

Estonian Business and Innovation Agency Strategy 2025



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Introduction



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The rapid economic changes over the last few years, increased competition and the emergence of new business models have brought about new challenges for Estonia's competitiveness. The main challenges are making the economy more knowledgeable, growing added value more rapidly than previously and intensifying this via expansion into international markets. In this case, cooperation between companies, business organisations and the state is the key factor.

The Estonian Business and Innovation Agency (hereinafter referred to as the Foundation) is a public sector institution that seeks to promote the Estonian business and economic environment by providing services that promote entrepreneurship, housing and internationalisation.

The end clients of the Foundation are Estonian entrepreneurs and home owners who are focused on new and environmentally sustainable solutions.

The focal point of the Foundation's 2025 strategy is achieving sustainable economic development through increasing the competitiveness of companies as well as improving the living environment, which relies on:

- + new business models and digitalisation;
- + developing and implementing sustainable solutions;
- + research and development volume growth in entrepreneurship;
- + improving the living environment's energy efficiency and overall quality.

The strategy is based on the objectives drawn up in the strategic development documents by the Government of the Republic and the ministries as well as other guidelines, which the Foundation will carry out.¹

We are aware that Estonia's economic and business environment is only strong as a whole. Refocusing on new and bold solutions is risky and requires the support of the state when implementing changes, during which we are proactive partners to our clients. The value proposition of our services is based on the complexity and market failures of our business and economic environment, and the different developmental needs of our clients as well as regional particularities. That is why we work closely with professional associations, universities, regional development centres as well as other public sector companies.

¹ The Foundation will carry out national development plans and strategies, such as the long-term development programme 'Estonia 2035', the Estonian Research and Development, Innovation and Entrepreneurship Strategy 2021-2035, the Tourism Strategy 2022-2025, the National Energy Sector Development Plan 2030, the Climate Change Adaptation Plan 2030, Vision for the Real-time Economy 2020-2027, the Long-term Strategy for the Renovation of Buildings, the Circular Economy White Paper.

Mission

We are bringing momentum to build a sustainable future at home and globally.

We will bring the future to the present day by cooperating with clients. We stimulate changes in society by providing advice, networking and funding opportunities. We provide local ideas with global opportunities.



Vision

Estonian companies are producing global success stories.

We invest in ventures that are created in Estonia but have a great deal of potential to be pioneers across the globe as well as carry out innovative approaches in various markets. The objective is not only the financial results of individual companies, but the wider recognition and good reputation of Estonia altogether.



Primary objectives

What are we attempting to achieve?

Estonia's labour force productivity and economic development is sustainable and generates added value above the EU average. Our companies are digitalised and focused on sustainable solutions and offer innovative solutions in Estonia as well as globally. Our people who contribute to our economy live and

Objectives 2025



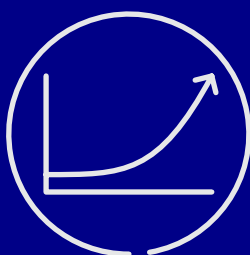
Nominal labour productivity above EU-27 average

86.7% (2021)
92% (2025)
110% (2035)



Private sector research and development level of expenditure of GDP

0.98% (2020)
1.5% (2025)
2% (2035)



Rank on European Innovation Scoreboard

Moderate innovator (2022)
Strong innovator (2025)
Innovation leader (2035)



Household electricity and heat energy consumption

+12% (2020 vs 2015)
-9% (2025 vs 2020)

Strategic areas of action

What are we focusing on?

We are bringing momentum to the innovation, green and digital transitions (three transformations) as well as internalisation of the Estonian economy, which is the basis for improving overall quality of life²³⁴

A sustainable economic and living environment that is based on innovation



Innovative, sustainable and digital entrepreneurship

Objective: increase labour force productivity via value-creating growth

We promote the adoption of digital technologies and sustainable business models and support increasing knowledge intensity. We will market Estonia as a digital, smart and typically Nordic sustainable location, where you can both live and conduct business, and we will help increase the tax revenue that Estonia will receive. We will help companies find export partners and expand into foreign markets, find foreign and domestic experts for their development needs as well as attract foreign investment.



