



Estonia

Overview

EIB INVESTMENT SURVEY

2021

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EIB Investment Survey Country Overview: Estonia

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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EIBIS 2021 – Estonia

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2021 shows that while fewer Estonian firms invested in 2020, they have become more optimistic for 2021, with more expecting to increase rather than decrease investment. This represents a substantial positive shift from EIBIS 2020. Firms in Estonia (27%) were more likely than EU firms (17%) to invest in new services/products in 2020.

Impact of COVID-19

COVID-19 hit firms in various ways. On average 40% of Estonian firms report their sales to have declined compared to the beginning of 2020, lower than the EU average (49%). COVID-19 also had an impact on firms' investment with 23% of firms revising their investment plans downwards.

When asked about the short-term actions due to COVID-19, digitalisation stood out with around a third of firms (37%) reporting that they have taken action or made investment to become more digital, below the EU average (46%).

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on needs and priorities. Half (48%) of Estonian firms expect COVID-19 to lead to an increased use of digital technologies in the long-term, a sharp increase compared to EIBIS 2020 (19%).

There has been a decline in the share of firms operating at or above full capacity in 2020 (from 74% to 59%). Moreover, 24% of Estonian firms believe they invested too little in the past three years compared to just 14% of EU firms. Looking ahead to the next three years, capacity expansion is the most commonly cited investment priority among Estonian firms (45%), well ahead of the EU average (32%), which bodes well for future growth.

Innovation Activities

Innovation activity increased: almost half (48%) of Estonia's firms developed or introduced new products, processes or services, as part of their investment activities in 2020, a higher share than what was reported in EIBIS 2020 (30%) and above the EU average (36%). Big firms (62%) are more likely to innovate than small firms (26%). Just 43% of firms engaged in no innovation activity, a big reduction on the 61% reported in EIBIS 2020. Over two-thirds (68%) of Estonian firms have implemented at least one advanced digital technology (especially internet of things and platforms). This is similar to both EIBIS 2020 (65%) and the current EU average (61%).

Drivers and Constraints

In contrast to the picture across the EU, where firms remain concerned about the political and regulatory climate, on balance Estonian firms are neutral (up from -20% to +0.4%). Expectations for the overall economic climate have considerably improved (rising from -47% to +34%), as have perceptions of business prospects in the sector (rising from -33% to +20%).

The availability of skilled staff (77%) and uncertainty about the future (66%) are regarded as the main long-term barriers to investment, broadly in line with EIBIS 2020 and EU averages. Estonia has some of the lowest shares of companies in the EU worried about digital infrastructure.

Investment Finance

Access to finance conditions in Estonia remain benign, as 6% of Estonian firms can be considered as external finance constrained, a very similar share to the one reported in EIBIS 2020 (7%) and the EU average (5%). Estonian firms who have accessed external finance in 2020 are on average satisfied with what was offered except for the cost of finance, which caused dissatisfaction in 19% of the firms.

Relatively few Estonian firms have increased their debt as a result of the COVID-19 crisis. The figure of 6% is much lower than the EU average (16%). Almost four in ten Estonian firms report receiving some form of financial help in response to COVID-19, below the EU average of 56%. Primarily this support has come in the form of subsidies that do not need to be paid back in the future, with 31% of Estonian firms receiving them.

Climate Change and Energy Efficiency

A sizeable share of Estonian firms feel the effect of climate change: 56% of firms believe climate change currently has an impact on their business. This is broadly in line with what was reported in EIBIS 2020 and the EU average. Overall, firms in Estonia see the transition to stricter climate standards and regulations more as a risk (35%) than an opportunity for their business (21%).

Just over a quarter (27%) of firms have already invested to deal with climate change while 38% have plans to invest more in the next three years. Estonia's firms are less inclined than those across the EU to have already invested in climate change solutions, or to be planning to do so (EU: 43% and 47% respectively). Four in ten (41%) firms invested in measures to improve energy efficiency in 2020. This is close to the EU average (37%). Almost half (48%) of services firms are investing in energy efficiency, above the EU average (30%), despite relatively low levels of investment among services firms in Estonia.

Firm management, gender balance and employment

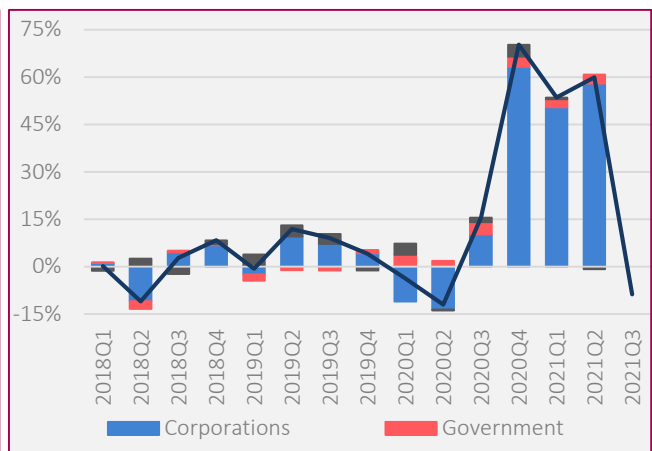
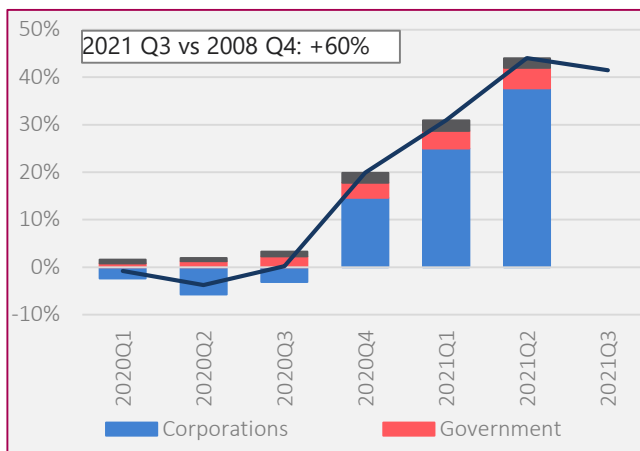
Asked about several other management practices, only a third (35%) of Estonian firms say their company strove for gender balance. This is much lower than the EU average (60%). Linking individual performance to pay is where Estonia (73%) is in closest alignment to the EU average (67%).

Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

Investment declined slightly in the early stages of the pandemic, but grew rapidly starting from the end of 2020. In Q4 2020, investment already stood 20% above the pre-pandemic levels (Q4 2019). This contrasts sharply with the EU overall. Mainly driven by corporate investment, total investment growth continued in 2021, standing between 50% and 60%

above the levels recorded in the same quarters of 2020 and between 30% and 40% above the pre-pandemic levels. The increase in investment in Estonia is also impacted by one-off jumps in IPP investment during the period, for which the series are not corrected.

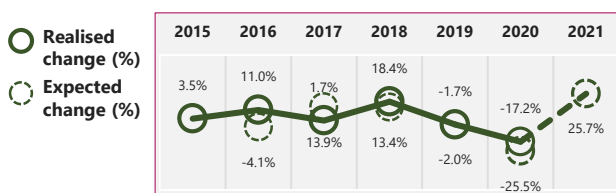


The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Eurostat
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Eurostat.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

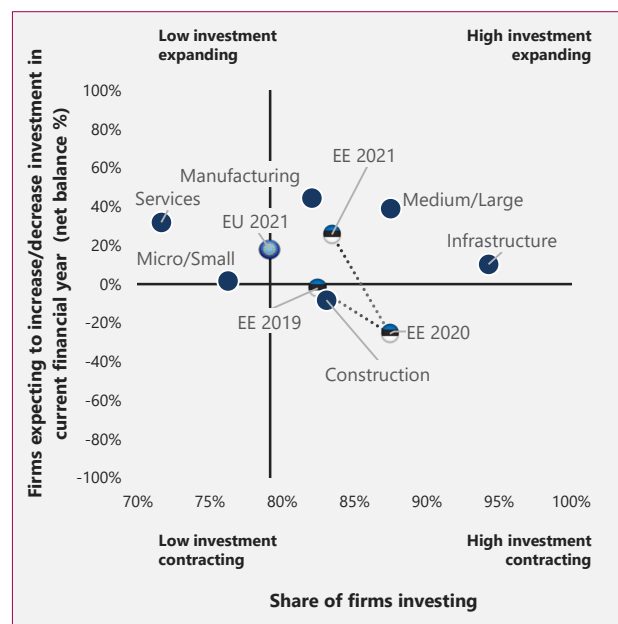
EIBIS 2021 shows that while fewer Estonian firms invested in 2020, they have become more optimistic for 2021, with more expecting to increase rather than decrease investment. This represents a substantial positive shift from EIBIS 2020 in terms of outlook, with investment expectations (26%) even exceeding those of EIBIS 2019 (18%).

