

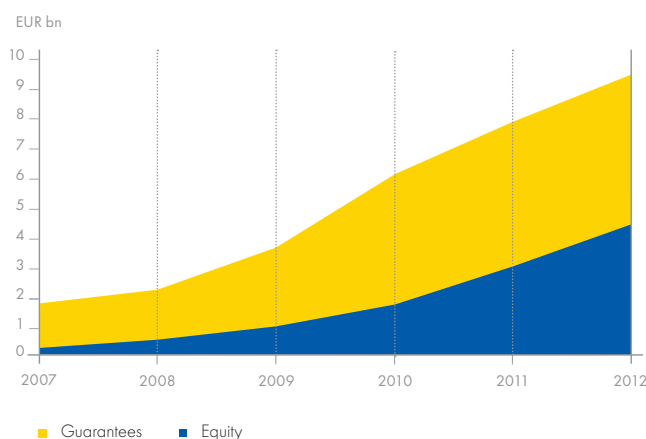
The European Investment Fund in the Baltic Sea Region

The EIF aims to enhance access to finance for small and medium-sized companies (SMEs) in the Baltic Sea Region through the provision of financing mechanisms such as equity, guarantees and microfinance. It works with financial intermediaries – e.g. equity funds, commercial banks, microfinance institutions – which make the finance available to the SMEs. Through its business activities, the EIF aims to support growth and innovation across Europe.

The financial solutions that the EIF implemented in the Baltic Sea Region are very diverse and adapted to the respective needs of the various financial markets:

- On the one hand, the EIF encourages commercial banks to lend to SMEs in order to allow them to start up and expand their business. In 2012, EIF committed EUR 38m of **guarantees** to the Baltic Sea Region. Examples of this type of activity are the transactions under the Competitiveness and Innovation Framework Programme (CIP) as for example in Sweden where the EIF maintains a partnership with Sparbanken Öresund and successfully supports SMEs in the regions Öresund and Western Skane.
- On the **equity** side, the EIF has considerably stepped up its commitments during the past five years and has committed EUR 223m in 2012. Examples of equity operations include our investment into BaltCap (Estonia, Latvia, Lithuania), into Inventure (Finland), into Creandum (Sweden) and into the Capricorn Cleantech Fund which investment strategy is focused on Denmark/Norway, just to name a few. Amongst the companies that have been backed by the funds EIF has invested in are dynamic start-ups such as Spotify AB which has in the past four years become the global leader offering music stream services to more than 24 million users in 20 countries worldwide.
- In addition to its equity activities, the EIF is also engaged in **Technology Transfer** operations which aim to bridge the gap between scientific research in laboratories/universities and the market. In Sweden, for example, the EIF has partnered up with Chalmers University and with Karolinska Development to successfully support spin-outs from university and enable them to bring products to the market.
- In Latvia and Lithuania, the EIF has supported regional business development under the **JEREMIE** initiative. The JEREMIE initiative offers EU Member States, through their national or regional Managing Authorities, the opportunity to use part of their Structural Funds allocations to finance SMEs by means of equity, loans or guarantees, through a revolving fund which acts as an umbrella fund. This initiative was developed by the European Commission and the EIF. In the Baltic Sea region, Latvia and Lithuania have decided to allocate part of their resources from the Structural Funds into a JEREMIE Holding Fund.

EIF estimated catalysed effect in the Baltic region over the period 2007-2012 (cumulated)



In 2012, the EIF launched the Baltic Innovation Fund (BIF), a Fund-of-Funds initiative in close co-operation with the Governments of Lithuania, Latvia and Estonia to boost equity investments made into Baltic SMEs with high growth potential.

BIF represents a EUR 40 million investment by EIF with each Baltic Government committing EUR 20 million through their respective national agencies (INVEGA in Lithuania, KredEx in Estonia and LGA in Latvia).

BIF has begun investing EUR 100 million into private equity and venture capital funds focusing on the Baltic States over the next four years aiming to attract additional private finance. BPM Capital is the first manager selected under the initiative.

This initiative aims to create equity financing in more than 50 growth-focused enterprises, that will often either already be pan-Baltic or will use the investment capital to implement growth plans to become pan-Baltic.

Going forward, the EIF intends to strengthen its existing activities in the Baltic Sea Region with the objective to mobilise additional funding from public and private investors in order to maximise the impact of its support for SMEs. With new product offerings, as for example the Risk-Sharing Instrument, the EIF strives to address particular needs of businesses and to complement its broad product offering.