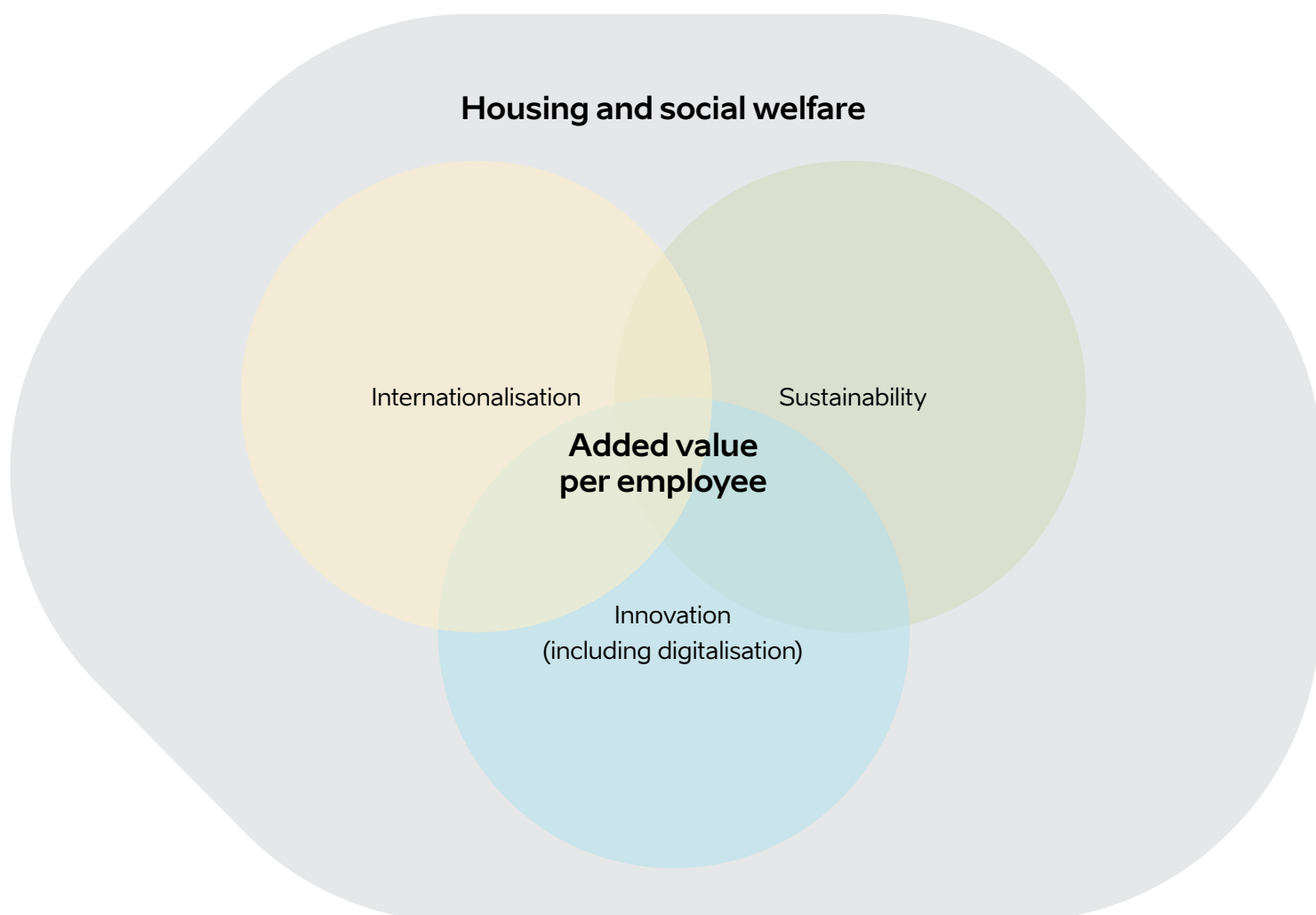
Environmentally sustainable and climate-resilient building stock

Objective: increase environmental conservation via improving living conditions

We will increase the energy efficiency and climate resilience of buildings and support the improvement of living conditions and the digital development of buildings undergoing renovation. In order to accomplish this, we offer loan guarantees for housing and apartment associations, renovation loans for apartment associations as well as state subsidies.

