26.04.04	1,77	0,95	20,64%
export plan programme	7,67	start at 14.06.04	2,22	0,11	1,43%
consulting programme	1,75	start at 26.04.04	0,41	0,09	5,14%
<b>2.2. Business infrastructure development</b>	<b>12,90</b>		<b>3,80</b>	<b>1,23</b>	9,53%
business infrastructure development programme	12,90	start at 26.04.04	3,8	1,23	9,53%

# Structural funds implementation

<b>2.3. Promotion of R&amp;D and Innovation</b>	<b>51,68</b>		<b>7,18</b>	<b>0,03</b>	0,06%
R&D development programme	15,98	start at 26.04.04	3,33	0,03	0,19%
Innovation awareness programme	1,41	start at 26.04.04	0	0	0,00%
the spinno programme	3,85	start at 15.05.04	3,85	0	0,00%
R&D institutions infrastructure development programme	14,70	start at 18.04.05	0	0	0,00%
business incubation programme	0,83	start at 24.01.05	0	0	0,00%
technoparks	2,13	in preparation	0	0	0,00%
competence centre programme	6,39	start in Sept 2005	0	0	0,00%
Estonian Centre for Excellence	6,39	start in May 2005	0	0	0,00%
<b>2.4. Tourism development</b>	<b>18,98</b>		<b>4,07</b>	<b>0,20</b>	1,05%
Marketing and Product Development Programme for Travel Trade	8,07	start at 22.05.04	2,85	0,00	0,00%
Central government tourism investment programme	5,11	in preparation	0	0	0,00%
Destination Estonian Marketing Programme	5,80	start at 07.05.04	1,22	0,20	3,45%
<b>4.6. Local Socio-Economic Development</b>	<b>43,42</b>		<b>1,35</b>	<b>0,00</b>	0,00%
Development Programme for Local Physical Living Environment	29,78	start at 16.07.04	0,45	0	0,00%
Regional Competitiveness Improvement Programme	13,64	start at 16.07.04	0,90	0	0,00%
<b>5.1&amp;5.2 Technical assistant</b>	<b>4,21</b>	start at 22.03.04	<b>0,57</b>	<b>0,13</b>	3,09%
<b>TOTAL:</b>	<b>151,15</b>		<b>21,49</b>	<b>2,64</b>	<b>0,19</b>

## EE measure 2.3. Cash flow chart, 2004-2008 (mio EEK)

	2004		2005		2006		2007		2008		TOTAL	
	Decision	Cash	Decision	Cash	Decision	Cash	Decision	Cash	Decision	Cash	Decision	Cash
	<b>Measure 2.3</b>	<b>120,4</b>	<b>5,0</b>	<b>558,5</b>	<b>136,2</b>	<b>130,0</b>	<b>358,3</b>	<b>0,0</b>	<b>239,4</b>	<b>0,0</b>	<b>70,0</b>	<b>808,9</b>
Techno - parks	8,0	0,0	5,0	8,0	21,0	23,0	0,0	3,0	0,0		34,0	34,0
R&D&I	0,0	0,0	229,5	14,5	0,0	135,0	0,0	70,0	0,0	10,0	229,5	229,5
R&D	52,0	5,0	110,0	40,0	88,0	74,0	0,0	81,0	0,0	50,0	250,0	250,0
Spinno	60,4	0,0		25,0		17,6	0,0	17,8	0,0		60,4	60,4
Competence Centre	0,0	0,0	100,0	0,0	0,0	40,0	0,0	50,0	0,0	10,0	100,0	100,0
Centre for Excel.	0,0	0,0	100,0	40,0	0,0	50,0	0,0	10,0	0,0		100,0	100,0
Innovation		0,0	9,0	4,7	13,0	10,7	0,0	6,6	0,0		22,0	22,0
Incubation		0,0	5,0	4,0	8,0	8,0	0,0	1,0	0,0		13,0	13,0

- Enterprise Estonia and EU Structural Funds
- Some basic assumptions
- **Moving Towards Effective National Innovation System**

# Capability

**“You have been treated like  
“If you fail with structural funds  
under-age children”  
you won't have a second chance!”**

**“We have very powerful instruments for  
taking the money back”**

John Bradley,

The Econornical and Social Research Institute, Ireland

Katherina Mathernova,  
DG Regio, director generale

# Enterprise Estonia today

- Implementing institution of business, regional and local policies
- Staff of over 160
- Budget of 2005 approximately 96 million euros
- Agency for implementation European Union's structural funds (ERDF, ESF) in Estonia
- Regional representative offices in Jõhvi and Tartu, network in every county
- Representative offices in Helsinki, Stockholm, London, Hamburg, Moscow, St. Petersburg

