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**From Regional to Local: Successful
deployment of the Smart Specialization
Strategies
(RELOS3)**

Action Plan for Tartu

Tartu City Government
2019



Part I – General information

Project: RELOS3

Partner organisation: Tartu City Government

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RELOS3 focuses on implementing regional Smart Specialisation Strategies (RIS3) in a local context by actively involving local authorities, innovation actors and companies. The local level is often overlooked, however it is crucial to involve this level in innovation strategies.

RELOS3 is an unique opportunity to develop and contrast local RIS3 strategies. The findings will contribute to improve the Operational Programmes of the European Regional Development Funds, specifically to promote delivery of innovation at the lowest (local) level. The partners will achieve this objective by:

- Demonstrating the importance of the role of local authorities' involvement in the RIS3 strategies implementation.
- Analysing the partners current situation by elaborating a detailed baseline and final study., including an evaluation survey and collection of good practices.
- Producing RAPs on the basis of the transnational exchange and co-produced with the support of Local Stakeholder Groups.
- Involving the policy owners and the relevant local/regional actors and make them work together as a “local stakeholder group”.
- Undertaking capacity building activities for policy owners, policy makers and relevant stakeholders.

RELOS3 project will divide the interregional learning exchange and analysis in the following themes:

- Alignment of local (supra local) economic development strategies to RIS3 strategies
- The participation of private sector in territorial innovation operations to pave the way of RIS3 deployment
- Promotion of cooperation between EU regions with similar or complementary smart specialisations
- Sustainability of Quadruple Helix Collaboration (Industry, R+D and Academy, public administration and citizens) beyond RIS3 strategy

This Action Plan (AP) for Tartu reflects the joint learning and collaboration processes undertaken during the project, aiming at improving policy instruments that will positively affect the implementation of regional Smart Specialisation Strategies (RIS3) in a local context.



Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument addressed: **Development Plan of Tartu 2013 to 2020**

Background

After an in-depth analysis conducted by the Estonian Development Fund and supported by the Ministry of Education and Research, the Ministry Economic Affairs and Communication, Enterprise Estonia and the Estonian Research Council in 2013, the smart specialisation strategy was defined. Although not recommended, the Estonia and also other Baltic states use the top-down approach – where the public sector determines narrow growth areas with administrative guidelines. This is mainly because of the small size of the regions and economy in general. Several regions in Estonia, including Tartu (report from 2014) as one of the pioneers, have defined their own growth areas.

Although already 3-4 years old, the smart specialisation strategy of Estonia and Tartu is still at the stage of building the foundations for a strategic governance of priority setting and mutual commitment for smart specializations. This governance for identifying smart specializations is conceived as a bottom-up ‘self-discovery process’, guided by a challenge driven political and societal commitment that builds on strategic processes involving stakeholders in the past decade.

Smart specialisation is giving guidance to the development of the Tartu and South Estonian economic and innovation systems by a differentiation strategy based on comparative strengths. These were already found in a former study “Analysis of the competitiveness and growth areas for Tartu and South Estonia” before the RIS3 strategy was created. Development of a smart specialisation strategy is therefore now part of the overall future strategy of Tartu and South Estonia and not only a response to the ‘ex ante conditionality’ of the European cohesion policy.

The development of the smart specialisation strategy is embedded in the course of our evolving policy and institutional frameworks. We see smart specialisation as a focus strategy for systemic changes at the level of economy, the innovation system and government.

The smart specialisation strategy of Tartu and South Estonia will result from the interaction between priority setting in national, regional and micro level and from the “entrepreneurial discovery” processes. Also from the alignment to the interregional cooperation and European roadmaps for common challenges.

The South-Estonian economy has lost a large share of jobs in the primary sector over the past two decades of restructuring. However, the primary sector was swapped by with the secondary sector which has been focused on subcontracting and low labour cost. Yet, the advantage of the lower labour costs is rapidly disappearing.

Although city of Tartu is the hub for its County and for the whole South Estonia, and the formal targets to strengthen its RDIs, regional development and innovation strategies have materialized, the expected impact from those processes have not realized into value added and employment for the whole of South-Estonia.

In order to create a sustainable growth for the Tartu and South Estonia, linkages with the RIIs, universities and other institutions, as well as skilled people have to be made. And one of the possibilities to do it is through the RIS3 strategy platform, where Estonia and Tartu have the same priorities.

