



# Good Practices on Regional Research and Innovation Strategies for Smart Specialisation

Tartu Centre of Creative Industries

Estonia

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## 1 Basic Data of the Practice

### 1.1 Title of the practice

#### Tartu Centre for Creative Industries

Tartu Centre for creative Industries coordinates and develops the area of cultural and creative industries in Tartu and South Estonia, speeding up the birth, growth and sustainability of businesses operating in the field of creative industries, decreasing the risks of start-ups during activation period by offering low-cost high-quality working environment and support services (business incubator).

### 1.2 Precise theme/issue/policy tackled by the practice

- Clusters
- Innovation friendly business environments for SMEs
- Research infrastructures, centers of competence and science parks
- Universities
- Digital Agenda for Europe
- Key enabling technologies
- Cultural and creative industries
- Internationalisation
- Financial engineering instruments
- Innovative public procurement
- Green growth
- Social innovation

Process of regional change initiated:

- transition
- modernisation
- diversification
- radical foundation of a new domain

### 1.3 Geographical range of the practice

Estonia region (NUTS level 3).

### 1.4 Contact details

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### 1.5 Sources of information

[www.lmk.ee](http://www.lmk.ee)  
[www.looveesti.ee](http://www.looveesti.ee)

## 2 Introduction: Regional Smart Specialisation Background

The innovation system in Estonia was mainly set up in the beginning of 2000's when not only the legislation and institutions related to R&D and innovation but the whole public functional system was created. Estonia as a small and open country on the one hand needs to be flexible to the global changes but on the other hand needs to keep its values and direction - the R&D and innovation principles, institutions and legislation have been refreshed in order to adopt better to the changes in global environment.

Estonian current R&D strategy has not been of a „smart specialisation“ type. Efforts are made that the next strategy would integrate more S3 approaches.

The R&D strategy sets out three main objectives:

- Competitive quality and increased intensity of research and development;
- Innovative enterprises creating new value in the global economy;
- Innovation friendly society aimed at a long-term development.

These objectives will be achieved through:

- Development of human capital;
- Organising the public sector RD&I more efficiently;
- Increasing enterprises' innovation capacity;
- Policy-making aimed at long-term development of Estonia.

Particular areas of specialisation in the region:

- ICT
- Biotechnology
- Materials technology
- Electronics
- Machinery and metal-working
- Wood processing and production, furniture production
- Logistics, transport
- Food
- Tourism
- Creative industries

As the innovation is also investment and knowledge-intensive sector, Estonia draws major attention to the cooperation between the research establishments and companies and also to the participation in international cooperation networks. New financing period 2014-2020, stress will be given to innovative areas and companies as well as R&D activities.

The last couple of years have brought rapid development in Estonia's creative industries. As in many other countries, Estonia carried out a mapping exercise in 2005, and along with an overview of the creative industries, the first set of policy recommendations were submitted. Along with continuing awareness raising activities, the stage was set for more concrete actions to design new support measures for creative industries in Estonia. Based on policy recommendations, creative industries were included in the National Strategy for European Structural Funds for 2007–2013. The Operational Programme for the Development of the Economic Environment supports entrepreneurship through raising the innovation and growth capacities of enterprises. Supporting creative industries is one of seven priority areas within that strategic goal alongside supporting internationalisation, innovation, access to capital, the creation of new businesses, knowledge and technology transfer and the development of tourism.

Enterprise Estonia (EAS) is the primary contributor of support and development programmes targeted towards entrepreneurs including creative businesses, and in 2008 the Creative Industries support programme was started. These programmes include cluster support programmes, export support and joint marketing programmes, skills and knowledge development programmes, awareness raising and entrepreneurship promotion programmes and support for innovation, product development and training.

## 3 Description of the Practice

### 3.1 Executive summary

Tartu Centre for Creative Industries (TCCI) was established in May 2009. At the moment it operates as the coordinator of creative industries in Tartu and South Estonia by providing creative industries related information and training, legal and economic consulting for creative entrepreneurs, as well as business incubation (and pre- and post- incubation) services.

TCCI is located in three buildings in the centre of Tartu (Kalevi 13, 15 and 17). The first house (Kalevi 13) was opened in August 2009 as a creative businesses incubator renting low-budget office spaces for cultural and creative start-ups. The second (Blue House, Kalevi 15) and the third building (Kalevi 17) with more office space and a conference room were opened in 2011 and 2012. Behind the complex there is a large open-air space that will be developed into a park/picnic area with a concert stage and a sculpture garden.