- 2 Innovation is a technologically new or greatly improved product or process that provides added value. Innovation is being used if it has been brought to the market (product innovation) or implemented in a company's production or service provision processes (process innovation).
- 3 Green economy, also known as sustainability, means a low carbon footprint, resource efficiency and social inclusion.
- 4 Digitalisation is the implementation of automation, digital technology, software solutions and robots to reduce the need for human intervention in a company.

We provide advice, training, funding, marketing, support and networking in these areas. The choice of activities will be based on public interest, socio-economic impact and contribution to the three transformations. Our services are based on commonalities and synergies to ensure maximum effect for our clients, the Estonian business environment and the housing sector altogether.



We primarily target ambitious and innovative clients whose activities contribute to the three transformations or who are operating in the research and development, innovation and entrepreneurship focus areas.⁵

We provide a so-called 'one-stop shop' for entrepreneurs by taking into consideration their needs as well as their maturity and preparedness.

⁵ The research, development, innovation and entrepreneurship focus areas include developing digital solutions in every area of life, health technologies and services, refining local resources and smart and sustainable energy solutions.

Innovation and digitalisation



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Investing in innovation, research and development creates new higher-income jobs, increases added value and supports the achievement of long-term economic growth. Digitalisation is a critical prerequisite for growing innovation capacity.

Digitalisation enables companies to save resources and offer more advanced products and services. Offering more advanced products and services will enable a better way to get recognition in Estonia as well as globally, thereby achieving greater profitability and promoting Estonia's business environment and housing sector with new, smart and sustainable solutions.

We have an important part in the innovation ecosystem and a strong competence in various areas, which we are steadily developing, bringing in experts wherever needed. We maintain close and essential communication between entrepreneurs and policy-makers; we are part of a network of international organisations as well.

Objectives:

- 1 We support the growth of added value of companies by stimulating the implementation of new technologies and the emergence of products, services and technologies with higher added value.
- 2 We will promote more research and development intensity in companies as well as in cooperation between companies and universities.

Activities regarding the promotion of innovation capacity are targeted at companies which:

- + have a global focus or potential, wish to become more digitalised and carry out innovations in their business model, processes, products or services;
- + are focused on digital or sustainable innovations;
- + are the support organisations of startups;
- + operate in the research and development, innovation and entrepreneurship focus areas.

We promote innovation with the following services:

Consultation, training and networking: with our services, we offer the opportunity to deliver innovative solutions and business models more quickly, we contribute to digitalisation becoming more wide spread and we provide opportunities for international cooperation and funding (including Eurostars, Horizon, ESA, CERN).

Subsidies and financial instruments: we provide funding opportunities by sharing the risks that come along with innovation.

Applied research: we grow knowledge-intensive entrepreneurship by advising on research and experimental development projects, giving knowledge to entrepreneurs and developing offerings in the area of applied research.

Startup ecosystem: we will develop a deep tech startup ecosystem, creating opportunities for cooperation between traditional sectors and the startup sector.⁶

⁶ Science and technology-intensive technology, also known as deep tech. Deep tech is defined as technologies that it is barely possible to develop using contemporary capabilities and that require a great deal of intellectual and economic capital but have the potential to become widely used and readily scalable in the future (Siegel & Krishnan, 2020).

Interest groups involved in the provision of services to promote innovation are the following: the Estonian Employers' Confederation, Tehnopol, AI & Robotics Estonia, professional associations, universities and research institutions, organisations that support companies (e.g. the Environmental Investment Centre, the State Shared Service Centre, the Estonian Research Council), the Estonian Chamber of Commerce and Industry, clusters, ministries, regional development centres, local governments and their business departments, the Innovation Leaders Club and international organisations.



