

# THE EUROPEAN INVESTMENT BANK GROUP IN LATVIA







**Thomas Östros**

Vice-President  
of the European Investment Bank

The European Investment Bank Group has worked with Latvia since 1994. We have invested more than €3.32 billion to modernise the country's infrastructure and support small businesses.

As well as promoting education and vocational training, we provide the experience of our advisory experts to enable Latvian business projects to come to life. Both our JASPERS and ELENA programmes have greatly contributed to the creation of green energy and transport infrastructure in Latvia.

We will continue to support research and development and human capital projects in Latvia to find solutions to the growing climate challenges.

# ECONOMY AT A GLANCE

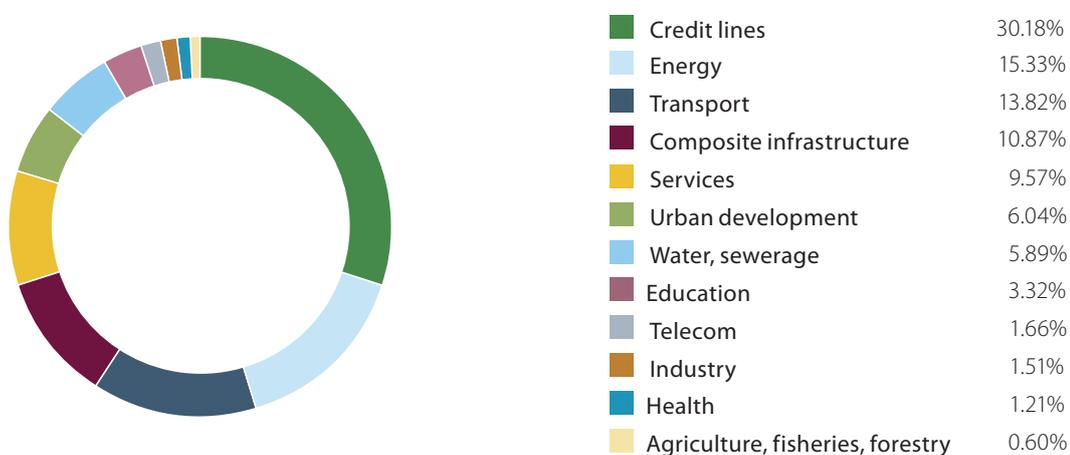
Supported by strong public institutions, Latvia's dynamic economy offers many opportunities for innovative companies in tech and digitalisation. According to the 2023 EIB Investment Survey, one-fifth of Latvian firms are classified as leading active innovators, a share that is far above the EU average. Yet, with only 1.8 million residents, Latvia is suffering from a declining population and a shortage of qualified workers.

Latvia has coped well with the COVID-19 crisis. Thanks to strong investments, the country reversed a contraction in 2020 by growing 4.1% in 2021. However, the significant fiscal support has increased Latvia's public debt, which is the highest among the Baltic states but is still relatively low compared to the EU average.

Due to the conflict in Ukraine, Latvia's economic recovery slowed down in 2022, with the country set to avoid a mild recession in 2023. The country's dependence on imported energy and extended disruptions in energy supply led to an increase in inflation to 16.9% in 2022, but it is expected to drop significantly over 2023.

Under the European Union's Recovery and Resilience Facility (RRF), Latvia will receive €1.83 billion to promote national reforms and economic growth through increased public investments. A 38% share of the funds will go to the country's green transition, 21% to its digital transformation, and the remainder to measures improving social and regional cohesion, health services and the capacity of law enforcement agencies.

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







## What is EaSI?

Deployed by the European Investment Fund (EIF), the European Commission's Programme for Employment and Social Innovation (EaSI) helps vulnerable groups and social entrepreneurs to receive financial services and start a business.

In 2023, the EIF signed a €1.5 million loan with Hipocredit AS, a Latvian licensed non-bank lender. With the financing, the company will be able to provide loans to Latvian microenterprises to deal with the negative economic consequences of the war in Ukraine.

