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**CONCEPT**

for organizing a trip to

**European Business Angels Network Congress 2024**

and **government institutions** in **Tallinn, Estonia**

**1. Introduction**

Nowadays the Government of Uzbekistan pays significant attention to harnessing the full potential of the youth as catalysts of socio-economic and digital development in Uzbekistan. The national youth policies cover a wide range of issues, including social protection of vulnerable youth, ensuring quality education and skills development, promoting entrepreneurship and decent work, building resilience and social harmony. Importantly, the Government realizes the role that the digital technologies can plan to enhance productivity, income and social well-being of youth by creating new job opportunities, expanding to new markets, driving innovation and developing new economic sectors. Therefore, the national youth employment strategies have incorporated measures aimed at creating opportunities for the youth to embrace the potential of the digital era and addressing existing and emerging challenges.

UNDP works closely the Government of Uzbekistan, including Ministry of Economy and Finance (MEF), to promote equitable and sustainable economic growth through decent and productive employment, improving access to knowledge and innovation, designing digital solutions and creating a more favorable business environment, especially for young men and women entrepreneurs, including those located in rural areas. In particular, this work is implemented by UNDP and MEF in the framework of their joint project ‘Empowering the Youth to Embrace the Digital Economy and Digital Entrepreneurship’ (hereinafter referred to as the ‘Project’). The goal of the project is to empower young people, especially women, with digital entrepreneurship skills and tools and also enable environment to increase their employment opportunities, competitiveness and resilience to COVID-19 and similar crises, and thus, to reduce inequality, ensure inclusive, innovative and sustainable economic growth, and job creation.

The project is working to achieve this goal through the implementation of three interrelated components: the first component focuses on enhancing the digital entrepreneurship environment and digital skills of young entrepreneurs; the second component focuses on strengthening institutional capacities for developing digital economy and digital entrepreneurship policies with a focus on youth; the third component focuses on unlocking finance solutions to improve youth’s financial inclusion and opportunities for nurturing digital entrepreneurship projects and start-ups.

More information about the Project can be found following this link: https://www.undp.org/uzbekistan/press-releases/empowering-youth-embrace-digital-economy-and-digital-entrepreneurship.

In the framework of the Project activities it is envisaged to organize a trip for government employees and representatives of venture funds to European Business Angels Network (EBAN) Congress 2024 to be held on May 20-22 and selected government institutions in Tallinn, Estonia.

**2. Brief description of the trip**

### *2.1. Development of private funding mechanisms in digital entrepreneurship and startup ecosystem*

### Estonia is globally known as the Unicorn Factory: it has 10 unicorn startups and is world famous for its digital innovation and infrastructure. Among the 10 Estonian unicorn startups are world renowned Skype and Bolt. Skype was one of the early hugely successful foreign investments in Estonia’s startup ecosystem. Skype founders Niklas Zennström and Janus Friis could have gone almost anywhere with their idea, but they chose Estonia, where with the help of other strong programmers and investors they made their idea a reality. The sum of 2.6 billion U.S dollars that Skype Technologies was sold to Ebay for was huge – especially in the context of Estonia in 2005.[[1]](#footnote-1) It is in fact Skype’s success that served as a catalyst, inspiring a new generation of entrepreneurs and igniting the spark of innovation in Estonia.

### On top of that Estonia is a first country to:

### legalize modern sharing economy and autonomous vehicles and to ratify an AI law.

### offer e-residency.

### use blockchain technology and enable real-time economy.

### have created most startups, unicorns and investments per capita.

### According to EBAN, Estonia’s achievement of having the most unicorn companies per capita can be attributed to a combination of factors.[[2]](#footnote-2) Estonia’s government, in collaboration with the private sector, worked to create a conducive environment for startups. They jointly developed:

### Digital infrastructure: Estonia’s advanced digital infrastructure, including a secure digital ID system and widespread internet access, provided a strong foundation for technology startups to flourish.

### Supportive policies: The government introduced favorable policies such as e-residency programs and tax incentives for startups, making it easier for entrepreneurs to start and grow their businesses.

### Access to funding: Estonia attracted both local and international venture capital and angel investors by providing a supportive environment for investment.