The objective of the Tartu Centre for Creative Industries was to become the coordinating and developing unit of creative industries not only in Tartu but the whole region (South Estonia), and they have established good contacts with cultural entrepreneurs, institutions and businesses active in the area. As one of their goals includes setting up an international network enabling our businesses to enter foreign markets, Tartu Centre for Creative Industries took the lead in developing a creative industries cluster in South Estonia.

TCCI provides office space and incubation services for up to 40 companies. In addition, there is a cafeteria, arts gallery and shops (Estonian design, vintage clothes, and ecological food) housed in the premises of the TCCI. In collaboration with a number of partners TCCI organizes various events (seminars, community days, conferences, fairs, etc.) throughout the year.

Since 2009 TCCI has had 8 calls of applications for business incubation. At the moment there are 36 companies in the incubator.

In addition to business incubation TCCI has been the initiator and/or partner of several other events (Tartu Young Art Auction (6 times), design fairs (4 times), music week, Karlova Days, etc. etc.), organized seminars, conferences and roundtables on different subjects related to CCI. As a result of all these activities, TCCI has by now become opinion leader in the field of CCI in the region.

In the course of its 3,5 year-long existence Tartu Centre for Creative Industries has become the most important coordinating and developing unit of creative industries not only in Tartu but the whole region of South Estonia, and established good contacts with cultural entrepreneurs, institutions and businesses active in the area. As one of the Centre's goals includes setting up an international network enabling businesses to enter foreign markets, TCCI has also taken the lead in developing a creative industries cluster in South Estonia.

### 3.2 Key features of the practice

- Counselling: individual counselling for companies in incubation about all aspects of making business;
- Awareness raising: raising awareness at all levels (politicians, wider public, etc.) about the importance of creative industries via different activities (conferences, workshops, seminars, lectures, etc.);
- Projects: collaboration with international partners to enhance the development of different fields of creative industries.

### 3.3 Detailed content of the practice

Strategy “Knowledge-based Estonia 2020” sets one of the priorities is the broader use of the potential of the creative industries, ICT and other key technologies for raising the value added of other sectors. Measures that must be developed include an export measure aimed at creative industries entrepreneurs, a measure for supporting participation of creative industries entrepreneurs in foreign competitions; create development environments; measures for promoting cooperation between entrepreneurs, creative personnel and ICT people, activities for providing content for the creative industries entrepreneurs development programme. Support must be provided for the creation of a professional qualification system of associations representing sub-sectors in the creative industries.

Tartu is a university town of 100,000 inhabitants of which 20,000 are students. More than 50% of the population is less than 30 years old. City has a strong cultural offer, singing and folk music tradition and craftsmanship. Local creative companies are not strong but are growing rapidly: from 2003 to 2007, enterprises grew from 2,000 to 5,000, jobs from 20,000 to 28,000, turnover of the industry moved from € 600 million to € 1.1 billion, according to the 2003 mapping completed by the Estonian Institute of Economics.

Tartu’s objective is to expand its cultural production and create new products and services for the community and the world. The city wants to encourage creative people to take the risk of entrepreneurship and provide for assistance. It wants to empower artists and creative people to deliver their visions rather than projects. The city is convinced that culture can contribute to transform societies, support youth and develop creativity in traditional industries and sectors, but it is aware that changing the traditional vision of a “subsidised culture” takes time.

Tartu launched its creative industry policy in 2004 mainly to offer a perspective to young talent, nurture and encourage creativity and local expression, and retain talent. Former civil servants from the city government in charge of culture and with experience in art and culture decided to develop a CCI strategy motivated by the idea that cultural resources should:

- Be preserved and better promoted to valorise local tradition including crafts;
- Contribute to develop spillovers with technology industry;
- Increase their influence in policy development.

In 2008, the city decided to set up the Tartu Centre for Creative Industries led by a small management team (3) with strong culture credentials at its core (one is a former manager of a theatre company, another on worked in an art gallery). At least two factors contributed to the launch of the initiative: strong political support and EU funding. Access to Europe is a key to reach to new markets as the home market is very small. Since the beginning, the incubator aimed at connecting with incubation centres in Europe to encourage exchanges and collaboration. (KEA European Affairs, “Use of Structural Funds for Cultural Projects”, 2012)

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### **3.4 Bodies and stakeholders involved**

TCCI was established by the City of Tartu. The draft idea of the centre was prepared by the Department of Culture. In addition to close cooperation with the city TCCI also cooperates with a number of other partners both from the public and private sector: other incubators, departments of arts and economy of different universities, creative unions, networks and umbrella organisations.

