

# EIB provides Estonia with €400m for strategic investments

The European Investment Bank (EIB) and the Estonian Ministry of Finance have signed the second portion, worth 400 million euros, of a co-financing facility for Estonia aimed at supporting investments in research and innovation, sustainable transport infrastructure and the promotion of the development of the country's micro, small and medium-sized enterprises (SMEs).

According to an EIB press release, this loan will help Estonia successfully absorb EU structural funds during the continuing 2014-2020 period, the first 200 million tranche of which was signed two years prior.

Jan Vapaavuori, the EIB vice-president responsible for lending in Estonia, noted that the EIB had always been a solid partner to Estonia and were happy for the opportunity to continue close cooperation with Estonian authorities by means of this second and last tranche of the co-financing facility.

"The combined use of EIB loan and EU grant money supports sustainable economic growth and helps further improve quality of life for the people of Estonia," said Vapaavuori.

"The Estonian government has decided to increase investments in order to improve the competitiveness of the Estonian economy," said Minister of Finance Sven Sester (IRL), adding that there was no doubt that EU structural funds have a positive impact on the Estonian economy.

"In order to support investments that improve competitiveness and bring long-term benefits, we are prepared to use external financing," continued the minister. "Loans will not be used to cover running costs, such as paying wages or allowances; the government is firm in our determination to adhere to European budget rules which rule out unsustainable deficits."

The 400 million euro loan will be available as co-financing for selected projects under Estonia's Operational Programme for Cohesion Policy Funds as well as the Rural Development Programme for 2014-2020. EU structural funds will meet a fixed percentage of the costs of eligible projects, with the balances being covered from the state budget or by drawing on this EIB-provided facility.

The loan is aimed at supporting projects primarily in the research, technological development and innovations, transport and water and environmental protection sectors as well as those involved in infrastructure development in rural areas. It will likewise focus on investments in education and healthcare as well as improving training and access to employment, thus contributing to the further development of a knowledge-intensive and internationally competitive economy, clean environment and sustainable transport infrastructure. This, in turn, will help to create the conditions necessary for smart, sustainable and inclusive growth.

According to EIB, this loan is a continuation of the long-standing partnership between Estonia and the EIB, with the Bank of the European Union already having lent 550 million euros within a similar EU funds co-financing facility which covered the period from 2007-2013.

In order to obtain an EU grant for an eligible project, the Estonian government must provide the co-funding. While said co-funding will in large part be provided from budgetary funds, the EIB facility will be available to supplement those funds and ensure that Estonia utilizes as much of the EU funding available to it as possible.

Source: <http://news.err.ee/v/business/e399a1b4-9620-4fce-844f-470f018367d6/eib-provides-estonia-with-400m-for-strategic-investments>