



The story of FI in Estonia

Mikk Vainik
Warsaw
9th of June, 2015





Agenda for today

1. The Estonian story so far
 1. The context in Estonia
 2. The context in EU
 3. Finding a solution
 4. Building a solution
2. Lessons learned
3. Going forward via FI



The context in Estonia

2013

- We have a problem: land of Start-Up's, but no local capital
 - Lack of track record in VC
 - Lack of local VC
 - Loss of future tax revenue
- Ideas from the Marketplace
 - Do a Fund of Funds!
- Solution via EIF

2015

- We still have a problem
 - Almost all VC still foreign
 - Acknowledged market failures
 - Angels rising!
 - The market raises a voice ...

... but we're getting closer via FI! 😊



The context in EU

2013

- More FI via ESI Funds!
- Setting MS-specific strategies

... setting the stage for good FI policies

2015

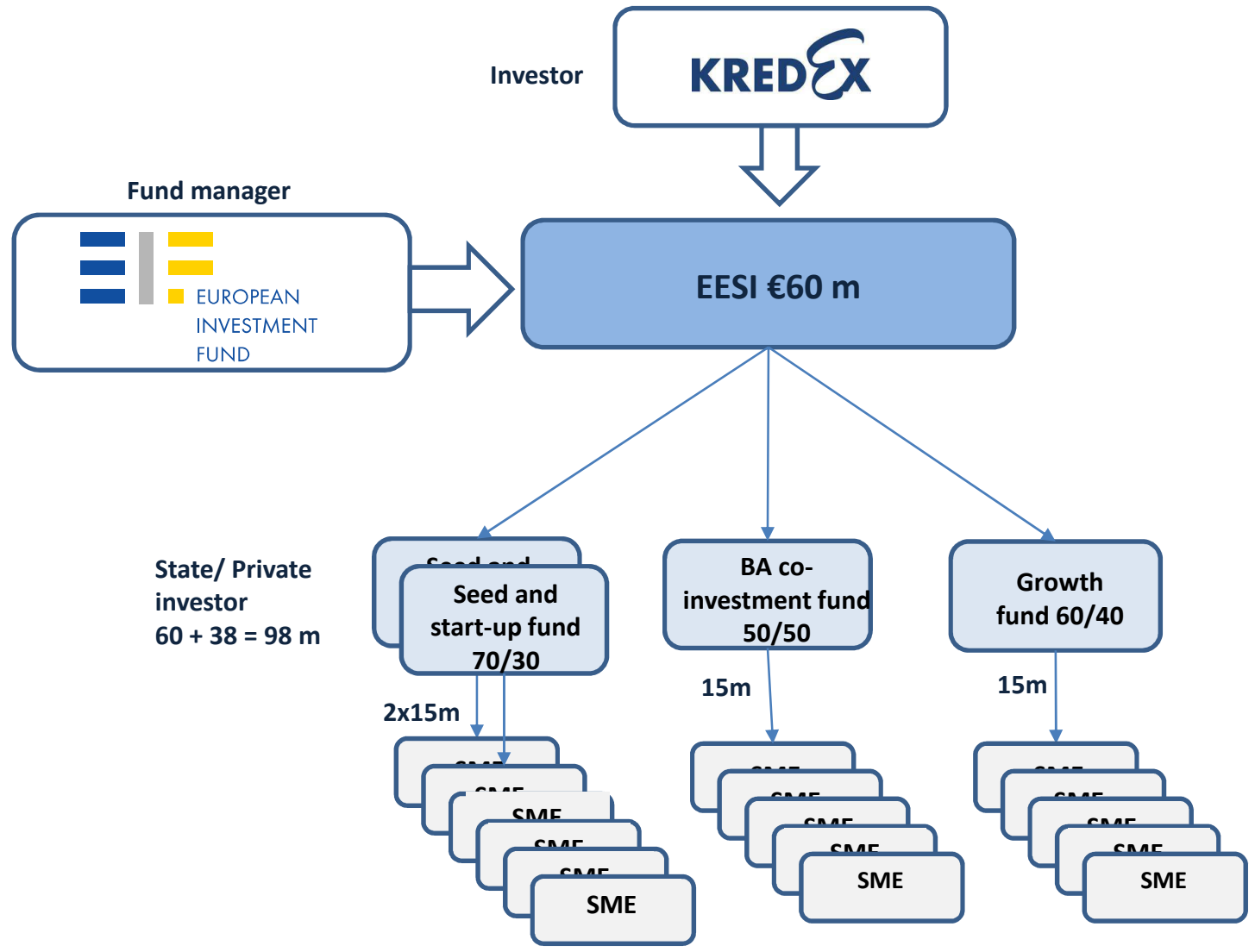
- A toolbox to be used
 - FI-Compass 😊
 - REGULATION (EU) No 1303/2013
 - REGULATION (EU) No 480/2014
 - Local ESIF regulations
 - Etc.

... enabling good FI policies



Finding a solution

- Good practice available
 - Baltic Innovation Fund
 - Fund of Funds
 - EIF as a cornerstone
- A call for something more
 - Analysis of Market Failures = ex ante
 - Lack of finance
 - Lack of information
 - Lack of professional Fund managers
 - Result: Estonian Early Stage Fund of Funds
60 M EUR of ESI Funds (ERDF) + private sector





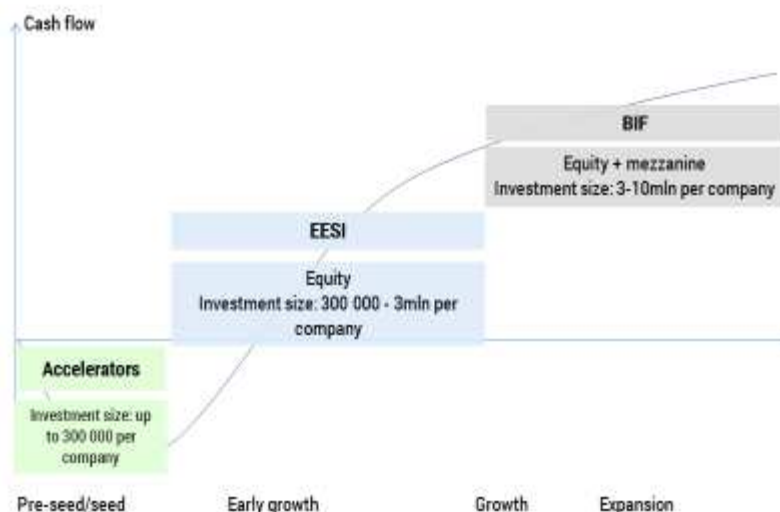
Building a solution

- No MS experience in building FI via ESIF
 - What kind of contracts?
 - Who does what and when?
 - The devils are in the details ...

... but let's just do it!

- Help from EIF
- Experience in FI

The goal





Lessons learned

- *Ex ante* assessment is good for you!
 - process innovation in public sector 😊
 - an assessment of your „health“
 - a bystander's view of the world
- You need local expertise as well as foreign quality!
- Listen to *your* market!
- Be creative ... as much as you can 😊



Going forward via FI

- 28.05.2015
 - Decision by Government to invest 60 M EUR
- Summer 2015
 - Contract between Estonia and EIF
- Late 2015
 - Operations begin!
- 2017-2018
 - Renew ex ante, check course

... creating financial amplification, a top-notch investment scene, great start-ups, good quality for our economy, much-needed local experience



How shall it go? – Come and see!



Thank you for your time!

Mikk Vainik
mikk.vainik@mkm.ee



Thank you

www.fi-compass.eu