Infrastructure (94%) and medium/large firms (87%) were more likely to invest in 2020, with expectations being higher among manufacturing firms.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021.

Base: All firms (excluding don't know/refused responses)

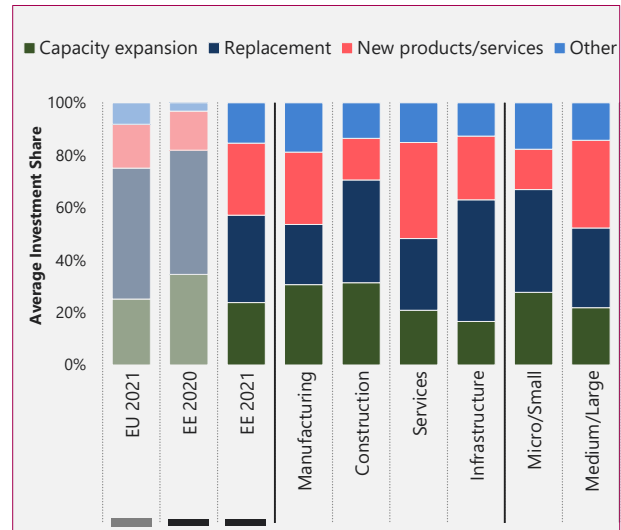
Investment Dynamics and Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

On average, firms in Estonia spent 33% of their investment in 2020 on replacing buildings and equipment. Around a quarter of investment was directed towards new products/services (27%) and expanding capacity (24%). Investment in replacement and capacity expansion was lower than what was reported in EIBIS 2020, while that in new products/services has increased.

Estonian firms were less likely than those across the EU to invest in replacement (33% versus 50%), but more so in new products/services (27% versus 17%).

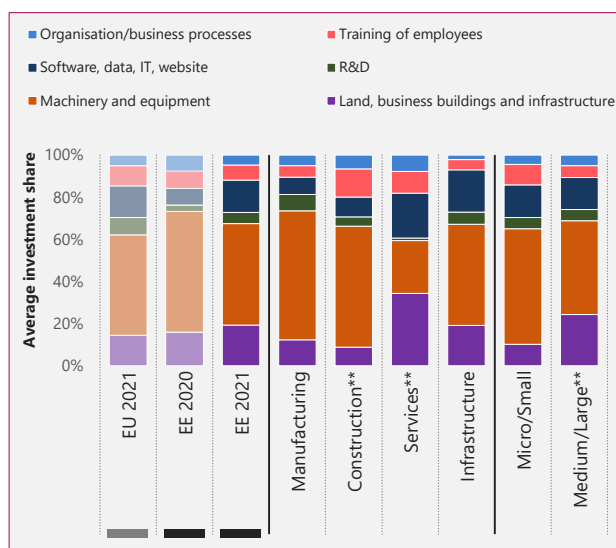
The share of investment for replacement tends to be highest among construction (39%) and infrastructure (46%) firms. The share of investment for new product/service development is higher among service sector (37%) and medium/large firms (33%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



Out of the six investment areas considered, the highest share of investment in 2020 went into machinery and equipment (48%), followed by land, business buildings and infrastructure (19%), and software, data, IT and website activities (15%). The share of investment directed towards software/data has almost doubled since EIBIS 2020 (8%). The overall pattern is in line with the EU average.

Service sector firms targeted the highest share of investment (41%) towards 'intangible assets' - R&D, software, training and business processes. Manufacturing firms devoted the highest share of investment (74%) towards 'tangible assets' -land, buildings, infrastructure and machinery.

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

**Caution small base size

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

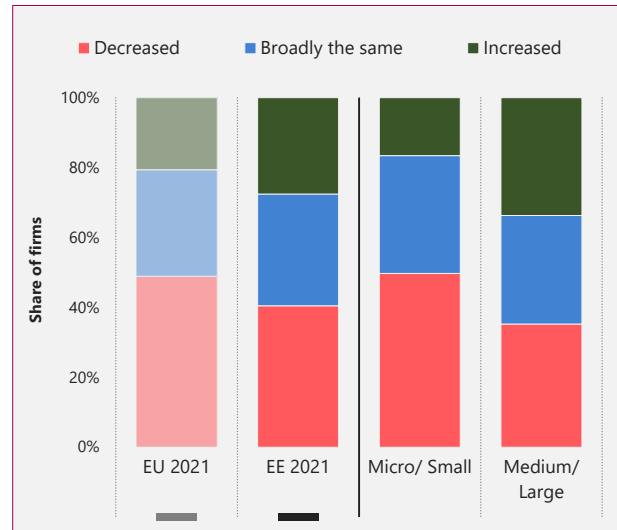
Impact of COVID-19

IMPACT OF COVID-19 ON SALES

In Estonia, COVID-19 has had a negative impact on the sales of 40% of firms compared to the beginning of 2020 – a lower negative impact than for their EU peers (49%).

However, the pandemic created new opportunities for some Estonian firms: 28% of firms in Estonia report their sales to have increased compared to the beginning of 2020, this is slightly higher than the EU average of 21%.

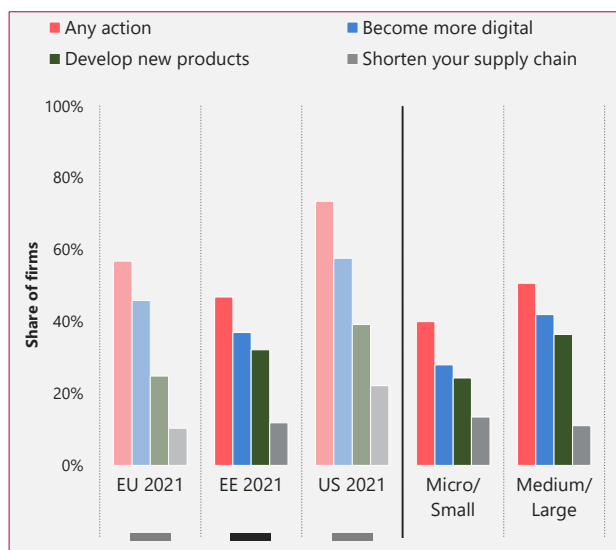
Micro/small firms (50%) are slightly more likely to have experienced a decrease in sales as a result of COVID-19 than medium/large firms (35%). Conversely, firms of larger size are twice more likely to have experienced an increase in sales (34%) than small firms (17%).



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

Base: All firms (excluding don't know/refused responses)

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



Almost half of Estonia's firms (47%) have taken at least one short-term action in response to COVID-19, less than the EU average (57%).

The most cited area of action or investment is to become more digital, as around a third of Estonian firms have been prompted by COVID-19 to become more digital (37%), a slightly lower share than the EU average (46%).

A third (32%) of firms have taken action or made investments to develop new products, slightly more than the EU average (25%). In both Estonia and the EU one in ten firms have shortened their supply chains (12% and 10% respectively).

Medium/large firms (51%) are slightly more likely to have taken action in response to COVID-19 than micro/small firms (40%).

Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

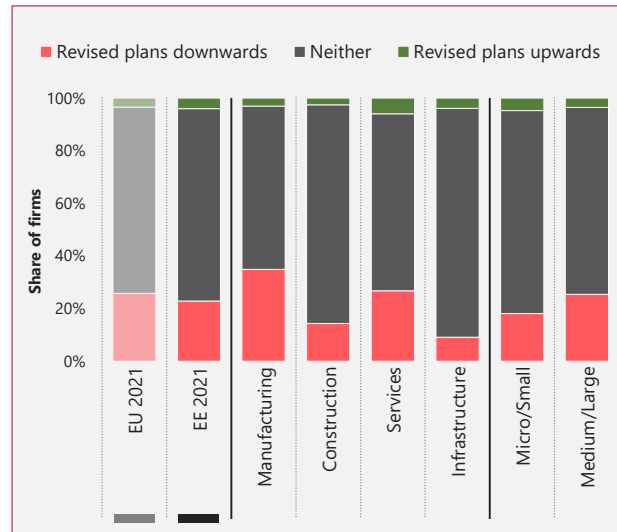
Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

When asked about whether they made any changes to their investment expectations during the pandemic, 73% of Estonian firms report not having done so, in line with the EU average (71%). Hence, COVID-19 had an impact on the investment plans of just over a quarter of Estonian firms. However, the majority of firms report a downward revision of their investment plans (23%) and only 4% report an upwards revision. These figures are broadly in line with the EU average (26% and 3% respectively).

Manufacturing (35%) firms are the most likely to report to have revised their investment plans downwards, infrastructure firms the least (9%).

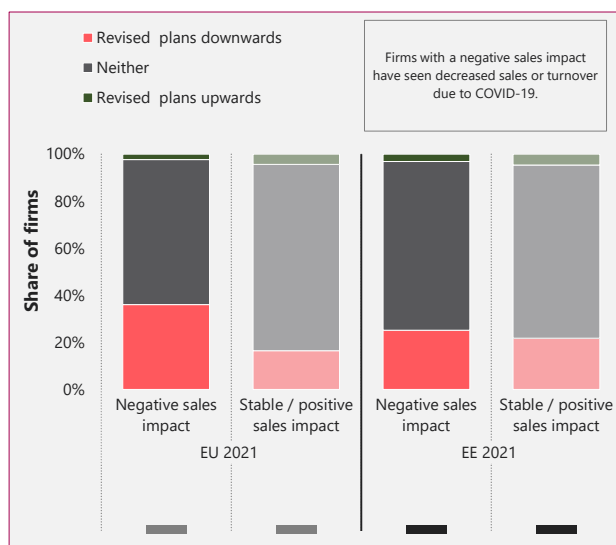


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

Base: All firms (excluding don't know/refused responses)

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



Overall, Estonian firms whose sales or turnover had been negatively impacted by COVID-19 are less likely to have revised their investment plans downwards (25%) compared to EU firms with a negative sales impact (36%).

However, even Estonian firms who say COVID-19 had resulted in buoyant sales are far more likely to have revised their investment plans downwards (22%) than upwards (5%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

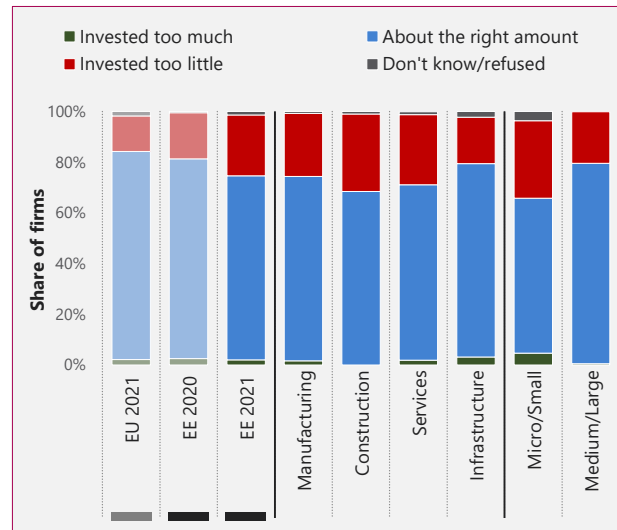
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

The majority of Estonian firms does not perceive gaps in terms of investment. In spite of the difficult economic circumstances, seven in ten firms believe their investment over the last three years was about the right amount (73%). A quarter (24%) believe they may have invested too little, a higher share than the EU average (14%).

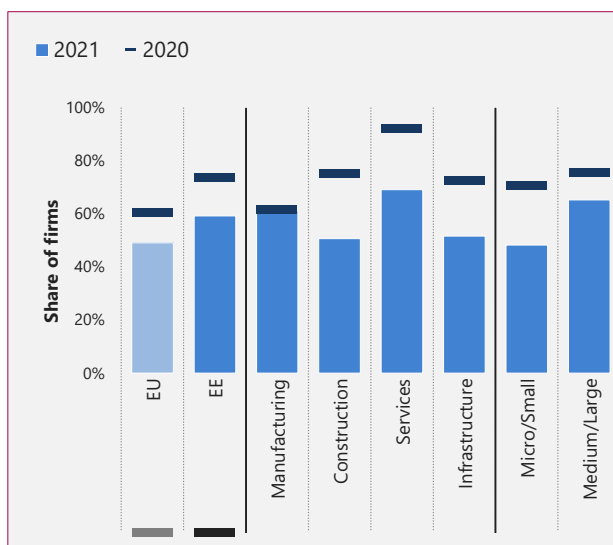
Firms in the construction sector (30%) and micro/small firms (31%) are more likely than other businesses to believe they invested too little over the past three years.



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

The share of Estonian firms operating at or above full capacity (59%) in 2020 has declined compared to 2019 (74%) but was higher than the EU average (49%).

The proportion of manufacturing firms having operated at or above full capacity in 2020 (61%) has remained stable, whereas it has dropped in all other sectors.

Two-thirds (65%) of medium/large firms are operating at or above full capacity, while only a minority of micro/small firms are in a similar situation, with the share of firms operating at or above full capacity falling from 71% to 48% since EIBIS 2020.

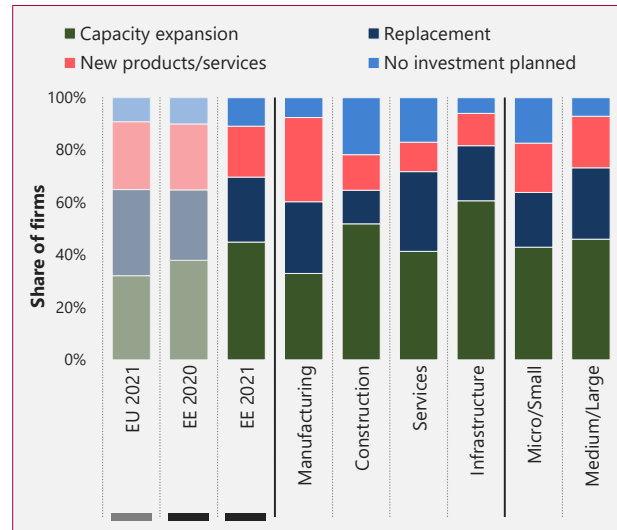
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Capacity expansion is the most commonly cited investment priority among Estonian firms (45%), followed by replacement of existing buildings and equipment (25%) and the development or introduction of new products/services (19%).

Estonian firms are more inclined than those across the EU overall to prioritise capacity expansion over the next three years. They are less likely to prioritise either replacement or new product/service development.