# Enterprise Estonia in figures

	2002 / 2003 / 2004
Applications presented	3,212 / 4,439 / 4,800
Applications financed	2,792 / 3,058 / ca 4,000
Volume of financed activities and projects (mill euros)	15.1 / 19.6 / 52
Created new jobs	2,500 / 2,700 / ca 4,000
International fairs (national joint stands)	Visits to 30 / 28 / 28
Number of foreign investments (with the assistance of EE)	11 / 16 / 11
Total volume of foreign investments (with the assistance of EE)	95.9 / 42.0



During the programming period of 2004-2006 EE is managing 6 programs for R&D financing

- Innovation awareness program
- R&D financing program
- Spinno program
- Competence centre program
- Centre of excellence program
- R&D institutions' infrastructure development program
- Technology parks and incubators

# Innovation awareness program (1)

- The Innovation Awareness Program aims to raise the innovation awareness of companies and as such also improve their competitiveness.
- This program targets at whole population, with special interest in policy makers, opinion leaders, top management of enterprises, students and academy and also pupils and teachers.
- The budget for 2004-2006 is approx 1,4 mln euros.

# Innovation awareness program (2)

- This program provides grants for events and activities that explain and demonstrate innovativeness as a cornerstone for economic growth. The grant can be up to 100% of the costs and almost everybody can apply, but the project must show considerable effect on audience awareness.
- In addition Enterprises Estonia translates relevant literature, publishes innovation newsletter, arranges innovation conferences and gathers news bullets for Estonian media.

# R&D financing program (1)

- R&D Financing Program provides opportunities to launch new or improved products and services. Grants are provided for carrying out feasibility studies, applied research and product development projects.
- The target group for this program are companies with medium or high R&D capabilities. Still about half of the projects are carried out by or in cooperation with universities or other R&D institutions.
- The budget for 2004-2006 is approx 16,5 mln euros.

# R&D financing program (2)

Grant for applied research – up to 75% of the costs.

Grant for product development – up to 50% of the costs.

Almost all costs related to project are eligible, including:

- creation of the research or development plan;
- carrying out market research or patent research;
- personnel costs;
- costs on instruments, machinery and equipment;
- services bought;
- traveling and accommodation, etc.

# Spinno program (1)

- The goal of the Spinno program is to increase the cooperation between industry and academy and through this increase the profits of R&D institutions from services to companies and from sale of intellectual property.
- Target group of this program are Estonian R&D institutions, although the final goal is to help Estonian industry through intensive with academy.
- The budget for 2004-2006 is approx 3,9 mln euros.

# Spinno program (2)

Spinno grants are provided for the:

- creation of favorable and motivating environment for the successful implementation of R&D results in industry;
- development of entrepreneurial and business skills within the R&D institution;
- active marketing of R&D institutions services and cooperation opportunities to industry.

The Spinno projects are running in 7 Estonian R&D institution, including all major universities.

# Competence centre program (1)

- The Competence center program provides financing for competence centers, initiated and operated jointly by companies and R&D institutions. The main activity of these centers is to carry out applied research necessary for companies establishing the centre.
- All centers are established in cooperation of at least 3 companies with high R&D capability and one R&D institution.
- The budget for 2004-2006 is approx 9,4 mln euros.



# Competence centre program (2)

So far five centers have been established in the following research areas:

- nanotechnologies (measurement tools);
- cancer diagnosis and treatment;
- food and fermentation technologies;
- development and testing of embedded systems and their networks;
- development of healthy dairy products.

# Centers of excellence program (1)

- The aim of the program is to create and maintain top qualifications of R&D activities by developing a small number of centers of excellence in the areas considered a priority from the viewpoint of economic growth.
- The target group for this program are research groups with outstanding scientific results in chosen field of research.
- The budget for 2004-2006 is approx 6,4 mln euros.

# Centers of excellence program (2)

- So far ten Centers of excellence have been selected by the Ministry of Education and Research.

The grants of this program are provided for:

- acquiring or upgrading laboratory equipment, machinery and instruments;
- renovating and furnishing laboratory facilities.

