



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Estonia

An initiative of the European Union





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Introduction



This document presents an overview of the cluster policy in Estonia. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [European Semester Country Report for Estonia](#).

The European Semester was an instrument introduced to coordinate the EU Member States economic policies and address the economic challenges faced by the EU. Its goals are “to ensure sound public finances, to prevent excessive macroeconomic imbalances in the EU, to support structural reforms to create more jobs and growth, and to boost investment”. Thus, it focuses on the following areas: business environment; financial and fiscal stability; green economy; public administration; labour market and skills; and, social protection and cohesion.

The COVID-19 pandemic has caused an unprecedented economic shock to the European and global economy. In response, policymakers at EU and national level have acted decisively and at short notice to make available very significant financial resources, notably through the Recovery and Resilience Facility, to tackle the threat of a prolonged downturn. National recovery and resilience plans have been drafted in each Member State to ensure a recovery that addresses the challenges identified in the European Semester. The Estonian National recovery and resilience plan¹ is structured around six pillars: the digital transition of businesses, the green transition in enterprises, digital Estonia, sustainable energy and energy efficiency, sustainable transport, and healthcare and social protection. Estonian clusters are a key tool for the successful and quick implementation of the plan but they are not directly mentioned in it.

¹ Estonia's recovery and resilience plan, <https://rrf.ee/wp-content/uploads/2021/06/RRP-Taastekava-170621-VIISI.pdf>

01

Industrial ecosystems and cluster landscape



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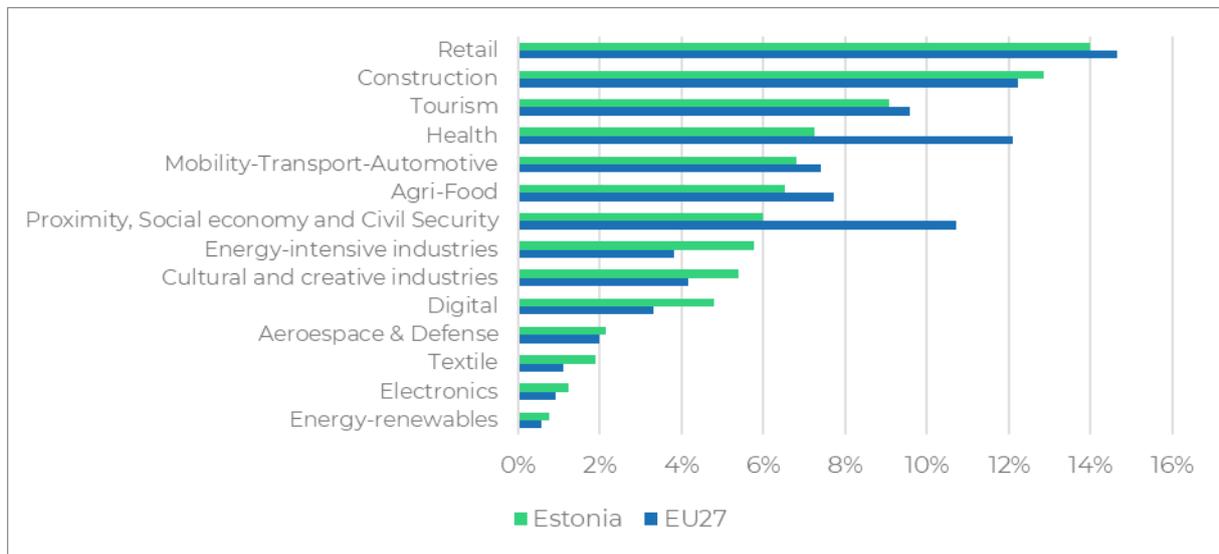


1. Industrial ecosystems and cluster landscape

Employment in the 14 ecosystems in the country

As part of its Industrial Strategy (March 2020), the European Commission has selected 14 industrial ecosystems that are particularly relevant in Europe and encompass all players operating in a value chain. The following graph shows the proportion of the country's employment accounted for by each ecosystem, as well as the equivalent figure for the EU27 on average. The ecosystems are ordered, from top to bottom, according to the amount of employment in the country. When the bar for the country is higher than that of the EU27, it indicates that the country is more specialised in that ecosystem.

Graph 1: Employment in the ecosystems



Source: Own elaboration from Eurostat and National Statistical Offices



Regionally relevant nodes

Economic activity, and therefore employment, is not equally distributed in all regions. Specialisation can be measured through Location Quotients (LQ) that reflect the relative specialisation of an activity in a region compared to the EU average. If the LQ for a given activity-region combination is above 1.5, it is considered a specialisation node, and if the activity accounts for at least 1 % of total employment in the region, it is considered regionally relevant. The following tables show the total number of regionally relevant specialisation nodes in each region in the country and identifies the top five most specialised of these nodes. The first table focuses on the 88 NACE 2-digit activities or sectors, totalling 9 in the country, while the second table is based on the 14 ecosystems, which total 2 in the country.

