



European Union
European Regional
Development Fund



Action plan

Tartu Science Park (TSP, PP5)



TARTU SCIENCE PARK

25 years Home of Business



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1. Executive Summary *(summary in your own language)*

Antud dokument üritab vastata kolmele toidu väiketootjaid vaevavale küsimusele:

- kuidas leida uusi ideid ja teaduspartnereid tootearenduseks,
- millised on kõige suuremad ekspordi takistused ja kuidas neid ületada ning
- kuidas kahe eelneva tegevuse jaoks rahastust leida.

Ennekõike on fookuses tervisliku toidu tootjad. Tervisliku toidu tootmine on tõusuteel nii Euroopas kui Eestis ja see annab väiketootjatele tihtipeale uusi huvitavaid tootearendusvõimalusi.

Dokumendi tootearenduse etapis antakse ülevaade kolme Lõuna-Eestis paikneva teadus-arendus asutuse kohta: BioCC OÜ, Eesti Maaülikooli (EMÜ) toiduteaduse osakond ja EMÜ Polli Aiandusuuringute Keskus. Kavandatavatel seminaridel seletatakse lahti, milliseid teenuseid asutused pakuvad ja kuidas nad töötlejale tervisliku toidu arendamisel abiks saavad olla.

Rahastuse peatükis kirjeldatakse lisaks enamikele tuntud Ettevõtluse Arendamise Sihtasutuse EAS-i ja Põllumajanduse Registrite ja Informatsiooni Ameti PRIA LEADERI programmi ka vähem tuntud COSMOS'e ja HORIZON 2020 võimalusi. Planeeritud koolitustele oodatakse esinema EAS-i, Eesti Teadusagentuuri ETAGi ja PRIA eksperte.

Ekspordi ja turgudele sisenemise peatükis käsitletakse planeeritavatel koolitustel kohalikke võimalusi oma toodete tutvustamiseks (MTÜ Maitsev Lõuna-Eesti, Eesti Toidutee, MAK-ide toiduvõrgustikud, kohalikud toiduga seotud üritused) kui ka Saksamaa ja Skandinaavia turgudele sisenemise võimalusi ja takistusi.

Käesoleva tegevuskava on Tartu Teaduspargi tellimusel koostanud BioCC OÜ ja Polli Aiandusuuringute keskus.



2. General information

Project: **NICHE: Building innovative food value chains in regions**

Partner organisation: Tartu Science Park (PP5)

Country: Estonia

NUTS2 region: EE008* (* NUTS3, as Estonia does not have NUTS 2 level)

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3. Policy context

The Action Plan aims to impact (choose one):

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

Name of the Policy Instrument addressed:

- Tartu County Development Strategy 2014-2020

The NICHE project addresses the priority: Tartu County in entrepreneurship, Sub-priority: 4.1.3. Self-realization in entrepreneurship. The main goal of this policy is to improve living and working conditions in Tartu County. The expected results of this policy include an improved business environment and new jobs, incl. jobs with higher value added. Additional aims are the establishment of focused and coordinated entrepreneurship policy, an increase of innovation, development competence and capacity within the county. These themes are relevant so that SMEs in Tartu County would be competitive in the global economy, would increase their productivity and capacity to export.

- Southern Estonia Smart Specialization Strategy. One of the Smart Specialization areas that are selected on a regional level for South Estonia is:

- the food industry, especially healthy food, dairy and functional foods.

The policy instruments addressed are envisaged to manage the structural change needed to create new economic and employment opportunities around a sector that holds a big potential in terms of skilled community and better job creation.

Our aim is to establish regional open innovation ecosystems to assure the perpetuation of a systemic support to the innovation applied to the food sector. Also, the aim is to explore new mechanisms to transfer and apply research and innovation for new food products, services or processes.

4. Overview of the current situation

One of the trends that have been growing in the last year is the healthy food market. The consumers are becoming more aware of what are they eating and what they need to eat. Organic, sugar-free, healthy additives, enriched with nutrients are becoming phrases that are seen more often in packages in stores. Food-based SME



needs to take advantage, to be part of these trends and get a better position in relationship with bigger brands as the consumer is losing faith and searching for alternatives.

Healthy food in this context will be any food that meets certain nutrient conditions; and, when used with an explicit or implicit claim or statement about a nutrient (e.g. "healthy, contains 3 grams of fat"), suggests that a food, because of its nutrient content, may be useful in creating a diet that is consistent with dietary recommendations. The nutrient conditions for bearing a "healthy" nutrient content claim include specific criteria for nutrients to limit in the diet, such as total fat, saturated fat, cholesterol, sodium, as well as requirements for nutrients to encourage in the diet, including vitamin A, vitamin C, calcium, iron, protein, and fiber.

Many food SMEs confront difficulties in making the most of the existing opportunities, their awareness of the technological solutions is low, or they are not well positioned to adopt R&D results. The focus is on healthy food products, but right now there is no organized network in this field. The question is how to focus more on healthy food and how to increase knowledge about the healthy food production.

Another problem that SMEs identify is financing, especially medium to long-term finance, as their topmost obstacle to growth and investment. These obstacles come at two levels. Deficiencies in both the macroeconomic and microeconomic environments pose challenges: lack of fund for requiring investments and legal, regulatory and administrative environment pose major obstacles to access of SMEs to financing.

The number of new innovative products/services brought to market by Estonian SMEs is relatively low. Estonia's competitiveness is also characterized by low innovation capacity and the low local impact of research and development. Compared to the rest of Europe, Estonian enterprises are characterized by average innovation capacity, lower growth in additional revenue from sales of new products and services, and insufficient cooperation with R&D institutions. Change towards higher value adding products/services is necessary. For that, the SMEs need to increase RD&I activities and find ways to improve their product/service portfolios. The key element here is the cooperation between universities and RD&I institutions and SMEs.