# R&D institutions' infrastructure development program (1)

- The aim of the program is to increase the capability of R&D activities and innovation in Estonia through developing an internationally competitive R&D infrastructure system.
- All Estonian R&D institutions are eligible for grant.
- The budget for 2004-2006 is approx 14,7 mln euros.

# R&D institutions' infrastructure development program (2)

The grants of this program are provided for:

- acquiring or upgrading laboratory equipment, machinery and instruments;
- renovation, construction and acquisition of laboratory facilities;
- furnishing laboratory facilities;
- upgrading of scientific libraries and the acquisition of databases and software.

# Technology parks and incubators

(1)

Enterprise Estonia is involved in developing two science parks – Tartu Science Park and Tallinn Technology Park.

EE has mediated the financing of these two parks from the European Commission Phare program in amount of approx 2,7 mln euros.

Financing has been provided for renovation and construction of premises for companies inhabiting in parks.

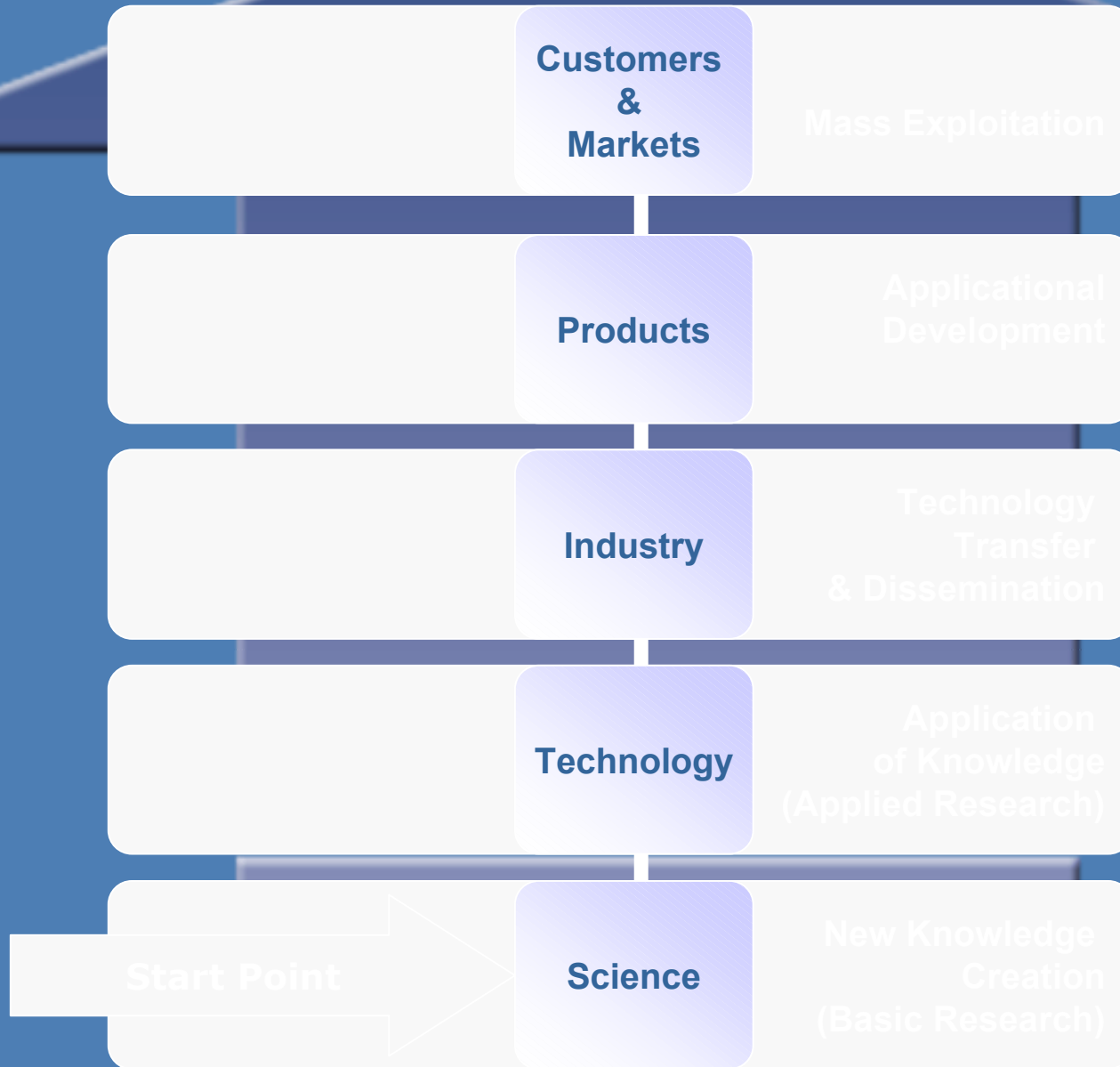
# Technology parks and incubators (2)

Enterprise Estonia is also running a program which aims at the development of incubation services.

