

THE EUROPEAN INVESTMENT BANK IN ESTONIA



European
Investment
Bank

The EU bank





Thomas Östros
Vice-President
of the European Investment Bank

The European Investment Bank Group has invested more than €3.34 billion in various Estonian projects since 1993. Our partnership with Estonia has grown stronger. From supporting small businesses to improving infrastructure on a local and national level, we have worked together for the country's economic growth and prosperity.

The 2020 edition of the European Commission's Digital Economy and Society Index ranked Estonia seventh among the EU Member States. The country continues to perform well on digital public services. We are proud to work closely with partners such as Bolt and Eesti Energia in the field of digitalisation.

The Bank will continue to support Estonia to build a more sustainable future for its people.

ECONOMY AT A GLANCE

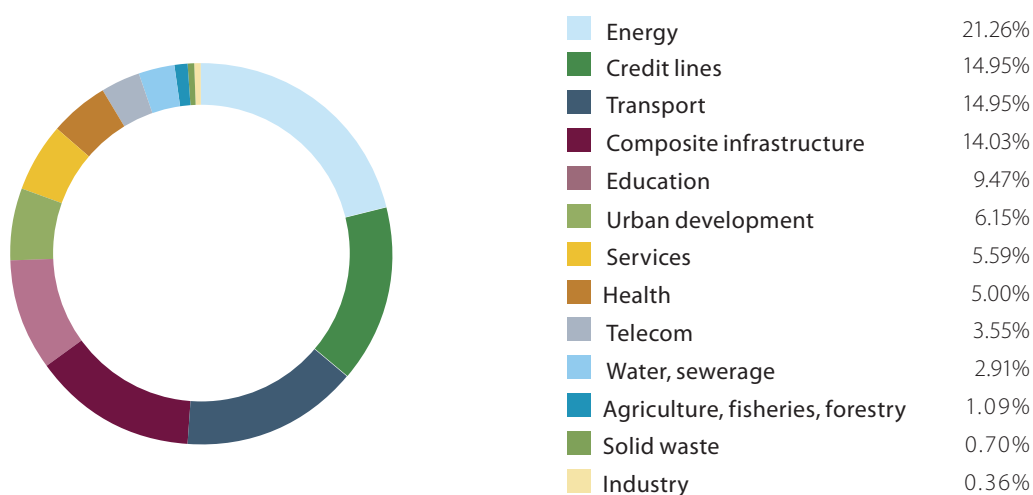
With only 1.3 million residents, Estonia is a global leader in digitalisation on multiple fronts. This has helped the economy thrive and grow. However, 81% of Estonian firms lack skilled staff, which is a major barrier to investment.

During the coronavirus pandemic, Estonian gross domestic product (GDP) has fallen less than in other countries in Europe. This is because Estonia has coped well with COVID-19, but also because the impact of the crisis was relatively light on neighbouring countries and trade partners.

Estonia quickly managed to bring gross domestic product above pre-crisis levels. However, the outlook for the national economy remains uncertain and the same applies to external demand. This is because the course of the pandemic is unpredictable despite the vaccine rollouts.

Public investment, largely in the form of EU funds, will help the country's recovery. Under the European Union's Recovery and Resilience Facility, Estonia has been granted €969 million, the equivalent of 3.6% of the country's 2020 GDP.

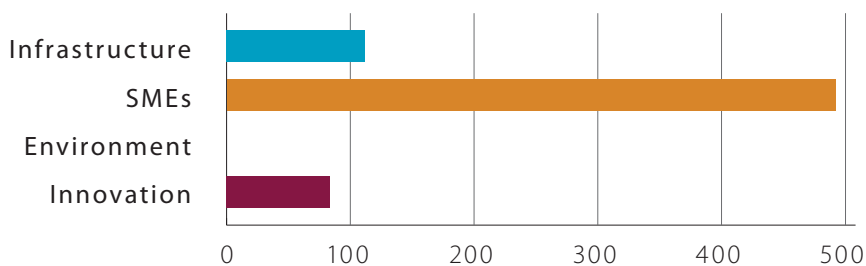
EIB ACTIVITY IN ESTONIA BY SECTOR SINCE START OF OPERATIONS





The European Structural and Investment Funds (ESIF) channel over half of EU funding into research and innovation, digital technologies, low-carbon economy, sustainable management of natural resources and small businesses.