In the region, the **BioCC'i** carries out HEALTHY FOOD project (EU 48686) which comprises a total of two areas and 11 sub-projects. The project started in 2015 and will end 2022. Main research areas of the BioCC'i project HEALTHY FOOD are following:

- to develop products with increased nutrient density for the general population and specific population groups,
- to establish a biotechnological platform based on biomarkers and novel selection traits for resource-effective production of high-quality raw milk with elevated nutrient density to meet increased consumer demand.

BioCC recruits new partners once a year and most interested companies can join.

Also, in the region two chairs (**Chair of Food Science and Technology** and **Chair of Food Hygiene and Public Health**) and one center (**Polli Horticultural Research Centre**) of the **Estonian University of Life Sciences** are directly related to the healthy food sector and offer RD&I services to SMEs'.

Polli Horticultural Research Centre has been the centre of fruit breeding and cultivation technologies for 70 years. More than 100 cultivars are bred by the researchers of Polli Horticultural Research Centre. It is also the preserver of fruit and berry varieties with the unique collection in Estonia which consists of more than 1100 different cultivars.



Beside breeding, experimental plots, plant nursery and contemporary storage facilities, centre has two units to implement the results of research in product development with private entrepreneurs.

Polli fruit and berry Product Development centre is the learning, testing and development laboratory, established in May 2009, co-financed by Interreg Estonian-Latvian cross-border project "Good Fruit". The laboratory of primary processing of horticultural products offers contemporary product development possibilities for private entrepreneurs. Centre has annually more than 100 customers ordering primary processing and product development service. In the approved premises ready-to-market, packed and labelled products can be produced, and it is also certified as the supplier of Orkla Group.

Competence Centre for Knowledge-Based Health Goods and Natural Products PlantValor, initiated with the partners from private and public sector organisations, co-financed by EU Structural Funds, is unique in Estonia as its main field of activity lies in the research and development of health goods and natural products using modern, high-technology methods, including extraction of bioactive ingredients of plant origin, that are used in functional foods, eco-cosmetics, household chemicals and pharmaceuticals.

PlantValor offers entrepreneurs two-hours free of charge counselling financed by the European Regional Development Fund, assists in finding financing possibilities and it has also possibility to finance mutually beneficial cooperation.

In addition to the advantage of small flexible system of laboratories and possibility to make research of varieties, agro-technology, storage and processing technologies of plant origin raw material with the support of modern biochemistry laboratories, Polli Horticultural Research Centre can offer good working and accommodation possibilities in the new contemporary facility for foreign researchers, students and cooperation partners.

The chairs and working groups of the Institute of Veterinary Medicine and Animal Sciences cover almost all aspects of the 'from farm to fork' production and processing chain of animal products, including meat and dairy technology, food hygiene and food technology.

To realise the full potential of EMU in the development of advanced zero waste/maximum utilisation and valorisation technologies related to the food value chain (and adjacent value chains using by-products and derivatives of plant and animal origin), new ERA Chair for Food (By-)Products Valorisation Technologies (VALORTECH) will be established during the years 2018-2023. A top level researcher (ERA Chair holder) will be recruited from January 2019 to lead this inter-unit entity and bring various related competences under a unified umbrella as well as to cover several gaps hindering further development.

Various chairs and research teams inside EMU's Institute of Agricultural and Environmental Sciences (incl. Chair of Soil Science, Chair of Plant Health, Chair of Crop Science and Plant Biology, Chair of Horticulture) are dealing with topics strongly related to minimising waste and inefficiency in food production and processing.

All units of Estonian University of Life Sciences are eligible science partners for the entrepreneurs applying financial support of product development from measures of Estonian Agricultural Registers and Information Board (ARIB), Estonian Research Council, Enterprise Estonia and others.

Estonian market is limited that's why it is very important for Estonian SMEs to find new export markets. But there are administrative burdens that may include those related to EU law and domestic legal acts required to transpose it into national laws, accounting and taxation requirements, as well as sector/industry-specific laws and reporting/compliance obligations.



5. Action: The competitiveness and profitability of the production of healthy value-added food products through innovative solutions encompassing the whole value chain and to increase the number of companies that produce healthy food 20-30%.

The policy self-defined indicators are:

- to increase the total of companies involved in the health food market by 20-30%,
- to increase the number of enterprises that export their goods and/or services in respective Smart Specialization growth area 70% beginning from 2014.

There were 16 participants in BioCC Healthy Food project in 2015, 19 participants in 2017 and in 2020 aim is 25 participated partners. Polli Horticultural Research Centre offers production and product development services to more than 100 enterprises annually. The export data is from Estonian Ministry of Rural Affairs.

The main priorities identified by the Estonian local stakeholders' group is to create a task force for compliance support to local producers in the region and the most burdensome restrictions reported by local food SMEs are healthy food product development, compliance with administrative regulations for exporting and finding funding for their projects. With these topics in mind, 3 sub-actions were created to improve the overall situation of:

- Boost research and development in the SMEs.
- Facilitating SME to find funds for their projects.
- Provide support to SME with the help of experts to find their way through export regulations and problems.

Interregional exchange of experience

To be able to achieve goals, the coordinating team is looking at viable business models to sustain the initiative in the long run, already implemented in NICHE regions, such as Developing and Marketing "free from" products (Finland), Ruokaverstas (Food Workshop) (Finland) and the Foodovation Centre (Northern Ireland).