Metric	Base level / Target level / Period			Clarification
Median growth in added value per employee of companies that used innovation services in the year previous to the measured year compared to the Estonian average	-1 PP (2021)	+5 PP	year	We promote the growth of added value for companies via innovation services ⁷
Number of unique companies that have used services supporting innovation, digitalisation or sustainability	~640 (2021)	1000	per year	By providing relevant services to our clients, we are investing in the three transformations.
Number of companies benefiting from intellectual property services (preliminary consultation, consultancy, auditing, diagnostics or technology transfer services)	100 (2021)	200	in the year 2025	We support the intellectual property protection of companies that contribute to the competitiveness of Estonian companies in global value chains.
Number of companies that are using the services of the Foundation investing at least 2% of their turnover (or 1 million euros) in research and development	160 (2021)	200	in the year 2025	We are contributing to increasing the volume of research and development activities, which will ensure competitiveness and added value growth; this will help bring Estonia's private sector research and development investment to 2% of GDP in the long-term.
Number of deep tech startups	100 (2021)	200	in the year 2025	<p>We are developing an ecosystem for deep tech startups.</p> <p>Tracking the number of Estonian legal entities listed in the Estonian startup database which are marked with the deep tech label and whose technology:</p> <ol style="list-style-type: none"> 1 is based on scientific discovery; 2 is based on or is a result of technological development, is marketable or is protectable intellectual property; or 3 could be ground-breaking and scalable.
Funding provided to companies with the Foundation's help	382 million euros (2019-2021)	≥450 million euros	Throughout 2023-2025	We will help companies achieve their development potential and international growth via funding.
Amount of assets managed by SmartCap	70 million euros (2021)	≥300 million euros	in the year 2025	We measure the assets managed by SmartCap, a subsidiary of the Foundation. The amount of assets managed by SmartCap reflects its ability to make investments to develop the Estonian venture capital market as well as enable ambitious and innovative Estonian companies to grow on an international level.

⁷ For example, intellectual property preliminary consultation, consultancy, auditing, diagnostics and training, technology transfer services, certification consultancy, innovation capability diagnostics, development cooperation consultancy, Horizon and Eurostars consultancy, innovation procurement, cross-sectoral mobility consultancy, strategy workshops, digitalisation/new product launch/design masterclass, creative industries awareness, knowledge and skills training and events and innovation subsidies, such as the applied research programme, enterprise development programme, product development subsidies, digitalisation roadmap subsidies, development voucher, innovation voucher, Green ICT and more.

Sustainability



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The UN's Sustainable Development Goals have laid down a global framework that observes the development of the economic environment in accordance with sustainable development. The 'Estonia 2035' strategy handles the balance between economic, social and environmental objectives in Estonia.

In accordance with these broad policies, the Foundation's role is to promote sustainability in the following manner:

- + Raise awareness among companies.
- + Encourage the implementation of sustainable technologies, products and services.
- + Intensify the development of sustainable technologies, products and services via internalisation.

Objectives:

- 1 We will increase the international competitiveness of Estonian companies and products/services and the attractiveness of the Estonian business and investment environment via conscious environmental, social and governance⁸ impact management, for which:
 - + we make our services more readily available to companies that systematically and consciously manage their ESG/sustainability concerns;
 - + we advise companies and property owners on how to take advantage of opportunities provided by the green turn and meet market requirements (B2B, foreign clients, supply chain, financiers);
 - + we encourage making business models, products and services more sustainable;
 - + we support developing new green and energy-efficient technology solutions;
 - + we ensure that those opportunities can be used in a simple manner — e.g. via appropriate platforms or services.
- 2 We are committed to ESG principles as an organisation, which includes reducing our carbon footprint in accordance with the Paris Agreement.

⁸ Environmental, social, and governance (ESG) — a responsible approach to business management from an environmental, social and association governance aspect

When we start to think in a sustainable manner today, we will remain competitive years from now as well as increase the added value of companies. We are contributing to a shared future by guiding companies to adopt environmentally responsible practices.

Sustainability is a chance for Estonian companies to compete in the global market; we can gain competitive advantages if we move quickly. As the sustainability of companies becomes more resilient, new ways of thinking and doing things will make a difference to wider society, which in turn improves general quality of life.