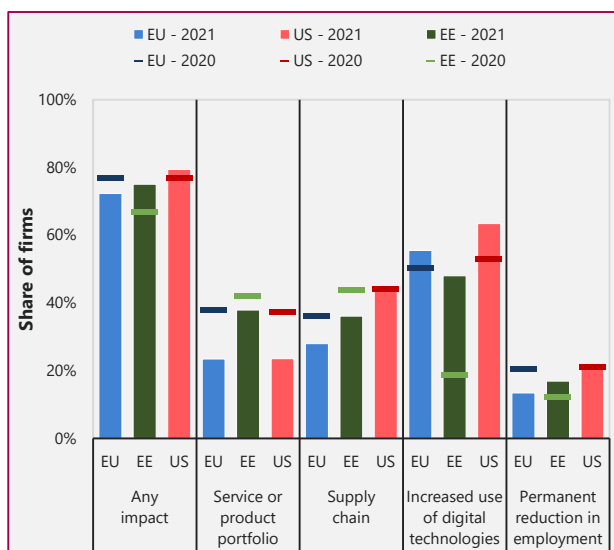
The share of firms with no investment planned (11%) is little different to EIBIS 2020 (10%) or the current EU average (9%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

COVID-19 LONG-TERM IMPACT



COVID-19 will undeniably have a long-term impact on needs and priorities, as reported by three quarters of Estonian firms. This is broadly in line with the EU average (72%).

The most-commonly anticipated impact is the increased use of digital technologies (48% - up from 19% in EIBIS 2020), followed by changes to service or product portfolio (38%, compared to just 23% in the EU) and the supply chain (36%).

The proportion of Estonian firms expecting a permanent reduction in employment as a result of COVID-19 (17%) is similar to the EU average (13%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Base: All firms

Innovation Activities

INNOVATION ACTIVITY

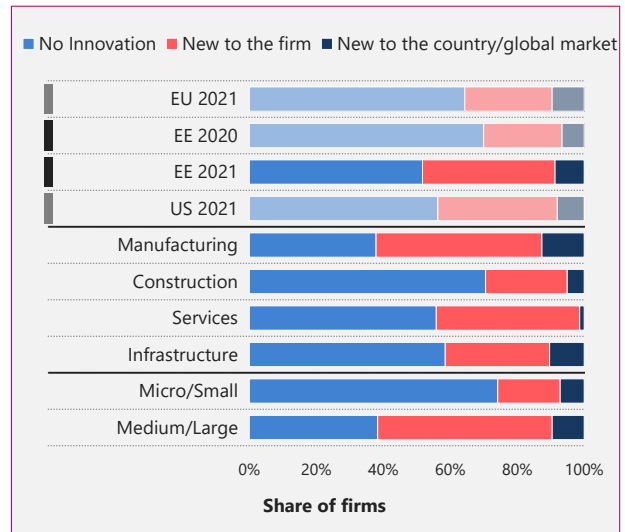
Almost half (48%) of Estonia's firms developed or introduced new products, processes or services, as part of their investment activities in 2020, a higher share than the EU average (36%) and than what was reported in EIBIS 2020 (30%). This ties in the broader perception among Estonian firms that the pandemic will result in a permanent change in the product/service mix. On average 40% of Estonian firms developed or introduced products, processes or services that were new to the firm, while 9% claim to have introduced innovations that are new to the country or world.

Medium/large firms (62%) are over twice as likely than micro/small firms (26%) to have invested in developing innovative products, processes or services.

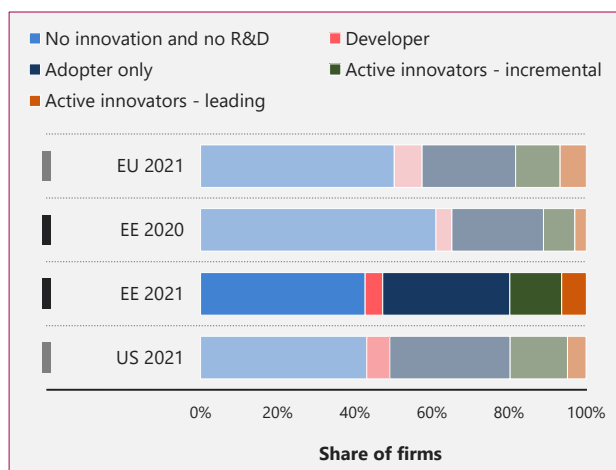
Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)



INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

When firms' innovation and research and development behaviour is profiled more widely, a fifth of firms (20%) in Estonia can be classified as 'active innovators', line with the EU average (18%). Around 5% of Estonian firms can be classified as 'developers.' Just under 43% of firms belong to the 'no innovation and no R&D' group, compared to 50% of EU firms; it is a significant reduction from the 61% of Estonian firms belonging to this category in EIBIS 2020.

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world.

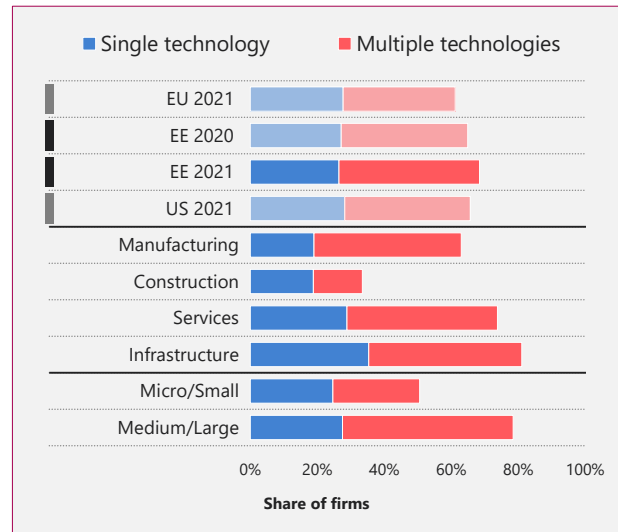
Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

Over two-thirds (68%) of Estonian firms have implemented at least one advanced digital technology, similar to both EIBIS 2020 (65%) and the current EU average (61%).

Medium/large firms (78%) are more likely than micro/small (51%) to have implemented at least one digital technology. Firms in the services and infrastructure sectors are more likely to have implemented advanced digital technologies (74% and 81% respectively) while construction firms are the least likely (33%).

Estonian firms report a similar uptake of most advanced digital technologies compared to the EU, but have made relatively more use of platforms (65% versus 48%) and internet of things (43% versus 29%).

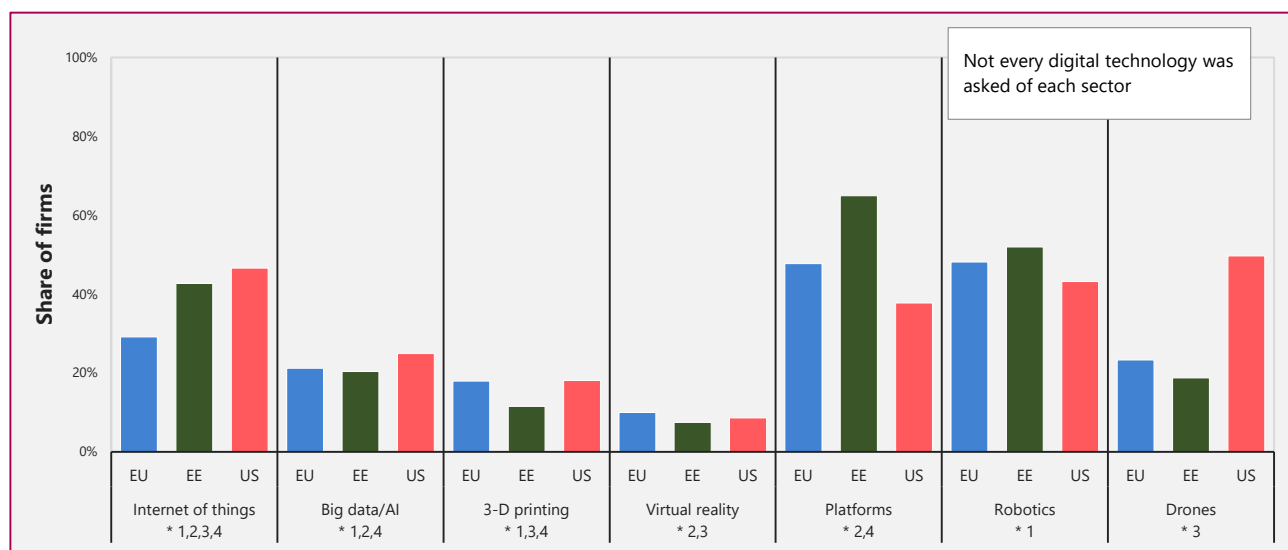


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses)