### A culture of innovation: The country’s education system fostered a culture of innovation and entrepreneurship, encouraging young talent to pursue ambitious ideas.

### EBAN Congress, which will be held in Tallinn, Estonia on May 20-22, is one of the most influential angel investing conferences in Europe, held annually and organized by the European Business Angels Network (EBAN) each year. EBAN hosted congress will present outstanding keynotes and panels by the most eminent business angels, entrepreneurs, international experts and opinion makers that inspire and give high-quality information about the current insights into the angel investment and venture finances world.

### Some of the Congress speakers include:

### KERSTI KALJULAID - Former President of Estonia

### JANNE JORMALAINEN - European Business Angel Network

### MARTIN VILLIG - Bolt Founder

### MIKKO SILVENTOLA - Bolt early Investor and Superangel

### KADRI TAMMAI - Tehnopol / Diana (NATO’s innovation accelerator)

### MARGUS UUDAM - Karma Ventures

### IVO RONNER - Swiss Post Ventures

### RAINER SAKS - Cyber Security Expert

### GENE KESELMAN - MIT Director & Lecturer.

### *2.2. Development and digitalization of SMEs*

Since Estonia became independent in 1991, its government has favored free markets and encouraged private ownership and market reforms. Privatization has led to more small and medium-sized businesses, and foreign investments have helped these reforms and boosted the economy. The government's quick action on privatization and creating a fair business environment has attracted these investments.

Estonia ranks 8th in the Human capital dimension in the 2022 edition of the Digital Economy and Society Index (DESI). 56% of the population has at least basic digital skills while 28% has above basic digital skills. On digital skills, Estonia is just above the EU average for basic digital skills. Estonia outperforms in the proportion of Information and Communication Technologies specialists in employment and has the highest percentage of ICT graduates (f8.4%) in the EU. The country rank third in the EU for the number of ICT specialists, as 6.2% of the total workforce is an ICT specialist (EU average 4.5%). Despite being smaller than the EU average, the gender disparity persists, as only 23% of ICT specialists are women.[[3]](#footnote-3)

Microsoft's Digital Futures Index evaluates digitalization across European countries, including Estonia, focusing on areas like Digital Business, Government, Infrastructure, Sector, and Human Capital. Estonia scores 139 on this index, nearly 40% higher than the Central and Eastern European average, indicating its advanced digital development.

In the recent years, Estonia has been paying serious attention to introducing digitalization technologies in SMEs. For instance, Estonia’s AI & Robotics Estonia (AIRE) center, which aims to translate academic research into practical applications, contributing to economic growth, societal well-being, and maintaining Estonia’s competitive edge in the global technology landscape, became the partner of European Digital Innovation Hubs, a network of about 200 centers over Europe that support the digitalization of SMEs. AIRE offers specialized trainings and know-how for SMEs to bring established companies up to date with new possibilities.

It is expected that the Uzbek delegation will study the experience of Estonia and other successful nearby European countries in implementing policies and reforms in developing SMEs, adopting digital technologies and their financing and apply gained knowledge for elaborating national SME development related policies and programs. The trip will include the visit to the Ministry of Economic Affairs and Communications of Estonia, the government agency (TBC) engaged in SME development issues and the company, which has successfully embraced digital technologies.

**3. Objectives of the trip**

It is expected to cover a wide range of topics during the trip, in particular: 1) developing angel investment and venture finance financing mechanisms 2) learning about practical insights into establishing strong startup and innovative ecosystem and 3) development and digitalization of SME.

These objectives will be supported by a number of smaller objectives as follows:

3.1. Enhance participants‘ knowledge and understanding of developing angel investment and venture funding financing mechanisms by learning from the experienced experts and policymakers about formulation and implementation of policies in this area;

3.2. Learn more about the government’s role in developing private financing mechanisms and stimulating and facilitating research and development;

3.3. Enhance participants’ knowledge of how to build strong and sustainable innovative infrastructure, including science parks, innovation clusters and technology platforms, business incubation and nurturing technology businesses, entrepreneurs and industrial research laboratories;

3.4. Learn about how to educate workforce and build powerful education system for nurturing innovative entrepreneurship and instilling digital skills for SMEs;

3.5. Learn about the current policies and programs implemented by Estonian government in the field of adopting digital technologies by SMEs and gain practical insights with the help of real-world SME digitalization case study;

3.6. Support Uzbek representatives with building extensive networks with fellow government representatives, investment experts and business and innovation opinion makers.