We will promote sustainability with the following services:

Awareness, business model and green road map services, which are intended to help entrepreneurs in discovering sustainability opportunities.

Financial services for creating or deploying sustainable technologies that will help increase the sustainability of companies as well as reduce their carbon footprint.

We will focus on Estonian companies that are directly or indirectly involved in our activities to raise awareness and elicit broad-based changes associated with sustainability.

The stakeholders who we cooperate with are government departments, the government, universities, ministries as well as third sector organisations operating in the green sector.

Metric	Base level	Target level	Period	Clarification
Percentage of the Foundation's clients whose environmental impact is carbon neutral	Unknown	We will develop accounting policies during Q1 2023 and monitor them.	Continuous	We are committed to accomplishing climate neutrality by monitoring our clients' greenhouse gas emissions and carbon sequestration so that net emissions reach zero by 2050.
Percentage of the Foundation's clients who implement ESG principles and disclose their ESG strategy and report	Unknown		Continuous	We support sustainability growth by directing our clients to reduce their environmental impact and act in accordance with socially responsible and transparent business management principles.
Percentage of the Foundation's services that increase carbon neutrality	Unknown		Continuous	We are attempting to reduce the negative environmental impacts of our services and subsidies as well as trying to increase our positive contributions.
Percentage of the Foundation's services that are in accordance with the circular economy principles	Unknown		Continuous	Using our services, we will contribute to the promotion of environmental protection by offering services targeted at the efficient use of materials and natural resources.
Percentage of the Foundation's suppliers who are implementing ESG principles	Unknown		Continuous	We will encourage our partners to implement socially responsible practices and reduce their environmental impact.
The Foundation's activities as an organisation (level 1 and 2) are carbon neutral	No		Continuous	We will contribute to sustainability by monitoring our organisation's greenhouse gas emissions and carbon sequestration so that net emissions reach zero by 2050. We have created strategic principles and operational policies to effectively manage the impact areas with higher potential.



Inter- nationalisation

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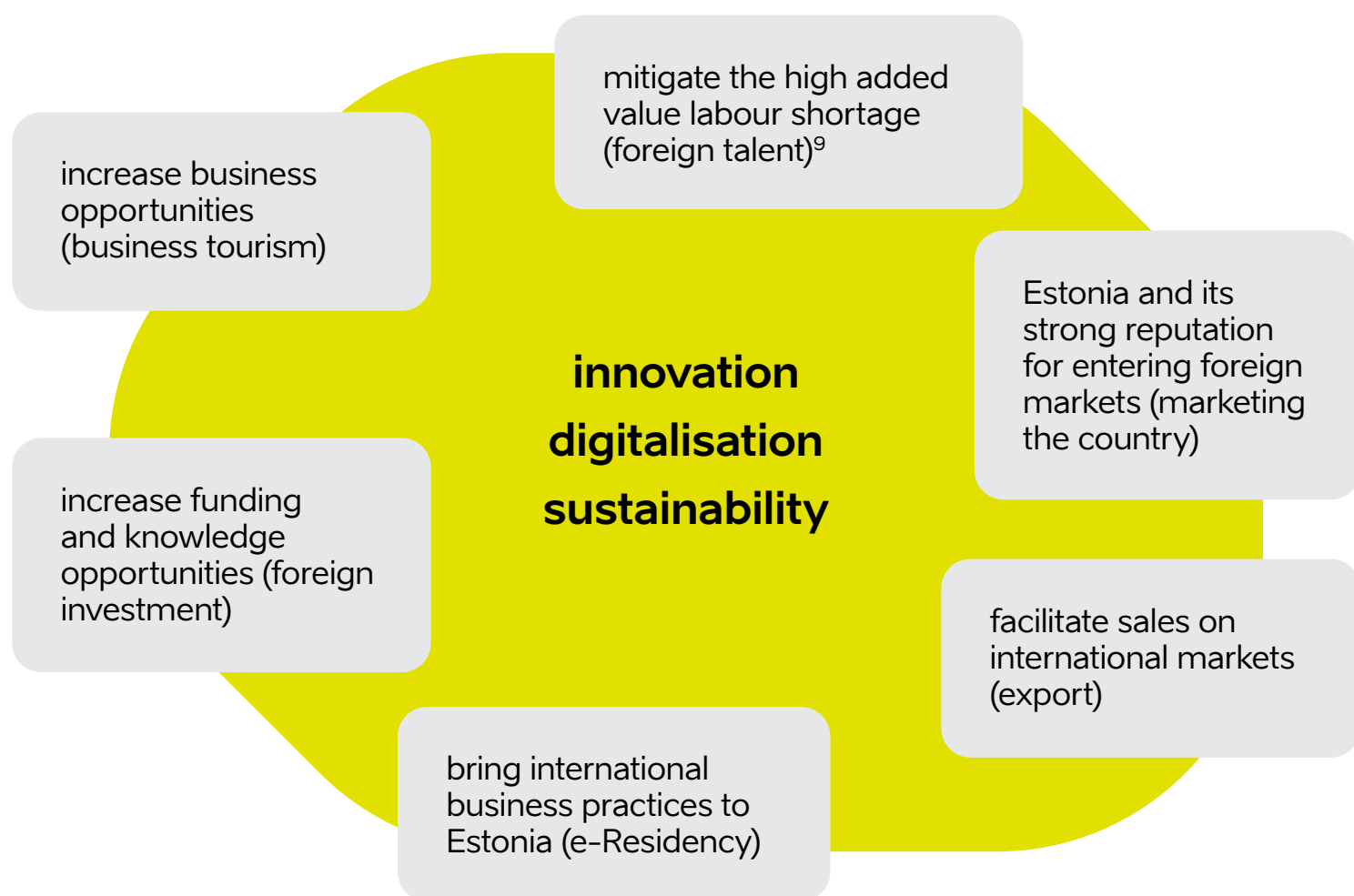
Bringing high added value and sustainable services and products to international markets increases the sales revenue of companies; it also reduces market dependency and carries over global knowledge.