The action implementation related activities for testing a new approach are:

- Utilization of mentors and experts (from Estonian Life Science University, Enterprise Estonia, Estonian Agricultural Registers and Information Board etc.) to achieve their aim at helping Estonian SME's as it is done in Developing and Marketing "free from" products (gluten free, lactose free, no allergens) to Baltic Sea Countries in Finland.
- Make use of the knowledge and studies (from Estonian Life Science University and BioCC LLC etc.) to create healthy food products for export markets as it is done in Developing and Marketing "free from" products (gluten-free, lactose-free, no allergens) to Baltic Sea Countries in Finland.
- A theoretical workshop that helps SME to understand the importance and effect of using different and innovative methods as it is done in Ruokaverstas (Food Workshop) in Finland. The aim of the Ruokaverstas project is to find new forms of co-operation between research organizations and companies and to generate new ways to improve the development work in the food industry.
- Support of small enterprises by giving opportunities to develop new products in the development centers



as it is done in Foodovation Centre at North West Regional College and Business Support Centre (BSC) in Derry Ireland.

- Londonderry and Donegal support with counselling to local business. Both regions have programs regarding consultation and help in different topics to local SME.

5.1 Sub-Action 1: Improvement in R&D capabilities of SMEs

5.1.1 Background

During meetings with local SMEs and the stakeholder's group, there was a common voice about one the biggest problems that these enterprises encounter is with the creation of new healthy products and brands that can be successful in the market.

Some of these enterprises quite often don't know how and/or with which healthy products to enter the local and foreign markets. Questions such as which products the market needs, what are their own capabilities for RD&I and how to develop these products are some that in the mind of the producers.

The aims are:

- to help SMEs to find experts with industry knowledge to develop innovative healthy food and drink products and technologies,
- to find new forms of co-operation between research organizations and companies and to generate new ways to improve the development work in the food industry,
- to stimulate the cooperation between entrepreneurs and science/business support organizations through the support of services,
- to provide entrepreneurial counselling, promote entrepreneurship.

5.1.2 Action description

Change towards higher value adding products services is necessary. For that, the SMEs need to increase RD&I activities and find ways to improve their product/service portfolios. The key element here is the cooperation between universities and R&D institutions and SMEs.

The purpose of the action is to organise South-Estonian Food Conference and provide meetings where local producers that are searching for new business opportunities can solve their questions about the challenges, difficulties and different regulations.

It aims to support local food value chains' development through the intake of already tested models from NICHE regions and adapt them to the South-Estonian contexts.

Steps to be taken:

- Identify the local healthy food actors. Create know-how of the local health food actors.
- Develop the network of actors in the food value chain to back up and ensure the sustainability of the initiative.
- Find mentoring and industry experts.



- Find ways how the companies of the area could gain a customer-oriented problem-solving method for their development work and achieve a dynamic dialogue with the researchers and educational institutions.
- Find ways how the researchers could get the channel to an active dialogue with the companies, get interesting topics to their research projects and are able to apply their research information at a practical level.

5.1.3 Stakeholders involved

Stakeholders	
Members	Description
Tartu Science Park	Leading Partner in cooperation with BioCC LLC, Polli Horticultural Research Centre, Tartu Rural Development Association, MTÜ Maitsev Lõuna-Eesti
<p>BioCC LLC</p> <p>Andre Vesioja Senior researcher GSM: (+372) 53 031 264 E-mail: andre.vesioja@biocc.eu www.biocc.eu</p>	<p>Business support organization from South-Estonia. They offer services such as:</p> <ul style="list-style-type: none"> - Licensing of BioCC owned bacterial strains for food - clinical trials for testing possible functional properties of products from two aspects: safety and action mechanisms. - determination of milk coagulation properties and rheological properties of dairy products; - determination the quality of milk and dairy products; - Advisory services for milk and dairy producers (feeding, hygiene, quality etc.); - recommendations concerning food, nutrients, and nutrition; - advice concerning in the food value chain (from farm to fork).
<p>Estonian University of Life Sciences</p> <p>Main contacts for the entrepreneurs involved in food value chain are:</p> <ul style="list-style-type: none"> • Polli Horticultural Research Centre and Competence Centre PlantValor Piia Pääso Head of the centre Phone +372 50 61316 E-mail piia.paaso@emu.ee • Chair of Food Science and Technology 	<p>University situated in South-Estonia, that is responsible for research and development in the field of sustainable use of natural resources, and rural life- and rural economy. The University has the necessary competence to address different areas of bio-economy in research and development activities and in teaching with sufficient coherence and from a value chain perspective.</p> <p>Description of the services:</p> <ul style="list-style-type: none"> - Services of product development and small-scale processing to launch high value-added food and non-food products of plant origin raw material. - Biochemical analyses of raw material and products, nutritional value, packaging and labelling of products. - Support and advice of applying the business grants. - Research into the impact of technological practices and operating regimes on the composition and quality of dairy and meat products



<p>Ivi Jõudu Chair holder, docent, milk chemistry Phone +372 731 348 E-mail ivi.joudu@emu.ee</p>	<p>(quality assessment of products manufactured under different conditions)</p> <ul style="list-style-type: none"> - Experimental product development at the Microdairy and Meat laboratory - Scientific and applied research provided by the Microdairy and Meat laboratory - Use of health-promoting additives, e.g. plant-based antioxidants and probiotic bacteria to improve quality of foodstuffs, extend shelf life, develop functional foods
<p>Tartu Biotechnology Park BIOMED INCUBATOR</p> <p>Tartu Biotechnology Park, Tiigi 61b, Tartu 50410, Phone: +372 7383 053, E-post: biopark@biopark.ee</p>	<p>Tartu Biotechnology Park provides physical infrastructure and business development and consultancy services to companies and R&D institutions in the fields of biotechnology. It supports companies in finding cooperation partners and is active in the establishment process of new companies.</p> <p>Infrastructure and business development services to life science and medical companies since 2002.</p> <p>Strong expertise in:</p> <ul style="list-style-type: none"> • offering lab space, infrastructure and real estate services, • business development services, • compiling road-maps and business plans, • market trends and analysis, • intellectual property, • public sector funding management, • start-up companies establishment and management, • biotechnology, • chemistry, • medicine. <p>BioMed Incubator:</p> <ul style="list-style-type: none"> • from September 2005, • Innovative and technology based enterprises, • Focus areas: biotechnology, medicine, veterinary medicine.
Local food producers and processors	Target group