In May 2014, Tartu Science Park, in cooperation with the Centre for Applied Social Sciences, published the smart specialisation strategy of Tartu and South Estonia. Although this document was based on the prior analysis on the growth areas of the region and was in accordance with the national smart specialisation strategy, it can be



considered to be the result of the policy evolution in Estonia after the independence and a completion of the strategic convergence of different policy domains, as the found growth areas in Tartu and South Estonia matched the ones selected in the national strategy. There were minor specifications under the “More efficient value-added from the use of resources” growth area, where two separate areas were indicated with the most potential. The four growth areas of the Tartu and South Estonia RIS3 are:

- Information and communications technology and electronics;
- Health technologies and biomedicine;
- Wood (construction of wooden buildings);
- Food (dairy industry and functional food)

Estonia has one national level RIS3 document which entails in it South-Estonia and one on regional level tailored for South-Estonia. RIS3 document: Document: „Smart Specialisation – Qualitative Analysis“ on national level (February 2013) and „Southern Estonia Smart Specialization Strategy“ (May 2014) on regional level.

Source of financing: the smart specialisation measures are divided between two ministries – the Ministry of Economic Affairs and Communications and the Ministry of Education and Research. The financial resources (142 million euros) are divided between six actions:

- Technology Development Centres
- Competitiveness in Export Markets: Clusters
- Startup Estonia initiative (<https://startupestonia.ee/>)
- Public Sector Innovation: Procurement
- Support for Applied Research
- Qualified labour: Scholarships in smart specialisation areas

In addition, more resources are raised from international programmes (e.g. Horizon 2020) and from the local level (resources from the budgets of local governments).

As a good example, compilation and implementation of first stage of regional RIS3 strategy „Southern Estonia Smart Specialization Strategy“ and the study “Analysis of the competitiveness and growth areas for Tartu and South Estonia” was funded jointly combining funding from local municipalities led by Tartu City Government, EU resources from INTERREG IVC programme and from resources of consortium organizations such as Tartu Science Park.

Strategic goals

- Talent creation and attraction, retention of talent – smart jobs in the region
- Cluster, competence & technology centres development in focal sectors
- Building bridges between support organisations and enterprises
- Developing innovation system and infrastructure of the region

Although Tartu is the hub of its county and South Estonia as a whole, and the formal targets to strengthen its RDIs, regional development and innovation strategies have materialized, the **expected impact from those processes have not realized** in terms of value-added services and products as well as employment.

In order to support sustainable growth in Tartu and South Estonia, **linkages between the R&D institutions as well as companies and skilled people have to be made.**

Policy instrument

The selected policy instrument, the **Development Plan of Tartu 2013 to 2020**, sees Tartu as the intellectual capital of Estonia and the centre for promoting development in South-Estonia as a whole. According to the vision of Tartu 2030, the city is a “university town with traditions, a city of youth where creativeness and open reasoning support development activity and innovation in entrepreneurship, a city with modern urban environment, safe, developing, sustainable way of life and an actively cooperating Estonian city.”

The instrument will make considerable contributions to the **development of Tartu’s innovation system** in support of the regional economy. The instrument will support high-tech enterprises based in Tartu that are of



great vitality. This also enables to address the development of smart entrepreneurship in Tartu region and create an attractive environment. The measure will address the improvement of linking industries important to the region's economy to centers of excellence and support structures, to research institutions and foreign networks.

Tartu Development Plan has similar goals which are brought in Estonian Growth Strategy for Entrepreneurship which includes in itself national RIS3 Strategy and its goals. It is also in alignment with other relevant national strategies such as Strategy for Research & Innovation and Regional Development Strategy. However ties between municipal policy and the objectives brought in RIS3 and Estonian Growth Strategy could be improved so that there would be synergy instead of fragmentation of approaches and resources.

The **specific strategic directions** of the development strategy that are the most relevant for this AP are outlined in the section "Relation to the policy context".

SWOT analysis

Tartu City Government organized **stakeholder meetings** with the representatives of some of the most relevant players in the local innovation ecosystem during the Phase 1. Besides raising awareness of the project and the upcoming action plan among key stakeholders, the aim was to gather various perspectives and insights of the strengths, weaknesses, opportunities and threats of the local innovation ecosystem as input for shaping the respective actions. Combining information from the stakeholder meetings with relevant background documents and strategies, the SWOT analysis of the Tartu innovation ecosystem is presented in the following table.

