

# EIF in Estonia

## Guarantees & Securitisation

EUR 38.4m

EUR 3.0m

EUR 25.4m

## Equity

EUR 4.2m

## Key figures (at 31.05.2014)

- First EIF operation in Estonia: 2004
- 5 supported private equity funds investing in Estonian SMEs
- 1 partner finance and guarantee provider
- 361 Estonian SMEs supported

- Outstanding commitments
- Mobilised resources (estimate since start of EIF operations)
- Amount invested by EIF in SMEs through portfolio funds
- Total mobilised amount, invested by portfolio funds

## Support to SMEs in regionally specific ways

In Estonia, EIF is managing the Baltic Innovation Fund (BIF), an innovative investment initiative launched in cooperation with the Governments of Lithuania, Latvia and Estonia to boost equity investments into Baltic Small and Medium sized enterprises (SMEs) with high growth potential.

The three governments are taking a lead in this process by investing into BIF through their respective national agencies, utilising the revolved Structural Funds from previously successful SMEs support schemes. BIF is a unique 'fund-of-funds' in Europe, the first transnational fund-of-funds providing a real opportunity to further develop the Baltic private equity and venture capital market. Under BIF, EIF is cooperating with 4 funds investing in Estonia: BaltCap Private Equity Fund II, BPM Mezzanine Fund, Karma Ventures and Livonia Partners Fund.

In particular, EIF investments in Estonia cover a wide range of the equity spectrum, from early-stage operations to mezzanine funding through investments into various funds, such as BPM Mezzanine fund, focussed on supporting the growth potential of promising SMEs, to which EIF committed EUR 15.0 million together with a further EUR 15.0 million of resources managed on behalf of the European Investment Bank (EIB).

Under the Competitiveness and Innovation Framework Programme (CIP), EIF has also invested EUR 20.0 million into BaltCap Private Equity Fund I, managed by BaltCap, a leading private equity and venture capital investor in the Baltic countries. The fund focuses on retail businesses, export-oriented manufacturing companies, travel and leisure, environmental, communication, transportation and construction industries.

## Equity

## Guarantees & Securitisation

Under CIP, EIF has supported Estonian SMEs through counter-guarantee transactions concluded with Kredex, the national financial institution helping local enterprises to expand to foreign markets, offering mezzanine loans, credit lines, credit insurance and guarantees backed-up with state guarantee.

## EIF at a glance

EIF's mission is to support Europe's micro, small and medium sized businesses (SMEs) by helping them to access finance. EIF primarily designs equity and debt financial instruments which specifically target this market segment through a wide range of selected financial intermediaries across Europe. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. EIF is a public-private partnership whose tripartite shareholding structure includes the European Investment Bank (EIB, 62.1%), the European Union represented by the European Commission (30%) and 25 financial institutions from 14 European Union Member States, and Turkey (7.9%).

The EIF manages resources on behalf of the European Commission, the EIB and further national institutions. Since 2000, EIF is part of the EIB Group. EIF has an authorised capital of EUR 3.0bn, divided into 3,000 shares of EUR 1.0m each.

Energate is one of many companies who have benefited from the EU support through the Competitiveness and Innovation Framework Programme (CIP). CIP allowed BaltCap to give Energate the capital to start-up a rapidly growing business.

## Case study



**Company:**

Energate, Tallinn

**Type of business:**

Wind farms and gas distribution

"Energate, a gate to energy", says its logo. This company operates last-mile natural gas distribution in Estonia for customers around Tallinn and Tartu, including those in the most remote locations. It is also a gate to green energy since it has recently started to develop wind farming projects. Energate's CEO, Hardi Sui is convinced that the combination of clean and renewable energy with more traditional resources offered by his company provides the best diversified offer for today's consumers' changing needs and demands. "We have successfully and efficiently supplied Estonia with natural gas since 2008 and it is time for us to look to the future and consider new technologies", he says.

BaltCap, the venture capital and private equity firm, believed in our business model and provided the capital we needed to prepare for the set-up of an 18MW wind farm in south-west Estonia. These EU funds have helped us to make this project a reality and to establish that wind farms are the energy providers of tomorrow". Energate has substantially consolidated a fragmented gas network in Estonia. It operates over 100 kms of pipeline, is currently the third largest gas distribution company in Estonia and intends to be at the forefront of renewable energy in the region.

**European Investment Fund**

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