Table 1: Regionally relevant sectoral nodes

Region	Number of nodes	Node 1	Node 2	Node 3	Node 4	Node 5
EE: Estonia	9	C16 - Manuf. of wood products	C31 - Manuf. of furniture	F42 - Civil engineering	C26 - Manuf. of electronic & optical products	R93 - Sports, amusement, recreation

Source: Own elaboration from Eurostat and National Statistical Offices

Table 2: Regionally relevant ecosystem nodes

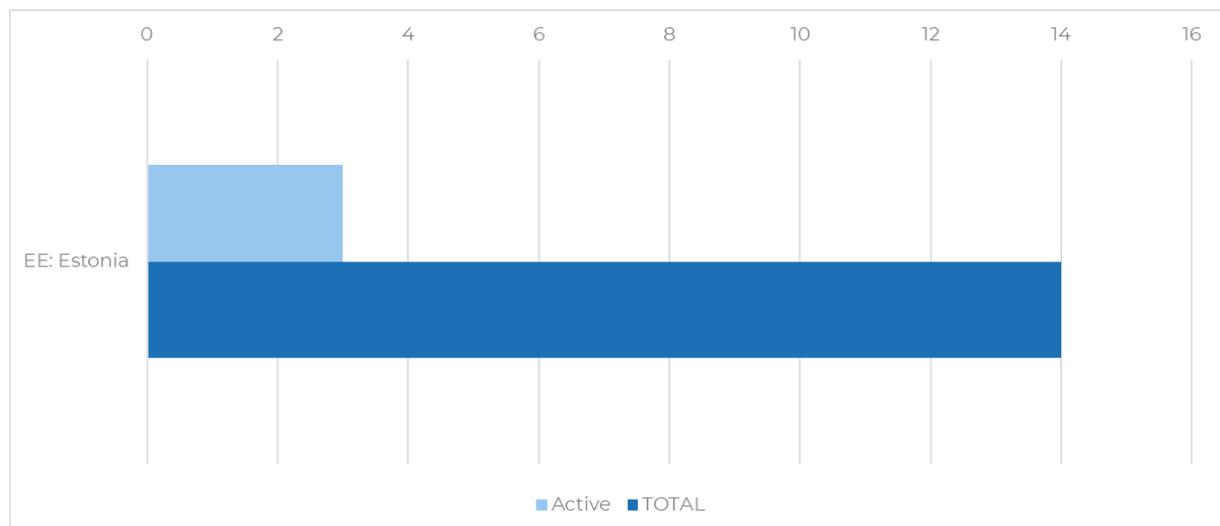
Region	Number of nodes	Node 1	Node 2
EE: Estonia	2	Textile	Energy-intensive industries

Source: Own elaboration from Eurostat and National Statistical Offices

Cluster organisations in the country

There are 14 cluster organisations registered on the ECCP in the country, 3 of which can be considered active on the ECCP, having updated their profiles during the first half of 2021. The following graph shows the presence of cluster organisations in the country.

Graph 2: Cluster organisations profiled and active on the ECCP



Source: Own elaboration from Eurostat and National Statistical Offices

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National cluster policy, programmes and initiatives



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2. National cluster policy, programmes and initiatives

Policy type:	National cluster policy
Policy name:	Development Programme of Clusters
POLICY OBJECTIVES 	<p>Strengthening cooperation between companies or industry and RTDI actors</p> <p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Supporting internationalisation activities</p> <p>Enhancing the visibility of clusters</p> <p>Fostering R&D activities, technology development and implementation</p> <p>The goal of this policy is to increase international competitiveness of SMEs and clusters partners through marketing, R&D, and encouraging cooperative cluster projects in smart specialization areas.</p>
POLICY FOCUS 	<p>Cross-sectoral</p> <p>The policy focuses on growth areas of smart specialization such as ICT, health technologies and services, and valorisation of resources.</p>
RESPONSIBLE AUTHORITIES 	<p>Provides funding</p> <p>In charge of implementation</p> <p>In charge of drafting</p> <p>The policy was drafted by the Ministry of Economic Affairs and Communications and is implemented by Enterprise Estonia. The programme is funded by the European Regional Development Fund (ERDF) and the Estonian Ministry of Economic Affairs and Communications. Enterprise Estonia is responsible for allocating funding.</p>