We will shape Estonia's reputation in international markets by helping to enter markets and the exports of high added value products and services. We will encourage tourism and foreign investment, particularly in research and development and innovation, and attract foreign talent to help the development of Estonian companies.

We will focus on the commonalities and synergies between services in order to maximise the effect of international services as well as the maximum implementation of the client and target market potential.

Objectives:

- 1 We will protect Estonia's reputation as a stable, sustainable, democratic and innovative country.
- 2 We will grow Estonia's reputation and competitiveness on a global level.
- 3 We will bring more smart money, knowledge and smart people to Estonia.



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⁹ A foreign talent is defined as an outside worker who has an academic degree or earns 1.5 times the average Estonian salary or works in one of the following fields: 2 – professionals, 21 – professionals in science and technology, 25 – ICT professionals, 3 – technicians and intermediate level professionals, 31 – intermediate level specialists in science and technology, 35 – ICT technicians, 132 – managers in the manufacturing, mining, construction and distribution industries, 133 – ICT managers.

With international services, we will contribute to the following:

Increase competitiveness and labour force productivity by increasing the international reach of our clients.

Maximise the potential of clients and foreign markets by focusing on the effects and cost-effectiveness of the activities.

Shape Estonia's image and market the country, which is an extremely important aspect to get our foot in the door in foreign markets in all sectors.

Our focus will be on markets that have high potential for sales revenue but where entry is difficult as a result of market failures. We will help you find the best product and target market fit for you and mitigate the risks associated with entering foreign markets. Looking at the next couple of years, the focus will be on stable, mature and relatively saturated markets that will ensure continued cash flows with the optimal use of resources. Meanwhile, we will operate in high-potential and fast-growing markets that require a long-term commitment.

International services intervention logic:

- + Market failure occurrence
- + An innovative or sustainable product/service that has an imperative need globally; market and product fit
- + Needing to get our foot in the door and intensifying this
- + Trying to speed up entry into foreign markets and mitigating risks

The international services target group is ambitious and knowledgeable clients from Estonia and around the globe who are interested in international business and the living environment. As a result of our broad range of activities, we cooperate with professional associations, ministries, international organisations and other public institutions in reputation and international activities.

