The European Investment Bank Group has invested more than €3.65 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 2022 edition of the European Commission’s Digital Economy and Society Index ranked Estonia ninth among the EU Member States. The country continues to perform well on human capital and digital public services.

As the EU climate bank, we will continue to support innovative projects and pioneering companies to boost Estonia’s green transition.
With just 1.3 million residents, Estonia is Europe’s leading nation in the digital provision of public services. The country’s private sector has also seen a move towards greater digitalisation, prompted by the COVID-19 pandemic. However, in 2022 Estonian firms experienced a drop in innovation, with only 33% investing in new products, processes or services, compared to 48% in 2021.

Compared to other European countries, Estonia has coped well with the impact of the pandemic. It experienced only a minor contraction in gross domestic product (GDP) in 2020, followed by brisk growth in 2021. The country’s relatively low level of public debt has allowed its government to support the economy.

Due to its proximity to the conflict in Ukraine, Estonia experienced weaker growth and higher inflation in 2022 than comparable Member States. With growth likely to remain weak in the Baltics and the European Union in 2023, however, inflation is expected to decline from the very high rates seen in late 2022 and early 2023.

Public investment will play a crucial role in Estonia’s recovery. Under the European Union’s Recovery and Resilience Facility (RRF), Estonia has been granted €969 million, with 42% of the funds going to climate projects, 22% going to digitalisation initiatives and the remainder going to measures to improve economic and social resilience. The plan could create up to 4 000 jobs and lift GDP by up to 1.3% by 2026.

**ECONOMY AT A GLANCE**

**EIB ACTIVITY IN ESTONIA BY SECTOR SINCE START OF OPERATIONS**

- Energy: 20.88%
- Transport: 15.18%
- Credit lines: 14.68%
- Infrastructure: 13.78%
- Education: 9.30%
- Urban development: 6.04%
- Services: 5.49%
- Health: 4.91%
- Telecom: 3.49%
- Water, sewerage: 2.85%
- Industry: 1.65%
- Agriculture, fisheries, forestry: 1.07%
- Solid waste: 0.69%
THE EUROPEAN INVESTMENT BANK GROUP IN ESTONIA

ESTONIA AND THE EIB

The European Investment Bank (EIB) has worked with Estonia since 1993. We supported the modernisation of Tallinn Airport, financed small businesses through local banks and invested in innovative local enterprises. We also provided funding to the municipality of Tartu to renovate its primary and secondary school infrastructure.

While the EIB only finances large projects directly, it is also able to finance small projects through structural programme loans, which are often used to back projects in Estonia. In the period 2014-2020 these loans, supported by EU cohesion and structural funds, amounted to €720 million.

In 2023, the EIB and the Estonian authorities agreed on a new structural programme loan with an initial tranche of €300 million. The agreement aims to facilitate projects worth €5.2 billion and to support competitiveness, innovation and export-oriented growth in Estonia.

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 in Estonia contributed €4.8 billion, or 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.

In 2020, the European Investment Fund (EIF) provided a guarantee to the Estonian bank Luminor AS through a synthetic securitisation operation. The guarantee enabled Luminor AS to grant more than €660 million in loans and leases to businesses in the Baltics. A similar guarantee loan helped Citadele banka (headquartered in Latvia) to provide at least €460 million in loans and leases to Baltic businesses in 2022. Both agreements show how the EIB Group’s continuous investment can help the region during a period of uncertainty and geopolitical instability.

Backed by the European Commission’s Programme for Employment and Social Innovation (EaSI), the EIB Group promotes microfinance to support small businesses. Two examples are the EIF’s €4 million and €10 million senior loans to Finora Capital and Hüpoleeklaen. Thanks to these loans, the two alternative finance providers have helped microbusinesses and entrepreneurs access finance.

The EIF and the Lithuania-based SME Bank signed a €37 million guarantee agreement in 2023 under the InvestEU programme. The guarantee will provide new loans to micro and small enterprises and mid-caps in the Baltics, Finland and the Netherlands.
The European Commission’s Programme for Employment and Social Innovation (EaSI) helps vulnerable groups and social entrepreneurs access the finance they need to start a business.
S

trengthening the economy in the Baltic region is crucial to promoting development and innovation in Estonia. By mobilising the necessary financial resources, the EIB Group is committed to fostering the fair, joint development of the three Baltic states — Latvia, Lithuania and Estonia.