Policy type:		National cluster policy
Policy name:		Development Programme of Clusters
BENEFICIARIES 		<p>Cluster organisations</p> <p>Research organisations</p> <p>Academic institutions</p> <p>Start-ups</p> <p>The policy supports various cluster organizations in Estonia, such as ICT Cluster, Wooden Houses Cluster, Connected Health Cluster etc. These cluster organizations have a variety of members from SMEs, to start-ups and research associations. For example, the Connected Health Cluster members include start-ups, medtech, biotech and R&D partners.</p>
INSTRUMENTS 	Financial	<p>Support to R&D projects, SMEs becoming cluster members, etc.</p> <p>Supporting market entry (e.g. testing, proof-of concept, prototyping, demonstration projects)</p> <p>Financing networking events</p>
	Technical assistance	<p>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</p> <p>Support for soft skills development: coaching, management training, upskilling/reskilling</p> <p>Marketing activities: advertising, communication, events, fairs, and so on</p>
	Explanation	<p>The policy supports activities that include 1) Increasing the visibility of clusters through networking events, workshops, seminars and finding partners; 2) Coordinating and conducting market activities of cluster through market research, and expert assessments; 3) Development Activities: Knowledge transfer, process improvement of products and services, training workforce and coordinating innovation related activities. Advertising activities are not covered.</p>



Policy type:		National cluster policy
Policy name:		Development Programme of Clusters
HISTORY 	Period	Limited period
	Ending year (<i>for policies with limited period</i>)	2023
	Starting year	2014
	Explanation	According to Enterprise Estonia, the policy is part of "The Entrepreneurship Growth Strategy 2014- 2020." The clusters will receive support from 2019 to 2023.
BUDGET 	Overall	Data Unavailable
	Annual	EUR 1,062,500
	Source of funding	European Regional Development Fund and Estonia Finance Ministries-Ministry of Economic Affairs and Communications.
POLICY  EVALUATION	Availability	no policy evaluation
	Results	From all indication, there is no evaluation of the current policy.



Policy type:	National cluster policy
Policy name:	Development Programme of Clusters
POLICY ALIGNMENT WITH THE EU PRIORITIES 	Green economy Digitalisation Social inclusion

03

State of play of cluster policy



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3. State of play of cluster policy

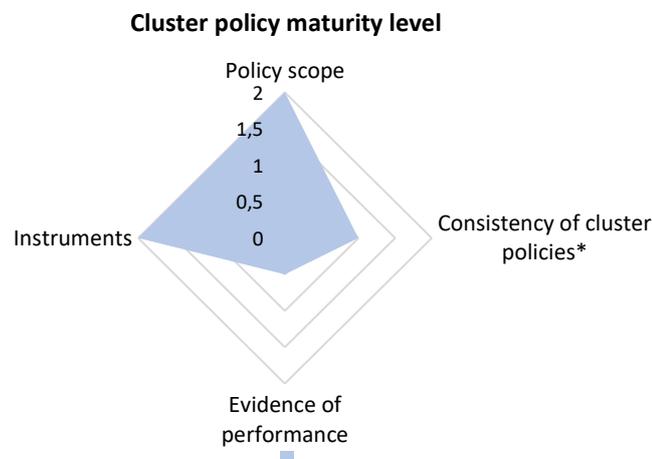
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 2 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity) = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	Estonia	Maximum score
Policy scope	2	2
Consistency of cluster policies*	1	2
Evidence of performance	0,5	1
Instruments	2	2

** This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies*





State of play of cluster policy in the country

Policy evaluation (for terminated policies)	<p>No policy evaluation</p> <p>There are no previous cluster policies operating in Estonia. The Development Programme of Clusters was initiated in 2014. It is an expansion of the "Pilot Programme for Supporting Cluster Development" that ran from 2008 to 2013.</p>
Policy approach in the country	<p>Policy support for the activities of cluster organisations</p> <p>Cluster approach used directly by national/regional development agencies</p> <p>Specific policies to support cooperation projects</p>
Continuity	<p>Cluster policy in Estonia is not extensive and is fairly new compared to its European counterparts. Up until 2008, there were no clear policies supporting clusters, however, there were programmes that supported collaboration amongst different stakeholders such as Competence Centre Programmes and Technology parks. The first national policy was the Pilot Programme for supporting cluster development, which was implemented in 2008. The policy ran from 2008 to 2013 with majority of the funding coming from European Regional Development Fund. In 2014, as part of the government's Entrepreneurship Growth Strategy 2014-2020, the Development Clusters Programme policy was implemented. Clusters are supported in the period 2019-2023</p>
Consistency	<p>> 10 years (but interrupted)</p> <p>Cluster policies have been operating in Estonia since 2008, with the implementation of the national Pilot Programme for Supporting Cluster Development, from 2008-2013. In 2014, with the Entrepreneurship Growth Strategy (2014-2020) the Development Clusters Programme Policy was implemented. Clusters are supported in the period 2019-2023</p>

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