Implementing the cooperation agreement (Team Estonia) between the Ministry of Foreign Affairs and the Ministry of Economic Affairs and Communications will remain an essential activity during the strategy period. As a consequence of common objectives, cooperation and synergy, entrepreneurs will receive more systematic support; export, foreign investment and business tourism will grow.

Metric	Base level	Target level	Period	Clarification
Export volume of high added value companies (1.25 times the sector average) that have used the Foundation's export services in the year following the subsidy	~1.3 billion euros (2021)	1.4 billion euros	per year	Using export services, we will contribute to the growth of export of innovative or higher added value products and services.
Economic impact of e-residents, tax revenue and state fees during this period	70 million euros (2019-2021)	≥210 million euros	Throughout 2023-2025	We will attract higher added value companies to Estonia, which will in turn create an economic impact for Estonia.
Number of foreign talent working in Estonia	1444 (2019-2021)	≥1800	Throughout 2023-2025	We will attract foreign talent to Estonia in order to support the development goals of companies. ¹⁰
Planned volume of foreign investment (Capex)	590 million euros (2019-2021)	840 million euros	Throughout 2023-2025	With mitigation of foreign investments, we will help mitigate capital constraints related to the development needs of companies.
The percentage of clients that are attracting foreign investment with the help of the Foundation investing at least 2% of their turnover (or 1 million euros) in research and development	18% (2021)	≥30%	in the year 2025	We will bring more foreign investment to Estonia, which will in turn support companies in their pursuit of research and development growth.
Tourism services export Data from Statistics Estonia	0.8 billion euros (2021)	2.3 billion euros*	in the year 2025	In order to get our foot in the door, we will increase Estonia's recognition in international markets by promoting the export of tourism services.

* results from the tourism strategy

10 The following criteria will be used when categorising individuals as foreign talent: Alien's Act subsection 181 (1) 12) employment in a startup
 Alien's Act subsection 181 (2) 1) expert/adviser/consultant
 Alien's Act subsection 181 (2) 3) professional



Housing

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The housing stock quality plays a key-role in people's wellbeing. Living conditions have a direct effect on physical and mental health. 93% of apartments and 89% of private houses were in use prior to the year 2000, and 68% of Estonian people live in apartment blocks. Buildings that are over 20 years old do not stand up to today's requirements for thermal insulation, safety, indoor climate and external appearance.

Households represent 40% of total final energy consumption in Estonia. The terrible quality of housing stock and high energy consumption demands major renovation. The energy-saving potential in residential buildings is considerable, in particular through implementing digital and innovative technologies. With renovation, fossil fuel imports and carbon dioxide emissions would be reduced.

It is the objective of the state to create conditions that enable Estonians to purchase or rent suitable housing and to improve residential building quality with maximum independence. State subsidies and other financial instruments play a part in achieving this. By 2050, Estonia's target is to achieve complete renovation of buildings built before the year 2000 to a Class C standard at minimum. This can be used to accomplish a reduction in heat consumption of up to 70% as well as electricity consumption of up to 20% (saving 7 TWh per year). 100,000 private houses, 14,000 apartment blocks and 27,000 non-residential buildings require renovation. The total area of the buildings is 54 million square metres, including 32 million square metres of residential buildings.

Objectives:

- 1 We will improve access to quality housing for our target groups.
- 2 We will improve the energy efficiency and general environmental conservation of the housing stock as well as fix up the urban space.

We will promote housing with the following services:

Housing accessibility services, which are mainly designed for young or large families and professionals to mitigate market failure when purchasing housing; in addition, we will promote accessibility to housing in rural areas.

Housing energy efficiency services, providing loans, loan guarantees, subsidies and consultation to improve housing energy efficiency.

Our services are intended for private individuals, apartment associations and local governments to mitigate market failures relevant to housing funding. Our services are available in cooperation with various networks and banks.