### **3.5 Timescale and maturity**

Tartu Centre for Creative Industries (TCCI) was founded on May 14th, 2009 by the Tartu City Council. The first house (Kalevi 13) was opened in August 2009 as a creative businesses incubator renting low-budget office spaces for cultural and creative start-ups. The second (Blue House, Kalevi 15) and the third building (Kalevi 17) with more office space and a conference room were opened in 2011 and 2012. Since Dec 2011 TCCI also operates 2 buildings and a courtyard in the centre of Tartu – St. Anthony's Courtyard.

### **3.6 Legal framework**

TCCI is a foundation established by the City of Tartu. Its board consists of 3 members appointed by the city. The board takes active part in the decision processes of the centre and the centre is obligated to report to the city about its activity once a year.

### **3.7 Financial framework**

The activities of TCCI are funded from different sources:

- support from the City of Tartu (ca 12 %),
- EU projects (ca 58 %),
- revenue from rent of seminar & other space + incubation services (ca 30%).

TCCI is constantly looking for opportunities (participation at international summer schools and fairs for network building, consultations with investors and business angels, study trips abroad, etc.) for its incubated companies to start export

## 4 Monitoring and Evaluation

The most important measurable result of TCCI's activities is the number of business plans written in the pre-incubation programme and the number of companies (+ jobs, brands created in them) born and alive because of the incubation programme. At the moment there are 36 companies, 72 jobs and 18 new brands created with the help of TCCI.

Other results that are less measurable but also significant include raising general awareness about creative industries in Tartu at political and public level, raising the value of our centre and its neighbourhood as desirable working and living quarters, earning the trust of numerous collaboration partners, winning recognition at international level (according to a research carried out by a Brussels-based consultancy KEA European Affairs TCCI is among the best 8 examples in Europe to have used EU money effectively).

The effectiveness of the activities of TCCI were monitored by Enterprise Estonia and the centre was also monitored by international CCI experts (both in 2011). According to the results, TCCI is the best creative business incubator in Estonia working at the same high level as the best technology incubators.

According to researches carried out by Creative Estonia ([www.looveesti.ee](http://www.looveesti.ee)) and TCCI itself the number of creative companies has grown a lot both in Tartu and Estonia: in 2000 there were 474 creative companies, and in 2010 already 1358 creative companies in Tartu making up 12% of the total number of companies active in Tartu. The fastest growing fields were arts & audiovisual and IT. The field of CCI has been on the rise constantly despite economic crisis and the turnover of creative companies has risen by 73% by 2010 compared to 2000. Compared to the year 2000, the share of CI in overall economy has risen by 2%. Compared to 2008 the number of employees has risen by 7,9% by 2010.

TCCI has achieved the desired results and keeps on working towards new inspiring goals.

## 5 Lessons Learnt

It can be said that by now TCCI has justified the resources spent on its establishment. Since 2009 the City has supported TCCI with 163,000 euros and TCCI has attracted additional resources for its activities from different funds in the sum of 672, 000 euros; invested into the development of infrastructure 1,000,000 euros; created more than 80 jobs (together with its companies); ca 95 000 euros is paid in taxes to the state yearly.

It is an excellent example of how the whole city benefits from the development of CCI. The benefits are both tangible (taxes paid by new companies, suitable environment attracts talented people to stay in and come to Tartu, etc.) and intangible (great atmosphere generates new ideas, flow of people to formerly abandoned areas, etc.).

Some of the lessons learnt from TCCI's short practice:

- it is highly recommendable to try to achieve strong political support;
- small does not necessarily mean “unimportant” but “flexible” and “fast”;
- to start an initiative it is crucial to have a good and trustworthy team;
- personal contacts are more relevant than might be expected;
- **active** FB site is a highly valuable marketing tool;
- showing off bigger than you are can lead to faster development;
- experience to establish a balanced atmosphere (attractive to companies, community, artists, etc.);
- business plan courses suitable for other businesses are not suitable for creative businesses;
- etc.

TCCI is satisfied with its development at different levels. At the moment we cannot really point out anything that we would do differently if we were to start again.