5.1.4 Timeframe

PHASE 2
Semester 1
<ul style="list-style-type: none"> • Set up the healthy food know-how and its working methodology (coordinator & local stakeholders). • Contacting with NICHE project partners about good practices' implementations. • Define the possibilities for product development (the highest quality healthy food products) and contact food researchers in the region. • Find experts with industry knowledge to develop innovative products and technologies.





- Find ways how the companies of the area could gain a customer-oriented problem-solving method for their development work and achieve a dynamic dialogue with the researchers and educational institutions.
- Find ways how the researchers could get the channel to an active dialogue with the companies, get interesting topics to their research projects and are able to apply their research information at a practical level.

Outputs:

- Established working network.
- Company and university visits.
- Mentoring, industry and experts found.

Semester 2

- In cooperation with local universities and local research centers, promote the development of new products and implementation of new technology in the existing method of production in local SME. This objective will be done by promoting communication between both SME and local organizations to cooperate with each other. Local research centers and university can provide human resources and equipment that can be used in different projects that SME have, while SME is providing a stage and opportunities to develop professionals or giving challenges to help develop the local region.

Outputs:

- 1 meeting of the network.
- 1 Information Day/Seminar about possible partners for developing healthy food and idea sharing between industry and academy. (25 Participants)
- Cooperation between universities, local research centers, and companies.

Semester 3

- Monitoring results' achievement and measuring impact.
- Monitoring the action implementation and regular contact with the network.
- Exchange with project partners the success and difficulties met in the implementation of their action.

Outputs:

- 1 meeting of the network.
- Monitoring completed.
- Ensured comprehensive guides that outline the support available to develop new products in the food sector to ensure greater collaboration between food sectors.

Semester 4

No content related activities should take place in this semester. The last months of the project should be entirely dedicated to the project closure.

5.1.5 Costs

External expertise and services		
Organisation	Description	Amount
Tartu Science Park (TSP)	Research expertise for the healthy food products development	1000



5.1.6 Funding

Organisation	Description	Amount
TSP	room rent, staff, speakers, coffee breaks	1000

5.1.7 Expected impact on SMEs

- Growing network of actors of the food value chain.
- Increased cooperation within the food value chain between local food SME-s and R&D companies.

5.1.8 Expected impact on an innovation level

- The increased innovation of local healthy food products.
- Companies will learn how to and to whom develop new healthy products.

5.1.9 Action monitoring

- 25 Participants at least in the Food Conference, Seminars and Information Days who have gained new knowledge.
- With the actions described before, the number of companies involved in healthy food product development will increase up to 25 towards the projected goal for 2020.

5.2 Sub-Action 2: Funding Opportunities for local SMEs

5.2.1 Background

During discussions with the local SMEs, they have also identified financing, especially medium to long-term finance, as their biggest obstacle to growth and investment. SMEs face challenges in accessing formal finance in the form of bank loans, guarantees, venture capital, leasing and so on. For instance, although SMEs are by far the largest group of customers of commercial banks in any economy, loans extended to SMEs are often limited to very short periods, thereby ruling out financing of any sizable investments.

SMEs face challenges in accessing formal finance in the form of bank loans, guarantees, venture capital, leasing and so on. For instance, although SMEs are by far the largest group of customers of commercial banks in any economy, loans extended to SMEs are often limited to very short periods, thereby ruling out financing of any sizable investments.

Moreover, due to high-perceived risks in SME loans, access to competitive interest rates may also very limited. Banks prefer to lend to governments, which offer less risk and higher returns, crowding out most of the private sector from the financial system.



SMEs are regarded by creditors and investors as high-risk borrowers due to insufficient assets and low capitalization, vulnerability to market fluctuations. The information asymmetry arising from SMEs' lack of accounting records, inadequate financial statements or business plans also makes it difficult for creditors and investors to assess the creditworthiness of potential SME proposals. High administrative/transaction costs of lending or investing small amounts do not make SME financing a profitable business.

5.2.2 Action description

One of the biggest challenges that local SME encounters is that their size doesn't allow them to invest in the new technologies or innovations without taking a big risk. The aim of this action is the creation of the know-how and organizing information days and seminars where local SMEs are informed in regards funds that can help to get the investment needed for their product development, innovation capabilities or to expand their enterprises into other different markets.

There are many different funds (European and Estonian) that local SME can access to be able to fund their projects. The action would gather the information of the different funds available for different sectors with all the requirements, deadlines and the paperwork need. It will also promote the communication between these entities and facilitate the necessary cooperation.

The following organizations and funds will be the focus of the action and are planned to have contact with them through the project:

- **EAS/Enterprise Estonia**
- **ARIB/Estonian Agricultural Registers and Information Board (ARIB)**
- **COSME**
- **HORIZON 2020**
- **European Structural and Investment Funds**
- **LEADER program**
- **ETAg/Estonian Research Council. Applied research in smart specialization growth areas: NUTIKAS.**

The information regards all the funds and their contact information will be in the Appendix 1.