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses);
Sample size EE: Manufacturing (118); Construction (100); Services (88); Infrastructure (93)

Drivers And Constraints

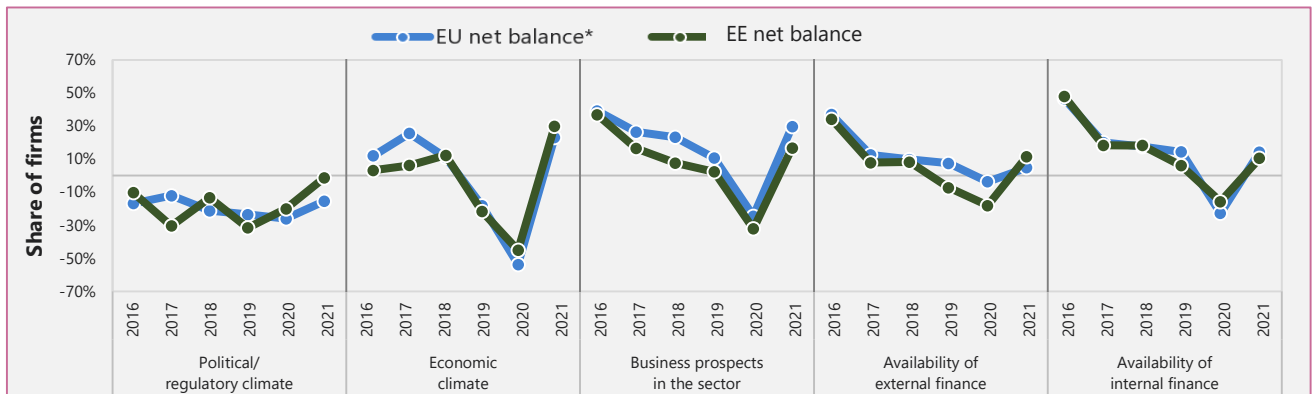
SHORT-TERM FIRM OUTLOOK

The short-term outlook in Estonia is very similar to the EU as a whole.

Firms are neutral about the political and regulatory climate, with the outlook having considerably improved from EIBIS 2020 (up from -20% to +0.4%). Expectations for the overall economic climate have also significantly improved (rising

from -47% to +34%,) as have perceptions of business prospects in the sector (rising from -33% to +20%).

On balance, firms also expect the availability of finance to improve over the next twelve months, both external (+14%) and internal finance (+13%).

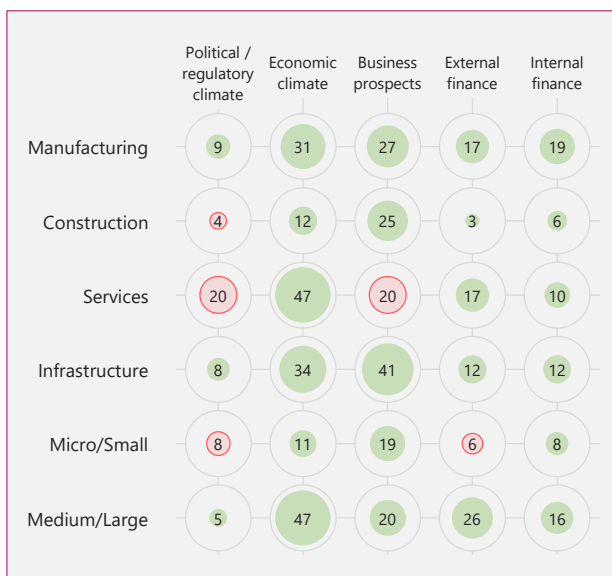


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: green figures are positive, red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

In all sectors and across firms of all sizes, on balance, firms have an optimistic short-term outlook on Estonia's economic climate. With the exception of the service sector (-20%), optimism for business prospects is also in double-digits.

There is a mixed picture regarding the political and regulatory climate. On balance, service and constructions firms have a pessimistic outlook, as do micro/small business.

Firms are generally optimistic about external and internal finance, with the exception of micro and small firms, who have a more negative than positive outlook on external finance (-6%). In addition, construction firms are the least optimistic about finance.

Drivers And Constraints

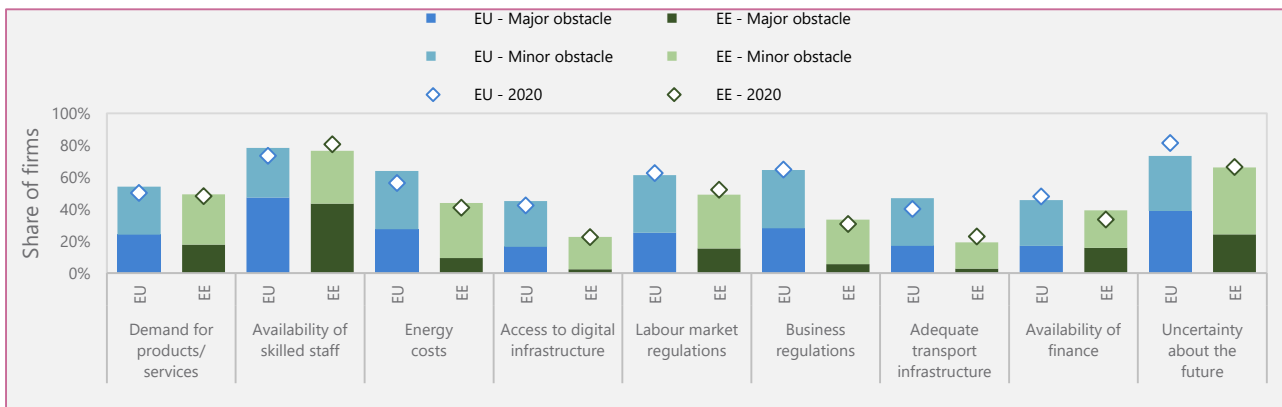
LONG-TERM BARRIERS TO INVESTMENT

The availability of skilled staff (77%) and uncertainty about the future (66%) are regarded as the main long-term barriers to investment. This is broadly in line with EIBIS 2020 and EU averages.

Estonian firms are less inclined than the average EU firm to consider energy costs (44% versus 64%),

business regulation (33% versus 65%), access to digital infrastructure (23% versus 45%), or adequate transport (19% versus 47%) as barriers to investment.

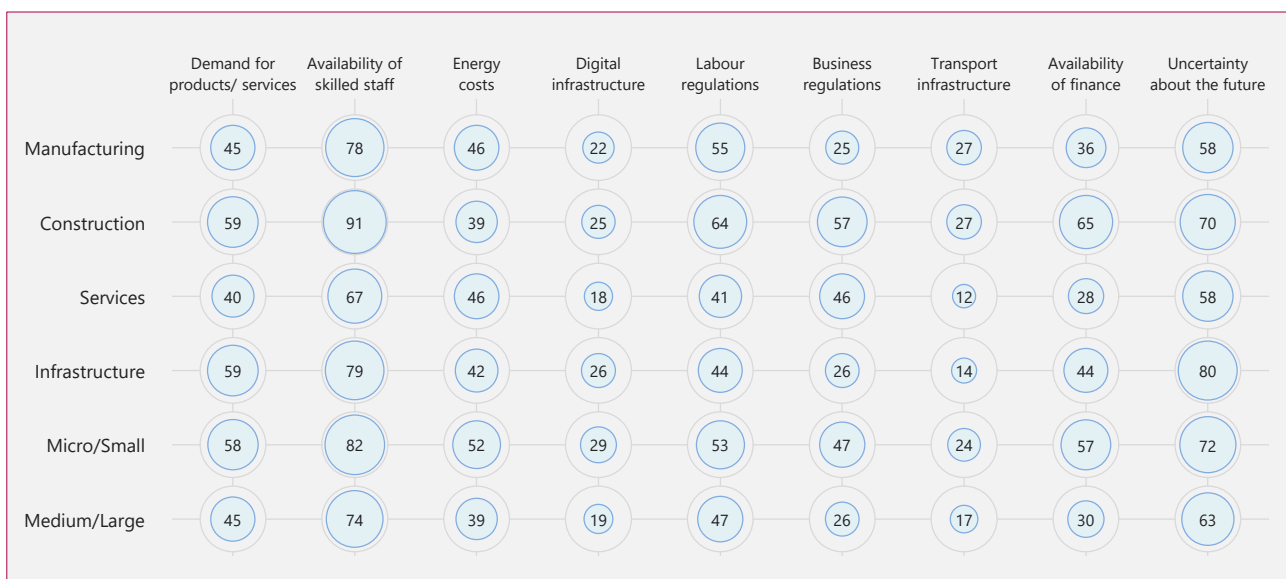
These findings are broadly consistent across all sectors and among firms of all size in Estonia.