The program is targeting existing incubators and covers the costs of developing counseling services, networking services and the exchange of experience. Cost for developing infrastructure and premises are not eligible.

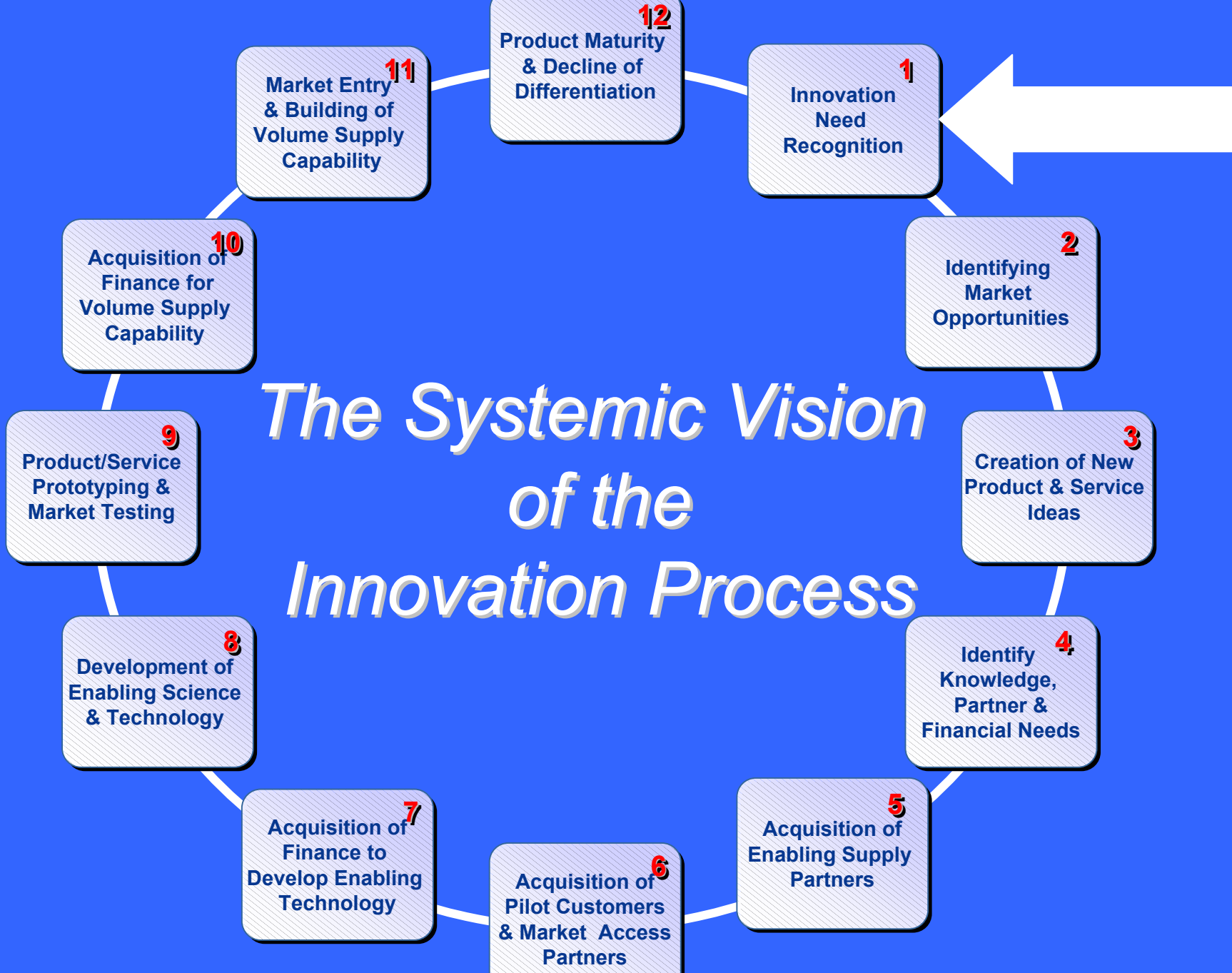
The budget for 2004-2006 is approx 0,8 mln euros.