Strengths
<ul style="list-style-type: none"> • Tartu is the economic leader of South Estonia. • Tartu is a small and compact city where relevant actors and ecosystem members know each other well. • High level of qualification and education – Tartu has 11 higher education institutions and is known for its internationally recognized research. • Strong start-up ecosystem with many start-up events (e.g. sTARTUp Day, Mobile Monday) and support services (e.g. Tartu Business Advisory Services). • Various incubators and accelerators (Tartu Science Park, Tartu Biotechnology Park, SPARK Hub, ESA BIC Estonia). • Positive competition between business consulting and incubating service providers. • High competence in metalworking, electronics, ICTs, biotechnology, wood processing and food industry in the region.
Weaknesses
<ul style="list-style-type: none"> • Integrated cooperation, coordination and shared vision between the stakeholders of the ecosystem (especially between universities and technology parks) is limited. • Relevant actors work based on projects, which means duplication of similar activities can occur or activities are only carried out/services offered while a project lasts and there is funding for it. • RDI has not made a significant contribution to structural reforms of the economy, RDI is treated as an objective in itself and remains vaguely linked to economic and social goals. • Due to its small size, Estonia is not an attractive market for foreign businesses (start-ups). • Critical mass issues among all sectors and stakeholders (lack of qualified personell, finances, time). • Existing academic career model does not incentivize entrepreneurship.
Opportunities
<ul style="list-style-type: none"> • Readiness for coordinated activities and planning among local innovation system stakeholders. • RELOS3 project contacts provide basis for cross regional cooperation and innovation. • Continuous flow of students who are starting their careers as researchers in Tartu. • More and more foreign students choose Tartu as a study destination, potential to engage them in the local innovation ecosystem. • There have been start-up success stories and good cooperation between different stakeholders that can be brought out as positive examples for emulation.
Threats
<ul style="list-style-type: none"> • Competition for qualified labor force – researchers and fresh graduates gravitate towards Tallinn and other European capitals.



- Potentially too many events aimed at start-ups and businesses in the local ecosystem which can bring about duplication and waste of resources (i.e. the target audience is not able to attend all events offered)
- Lack of funding could mean competition for scarce resources rather than cooperation.
- Fear of failure, lack of trust, and readiness for cooperation in the business culture.
- Negative cooperation experiences can reinforce existing stereotypes and hinder further cooperation.
- High dependence on (EU) project-based funding among ecosystem stakeholders.
- Cooperation between stakeholders is dependent on specific people – if a person leaves, the work starts from scratch.

Summary of interregional project findings and lessons learnt

Based on the learning exercises undertaken during the RELOS3 project – context analyses, good practices, thematic workshops etc. – the following lessons were the most relevant for Tartu City Government:

- Know-how of how other regions monitor and improve their existing policy measures. (Targeted by Action 4, based on the learnings from Wielkopolska, Basque Country and Malta*)
- Understanding that a common problem among the project partners is related with competence – there is a low availability of quality human resources. Therefore, the effective management and coordination of available infrastructures and human resources is crucial. Although involving all relevant parties of the local ecosystem and aligning their goals can be difficult, it is of high importance for growth and development of the entire ecosystem. (Targeted by Action 2, 3 based on the learnings from Bologna, Wielkopolska, Emmen and Malta*)

Proceeding from these lessons, the key takeaways for planning the AP actions were the following:

- Human resources need to be trained better and existing resources need to be exploited better while at the same time avoiding duplication among seemingly similar events organized by the local ecosystem stakeholders. Keeping the talent in the region and not letting them leave for capital areas was one of the major themes for all the project partners. (Targeted by Action 1, 2 and 3, based on the learnings from Bologna, Wielkopolska, Emmen and Malta*)
- There is a need for new support measures for local SMEs, start-ups and university spin-offs in digitalisation and raising awareness thereof in order to remain competitive nationally and regionally. (Targeted by Action 1, based on the learnings from Malta and Emmen)
- Startups are being trained and developed through incubators and accelerators, which provide the startups an environment to grow and learn in. This is a good practice for all the project partners. Yet, we learned that still the incubators and accelerators are working independently and there is a lack of a bigger picture. We are planning to create two programmes in Tartu to address this gap. One is to create a sTARTUp Tartu programme which joints several members of the startup ecosystem in Tartu towards one goal – city as an incubator (providing a certain track, programme, mentoring, services, pitching opportunities to investors etc.). With the data and platform available in Tartu, we see a niche unfilled here and would also help the whole consortium by piloting smart city solutions in small scale in Tartu, before they move to partner regions. (Targeted by Action 3, based on the learnings from Wielkopolska, Emmen and Malta*)

* - the mentioned good practises are described in more detailed under the specific actions below.

