



VentureEU: €2.1 billion to boost venture capital investment in Europe's innovative start-ups

Brussels, 10 April 2018

The European Commission and the European Investment Fund (EIF) have launched a Pan-European Venture Capital Funds-of-Funds programme (VentureEU) to boost investment in innovative start-up and scale-up companies across Europe.

Europe boasts a wealth of talent, world-class researchers and skilled entrepreneurs, but it can do better at turning that excellence into success stories. Access to risk capital for innovation plays a key role. Today, the Commission and the EIF are announcing six participating funds to receive EU support in their mission to invest in the European venture capital market. Backed by EU funding to the tune of €410 million, the funds are aiming to raise up to €2.1 billion of public and private investment. In turn this is expected to trigger an estimated €6.5 billion of new investment in innovative start-up and scale-up companies across Europe, doubling the amount of venture capital currently available in Europe.

Commission Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, said: *"In venture capital, size matters! With VentureEU, Europe's many innovative entrepreneurs will soon get the investment they need to innovate and grow into global success stories. This means more jobs and growth in Europe."*

Carlos **Moedas**, Commissioner for Research, Science and Innovation, added: *"VentureEU is a key element of the Open Innovation strategy that we launched three years ago. It is vital for Europe to remain an industrial leader and an economic powerhouse."*

Elżbieta **Bieńkowska**, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, stated: *"VentureEU will increase the amount and average size of venture capital funds. It will help our high-potential start-ups stay and grow in Europe, taking full advantage of the Single Market."*

Pier Luigi **Gilibert**, Chief Executive of the EIF, added: *"VentureEU is an important addition to the European equity scene. Whilst we have supported more than 500 funds to date, this is the first time that the EU has created such a unique programme. EIF is proud to be part of this initiative."*

Venture capital (VC) is vital to a well-functioning Capital Markets Union, but remains underdeveloped in Europe. In 2016, venture capitalists invested about €6.5 billion in the EU compared to €39.4 billion in the US.

Moreover, VC funds in Europe are too small – €56 million on average compared to €156 million in the US. As a result, these companies move to ecosystems where they have better chances to grow fast. The number of companies reaching the "unicorn" status of more than \$1 billion market valuation at the end of 2017 was 26 in the EU compared to 109 in the United States and 59 in China.

VentureEU will provide new sources of financing, giving European innovators the opportunity to grow into world-leading companies. Around 1,500 start-ups and scale-ups are expected to gain access across the whole EU.

The EU will provide cornerstone investments of up to €410 million – including €67 million of EIF own resources: €200 million from the Horizon 2020 InnovFin Equity, €105 million from COSME (Europe's programme for small and medium-sized enterprises), and €105 million from the European Fund for Strategic Investments (EFSI) – the so-called Juncker Plan. The rest of the financing will be raised by the selected fund managers primarily from independent investors.

The six funds will take stakes in a number of smaller investee funds and cover projects in at least four European countries each. These investee funds will help finance small and medium-sized enterprises (SMEs) and mid-caps from a range of sectors such as information and communication technologies (ICT), digital, life sciences, medical technologies, and resource and energy efficiency.

The EU investment in VentureEU will be managed by the EIF under the supervision of the Commission and rolled out via six professional and experienced fund managers ensuring a fully market-driven approach. This will attract more investments and significantly increase the availability of VC funding for start-ups and scale-ups in the EU.

Background

The Commission announced the creation of a Pan-European VC Funds-of-Funds Programme (VentureEU) under the [Capital Markets Union](#) (CMU) and the [Start-Up and Scale-Up Initiative](#). The initiative was first proposed by Commissioner **Moedas** as part of the [Open Science, Open Innovation and Open to the World](#) strategy in 2015.

In November 2016, the [Commission and EIF launched a call for expression of interest](#) for which it received 17 applications by the 31 January 2017 deadline. As a first step, the Commission assessed all investment proposals and conducted the pre-selection based on their policy fit with the programme. Soon after, the EIF conducted its standard due diligence process of the pre-selected candidates, six of which were selected for funding and invited to enter into negotiations with the EIF late in 2017. The first two signatures took place today in Brussels between IsomerCapital and EIF, and Axon Partners Group and the EIF. The remaining four – Aberdeen Standard Investments, LGT, Lombard Odier Asset Management and Schroder Adveq – are expected to be finalised in the course of 2018.

VentureEU is part of the wider ecosystem that the EU is putting in place to give Europe's many innovative entrepreneurs every opportunity to become world leading companies. In particular, as part of the [Capital Markets Union Action Plan](#), the Commission has presented a series of measures to improve access to finance for small and growing companies to create jobs and growth. The [Investment Plan for Europe](#) also aims to improve the business environment in the EU by making smarter use of financial resources and removing barriers to investment.

On 1 March 2018, [new rules](#) on venture capital investment (EuVECA) and social entrepreneurship funds (EuSEF) entered into application, making it easier for fund managers of all sizes to run these funds and allowing a greater range of companies to benefit from their investments. The new rules will also make the cross-border marketing of EuVECA and EuSEF funds less costly and will simplify registration processes.

As announced in the [renewed Industrial Policy Strategy](#), the Commission is exploring to set up a complementary European Scale-Up Action for Risk Capital (ESCALAR) to enable venture capital funds to increase their investment capacity.

In November 2016, the [Commission proposed a Directive on business insolvency](#) which focuses on facilitating early restructuring and second chance.

The Commission is also working to advance on its agenda to [put in place a robust single EU VAT area](#). This includes a recent proposal for targeted measures [to help SMEs that operate cross-border in the EU](#). New rules have also been agreed at EU level which should [simplify VAT obligations for thousands of SMEs](#) that sell goods online across the Union.

For more information

- [Frequently Asked Questions](#)
- [Investment Plan website](#)
- [EIF website](#)

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Attachments

[Factsheet VentureEU-EU ecosystem.pdf](#)
[Factsheet VentureEU.pdf](#)