# Linear Innovation Model

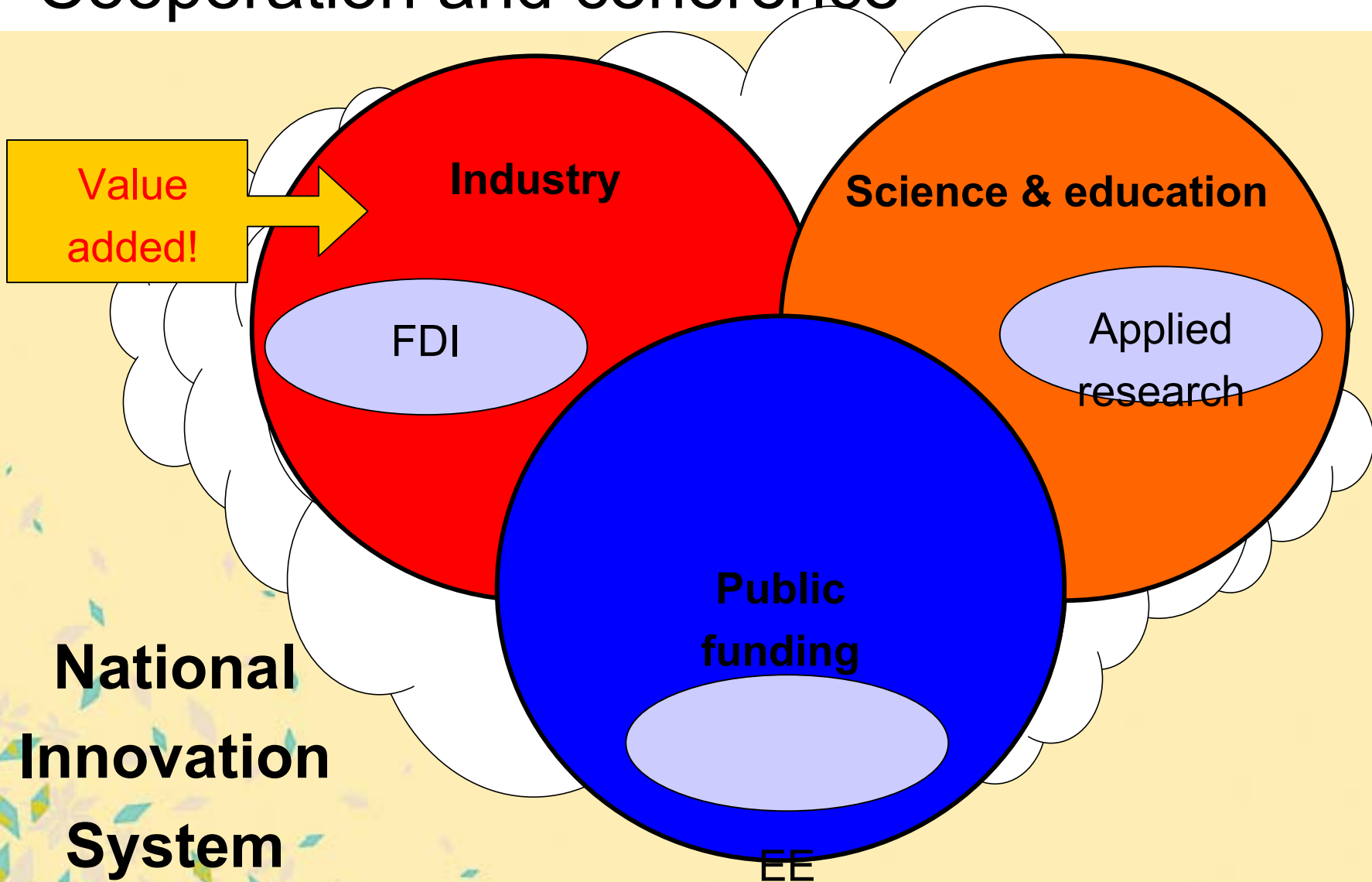




# *The Systemic Vision of the Innovation Process*



# Cooperation and coherence



A photograph of a wind farm at sunset. The sky is a gradient of orange and red, with many small white specks, possibly stars or dust. A line of wind turbines is visible, with the one on the right being the most prominent and in focus. The text "Looking forward to efficient joint effort." is overlaid in white on the left side of the image.

Looking forward to efficient joint effort.