Metric	Base level	Target level	Period	Clarification
With the help of the Foundation, funding involved in improving housing conditions or energy efficiency	679 million euros (2021)	≥1.8 billion euros	Throughout 2023-2025	We will increase energy efficiency and socio-economic wellbeing via housing funding The total investment is based on the volume of all provided services as well as the resulting total investment. In the case of financial services, the volume of the service is considered to be the amount of loan guaranteed or, in the case of a direct loan, the loan amount; in the case of subsidies, the total cost of the supported project.
Number of people who have improved their housing conditions with the Foundation's help	18,000 (2021)	31,000	per year	Number of purchased or renovated apartments/private houses and corresponding to the volume of provided services and the households that use them. The number of all relevant housing is multiplied by the average household size fixed by Statistics Estonia.

Organisation development



Our organisation itself is changing in order to implement bold changes. Our belief is that the organisation takes the shape of its people — we value our experts and their development and encourage an organisational culture based on knowledge and cooperation. This makes us an attractive employer for new talent as a result.

We are partners to our clients and will help them achieve their development objectives. To achieve this, we have two development directions during the strategy period:

- + We will develop a unified client organisation to provide all our services conveniently via a single contact.
- + We will become more agile and reduce the bureaucracy associated with our services in order to ensure that the time it takes to apply is proportionate to the cost of the services.

As a catalyst for the three transformations, we are an example to our clients; innovative in the development of our services, digitalised and aware regarding the environmental impacts of our activities and services.

In order to understand and influence our environmental impact, we will do the following:

Set objectives, metrics and an action plan – we will make a plan regarding how organisational units will contribute to promoting ESG.

Integrate ESG into our governance and organisational culture – we agree on who is responsible and who will implement this at the board, management and unit levels.

Monitor and report – we will create a system to collect ESG data (organisation culture and services level), make conclusions and changes and report on ESG activities, effectiveness and future plans as part of our annual report.

Set ESG criteria to our purchases and partners – we will create ESG minimum requirements and a code of conduct for suppliers and partners as well as procurement requirements for higher effect purchase categories.

Skills, knowledge and people

- + We will support the development of skills and knowledge for our employees and set an example for our partners and clients.
- + We are an attractive employer for talent.
- + We will form structural unit advisers and define their mandates if necessary.

Digitisation

- + We will digitally develop our organisation's processes for faster decision-making.
- + We will collect, systematise and synthesise data to make smarter decisions across all areas the organisation operates in.

Efficacy

- + We will encourage proactive cooperation between departments.
- + We will make work more efficient by optimising processes and the information systems used therein.
- + We will set up permanent cooperation groups on cross-unit subjects, including digitalisation, sustainability and innovation.
- + We will introduce the service design principles for the institution's management system.

Proactivity

- + Our journey to deliver services will be non-bureaucratic.
- + We will develop services based on the needs of our clients.

Sustainability

- + We are an organisation that operates in a smart manner and sees challenges as opportunities and does not limit itself to a sustainable mindset on an individual level, but rather commits to sustainable actions and self-development.
- + We will take environmental impact into consideration when ordering, developing and implementing services.

Effectiveness

- + We will highlight the benefits, also known as the positive impact, that our services provide.

Metric	Objective	Period	Clarification
External client satisfaction with the services and service activities provided by the Foundation annually on the CSAT scale 1-5	≥4,0	per year	We are a client-focused organisation and we value feedback from our clients to steadily improve our services.
Employee satisfaction annually on the CSAT scale 1-5	≥3,9	per year	We appreciate our employees and are an attractive employer for talent.
Employee commitment annually	55%	per year	We are open to steadily improve the satisfaction of our employees.

VALUES

What guides our activities?

YES

Bravery

We will shape the future by taking initiative, action and responsibility.

We will set ambitious objectives.

If you do not try you will never know — let us be bold and change.

Intelligence

We will use wisdom and experience to design a better future.

We will rely on facts and data when making decisions.

Words and deeds go together; we are an example of this.

Caring

We will care about ourselves, others and the environment.

We will value our knowledge and time as well as the knowledge and time of other people.

We will take notice, recognise and inspire.

Estonian Business and Innovation Agency Foundation

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