

# THE EUROPEAN INVESTMENT BANK IN LATVIA



European  
Investment  
Bank

*The EU bank*







**Thomas Östros**  
Vice-President  
of the European Investment Bank

The European Investment Bank Group has worked with Latvia since 1994. We invested more than €2.97 billion to help the country safeguard jobs and support small businesses affected by the coronavirus pandemic.

We believe that education and training are pivotal to helping people develop and grow. Thanks to our €30 million loan, the University of Latvia has a brand-new, state-of-the-art study centre and research facility.

To help weather the economic fallout of the pandemic, we have focused our support on Latvian small businesses. We look forward to supporting many more projects in Latvia.

# ECONOMY AT A GLANCE

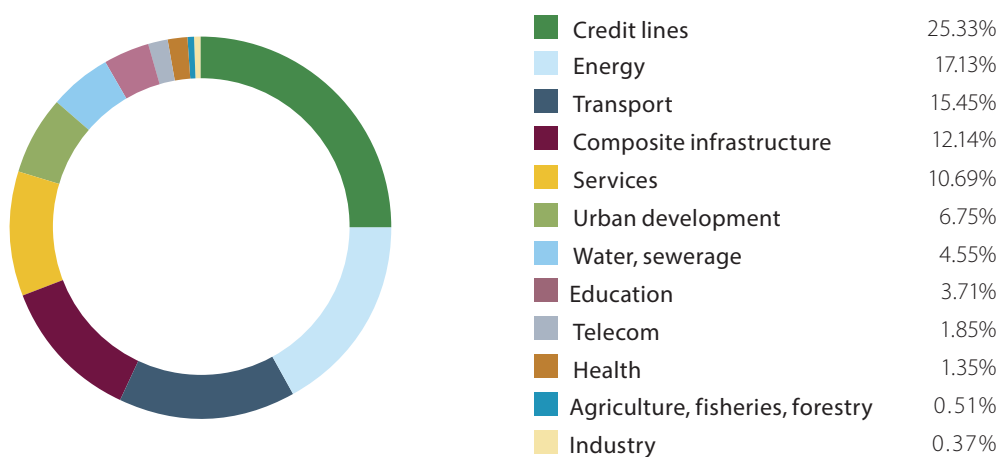
With a population of 1.8 million, Latvia has strong political institutions. The country weathered the impact of the pandemic in 2020 relatively well, with gross domestic product (GDP) declining much less than the European average. Latvia is well on the road to recovery.

The unemployment rate decreased from its peak of 8.7% in summer 2020 to its pre-crisis level of 6.8% in September 2021. Yet the recovery brought inflation, which surged to one of the highest levels in the European Union at 6% in October 2021.

Under the Recovery and Resilience Facility backed by the European Union, Latvia will receive €1.82 billion (around 6% of the country's GDP in 2020), which will help economic growth. This makes Latvia one of the largest recipients of EU funds, relative to the size of its economy.

Latvia's GDP is set to gain momentum in 2022, although uncertainty about the pandemic is weighing on the economic outlook.

## EIB ACTIVITY IN LATVIA BY SECTOR SINCE START OF OPERATIONS

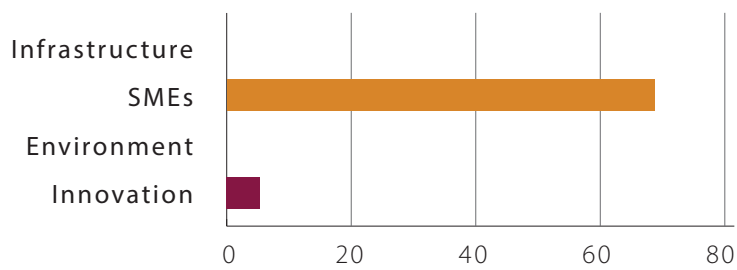






Latvia is one the largest recipients of EU funds, relative to the size of its economy.

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









# WEATHERING THE PANDEMIC CRISIS

In 2021, together with the Latvian Ministry of Economy, the national promotional institution ALTUM launched a €200 million COVID-19 loan programme to support Latvian businesses impacted by the pandemic. To expand the programme, the European Investment Bank lent ALTUM a further €80 million. European financing has helped ALTUM to support 475 Latvian companies and to safeguard 1 580 jobs.

An EIB Group guarantee helped the intermediary bank Luminor 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.