The EIF and the Baltic national promotional institutions launched the Baltic Innovation Fund 2 (BIF 2) in 2019, a €156 million fund that backs venture capital markets in the three Baltic states, with a focus on companies with growth potential. Built on the success of its predecessor BIF 1 launched in 2012, BIF 2 has already invested €115 million into six private equity and venture capital funds. Five of these funds are actively building their investment portfolios, namely BaltCap Private Equity Fund III, BPM Mezzanine Fund II, Karma Ventures Fund II, Livonia Partners Fund II and Specialist VC Primary & Secondary Fund II.

The EIF also financed the investment fund of the early-stage tech investor Trind Ventures, which closed in 2018 at €21 million. The fund invested in information and communication technology startups, mainly in Estonia, Latvia and Lithuania.

BIF 1 and BIF 2 showed how the three Baltic states can join forces to make capital markets more attractive for investors and create more opportunities for businesses.
FUELLING INNOVATION

We aim to drive the emergence of new solutions that address current challenges and support European innovators as they become global technology leaders.

In 2020, we provided a €50 million venture debt facility to the developer of Bolt, a ride-hailing app, to expand its research and development capabilities. Thanks to the EIB’s support, Bolt improved and expanded its ride-hailing technology, as well as personalised mobility services like food delivery.

A €29 million loan made in 2022 to Estonia’s largest cooperative dairy producer, E-Pilim Tootmine, will help build a new plant in Paide and increase the company’s production capacity and competitiveness.

Under the European Commission’s InvestEU programme, the Bank provided an €18 million loan to the Estonian biopharmaceutical innovator Icosagen AS. This loan will be used to build a new production facility for innovative drugs and to strengthen the company’s competitiveness in providing contract research and development services in Europe.

A new frontier in robotics

The EIB supported the world’s leading provider of autonomous delivery services, Starship Technologies, with a €50 million venture debt facility in 2021. Backed by the European Fund for Strategic Investments, the financing will provide more engineering resources to the Estonian company to perform research and development and produce thousands of robots.

Founded in Tallinn, the company creates zero-emissions autonomous robots that can deliver groceries, food, drink and other items. Since it was founded, Starship Technologies has completed over 4 million commercial deliveries covering more than 10 million km globally — more than any of its competitors.
GREENER MUNICIPALITIES

We support projects that make life in urban areas more sustainable. The EIB provided a €100 million loan to help develop Tallinn’s basic infrastructure and improve the quality of public services by modernising public transport, refurbishing city streets, upgrading schools, renovating social and health infrastructure, and preserving cultural heritage.

In Tartu, the EIB provided a €20 million loan to renovate schools and make energy efficiency investments. With a population of nearly 98 000, the municipality of Tartu is the second largest city in Estonia, after Tallinn. Tartu is home to the nation’s oldest and most renowned university.
Tallinn received the award of 2023 European Green Capital
MORE SUSTAINABLE ENERGY

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

In 2019, a €175 million EIB loan to Eesti Energia helped improve its electricity distribution network by refurbishing existing power lines and building new ones, as well as adding smart meters, public lighting and e-vehicle charging stations.
We provided a €45 million loan for two onshore wind parks built in Narva (39 MW) and Paldiski (22 MW) in 2014.
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 was used to improve the control-command and signalling systems along most of the country’s rail network and to introduce digital train management systems.
HOW WE MAKE PROJECTS HAPPEN

We offer a broad range of advisory services to both public and private promoters that embrace all stages of the project cycle and beyond, ensuring full project implementation and proper resource management.

Under JASPERS, a partnership between the European Commission and the EIB, we have offered numerous consultancy services in Estonia on a variety of different sectors, with transport representing half of the assigned portfolio.

ELENA is a joint initiative by the EIB and the European Commission, through which we provide technical assistance for energy efficiency plans and investments targeting buildings and innovative urban transport. In Estonia, ELENA is supporting the construction and energy efficiency retrofitting of renewable energy sources in at least 50 multi-apartment buildings in the city of Tartu.
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 several countries beyond its borders. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments to promote innovation and employment.

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