Structure of the planned actions

In combination and as a result of the stakeholder meetings, the SWOT analysis and the lessons learned from the RELOS3 project, the following structure was developed for the AP:

- **Action 1. Support schemes for the uptake of digitalisation or solutions thereof by industry**
 - 1a. Digitalisation support scheme for RD&I, focused on manufacturing and service companies
 - 1b. Creation of Digital Innovation Hub in Tartu in cooperation with University of Tartu's Institute of Computer Science
- **Action 2. Organizing trainings to encourage entrepreneurship in education and research institutions**
 - 2a. By trainings and courses about:
 - technology transfer, commercialization, entrepreneurship
 - foreign markets and culture for internationalisation of the services
 - improvement and exploitation of available human resources
- **Action 3. Develop the city as an ecosystem concept by creating a strong value proposition for Tartu**
 - 3a. Designing and execution process of sTARTUp Tartu programme by 2020
 - 3b. Designing and execution process of Urban Accelerator programme for smart city topics by 2020
- **Action 4. Develop a RIS3 monitoring tool**
 - 4a. Launch of the interactive platform for RIS3 monitoring in Tartu and South-Estonia
 - 4b. Extend the platform to all of Estonia

Relation to the policy context

Coming back to **the Development Plan of Tartu 2013 to 2020**, the strategy outlines the following specific **strategic directions** that are also reflected in this AP. As the policy instrument is a strategy, it does not indicate specific actions in order to reach the goal:

Strategic direction No.	Strategic direction	Related AP action No.	Policy improvement
2.1.1	Supporting innovation, introduction of new technologies and product development.	All	We are making a specific plan for the concept how to initiate university-industry-public sector cooperation on the next level and execute it with this action plan.
2.1.3	Supporting the growth of business productivity.	Action 1a, 1b, 2a, 4a, 4b	The current actions have focused more on general awareness-raising. By doing these new actions, we will have more concrete results. Action 4 will help us to measure and act on the impact of these measures.
2.2.1	Increasing entrepreneurial activity.	Action 2a, 3a, 3b	We are making a specific plan for the concept how to initiate high-school students' and companies' cooperation and how to initiate S2B cooperation on the next level and execute it with this action plan.
2.2.2	Training of skilled labor force.	Action 2a	We are making a specific plan for the concept how to initiate high-school students' and companies' cooperation and how to popularize technical education on the next level and execute it with this action plan.
2.3.1	Improving the quality of support services.	Action 1a, 1b, 2a, 4a, 4b	The current actions and the creation of the support system have been "soft actions". By



			doing those actions, we will have more concrete results.
2.4.1	Developing internationalization.	Action 2a, 3a, 3b	We are making a specific plan for study visits, export-related seminars and face-to-face meetings and execute it with this action plan.
2.5.1	Building the image of Tartu as a city with entrepreneurial and high-tech economy and with attractive investment opportunities.	Action 2a, 3a, 3b	Bringing talented people to Tartu for startup events and to show them the environment and business support organisations we have, will help us to become more attractive to nomads.
2.6.1	Creating and implementing a destination brand.	Action 3a, 3b	



Part III – Details of the actions envisaged

ACTION 1. Support schemes for the uptake of digitalisation or solutions thereof by industry

• Background

Digital economy is a source of innovation and growth of Baltic Sea Region, but there is a need to increase macro-regional collaboration to exploit the full potential of the region in research, innovation and SMEs utilising the Digital Single Market. We see a clear need to establish a cooperation model for sustainable evolution of digital innovation ecosystem through increased capacity of public enablers, such as public authorities and digital innovation hubs (DIHs) and increase the capacity of the competitiveness of the macro region by better policy implementation through DIHs.

Estonia still lags behind in the integration of digital technologies compared to the EU average. We are 16th in Digital Economy and Society Index (DESI). Our manufacturing is characterized by low automation by the ratio of the manufacturing sector to total employment and the share of the sector in GDP (18.1% and 15.4% respectively in 2016). With low capital intensity and high labor intensity are characterized by low manufacturing value added per employee - 54% of the EU average in 2016.

Digital agenda 2020 for Estonia says that the impact of information and communications technology (ICT) on economic competitiveness, well-being of people and the functioning of public administration cannot be overestimated. According to data from an analysis conducted by McKinsey¹, the Internet alone generates 21% of growth in the gross domestic product, with 75 percent of benefits captured by companies in traditional industries.

