

# Finland: EU funding for growth of Finnish companies

- **M-Files** A new financing model of the EIB and Tesi will invest EUR 100 million to growth-oriented SMEs and innovative mid-cap companies over the next eight years.
- **Loan backed under European Fund for Strategic Investments, part of successful Juncker Plan**

The European Investment Bank (EIB) and the investment company Suomen Teollisuussijoitus Oy Tesi have agreed on a financing programme to channel funding in support of the growth of Finnish companies. The operation is guaranteed under the [European Fund for Strategic Investments \(EFSI\)](#), central pillar of the [Investment Plan for Europe](#) of the Juncker Commission. The financing to be managed by Tesi targets a total of EUR 100 million to promising companies, equally split between the EIB and Tesi. Furthermore, the funding is structured to be complemented by private sector co-investments with another EUR 100 m, totalling EUR 200 m of new investments to the benefit of SMEs and mid-caps.

This financial mechanism supplements EIB funding in the form of equity type investment and equity financing by Tesi. The financing of EUR 15–30 per company is targeted to growth-oriented SMEs and innovative mid-cap companies. In addition, each financing round must involve at least the same amount in private capital. This may be used e.g. to boost growth, internationalisation and product development.

“Finland has succeeded very well in making use of the financial instruments offered by the EU, which is also our Government’s objective. This applies, in particular, to funding from EFSI. The financing programme of Tesi and EIB published today is the first of its kind adopted in the Nordics. It will add to the available sources of risk finance and remove financial bottlenecks faced by growth companies. The programme will significantly boost the growth of innovative growth companies and mid-cap companies that are vital for our national economy and employment”, says Minister of Economic Affairs **Mika Lintilä**.

“The new financial model enables larger financing rounds than before and diversifies the financing structures of growth-oriented companies. It boosts the growth and internationalisation of companies and improves their ability to make significant investments. We are very happy to partner with EIB and channel equity financing of the EFSI to Finnish companies”, says CEO of Tesi **Jan Sasse**.

## **Competitiveness to European companies**

Traditionally, the EIB has to large extent offered financing to companies in

the form of loans and guarantees, which means that for EIB this is a rather new type of financing. Tesi is EIB's first partner in the Nordics that channels EFSI-guaranteed financing to companies as direct capital investments.

"I think this operation is one to be proud of." added EIB vice-president **Alexander Stubb**. "The platform is designed to fill-in market gaps in the Finnish equity investment landscape, which hinders companies' development and internationalisation. Two of the priorities under the investment schemes supported by the EU are to support SMEs and to work together with National Promotional Institutions, so I believe we hit the bull's-eye here."

The European Fund for Strategic Investment EFSI is part of the Investment Plan for Europe, the Juncker plan. The aim is to secure the access to funding, investments and economic growth for European SMEs.

**Jyrki Katainen**, Commission Vice-President responsible for Jobs, Growth, Investment and Competitiveness, said: "The Investment Plan's European Fund for Strategic Investments was designed to facilitate small and medium-sized enterprises gain access to finance they need to expand, innovate and create jobs. So far, around 700,000 small businesses across Europe are expected to benefit. I am delighted that, with today's transaction, the Investment Plan will allow Finnish firms to benefit from EUR 100 million in financing opportunities."