5.2.3 Stakeholders involved

Stakeholders	
Members	Description
TSP	Leading Partner in cooperation with Tartu Rural Development Association, EAS and ARIB
EAS	Estonian Organization that promotes business and regional policies. They provide funds such development and innovation funds for SMEs and their projects
ARIB	The national government agency that organizes state aid and EU agriculture and rural development support.



ETAg/Estonian Research Council.	Applied research in smart specialization growth areas: NUTIKAS.
COSME, HORIZON, ESIF	European Funding Organizations. These organizations provide a variety of funds for SME in the area innovation and competitiveness. They have funds for advanced manufacturing and bio-based products for example.
LEADER	The LEADER is a European Union initiative to support rural development projects initiated at the local level to revitalize rural areas and create jobs

5.2.4 Timeframe

PHASE 2	
Semester 1	
<ol style="list-style-type: none"> 1. Contacting and asking for cooperation with the organization giving the funds. 2. Define the necessities of the local SMEs to their needs and their characteristics. 3. Find experts, people in charge of these funds or success stories that have applied to these funds to give their point of view. 4. Organizing the information days and seminars <p>Outputs:</p> <ul style="list-style-type: none"> • 1 meeting with the fund organizations. • Mentors and funding experts found. 	
Semester 2	
<ol style="list-style-type: none"> 5. Sharing funding options to the local SMEs 6. Organizing the information days and seminars 7. Gather feedback from the participants. <p>Output:</p> <ul style="list-style-type: none"> • 1 Information Day focused how to find funding for healthy food product development projects, which are eligible costs and also to talk about fewer know programs like COSME, HORIZON 2020 (25 Participants) 	
Semester 3	
<ol style="list-style-type: none"> 8. Monitoring results' achievement and measuring impact. 9. Monitoring the action implementation 10. Exchange with project partners the success and difficulties met in the implementation of the action. <p>Outputs:</p> <ul style="list-style-type: none"> • Monitoring completed. 	
Semester 4	
<p><i>No content related activities should take place in this semester. The last months of the project should be entirely dedicated to the project closure.</i></p>	



5.2.5 Costs

External expertise and services		
Organisation	Description	Amount
TSP+EAS+ARIB+ETAg	Information days and seminars about funding options in Estonia	1000

5.2.6 Funding

External expertise and services		
Organisation	Description	Amount
TSP	room rent, staff, speakers, coffee breaks	400
ARIB	staff, speakers (inkind support, estimated amount)	200
EAS	staff, speakers (inkind support, estimated amount)	200
ETAg	staff, speakers (inkind support, estimated amount)	200

5.2.7 Expected impact on SMEs

- SME will get specific information about funds that suits their needs.
- SME will get in touch with people in charge of the funds and create communication between both.

5.2.8 Expected impact on an innovation level

- Funds will allow SMEs to invest in their new projects, resulting in the creation of new technologies and new products.

5.2.9 Action monitoring

- At least 25 Participants in the Seminars and Information Days who have gained new knowledge.
- With the actions described before, the number of companies who apply funding for healthy food development will increase by ten to 2020. Data will be collected from South-Estonian R&D partners.

5.3 Sub-Action 3: Solving Exporting Common Problems

5.3.1 Background

One the most burdensome restriction reported by SMEs is compliance with administrative regulations. The regulatory burden can be broadly defined as 'all costs that result from mandatory obligations placed on businesses by public authorities based on a law, decree or similar act'.

Administrative burdens can vary and include those related to (i) EU law and domestic legal acts required to transpose it into national laws, (ii) accounting and taxation requirements, as well as (iii) sector/industry-specific laws and reporting/compliance obligations. Many SMEs in the EU consider taxation to be the most burdensome



policy area affecting them.

The main reasons behind these high costs are frequent changes of laws as well as their complexity, the existence of different tax administrations, the complicated forms and language of tax laws, the strict deadlines for payment, the cost of tax consultants (which are often used by SMEs), and registration procedures.

5.3.2 Action description

The action planned is the organization of different workshops or information days that can help the local SME to get information of various issues that it affects their business operation in other markets such as regulations and taxation in Scandinavia, UK, and Germany. The reason for choosing these markets is the size of them and also, they are markets that according to recent market trends and research are more likely to consume products with added value for their nutrition.

The purpose of these meetings and workshops is to provide a space where local producers that are searching for new business opportunities in another European market can solve their questions about the challenges, difficulties and different regulations that will encounter trying to enter these markets.

Experts in the topics will expose the overview of the markets and the specifics needed for exportation. The main objective is to connect potential new exporters with the correct people and resources to achieve their goals.

EAS is one organization in Estonia that provides help in this matter and they do it through their project "Development of Clusters". Clusters as cooperation networks implement international marketing activities and develop cooperation in order to help primarily small and medium-sized enterprises, who make up a majority in Estonia, gain a stronger position outside of Estonia.

The information regards regulations and taxation in Scandinavia etc. will be in the Appendix 2.

5.3.3 Stakeholders involved

Stakeholders	
Members	Description
TSP	Leading Partner in cooperation with Tartu city government, Tartu Rural Development Association, Tartu Business Advisory Services Foundation, South-Estonian food network, EAS, Estonian-Latvian project Export Express https://www.exportexpress.eu/
EAS	Estonian Organization that promotes business and regional policies. They are invested in the export topic through their program "Development of Clusters"
Tartu city government, Tartu Rural Development Association, Tartu Business Advisory Services Foundation, South-Estonian food network, Eesti Toidutee http://www.toidutee.ee/	These local organizations organize food-related events (Hansapäevad, Tartu toidufestival, Maitsev Tartu) which offer the possibility to get positive feedback and media coverage which can be used entering into new markets. They also offer networking and possibly form groups which would make exporting easier.
Enterprise Europe Network	Enterprise Europe Network https://een.ec.europa.eu/ Helping companies innovate and grow internationally:



	<ul style="list-style-type: none"> • International partnerships • Advice for international growth • Support for business innovation
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5.3.4 Timeframe

PHASE 2	
Semester 1	
<ol style="list-style-type: none"> 1. Explore the feasibility and opportunities to export the healthy food products and how to use local reputation in it. 2. Identify and contact export support institutions in the region (promotion and marketing in the local, national and international market, including export possibilities, strong brand creation, innovations in the food sector, including marketing innovations and innovation strategies, network cooperation). 3. Find the best possible partners to help in export efforts. 4. Find experts with industry knowledge and/or companies that have experience with exporting to German, UK and Scandinavian markets. <p>Outputs:</p> <ul style="list-style-type: none"> • 1 meeting with the interested enterprises. • Mentoring, industry and export experts found. 	
Semester 2	
<ol style="list-style-type: none"> 5. Organizing information days how to use local events for entering foreign markets and which problems can encounter entering Scandinavian, German and UK Markets. 6. Find new international markets for the healthy food products. 7. Creation of the know-how that can help the local SME to get information of various issues that it affects their business operation in another market such as regulations, taxation and entering barriers in Scandinavia, UK, and Germany. Topic to be covered is also how to enter together. <p>Outputs:</p> <ul style="list-style-type: none"> • 2 Information Day (25 participants) • Increase the know-how about regulations, taxation and entering barrier of different markets 	
Semester 3	
<ul style="list-style-type: none"> • Monitoring results' achievement and measuring impact. • Monitoring the action implementation and regular contact with the network. • Exchange with project partners the success and difficulties met in the implementation of the action. <p>Outputs:</p> <ul style="list-style-type: none"> • Monitoring completed. 	
Semester 4	



No content related activities should take place in this semester. The last months of the project should be entirely dedicated to the project closure.

5.3.5 Costs

External expertise and services		
Partner	Description	Amount
TSP + EAS	Expertise for export opportunities and requirements. Information days and seminars.	1000

5.3.6 Funding

External expertise and services		
Organisation	Description	Amount
TSP	Room rent, staff, speakers, coffee breaks	700
EAS	Staff, speakers (inkind support, estimated amount)	300

5.3.7 Expected impact on SMEs

- SMEs will learn about specific information about other markets. They will learn about advantages and disadvantages of certain markets, what should they expect and the difficulty to do it.
- They also gain an overview of how and with what enter foreign market and what are the future trends.

5.3.8 Expected impact on an innovation level

- By learning the specifics of each market, SMEs will innovate with new products and market strategies to accommodate the needs of the foreign market.

5.3.9 Action monitoring

- At least 25 Participants in the Seminars and Information Days who have gained new knowledge.
- At least 7 new companies who have started exporting healthy food products.



Appendix 1: Funds Information and Contact

EAS

Established in 2000, Enterprise Estonia (EAS) promotes business and regional policy in Estonia and is one of the largest institutions within the national support system for entrepreneurship by providing financial assistance, counseling, cooperation opportunities and training for entrepreneurs, research institutions, the public and non-profit sectors.

It has several programs that fund companies for product development and innovation. The two biggest are the innovation and development voucher.

The development voucher is essentially a supporting measure for preliminary research. The results of the development voucher should enable the entrepreneur to gain comprehensive knowledge of whether their development idea has the potential necessary for continuing the development process in other stages. Its target group is small and medium-sized enterprises whose development ideas need advanced professional know-how from specialists in order to be implemented and their maximum grant is 20,000 euros.

The innovation voucher enables a small and medium-sized entrepreneur (SME) who is cooperating with a higher education institute, test laboratory, or intellectual property experts, to develop innovative solutions for development obstacles, carry out tests with new materials, gather knowledge on technologies, conduct studies in intellectual property databases etc. The maximum grant is 4000 euros.

Contact

Ettevõtluse Arendamise Sihtasutus (EAS)

- +372 6 279 700
- e-mail: eas@eas.ee
- website: www.eas.ee

ARIB

The Agricultural Registry and Information Board (ARIB) is a government agency in the area of government of the Ministry of Rural Affairs of the Republic of Estonia, established in the summer of 2000. The task of the ARIB is to organize state aid and EU agriculture and rural development support, European Fisheries Fund support and market support, organizing legislation on agriculture-related national registers and other databases, processing and analyzing these data.

In 2014, ARIB allocated over € 203 million in grants to 38,636 applications. In 2007-2014 ARIB paid out approximately 2.02 billion euros. The amount and condition depend on what type of aid is asked.

For product development, ARIB has a fund called "Support for the development of new products, practices, processes, and technologies". The purpose of the fund to support individual projects that foster cooperation and innovation in the agriculture, food and forestry sectors and address the specific production steps of producers and processors. Projects must be aimed at solving the tasks based on the practical needs of the



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company, rather than on the financing of separate scientific interests. The fund size varies by years but is between 50 000 and 350 000 euros.

Contact

- ARIB telephone: 737 1200
- e-mail: pria@pria.ee
- website <http://www.pria.ee/et/>

Estonian Research Council

Applied research in smart specialization growth areas: NUTIKAS

The support aims to contribute to growth in the research-intensity of the Estonian economy, supporting collaboration between R&D institutions and companies. Furthermore, the support will help to raise the capabilities of R&D institutions to carry out the applied research needed for business in smart specialization growth areas.

The funding supports companies in commissioning necessary applied research or product development projects from universities or research institutions.

The total funding volume of the call in 2018 is 15 million euros, the maximum funding per project is 2 million euros, whereas the minimum amount is 20 thousand euros.