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## HansaMatrix and the Juncker Plan

HansaMatrix, an electronic system development and manufacturing company, received a €10 million loan from the European Investment Bank in 2018. The loan helped advance the 3-D image display technology of its subsidiary LightSpace Technologies and supported the company's growth strategy.

This was the first quasi-equity financing in Latvia with support under the European Fund for Strategic Investments, the centrepiece of the Juncker Plan.



# FINANCE FOR EVERYONE

**A**LTUM is the development finance institution of Latvia. Small businesses are the backbone of Latvia's economy. We support small businesses through credit lines and guarantees under favourable terms.

Under the European Commission's Programme for Employment and Social Innovation (EaSI), ALTUM makes finance available to vulnerable groups including the unemployed and those who have difficulties entering the labour market. ALTUM also helps microenterprises in the startup and development phases.



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





## Baltic Innovation Funds 1 & 2: the power of three

Building on the success of its predecessor, 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 Baltic Innovation **Funds 1 and 2** show how the three Baltic states work together to make small capital markets more attractive for investors and create more opportunities for businesses.

The funds backed by the Baltic Innovation Fund 2 have raised close to **€1 billion**, invested in 69 small businesses and created more than 10 000 jobs across 11 sectors.



# INVESTING IN EDUCATION

**W**e invest in education, research and innovation to help overcome structural weaknesses in Europe's economy and to improve its competitiveness and sustainability.

In 2017, the EIB provided €30 million to expand the campus of the University of Latvia. With over 15 000 students and more than 1 500 academic staff, the university has become one of the leading science institutions in the Baltic region and a key global innovation centre. The European Investment Bank Advisory Hub is also helping to carry out market analysis to support the university's projects in research and development.

The European Investment Fund has also been supporting investments in education, training and skills through its Skills and Education Guarantee Pilot. In 2021 the Fund signed a €67.5 million counter-guarantee agreement with ALTUM that made it easier for students to apply for support for tuition fees and daily expenses.



# OUR WORK FOR A SUSTAINABLE FUTURE

Sustainability and climate action are at the heart of our work. Riga-based Aeronex builds robots for wind turbine inspection, maintenance and repair. After receiving financing from the Baltic Innovation Fund in 2020, Aeronex was able to scale up its commercial offer, saw an explosion in demand and is now working for large wind turbine manufacturers worldwide.

In 2020, our European Local Energy Assistance (ELENA) programme signed a technical assistance deal with Jelgavas Nekustama Ipašuma Parvalde to refurbish around 52 buildings with some 2 500 apartments to make them more energy efficient.

## Energy efficient businesses

In 2020, we provided €18 million to the Latvian national promotional institution ALTUM to finance energy efficiency projects by Latvian companies. The financing also includes a €3 million guarantee. The programme supports energy efficiency and small-scale renewable energy investments in small businesses, mid-caps and large enterprises.

The technical assistance from ELENA is helping firms prepare their energy efficiency projects for applications for ALTUM financing. The collaboration between ALTUM and ELENA is also bringing major environmental benefits, as many companies are improving the energy efficiency of their commercial buildings, including offices, malls, shops and industrial units.



# SMART INFRASTRUCTURE

Reliable infrastructure is key for economic growth, sustainability and job creation. As the EU climate bank, we have made it our top priority to invest in cleaner transport, digital networks, energy efficiency and sustainable urban development.

Our €61.1 million loan to the Kekava public-private partnership in 2021 will help design, build, finance and maintain a bypass in the municipality of Kekava, diverting transit traffic away from densely populated areas. The project is the Bank's first public-private partnership financing operation in Latvia and the largest in the Baltics. Our own European PPP Expertise Centre supported Latvian State Roads in the public-private partnership's early preparation stages.



# HOW WE MAKE PROJECTS HAPPEN

**W**e embrace all stages of the project cycle and beyond, to make investment projects happen.

Our JASPERS experts have boosted mobility by supporting key transport infrastructure projects, such as the modernisation of seaports, the electrification of railway lines and the construction of new sections of road. JASPERS also worked with the municipality of Riga to improve its water services.

Thanks to this project, 4 200 residents are now connected to the drinking water network and around 6 000 to the sewerage system. 40 km of new water pipes and 55 km of wastewater pipes have also been installed.



**JASPERS is a  
partnership between  
the European Commission  
and the European  
Investment Bank.**



## 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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