During the RELOS3 project, we witnessed several examples and good practises from Malta and Emmen, where regions have a more concrete focus on the industry support schemes in order to make the industry and the region in general smarter.

- The Malta case (presented by Malta Enterprise) showed that they are *reviewing and re-designing the Malta Enterprise's industry support schemes for RD&I*. In order to address better participation and uptake of RD&I related incentives, Malta Enterprise decided to redesign – based on past success – its RD&I incentives, creating more options and reducing red tape and simplification for application and implementation and hence be better aligned to support R&I for higher value added. The creation of a sustainable digitalisation support scheme, under the action 1a, focused on manufacturing and service companies is exactly something Tartu wants to achieve. A simple, straight-forward application process with low level of bureaucracy aligned to a specific target to help the companies to introduce and implement new digitalization applications to themselves. As Tartu City did not have any support schemes available for companies, it was helpful to learn about the redesign processes made in Malta to achieve a better output and clarity for the applicants/companies.

- Similar example (presented by Emmen) is the development of the *Regions of Smart Factories* to make factories in the region 'smarter' by increasing innovation, even in 'old' processes, so our region is more innovative and creates more value. In their case, one of the flagship projects of HTSM North is the "Region of Smart Factories" (RoSF) in which 25 companies (large and small) and knowledge institutes jointly conduct research into new technologies for the "Faultless factory."

The lesson learnt from the Dutch example, especially how to integrate a few dominant big players in cooperation with a large body of SMEs, while keeping an interesting ecosystem of sympathetic government and support from academic partners let us realise that in order to create the regional masterplan for the production industry you need a body that tackles this issue. As digitalisation was one way to increase innovation, make companies smarter and help even "old" processes create more value, the suitable body would be the joint initiative by University of Tartu and Tartu City Government, under the action 1b. Our interviews with the industry representatives revealed that at the current state companies have the biggest need not only for digitalisation, but the awareness raising and creating the opportunities for them to use good and working solutions, once they get there. There is a strong need for pre-digitalisation actions – process mapping, having a good, easy-to-use software that is easily integrated etc. So we are still lacking behind from the Netherlands, but we are trying to create our own path to get there.



Tartu City Government works closely together with other stakeholders and companies of the ecosystem to help the become more efficient, digitalised and knowledgable of the digital solutions.

- **Objective** - The objective of Action 1 is to create a sustainable digitalisation support scheme focused on manufacturing and service companies and establish a Digital Innovation Hub in Tartu.

- **Action**

1a. Digitalisation support scheme for RD&I, focused on manufacturing and service companies

1b. Creation of Digital Innovation Hub in Tartu in cooperation with University of Tartu's Institute of Computer Science

- **Target group(s) of the action**

The main target groups are manufacturing and service companies from Estonia, who would like to use digitalisation as a tool for improvement.

- **Governance structure of the action and players involved**

Tartu City Government will be responsible for the success of Action 1. However, the organization of the specific events and workshops will be done in cooperation with other relevant stakeholders.

Potential partners: University of Tartu, Tartu Science Park, Tartu Business Advisory Services, sSTARTUp Day, ITL, Enterprise Estonia.

- **Timeframe**

Step 1. Setting up the support scheme April 2019

Step 2. Call is open and companies are applying. May 2019 - November 2021

Step 3. Setting up the principles for the Digital Innovation Hub. January-April 2020

Step 4. Digital Innovation Hub's service portfolio has been defined and it's open for business September 2021

Step 5. Evaluating the results of the activities carried out. December 2021

- **Costs**

60 000 euros per year are foreseen from the city government budget to companies applying for the digitalisation support scheme.

The costs for setting up the Digital Innovation Hub are still to be defined. University of Tartu and City of Tartu are currently involved in the Interreg Baltic Sea Region project InnoCAPE, which will help to set up the Digital Innovation Hub and validate its service portfolio. The total budget for University of Tartu and City of Tartu in this project is 230 000 euros, from which most is staff costs.

- **Funding sources**

Tartu City Government, University of Tartu, Interreg Baltic Sea Region programme, other possible stakeholders in the region.