Grants will be distributed through open calls for proposals organized by the Archimedes Foundation. The Estonian Research Council assists the process by a steering committee that evaluates applications and oversees the support measure overall.

The materials of the open call for proposals are available on the Archimedes website.

Contact

- Viktor Muuli
- Manager of Smart Specialisation
- +372 517 7697
- mail: viktor.muuli@etag.ee
- website <http://www.etag.ee/en/funding/applied-research-funding/23917-2/>





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European Funds

On the other hand, there are several organizations in the European Union that can facilitate funds for SMEs.

COSME

The programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) is improving access to finance for SMEs through two financial instruments that have been available since August 2014. COSME has a budget of over EUR 1.3 billion to fund these financial instruments that facilitate access to loans and equity finance for SMEs where market gaps have been identified. The financial instruments are managed by the European Investment Fund (EIF) in cooperation with financial intermediaries in EU countries.

Contact for Food and drink industry

Email: GROW-D3@ec.europa.eu

https://ec.europa.eu/growth/smes/cosme_en

HORIZON 2020

Horizon 2020 is the biggest EU research and innovation programme ever. It will lead to more breakthroughs, discoveries, and world-firsts by taking great ideas from the lab to the market. Almost €80 billions of funding is available over 7 years (2014 to 2020) – in addition to the private and national public investment that this money will attract.

Who may apply?

Funding for research projects tackling clearly defined challenges, which can lead to the development of new knowledge or a new technology.

For standard research projects – a consortium of at least three legal entities. Each entity must be established in an EU Member State or an Associated Country.

Contact:

<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>





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European Structural and Investment Funds

The new European Structural and Investment Funds (ESIF) will dedicate around €110 billion to innovation activities, ICT, small and medium-sized enterprise (SME) competitiveness, and the low carbon economy. Regions have to develop smart specialization strategies prior to receiving ESIF funding for projects in the area of innovation. This process should allow regions to concentrate their investments on their comparative advantages.

Several industrial priorities identified by the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs attract plenty of attention from regions in their smart specialization strategies.

These priorities are:

- Key Enabling Technologies (KETs)
- **advanced manufacturing**
- **bio-based products**
- creative industries
- tourism

The objective is to cooperate with the Directorate-General for Regional Policy and to facilitate cooperation between regional authorities and enterprises, for example by providing in-depth analysis of regional strengths and weaknesses in manufacturing and by setting up online platforms that allow regions and enterprises to exchange information on collaboration opportunities across Europe. The Enterprise Europe Network and clusters can also facilitate collaboration between enterprises and regional authorities.

Contact: https://ec.europa.eu/info/funding-tenders-0/european-structural-and-investment-funds_en

Contact For Estonia EDC

National Library in Estonia

Tõnismägi 2, 15189 Tallinn

elik@nlib.ee

+372 6 307 330

<http://elik.nlib.ee>

Tallinn University of Technology Library

Akadeemia tee 1, EE - 12618 Tallinn

gering@lib.ttu.ee

620 3555

<http://lib.ttu.ee>

University Tartu Library - Tartu

W. Struve Street, 1, EE - 50091 Tartu

ruth@utlib.ee

+372 7 37 57 80

<http://www.euroinfo.ee>





Appendix 2: The information regards regulations and taxation in Scandinavia and Germany

Germany

Trade Barriers

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market and require close attention by exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many products. Suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product and that they obtain timely testing and certification.

Import Requirements and Documentation

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

Many EU Member States maintain their own list of goods subjects to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law.

Regulations for specific products

Horticultural Products: Horticultural products entering Germany face a number of import restrictions. In addition to considerable tariffs that vary by product, imports of selected produce (tomatoes, cucumber, artichokes, zucchini squash, citrus, table grapes, apples, pears, apricots, cherries, peaches, nectarines, and plums) are subject to an entry price system. Under such a system, imports that have a price at or above the respective entry price are assessed only the appropriate ad valorem duty. Imports, which have a price below, but within a certain range of the entry price, are assessed the ad valorem duty plus a specific duty that is the difference between the import price and the entry price. "Within a certain range" generally means within eight percent of the entry price. Imports having a price more than 8% below the entry price are assessed the ad valorem duty plus a very large specific duty (known as the tariff equivalent) which generally takes the cost of the product (import price plus duties) far above the entry price.

Organic Products: Until 2008 the German organic market had been growing at near double digit rates annually. In 2009, this growth levelled off as demand for organic products in conventional food stores decreased by several percentage points. Sales through specialized organic food stores are still increasing. The share of organic production in German agriculture is estimated to be about five percent. There are currently two regulations for organics in the EU, one for standards and one for imports. Implementation of the new import regulation framework for organic products started on January 1, 2009. Previously imported products had to be checked by the Member State for each individual product in an import authorization procedure. Under the new regulation, in countries such as the U.S. that are not on the equivalency list, products can be certified by control bodies. These control bodies must be directly approved for by the EU Commission. There is a transition period



where it is still possible to import organic products through the old system. This possibility ends on January 1, 2013.

Consumer-Ready Products: Imports of consumer-ready food products into Germany face many market access restrictions and very strict food laws. In addition to bound import duties, the EU has established a complex system of border protection measures for food products. Since prices for basic agricultural commodities, such as dairy products, sugar, and cereals are considerably higher than world market prices, the EU maintains a mechanism to protect European consumer-ready food products from imports made with lower-price inputs. Therefore, most processed products entering the EU are subject to additional import charges based on the percentage of sugar, milk fat, milk protein, and starch contained in the product. These additional import charges have made many imported processed food products non-competitive in the EU market.