Q. Thinking about your investment activities in Estonia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in Estonia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

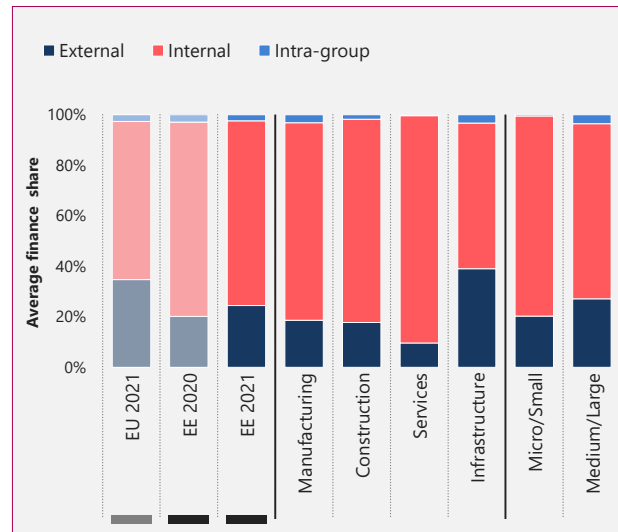
Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in Estonia continued to fund the majority of their investment in 2020 (73%) with internal sources, which is higher than the EU average (63%) but in line with what was reported in EIBIS 2020 (77%).

External sources made up a quarter (25%) of investment funding (below the EU average of 35%), while intra-group finance accounted for only 2%.

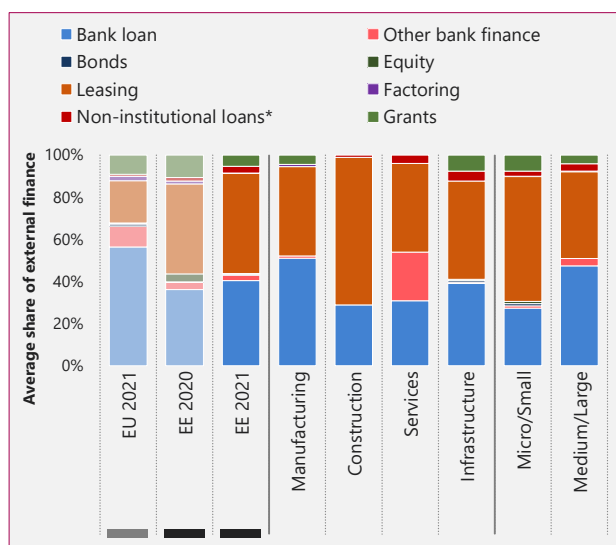
Service sector firms report obtaining a relatively small proportion of their investment finance from external sources (10%) compared to firms in other sectors (18% for manufacturing and construction firms and 39% for infrastructure firms).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Leasing or hire purchase (47%) continued to make up the largest share of external investment finance. This is similar to what was reported in EIBIS 2020 (43%) but over double the EU average (20%).

Bank loans represented a 40% share of external investment finance while grants accounted for 5%. While the use of bank loans has slightly increased compared to what was reported in EIBIS 2020 (36%), the importance of grants seemed to be declining (down from 11% share in EIBIS 2020).

In addition, 70% of the external investment finance accessed by construction firms took the form of leasing. In other sectors there is a more even distribution of external finance sources.

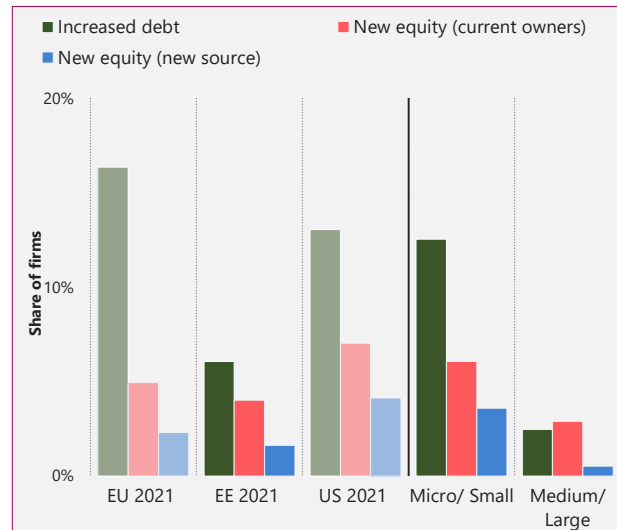
About half the external investment finance accessed by manufacturing (51%) and medium/large firms (47%) took the form of a bank loan.

Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

Relatively few Estonian firms have increased their debt position as a result of the COVID-19 crisis. The figure of 6% is much lower than the EU average (16%). A similar proportion of Estonian firms have raised new equity, either from their current owners (4%) or new sources (2%).

Micro/small firms (13%) are more likely than medium/large businesses (2%) to have increased their debt in response to the crisis.



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



Public support was less widespread in Estonia compared to the rest of the EU: almost four in ten Estonian firms (39%) report having received some form of financial help in response to COVID-19. This is below the EU average of 56%.

Primarily, this support has come in the form of subsidies that do not need to be paid back, with 31% of Estonian firms receiving them. This is in line with the EU average (36%). Almost one in ten firms (8%) benefitted from payment deferral. Compared to the EU average (17%) very few Estonian firms (1%) have received new subsidised or guaranteed credit.

The pattern of support is similar across firms of all sizes.

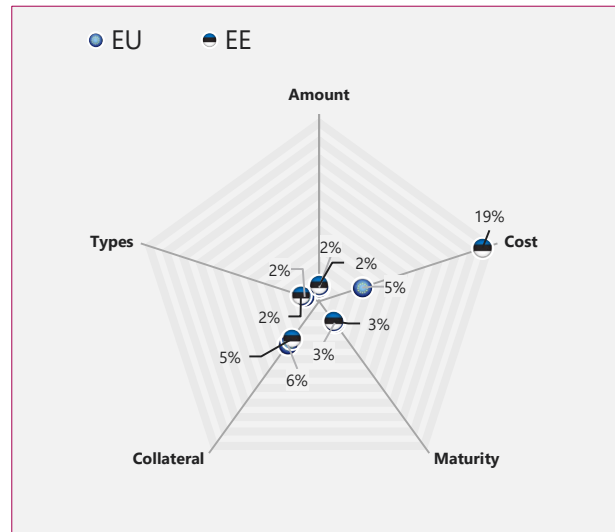
Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

Base: All firms (excluding don't know/refused responses)