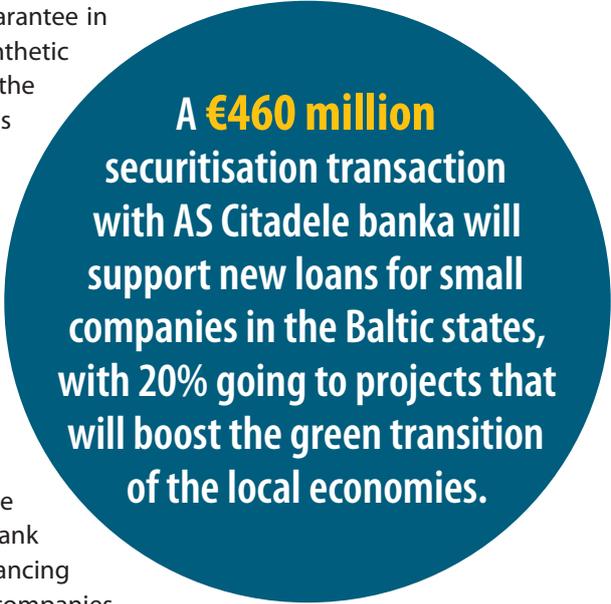
# HELPING SMALL BUSINESSES GROW

**W**e helped Latvian small businesses overcome the COVID-19 crisis and improve their access to finance.

The EIB Group provided a €430 million guarantee in 2020 to Luminor AS through a synthetic securitisation operation. Backed by the European Fund for Strategic Investments (EFSI), the financing supported at least €660 million of additional loans and leases for small businesses in all three Baltic countries.

In the same year, 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 €120 million. EU financing has helped ALTUM to support 475 Latvian companies and to safeguard 1 580 jobs.

The European Investment Fund (EIF) and the Lithuanian-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.



**A €460 million**  
securitisation transaction  
with AS Citadele banka will  
support new loans for small  
companies in the Baltic states,  
with 20% going to projects that  
will boost the green transition  
of the local economies.



## Baltic Innovation Funds 1 & 2

The EIF and the Baltic national promotional institutions launched the Baltic Innovation Fund 2 (BIF 2), 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, which was launched in 2012, BIF 2 raised close to €1 billion, invested in 69 small businesses and created more than 10 000 jobs across 11 sectors.

# FINANCE FOR THE PRIVATE SECTOR

We support projects in the private sector that are in line with the goals and principles of the Paris Agreement and that build a pathway to low greenhouse gas emissions and climate resilience.

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

Under the Investment Plan for Europe, the EIB provided €39 million in 2022 to Latvijas Finieris Group, a leading Latvian mid-cap manufacturer of birch plywood. The loan will be used for research and development and the modernisation and expansion of the integrated birch plywood production facility in Lignums and Verems.

A **€10 million** loan for HansaMatrix was the first quasi-equity financing signed in Latvia.