Sweden

Legal Requirements

Product Safety

The legal requirements for products placed on the Swedish market are established to ensure a high level of product safety. For many sectors, specific legislation is established (e.g. toys, chemicals, cosmetics, and machinery). If this is not the case, the EU General Product Safety Directive (Directive 2001/95/EC), in Sweden implemented by the so-called Produktsäkerhetsförordning, states that all products placed on the market should be safe. Furthermore, it provides instruments to use when unsafe products are discovered. The requirements concern the physical aspects of the product (e.g. dangerous substances, electrical safety, etc.), but 4.

Product liability

Your Swedish buyer (importer) can be held responsible by consumers if a product is defective and the defect causes damage, according to EU Directive 85/374/EC. This is called product liability. Claims for financial compensation for injuries caused by defective products may be passed on to you by your buyer if he expected a certain level of product safety (often established in agreed contracts) and these expectations were not fulfilled. For example, if you declare in writing that your products are produced conform safety requirements and they do not contain certain dangerous substances, your buyer may expect that this is true. Furthermore, your Swedish buyer can expect a certain quality level that is guaranteed by a certificate. If it appears that you provided your Swedish buyer with a false or incorrect certificate, you infringed your Swedish client's expectations. Exporting to Sweden also requirements on how consumers should be informed (e.g. labeling requirements). The Swedish Consumer Agency (Konsumentverket) is the state agency whose task is to safeguard consumer interests. Unsafe products can be withdrawn from the market. Sweden operates through an EU rapid alert system (RAPEX) for dangerous consumer products. When unsafe products are discovered alerts go out across the EU.

Legal Requirements for Food

When exporting food to Sweden, food safety is the most important concern. The Swedish food safety policy (based on EU legislation) is comprehensive and one of the strictest in the world. It applies to all stages of production, processing, and distribution of food and feed (the so-called 'farm-to-fork' approach). The basis of the requirements is the Regulation (EC) 178/2002, the so-called 'General Food Law', which sets out the principles



behind the idea of safe food. This is further elaborated on in specific legislation establishing requirements on the safety of the food itself and on enforcement and control.

The measures on enforcement and control do not contain actual requirements for products but set measures to ensure the safety of food products placed on the market. They cover hygiene (HACCP) (Regulation (EC) 853/2004), official controls on food products (Regulation (EC) 853/2004) and traceability. There are different control procedures for food of animal origin and food of non-animal origin. Imported animal products are controlled very strictly. Both the country and the food processing establishment in the exporting country must be approved by the EU. Furthermore, all shipments must be accompanied by a health certificate, must enter Sweden through a designated Border Inspection Post (BIP) and are subject to physical inspections.

Certifications

Further to legal requirements, the market itself has developed a number of standards and requirements. Although their specific nature can differ from sector to sector, an exporter targeting the Swedish market must live up to a set of standard expectations from buyers in order to enter the market successfully.

Certification and Ecolabels In addition to, for instance, the CE mark, which is mandatory for many products, the market has developed a large number of different certifications and Ecolabels. These certifications and Ecolabels are in principle voluntary and can refer to different aspects of a product and service or to procedures and standards in the company.

Finland

Market Overview

Reports concerning Finland account for almost 35 percent of all reports for the EU area and about eight percent of all the barriers reported in the survey. In the 2009 survey as well, Finland represented the most problematic market area for domestic enterprises when compared against other EU countries. As for the EU as a whole, public procurement was experienced as the single most problematic barrier type also with regard to Finland. In addition, the most problems were mentioned with regard to the movement of persons and to taxes and tax legislation. The number of problems reported in other sectors was low. The increased number of responses concerning public procurement is the most significant change compared with the past. Most of the responses dealing with Finland (about 18 percent), however, did not concern actual import or export barriers but other issues that were experienced as problems. The clearest entity of this type distinguishable in the responses is the enterprises' experience of a general decline in Finland's competitiveness. The factors that were seen to affect this trend included labor costs that are perceived as high, and taxation and other fees collected from enterprises. Also, rising transport costs, especially marine transport, and higher energy prices are perceived as critical factors affecting the competitiveness and operating conditions of Finnish enterprises. Attention was also drawn to certain distortions of competition, which were considered to result from the role of government-supported or other semi-public actors on the market. In addition, the responses evaluated the activities of domestic officials, which are perceived in some situations as generally slow and inflexible.



Trade barriers in Finland by type (N=106)		
#	Type of barrier, %	%
1	Other barriers and problems	17.9
2	Public procurement	17.0
3	Movement of persons	14.2
4	Tax problems	11.3
5	Customs procedures	8.5
6	Discriminatory product specifications	7.5
7	Competition conditions	6.6
8	Intellectual property rights (IPR)	5.7
9	Movement of capital	3.8
10	Legal status of the enterprise	3.8
11	Quantitative restrictions and licensing	1.9
12	Anti-dumping and countervailing duties and safeguard measures	1.9

Trade barriers in Finland by sector		
#	Sector	%
1	Other	26.7
2	Services	24.4
3	Building and interior decoration	11.5
4	Machinery and equipment	9.9
5	Retail trade	6.9
6	Metal, steel and mining industry	5.3
7	Textile and clothing industry	3.8
8	Food industry (including agriculture)	3.1
9	ICT (including consumer electronics)	2.3
10	Transport vehicles	2.3
11	Forest industry	1.5
12	Pharmaceutical industry	1.5
13	not defined*	0.8
14	Chemical industry (including rubber and plastics, and cosmetics)	0



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Signature

Association of Municipalities of Tartu County (TOL) agrees to support and promote the implementation (and where appropriate implement) the plan detailed above. I confirm that I have the required authority of my organisation to do so and that the required authorisation process of my organisation has been duly carried out.

Date: 18. 06. 2018. a

Signature:

Name and position: Rain Sangernebo, TOL Chairman of the Board

