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## **European Investment Fund selects the first financial intermediary for Latvia Holding Fund**

EIF Board decision concludes first ever selection of financial intermediaries under JEREMIE call for expression of interest.

The EIF has selected BaltCap Management Latvia to manage a new venture capital fund dedicated to investing in SMEs in Latvia.

The fund will provide start-up and expansion financing for micro, small and medium size companies with growth potential located in Latvia taking equity stakes between EUR 0.3-3m with the aim to build a diversified portfolio of 15-20 investments.

This EIF concluded a process known as a 'call for expression of interest' for a JEREMIE Holding Fund which attracted a total of 17 applicant companies from Latvia, Estonia and Lithuania. The EIF conducted a thorough analysis process to select the best applicant against set criteria and using the EIF's Risk Capital expertise built up through investing close to EUR 3.7 billion into over 300 Funds across Europe over the past 15 years.

Subject to final legal due diligence and the successful raising of private funds by the fund manager, the fund is expected to be set-up and operational in the second half of 2009 with the target fund size EUR 30 million.

The EIF is also in advanced stages of concluding a similar process for the selection of a financial intermediary to manage a specialist Seed and Start up Fund dedicated to Latvia with an envisaged amount of EUR 21.4m. Once the selection process is completed and full EIF Board approval is obtained, a separate announcement will follow.

## **About JEREMIE**

[JEREMIE](#) (Joint European Resources for Micro to Medium Enterprises) is a joint initiative launched by the European Commission ([DG Regional Policy](#)) and the [European Investment Bank](#) group to improve access to finance for SMEs in the EU within the Structural Funds framework for the period 2007 - 2013. JEREMIE enables the EU Member States and Regions to put money from the structural funds and also national resources into holding funds that can finance SMEs in a flexible and innovative way. Since the products will be provided on a repayment basis, funding will be reinvested and hence more SMEs will benefit from the EU resources.

EIF has currently signed 7 National (Greece, Romania, Slovakia, Latvia, Lithuania, Cyprus and Bulgaria) and 2 Regional (in France - Languedoc Roussillon, and Italy - Campania) Holding Fund agreements.

The new initiative aims at developing and fostering the role of entrepreneurship within the EU in order to meet the objectives of the Lisbon agenda and help structural funds to deliver greater benefits to the market.

## **About EIF**

EIF's central mission is to support Europe's small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture capital and guarantees instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. The EIF total net commitments to private equity funds amounted to over EUR 3.7bn at 30<sup>th</sup> June. With investments in over 300 funds, the EIF is a leading player in European venture due to the scale and the scope of its investments, especially in high-tech and early-stage segments. The EIF commitment in guarantees totalled over EUR 13.3bn in close to 190 operations, positioning it as a major European SME guarantees actor and a leading micro-finance guarantor.

## **About BaltCap**

BaltCap has significant previous experience in this area targeting SMEs with high growth potential in the Baltic States. Since 1995 BaltCap has raised 5 different funds with total size of 130 m EUR, invested in 38 companies and completed 23 exits. Statistics from BaltCap's fund specifically targeted at SMEs, Baltic SME Fund, show that since BaltCap investment, the aggregate sales of Baltic SME portfolio companies have grown 275% and the number of employees has grown 23%. BaltCap Latvia team in particular has experience in start-up and expansion financing via investments like Hanzas Elektronika, SAF Tehnika, Papermill Ligatne, V.L.T., DEPO DIY and others.

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