EIB GROUP ACTIVITY IN ESTONIA IN 2020 BY PRIORITY
(in € million)





Pore
ENTRE-COTE
BORDEAUX
COTE D'AZUR
FRANCE
MONTALEONE

saku saku saku saku

Lolise Lolise Lolise Lolise

ESTONIA AND THE EIB

The EIB has worked with Estonia since 1993. We modernised Tallinn airport, financed small businesses through local banks and invested in innovative local enterprises. We provided funding to the municipality of Tartu to renovate its primary and secondary school infrastructure.

The Bank only finances large projects directly, yet the EIB is also able to finance small projects through structural programme loans.

The Bank's structural programme loans often back projects in Estonia. These loans, supported by EU cohesion and structural funds, amounted to €720 million in the period 2014-2020. They will support total investment of about €5.7 billion and will focus on social inclusion, raising qualifications and skills for workers, improving access to the labour market, research and development, energy efficiency, water protection, sustainable urban development and transport.

The Bank also provides advisory support through the fi-compass platform. For more information about fi-compass, please visit: www.fi-compass.eu.



Over the period 2014-2020, the European Structural and Investment Funds (ESIF) in Estonia contributed **€4.8 billion**, which represented an average of €3 362 per person.

SUPPORTING SMALL BUSINESSES

Small businesses play a vital role in Estonia's economy. We support businesses through local banks, financial institutions and equity funds.


An example of how the EIB finances Estonian small business is our guarantee to the intermediary bank Luminor, which was able to support new lending to Baltic companies affected by the pandemic crisis. Backed by the European Fund for Strategic Investments, this guarantee is supporting at least €660 million of additional loans and leases to small businesses in all three Baltic countries.

The cultural and creative sector was badly hit by the COVID-19 pandemic. A [€6 million guarantee](#) from the European Investment Fund (EIF) is helping the Estonian company Finora Capital, a fully digital alternative finance provider, to develop new products for small businesses in cultural and creative sectors and help them build expertise and expand into new markets.

Baltic Innovation Funds 1 & 2: the power of three

The [Baltic Innovation Fund 2](#) is a €156 million fund-of-funds launched by the European Investment Fund and the Baltic national promotional institutions. The fund backs venture capital markets in the three Baltic States, with a focus on companies with growth potential. The funds backed by BIF 2 have raised close to €1 billion, invested in 69 small businesses and created more than 10 000 jobs across 11 sectors.

BIF 1 and BIF 2 show how the three Baltic States join forces to make small capital markets more attractive for investors and create more opportunities for businesses.



BIF 2 is building on the success of its predecessor BIF 1, which was launched in 2012, raised **€532 million** in total, and is now fully deployed.

INCLUSIVE FINANCE

LHV Pank, the fourth largest bank in Estonia, was able to start a brand-new line of financing thanks to a guarantee from the European Commission's Programme for Employment and Social Innovation (EaSI) issued by the European Investment Fund. This has helped vulnerable groups, such as young entrepreneurs and microenterprises run by ethnic or religious minorities, get access to finance.



EaSI helps vulnerable groups and social entrepreneurs get access to financial services and start a business.

A DIGITAL SOCIETY

Estonia is known to be a highly digitalised country. Almost two-thirds of firms in Estonia have implemented at least one digital technology. The EIB is helping to push the boundaries of broadband internet access in the country even further. Thanks to a €70 million EIB loan in 2020, Eesti Energia was able to roll out a fibre network for broadband communications in Estonia. The new network will provide high-capacity broadband with download speeds of 1 Gbps to over a quarter of a million households, including nearly 50 000 households in poorly-connected areas.