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

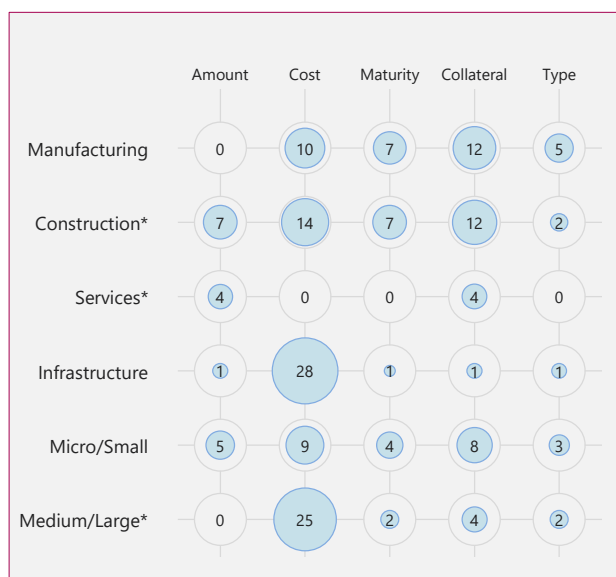
Overall, levels of dissatisfaction are very low among firms in Estonia, as Estonian firms having accessed external finance in 2020 are far more likely to be satisfied than dissatisfied with what was offered. Levels of dissatisfaction of Estonian firms remain at or below 5%, in line with the EU average, with the exception of cost. The cost of finance is the main source of dissatisfaction for Estonian firms, as the share of Estonian firms reporting dissatisfaction with cost (19%) is almost four times the EU average (5%).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)



With the exception of cost, firms from all sectors and of all sizes are generally satisfied with the amount of external finance and the terms attached.

Dissatisfaction with cost is relatively high and represents at least a quarter of the infrastructure (28%) and medium/large firms (25%) that used external finance.

Q. How satisfied or dissatisfied are you with ...?

*Caution small base size

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

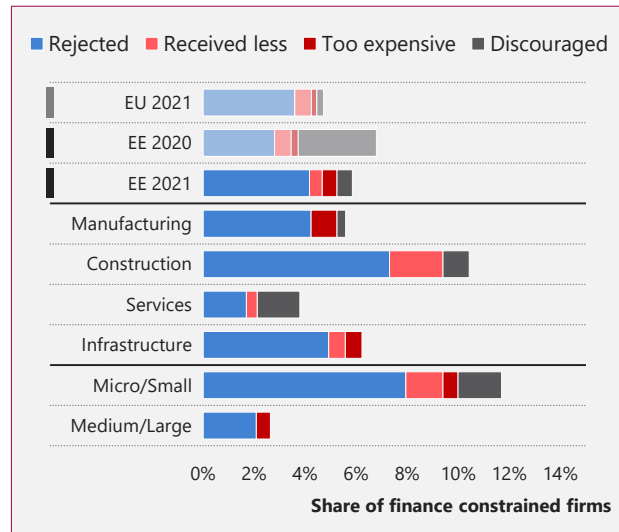
Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

On average 6% of Estonian firms can be considered as external finance constrained. This is very similar to what was reported in EIBIS 2020 (7%) and the EU average (5%).

Construction (10%) and micro/small firms (12%) are the most likely to be external finance constrained, the main reason of financial constraints being rejection.

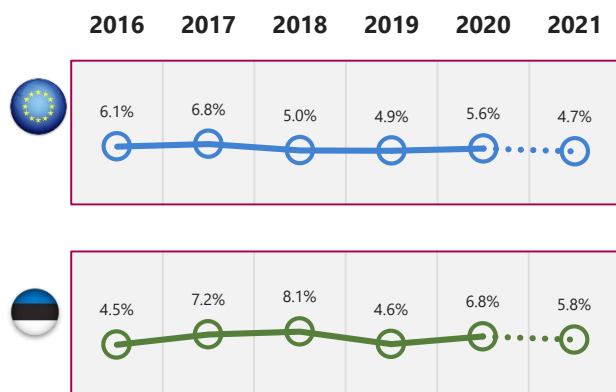
The lower propensity to invest last year by firms in the services sector in Estonia does not seem to have a direct link with financial constraints since they are the least likely to report constraints.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



The proportion of Estonian firms that are finance constrained has remained stable through the years and close to the EU average.

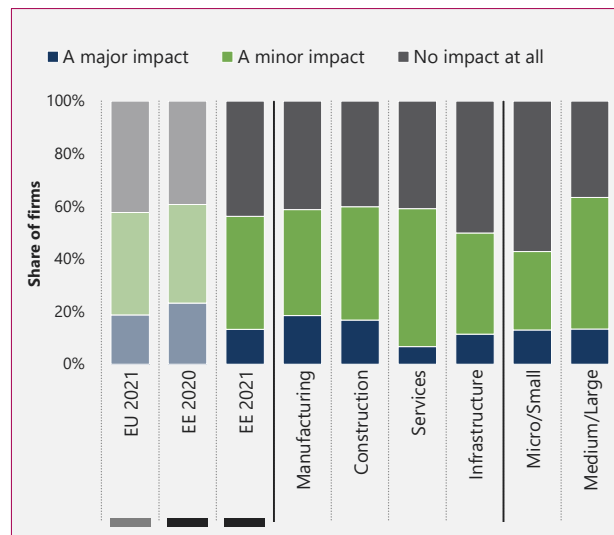
Base: All firms (excluding don't know/refused responses)

Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

The majority (56%) of Estonian firms believe climate change currently has an impact on their business, although they are more likely to report a minor (13%) than a major impact (43%). This is broadly in line with what was reported in EIBIS 2020 (61%) and the EU average (58%).

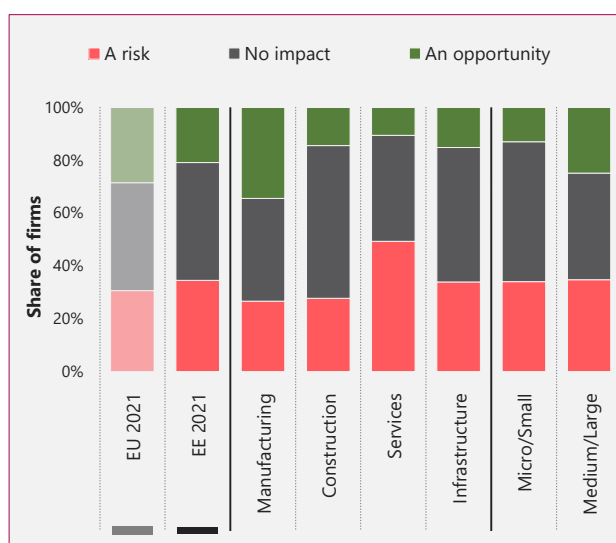
Infrastructure firms (50%) are more likely to report climate change having no impact on their business than firms in other sectors (41%). Similarly, micro and small firms (57%) perceive less effects of weather events than medium and large firms do (37%).



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS



Firms in Estonia are starting to internalise the risks associated with the transition to net zero, and they see the transition to stricter climate standards and regulations more as a risk (35%) than an opportunity for their business (21%).

Service firms see the least scope for opportunity regarding the transition to a net zero emissions economy.

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know / refused responses)

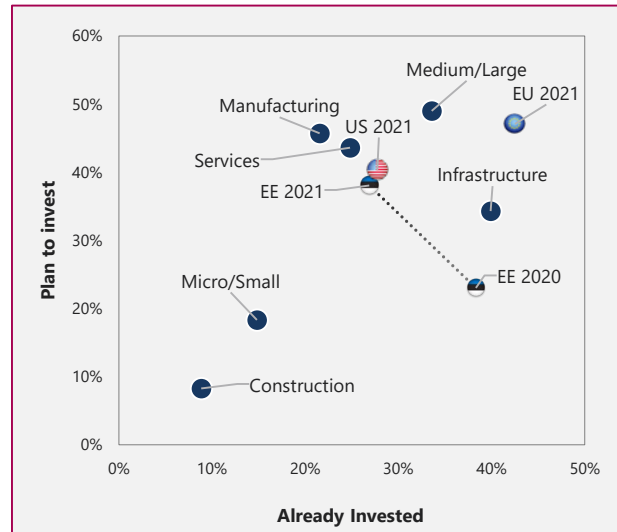
Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Just over a quarter of Estonian firms (27%) have already invested to deal with climate change, and 38% have plans to invest more in the next three years. The proportion of Estonian firms that have already invested has fallen compared to EIBIS 2020 but more now plan to invest in the next three years. Estonian firms are less inclined than those across the EU to have already invested in climate change solutions, or to be planning to do so (EU: 43% and 47% respectively).