- **Indicators to measure results and impact of the action**

Output indicators:

Number of companies applying for the support scheme (10 per year)

Number of companies contacting Digital Innovation Hub in Tartu (30 per year)

Number of events co-organised together with the Digital Innovation Hub in Tartu (2-3 events per year)



ACTION 2. Organizing trainings to encourage entrepreneurship in education and research institutions

• Background

Businesses and research institutions have different internal logics. Roughly put, businesses need quick positive results and are aimed at generating profits while research institutions are interested in research, i.e. the intellectual challenge and problem-solving side of things, whereas negative results are also valued. Intellectual property is also viewed differently – scientists want to publish research results while businesses want to protect the business secrets for their financial gain. While businesses want quick solutions/services from knowledge institutions, the latter needs more well-defined problems from businesses to offer optimal solutions. The different functioning logics can create the feeling that their procedures are incompatible and communication errors between the two are easy to occur. Furthermore, existing stereotypes make the cooperation between the two even more difficult as neither side wants to go through a potentially risky process. This is also closely linked with the general fear of failure and lack of trust in the Estonian business culture.

During the RELOS3 project, we witnessed several examples and good practises, where regions or companies inside those regions have focused on the lack of entrepreneurial spirit among researchers and academic staff.

It is something we all need to work on and there are possibilities to share the knowledge and organise joint activities regarding this topic. The organisation of the trainings and encouragement of entrepreneurship was one of the key things taken from our Italian partners. “The re-launch of technical education” as part of the broader strategy “Manufacturing Renaissance” and “Opus facere. Make to understand. Territorial Employability Laboratory” were two perfect examples on bringing researchers and institutions closer to businesses. In example, the Opus facere good practice aims to put schools in close touch with the new training chain, made of local public and private institutions, universities, research centres and businesses. It focuses on the most advanced and driving sectors/areas of the future. And this is exactly what businesses want to have. To close (shorten) the gap of two worlds – academic and business.

Trainings in knowledge transfer, entrepreneurship, foreign markets etc. are the key to nurture a more entrepreneurial mindset and reduce the stigma related to university-industry cooperation and differences in their cultures in Estonia. Tartu City Government works closely together with other stakeholders of the ecosystem to organise and focus on supplying such trainings to generate more traffic between knowledge institutions and industry and grow future entrepreneurs from talents working for research organisations.

Although we already have experience in organising different events like Entrepreneurship Week etc, the commitment and active involvement of all quadruple helix actors (local institutions and schools, research centres, businesses, citizens) achieved by the Italian partners is something we need to build our value proposition for our stakeholders. The good practise showed clearly that in order to make it work, you need to find a specific topic to build this kind of involvement. The valorisation of technical-scientific culture and its strategic importance in the economic and social development and, more specifically, in the new manufacturing and production system might not directly work in Tartu case, however, incorporating this with digital skills, digitalisation and digital innovation hub, we could create a viable initiative to involve the actors.

- **Objective** - The objective of Action 2 is to make researchers more open and willing to work with companies or start companies of their own, i.e. to change the mindset about entrepreneurship

• Action

2a. By trainings and courses about:

- technology transfer, commercialization, entrepreneurship
- foreign markets and culture for internationalisation of the services
- improvement and exploitation of available human resources

- **Target group(s) of the action**



This action is not limited to specific domains as there are always new potential domains emerging (e.g. space, gaming etc.). The main target groups are researchers, academics, and students.

Second year MA students and PhD students are especially suitable participants as they are not yet fully incorporated into full-on science work, but already have an understanding whether an academic career is suitable for them and if there are job opportunities within the universities. For these reasons they are also more open and willing to cooperate and experiment with entrepreneurship.

• **Governance structure of the action and players involved**

Tartu City Government will be responsible for the success of Action 2. However, the subject matter and organization of the specific trainings will be done in cooperation with other relevant stakeholders.

Potential partners: Tartu Science Park, Tartu Biotechnology Park, Tartu Business Advisory Services, University of Tartu, Estonian University of Life Sciences, ADAPTER network

• **Timeframe**

Step 1. Setting up a trainings plan for the two year period in coordination with relevant partners. January – March 2020

Step 2. Carrying out the seminars/trainings/workshops. March 2020 - November 2021

Step 3. Evaluating the results of the activities carried out. December 2021

• **Costs**

20 000 euros for two years from the city government budget to organise seminars/trainings/workshops (finding speakers, covering speaker fees and travel cost) and paying for the room rent, materials, coffee breaks, marketing.

• **Funding sources**

Tartu City Government, other possible stakeholders in the region.