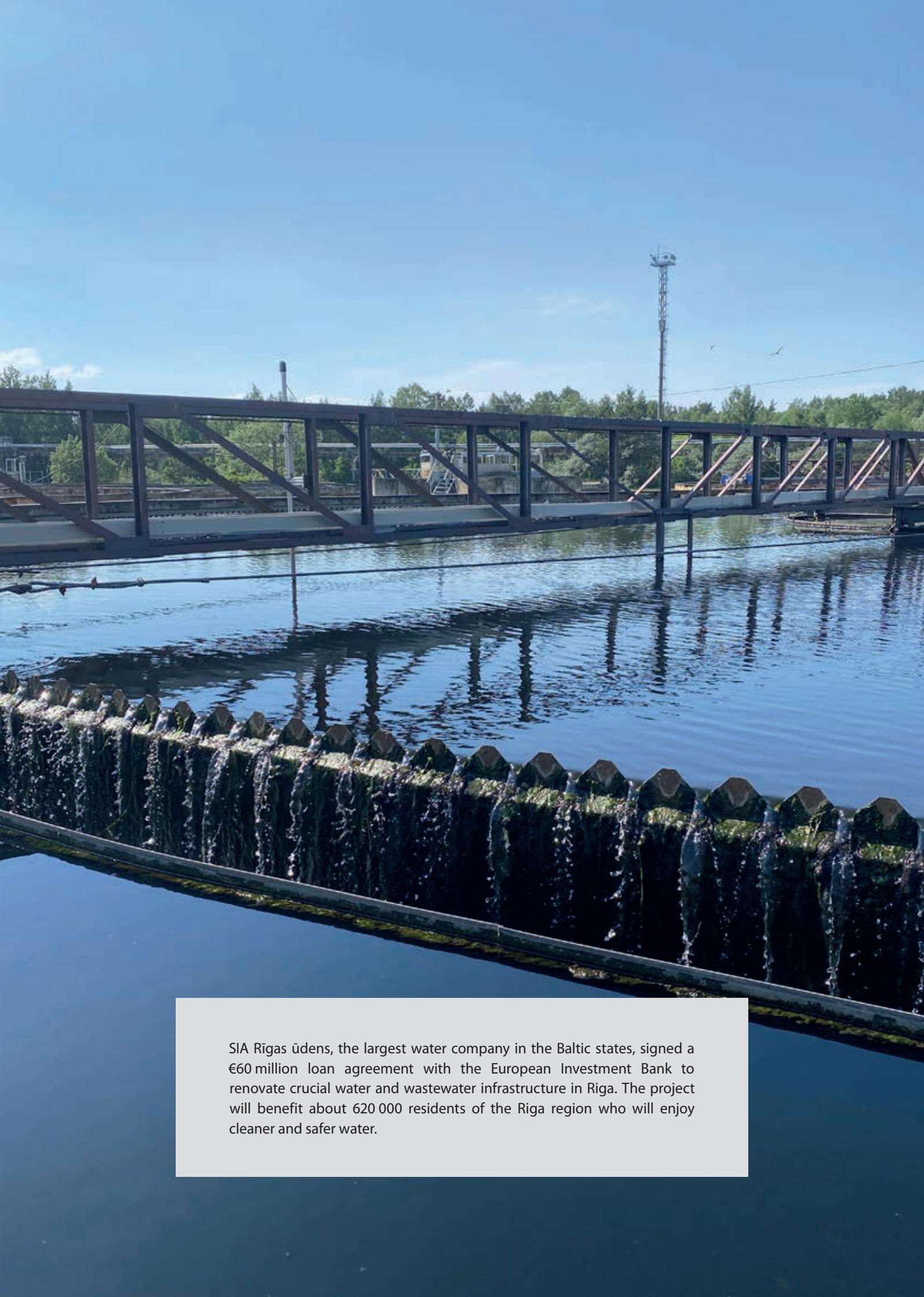


# SMART AND SUSTAINABLE INFRASTRUCTURE

**R**eliable 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 for the Kekava public-private partnership in 2021 helped design, build, finance and maintain a bypass in the municipality of Kekava, diverting transit traffic away from densely populated areas. The project was 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.





SIA Rīgas ūdens, the largest water company in the Baltic states, signed a €60 million loan agreement with the European Investment Bank to renovate crucial water and wastewater infrastructure in Riga. The project will benefit about 620 000 residents of the Riga region who will enjoy cleaner and safer water.

# INVESTING IN EDUCATION

**W**e invest in education, research and innovation to help overcome structural weaknesses in Europe's economy and to make it more competitive and sustainable.

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 scientific institutions in the Baltic region and a key global innovation centre. Our European Investment Advisory Hub carried out market analysis and business preparation to help the university build student accommodation and sports, research and health facilities.





The European Investment Fund supports 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 the Latvian national promotional institution ALTUM that made it easier for students to apply for support for tuition fees and daily expenses.

# BOOSTING ENERGY EFFICIENCY

Energy efficiency is key to meeting the growing demand for services with lower energy consumption and reduced greenhouse gas emissions.

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.

In 2020, ELENA signed a technical assistance deal with Jelgavas nekustamā īpašuma pārvalde to refurbish around 52 buildings with some 2 500 apartments to make them more energy efficient.

The technical assistance from our European Local Energy Assistance (ELENA) programme is helping firms prepare their energy efficiency projects for ALTUM funding. 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.



# HOW WE MAKE PROJECTS HAPPEN

**W**e cover 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 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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