In 2020 the Bank also provided a €50 million venture debt facility to the developer of Bolt, a ride-hailing app, to expand its research and development activities. Bolt will invest in improving and expanding its ride-hailing technology as well as personalised mobility services like food delivery. The European Fund for Strategic Investments backs this financing.

Investing in Tallinn's and Tartu's future

We support projects that make life in urban areas more sustainable.

The European Investment Bank provided a €100 million loan to help develop Tallin's basic infrastructure and improve the quality of public services, including the modernisation of public transport, refurbishment of city streets, upgrading of schools, the renovation of social and health infrastructure and preservation of cultural heritage.

In Tartu, the EIB provided a €20 million loan to renovate schools and make energy efficiency investments. With a population of nearly 94 000, the municipality of Tartu is the second largest city of Estonia, after Tallinn. Tartu is home to the nation's oldest and most renowned university.



CLIMATE ACTION

The EIB is at the forefront of the global fight against greenhouse gas emissions and supports efforts to adapt to a changing climate. We place sustainability at the heart of our work.

We provided a €45 million loan for two onshore wind parks, which were built in Narva and Paldiski in 2014, comprising 39 MW and 22 MW respectively.

A €175 million EIB loan to Eesti Energia in 2019 helped improve its electricity distribution network, including the refurbishment of existing power lines and construction of new ones, smart meters, public lighting and e-vehicle charging stations.



BRINGING PEOPLE TOGETHER

Transport is key to growth and inclusion. It connects people and enables companies to trade. The Bank aims to accelerate the take-up of sustainable transport solutions by attracting private investment and ensuring balanced and sustainable regional development.

In 2020, we provided €95 million to the national railway company Eesti Raudtee. This loan will be used to improve the control-command and signalling systems on most of the country's rail network and introduce digital train management systems.

Reaching for the sky

On Europe's periphery, Estonia's airport is 4 km from the ancient cobbled lanes of Tallinn's old town. The number of people using the airport's single terminal has grown enormously in recent years.

To keep up with growing demand and to attract even more passengers in the future, the airport has undertaken a series of improvements. These include:

- extending the runway with new lighting and drainage facilities
- increasing the number of spaces for aircraft on the ground
- reconfiguring the terminal for greater numbers and comfort
- constructing a new passenger car park.

None of this comes cheap, and the EIB has provided a loan of €30 million to help with the work.





RETHINKING HEALTHCARE

Good health is not only an essential component of our lives — it is also a precondition for the prosperity of our society. As the EU bank, we support healthcare projects, which ensure universal access to high-quality and affordable services.

In Estonia, the EIB is proud to call the North Estonia Medical Centre a long-term partner. Our second €25 million loan to the centre in 2020 will be used to build a state-of-the-art psychiatric clinic and new offices to consolidate the pathology, oncology and haematology departments of the hospital. These will improve the comfort, quality and safety of housing and recreational areas for patients. They will also modernise the workplace and make it safer for healthcare personnel.

Under the Baltic Innovation Fund, the European Investment Fund provided crucial financing to the elderly care company Viru Haigla AS, which operates under the Pihlakodu brand, to build more homes and expand their services. Pihlakodu now has three facilities operating around Tallinn, offering modern, purpose-specific elderly care services.

THE EIB GROUP CONSISTS OF THE EUROPEAN INVESTMENT BANK AND THE EUROPEAN INVESTMENT FUND

ABOUT THE EUROPEAN INVESTMENT BANK

The European Investment Bank is one of the largest multilateral banks in the world and a leader in sustainable finance, climate action and cohesion. The Bank fosters innovation in all economic sectors and promotes economic partnerships outside the European Union.

ABOUT THE EUROPEAN INVESTMENT FUND

The European Investment Fund supports small businesses by improving their access to finance in Europe and in a number of countries outside Europe. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments to promote innovation and employment.



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