**4. Expected outputs**

4.1. Enhanced knowledge and understanding of participants on incentive schemes, policies/programs and support services that will stimulate, develop and foster angel investment and venture funding financing mechanisms in the Republic of Uzbekistan;

4.2. Participants gained hands-on experience and knowledge about building and developing more effective and sustainable startup ecosystems by paying specific attention to establishing necessary startup and innovation infrastructure for youth, including techno parks, clusters, science parks, incubation and acceleration programs and research laboratories;

4.3. More detailed understanding about the role of education in building entrepreneurial culture and communities to encourage young bright minds to launch innovative business and commercialize scientific developments and ideas;

4.4. Participants gained practical insights into key factors that matter in developing policies and programs for SME’s adoption of digital technologies, stimulating SMEs and entrepreneurs to run business out of shadows and enhancing digital infrastructure;

4.5. Participants learned how to enhance tax system for SMEs in order to stimulate their growth and increase level of digitalization;

4.6. Contacts and network with fellow policymakers, investors, financing mechanism and startup experts, opinion makers and research analysts established for further potential cooperation.

4.7. Uzbek delegation representatives have identified common areas and gained better understanding of how to continue supporting the growth of startups, resulting in potential development and adoption of target policies, programs and incentives in the field of digital economy and digital entrepreneurship.

**5. Participants of the trip**

## The group of participants will consist of 13 persons, including technical specialists of middle and senior level management from relevant ministries, agencies and venture funds, involved in development of private financing mechanisms in digital entrepreneurship. The group will be led by coordinators from relevant Government authority and UNDP Project.

It is expected that the representatives of the following government institutions and organizations will participate:

* Administration of President of the Republic of Uzbekistan – 1 participant;
* Cabinet of Ministers - 1 participant;
* Ministry of Economy and Finance – 4 participants;
* Ministry of Digital Technologies – 1 participant;
* Ministry of Higher Education, Science and Innovations and subordinate agencies – 2 participants;
* State Tax Committee - 1 person;
* Selected venture fund – 1 participant;
* UNDP Uzbekistan – 2 participants.

## **6. Eligibility of participants**

The participants must be employed in the structural units, which directly deal with developing and enhancing private financing mechanisms and building startup ecosystems, innovative projects, digital entrepreneurship and also SME digitalization and development. The participants need to have a solid track record of work experience in the corresponding area and directly be involved in policy making and practical implementation, committed to acquiring and improving knowledge and willing to push policy reforms and actively participate in the reform process. Participants will also have to have a commitment to continue working with their current organizations for the foreseeable future. Good command of English is highly desirable.

**7. Time and duration of the trip:**

The duration of the trip is planned to be 4 or 5 days (more information to follow), depending on the logistics arrangement. Each day will last from morning till evening.

**8. Program and logistics arrangements:**

The trip to Tallinn, Estonia is planned to be arranged and financed fully by the UNDP Project.

## **9. Follow-up actions:**

Upon the trip it is expected the participants will develop a government decree and/or action plan for further joint initiatives and activities in enhancing angel investment and venture finance mechanisms, fostering startup ecosystem and creating favorable environment for development and digitalization of SMEs in Uzbekistan. All the knowledge materials obtained gained during the trip will be reflected in the action plan.

## **10. Contact Information:**

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1. https://investinestonia.com/the-full-list-of-estonian-unicorns/ [↑](#footnote-ref-1)
2. https://www.eban.org/estonia-a-success-story-of-the-startup-ecosystem/#:~:text=Estonia's%20achievement%20of%20having%20the,fosters%20rapid%20growth%20for%20startups. [↑](#footnote-ref-2)
3. https://digital-skills-jobs.europa.eu/en/latest/briefs/estonia-snapshot-digital-skills#:~:text=Introduction,average%20for%20basic%20digital%20skills. [↑](#footnote-ref-3)