• **Indicators to measure results and impact of the action**

Output indicators:

Number of events organized (1 per semester)

Number of people participating in the events (20 per event)

Number of academic staff participating in the events (10 per event)

Result indicator:

Participants of the trainings have started their own company or have joined a business incubator (i.e. there has been a mindset change – researchers have taken a step towards entrepreneurship)

Researchers are more open and willing to cooperate with businesses



ACTION 3. Develop the city as an ecosystem concept by creating a strong value proposition for Tartu

• Background

One of the keys to the success in Tartu or Estonia in general has been the government support for the ecosystem, helping it gain momentum. With initiatives such as different incubators and accelerators, pre-incubation programmes for students, initiatives like e-government, the digitization of public agency processes, and e-Residency, offering foreigners a government-issued digital identity and the opportunity to run a trusted company online, have been well-received by the startup community.

We have great entrepreneurs and top talent but across skillsets stakeholders agree that the quantity is insufficient to meet the growing need. In order to close that gap with a small population, talent attraction must be part of the solution.

Having achieved a high immigration success rate and short visa response time, efforts have turned to attracting high-quality technical talent, especially from Russia and Eastern Europe countries where large pools of top quality talent are looking for exciting startups to join. The last two years have seen an increased influx of such talent.

However there is a lot to do to ensure that our ecosystem continues to grow sustainably and there is a strong value proposition, supporting services (real estate, social services etc) etc in place in order to attract the talent and compete with London, Berlin, Barcelona or even Poland with the new Poland Prize programme in place.

During the RELOS3 project, we witnessed several examples and good practises, where regions or companies inside those regions have focused on creation of new infrastructures or business support organisations (hubs, incubators, accelerators).

- The Malta case (presented by Malta Enterprise) showed that they are planning to build a Life Sciences Centre with a focus on Life Sciences and associated technologies. Tartu City will use the following elements from this GP in developing the sTARTUp Tartu programme: the creation, incubation and attraction of new companies, supporting new and existing SMEs, increase collaboration between knowledge institutions, local government, startups and traditional enterprises.

- Another example (presented by Wielkopolska Region) is the development of the Skills Academy of Pila to increase the entrepreneurial attitudes among high school students. In order to use the local potential and Tartu has been one of the frontrunners regarding smart city applications and smart government, a suitable environment and organisational form for the innovation is needed. The sTARTUp Tartu programme will include also co-learning possibilities for companies and school students, e.g a Youth Area at the sTARTUp Day festival, creating pitching possibilities for student companies, Entrepreneurship Village for students to learn about where money comes from to writing a successful business plan.

- And finally the example from Emmen and ECOMunity Park Oosterwolde on how to set up a new type of business park that fosters collaboration in the Quadruple Helix. When creating a suitable environment and ecosystem for local players, it is important to involve everyone from the beginning. If the region has not the funds and possibilities compared with other regions, we need to create a system or more specifically, city as an ecosystem to be able to provide that. That is exactly what we are trying to do when designing the sTARTUp Tartu programme and Urban Accelerator programme. The public-private partnership possibilities that will be created via these two programmes could help push through some needed initiatives like stronger focus on regional development or cooperation between companies and education and quality of space.

For such reasons, we are planning to start with two programmes. The aim of the sTARTUp Tartu programme is a city as an incubator approach, where talent/startup can go through an incubation programme offered jointly by all of the members of the local startup ecosystem. The validation of the idea will be made by sTARTUp Lab or a committee of experts and the incubation will have different milestones including pitching to the investors during our events like sTARTUp Day. The aim of the Urban Accelerator programme is offer Tartu



as a testing ground for smart city applications. The city will provide also its own open data that the startups could use to validate their business case.

- **Objective** - The objective of Action 3 is to create strong programmes for local and foreign talent to start and develop their startup in an open and supporting ecosystem
- **Action**
 - 3a. Designing and execution process of sTARTUp Tartu programme by 2020
 - 3b. Designing and execution process of Urban Accelerator programme for smart city topics

- **Target group(s) of the action**

The main target groups are startups and talent from Estonia, Nordic countries, Baltic States and Eastern Europe.

- **Governance structure of the action and players involved**

Tartu City Government will be responsible for the success of Action 3. However, the organization of the specific events and workshops will be done in cooperation with other relevant stakeholders. The action 3 will be also coordinated with other municipal services responsible for actions addressing talent retention like marketing department of the city of Tartu and International Welcome Centre.

Potential partners: sTARTUp Day, University of Tartu, Tartu Science Park, Tartu Business Advisory Services, Tartu Centre for Creative Industries, Tartu Biotechnology Park, sTARTUp Lab, Ole Rohkem, Contriber, sTARTUp HUB, Spark HUB.