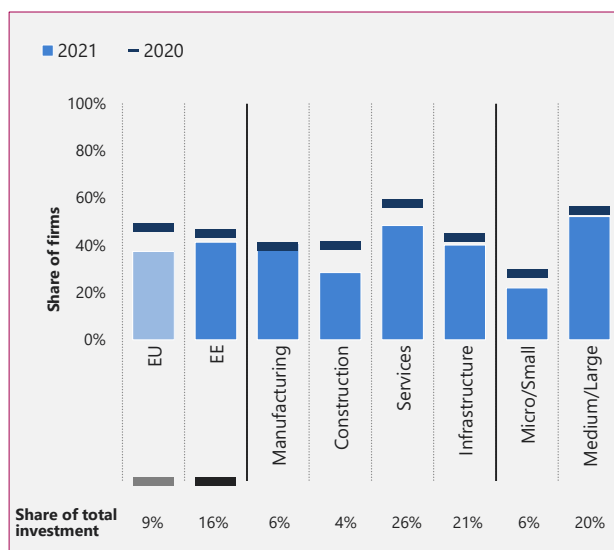
The actions and intentions of larger firms indicate a greater willingness than smaller firms to invest in climate change. In fact, 34% of medium/large firms have already invested against 15% cent of micro/small firms. Moreover, 49% of medium/large firms plan to invest to tackle climate change impact, against 18% of micro and small firms. Construction firms in Estonia are the least inclined to invest to address climate change. Only 8% have plans to invest in the next three years, compared to a minimum of 34% in other sectors.

Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?



Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



Investments in energy efficiency are fairly widespread among Estonian firms, as 41% have invested in measures to improve energy efficiency in 2020, close to the EU average (37%). The average estimated share of investment for energy efficiency measures is currently 16%, above the EU average (9%).

Almost half (48%) of service sector firms are investing in measures to improve energy efficiency, more than what EU services firms report overall (30%), and 16% of all investment made are with this objective. The shares for construction firms are much lower (28% investing in and 4% share of total investment respectively).

Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (for share of firms investing)

Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

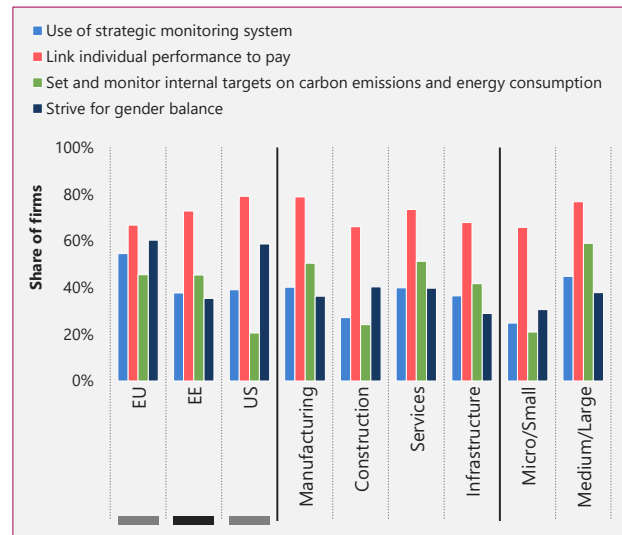
Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

In 2020, a third (35%) of Estonian firms strove for gender balance, fewer than the EU average (60%). Linking individual performance to pay is where Estonia (73%) is in closest alignment to the EU average (67%).

Over four in ten firms (45%) report having set and monitored internal targets on carbon emissions and energy consumption, the same as the EU average. Instead, only 38% of firms used a strategic business monitoring system, a significantly lower share than the EU average (55%).

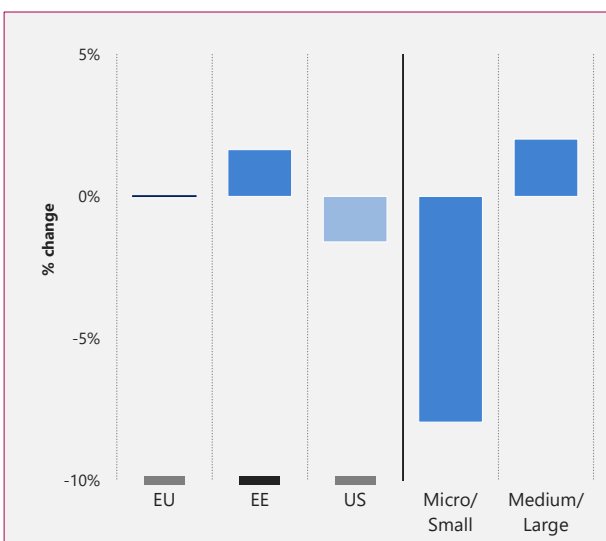
In no sector did a majority of firms strive for gender balance. Estonia has one of the largest gender pay gaps in the EU but there were no significant differences in unemployment outcomes during the pandemic. Medium/large firms (59%) are almost three times as likely as micro/small business (21%) to have set and monitored internal targets for carbon emissions/energy consumption.



Q. In 2020, did your company...?

Base: All firms (excluding don't know/refused responses)

CHANGE IN EMPLOYMENT DURING COVID-19



The workforce in Estonia has remained stable since the start of the COVID-19 pandemic with a small increase of 1.7% reported, more than what is reported in the EU overall.

The workforce within Estonia's micro/small firms has seemingly dropped by a relatively large amount. Down by 8% and compensated for in the wider economy by a small increase among medium/large firms (+2%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

EIBIS 2021 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Estonia, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	EE	Manufacturing	Construction	Services	Infrastructure	Micro/ Small	Medium/ Large	EU vs EE	Constr vs Manuf.	Micro/ Small vs Medium/ Large
	(11920)	(802)	(401)	(118)	(100)	(88)	(93)	(307)	(94)	(11920 vs 401)	(100 vs 118)	(307 vs 94)
10% or 90%	1.1%	3.5%	5.3%	8.1%	5.9%	11.7%	10.9%	3.1%	8.1%	5.4%	10.0%	8.6%
30% or 70%	1.7%	5.3%	8.1%	12.4%	9.0%	17.9%	16.7%	4.7%	12.4%	8.3%	15.2%	13.2%
50%	1.8%	5.8%	8.8%	13.5%	9.8%	19.5%	18.2%	5.1%	13.5%	9.0%	16.6%	14.4%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 401 firms in Estonia (carried out between March and July 2021).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)




Base definition and page reference	EU 2021/2020	US 2021	EE 2021/2020	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	401/400	118	100	88	93	307	94
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	401/400	118	100	88	93	307	94
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	392/391	118	99	83	90	301	91
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	397/NA	118	99	88	90	304	93
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	398/NA	117	100	87	92	305	93
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	396/400	117	99	87	91	304	92
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	392/0	117	98	87	88	301	91
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	392/375	115	98	87	90	301	91
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	398/396	117	100	86	93	305	93
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	312/288	92	79	56	83	242	70
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	401/398	118	100	88	93	307	94
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	399/NA	118	99	88	92	305	94
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	400/NA	118	100	88	92	306	94
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	380/386	113	96	80	89	291	89
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	395/394	116	100	86	91	301	94
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	371/NA	111	92	81	85	280	91
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	390/385	116	97	87	88	299	91
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	387/NA	111	99	85	88	297	90
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	395/380	118	100	86	89	303	92
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	341/339	103	86	62	88	257	84
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	328/311	98	85	59	84	255	73
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	297/307	78	87	52	78	239	58
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	401/400	118	100	88	93	307	94
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 12	4003/4354	284	104/113	31	27	12	34	77	27
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	105/111	31	28	11	34	78	27



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Estonia

Overview

EIB INVESTMENT SURVEY