- **Timeframe**

Step 1. Carrying out the designing process of sTARTUp Tartu programme in order to have a joint value proposition for startups and talent by the startup ecosystem in Tartu. January 2020 - September 2020

Step 3. Validate and carrying out a pilot programme for sTARTUp Tartu. October 2020 to March 2021

Step 4. Carrying out the designing process of Urban Accelerator programme in Tartu. January 2021 – April 2021

Step 5. Validate and carrying out a pilot programme for Urban Accelerator in Tartu. August 2021 to December 2021

Step 6. Evaluating the results of the activities carried out. November-December 2021

- **Costs**

40 000 euros per year for designing and executing the process of sTARTUp Tartu programme and to organise and finance study visits, international seminars/trainings/workshops, contact events. The process is being carried out by the sTARTUp Day business festival and it equals to the salary costs of one full time employee.

40 000 euros for designing and executing the process of Urban Accelerator programme for smart city topics and to organise and finance the programme, seminars/trainings/workshops, contact events etc.

- **Funding sources**

Tartu City Government will organise the actions through its existing budget.

- **Indicators to measure results and impact of the action**

Output indicators:

Number of teams applying for either programmes (10 teams per programme)

Number of foreigners applying for either programmes (at least 25% of the participants)

Number of teams submitted for either programmes (20 teams per programme)



ACTION 4. Develop a RIS3 monitoring tool

- **Background**

Monitoring and analyzing growth areas has not been monitored with the same methodology in Estonia. We think that this is the only way to collect and draw long-term and comparable data and thus we want to create a pilot in Tartu and South Estonia in order to monitor that.

The monitoring of growth areas should be based on the multi-stage analysis, the first stage providing a consistent qualitative input for interpreting and refocusing economic indicators, the second stage analyzing the development of quantitative economic indicators and the third stage is a broad analysis of economic specialization.

Through the RELOS3 project became evident that regions like Wielkopolska, Basque Country and Malta are facing the same issues, when either setting up structures and systems to stimulate, guide and drive the local Entrepreneurial Discovery Process (Malta Enterprise), creating a RIS3 for the region (Economic Development Agency of Sabadell) or in order create several tools of territorial-based approach, to support the potential of different areas and to adapt Regional Operational Programme of Wielkopolska Region to the needs and challenges diagnosed in different areas (Wielkopolska Region).

Tartu City Government works closely together with other stakeholders both on regional and national level in order to develop and pilot an interactive platform for RIS3 monitoring in the region. Like Malta, we have contacted and succeeded in engaging ministries in the discussions of what the regional and national monitoring model should be. Similarly to the GP of Basque Country, Tartu is aiming to concentrate research, development and innovation resources and investments in the priority areas, strengthen basic research and experimental development, strengthen the capacity to capture international research, development and innovation funds and increase the number of firms that innovate. Finally, as in the case of the GP of Basque Country, and Wielkopolska Region, an inter-regional cooperation creates a basis for a more sustainable monitoring system.

- **Objective** - The objective of Action 4 is to create an interactive platform for continuous monitoring of the development of smart specialisation growth areas in the region

- **Action**

- 4a. Launch of the interactive platform for RIS3 monitoring in Tartu and South-Estonia
- 4b. Extend the platform to all of Estonia

- **Target group(s) of the action**

The main target groups are policy makers and regional stakeholders (organisations responsible for business development)

- **Governance structure of the action and players involved**

Tartu City Government will be responsible for the success of Action 4a.

Potential partners: Tartu Science Park, Tartu Business Advisory Services, Ministry of Economic Affairs, Centre for Applied Social Sciences

- **Timeframe**

- Step 1. Organisation of meetings with national/regional stakeholders in defining framework of the platform. January-April 2020
- Step 2. Defining the datasets needed April-May 2020
- Step 3. Setting up the requirements and procurement process of development May-October 2020
- Step 4. Development of the platform December 2020-March 2021
- Step 5. Validation and data analyses on the platform April 2021- November 2021
- Step 6. Evaluating the results of the activities carried out. November-December 2021



- **Costs**

10 000 for the platform development from Interreg Baltic Sea Region project EmpInno Monitoring Smart Specialisation Strategies (Project duration: August 2019 – January 2021, <https://empinno.eu/>) plus own expenses.

- **Funding sources**

Tartu City Government, Tartu Science Park, Interreg Baltic Sea Region programme.

- **Indicators to measure results and impact of the action**

Output indicators:

RIS3 monitoring tool is completed

Date: 10th of March, 2020

Signature:



Stamp of the organisation (if available):