

# Speeches at the press conference on the launch of VentureEU, the Pan-European Venture Capital Funds-of-Funds programme

## **Commission Vice-President Jyrki Katainen**

Good afternoon, Ladies and Gentlemen. We are working very hard in the Commission and in the EIB family to improve the investment climate and business environment in the whole of Europe, which is the key objective of the Investment Plan.

There is no lack of innovative ideas and entrepreneurial spirit in Europe. But many new EU companies do not make it beyond the critical first years, or they decide to try their luck outside Europe. One of the reasons for this is the lack of suitable funding.

We need to make sure that there is sufficient risk capital available in Europe. Institutional investors such as pension funds play an ever-greater role in providing risk capital, but venture capital funds in Europe are often too small for them. Therefore, we need to promote bigger venture capital funds to attract larger private sector involvement.

With the European Investment Fund (EIF) we are launching a Pan-European Venture Capital Funds-of-Funds programme called VentureEU to boost investment in innovative start-ups and scale-ups across Europe.

Six fund managers will receive EU support in their mission to invest in the European venture capital market. The EIF has just signed contracts with two of them. Backed by EU funding to the tune of €410 million, the funds will raise an expected €2.1 billion of public and private investment, which will in turn trigger an estimated €6.5 billion of new investment in innovative start-ups and scale-ups across Europe and beyond.

The fund will do this by taking stakes in a number of smaller investee funds and cover projects in at least four European countries each. These smaller investee funds will help finance SMEs and mid-caps from a range of sectors such as ICT, digital, life sciences, medical technologies, and resource and energy efficiency.

Around 1,500 start-ups and scale-ups are expected to gain access to this new source of financing across the whole EU. VentureEU will give them the opportunity to grow into world-leading companies and deliver their full innovation and job creation potential.

## **Commissioner Elżbieta Bieńkowska**

As I have underlined many times, we do not have a problem in the European

Union with start-ups, we do not have a problem with talent, with skilled people, with skilled entrepreneurs. We have a problem with scale-ups. Meaning when a company is growing and it desperately needs money. In 2016, venture capitalists invested about €6 billion in 2016 in the EU but can you compare it to almost €40 billion in the US? This is a huge difference, and the US market is smaller than the EU one. Our European venture capital funds are too small to compete, are too small to attract major institutional – but also even more importantly – private investors.

So the consequences are – and I see this on a daily basis when I speak to those companies – that too many European high-potential entrepreneurs, innovative entrepreneurs, have left Europe, or they are thinking about leaving Europe because they cannot get the venture capital they need to expand. This way, we are losing out our potential “unicorns”, potentially really important European companies.

With VentureEU we are taking a really big step forward towards fixing this problem. We want to use public money in a smarter way. We will have €400 million coming from different financial headings and budget lines. We want to attract private investment from investors who are currently not investing in European venture capital. We will increase the amount and the average size of venture capital funds in Europe. Now, as I said before, the average size is too small. We will help our high-potential start-ups to stay and to grow in Europe.

Of course, VentureEU is only one piece of the puzzle. This is part of our wider ecosystem that we want to put in place, the right business environment for our companies to grow. We will propose and present some other proposals later this year to you, for example ESCALAR, another financial instrument for our companies. This is important to make sure that our European companies, innovative companies, and innovative entrepreneurs, have every opportunity to become world-leading companies, and at the same time to stay in Europe.

### **Commissioner Carlos Moedas**

Good afternoon. Thank you so much and I wanted to first of all thank the colleagues and everyone for their hard work – from the Vice-President, to my colleague Commissioner Bieńkowska and to the EIF and the EIB group for the hard work. But more than that, I really wanted to give a big thanks to the teams, the teams that worked so hard in our departments, in our Directorate General, for example Jean-David Malo, who was someone that really counted so much for getting this done; and Keith Sequeira in my team.

I wanted to acknowledge them first of all because this was a very difficult process to get through. But sometimes when you have these processes take a long time you think: why are we here? I mean, what was the beginning of it all? And I think the beginning was really well-described by Jyrki and by Elżbieta. Because the beginning was that most of us, I remember Elżbieta and myself discussing, we were meeting entrepreneurs all over Europe. Young people that were telling us: look I have the ideas, there are the universities, we have the entrepreneurs in Europe. But then if I want €50 million, €60 million of investment, a scale that can get me to the next

level, I do not find it here in Europe.

And it was from these conversations around the table with Jyrki and Elżbieta that we said we have to do something about it. And when you look at – Elżbieta was quoting this number of €6.5 billion which for all of Europe with its 500 million people raising just €6.5 billion is not enough. And so I think what we are doing today is first of all addressing this problem of scale. And if you look at what we are doing in terms of numbers we are basically raising €2.1 billion. So we have all of these private investors and we attract private money, so will get to €2.1 billion and that will have an impact of around another €6 billion. So you are kind of doubling the market of venture capital in Europe in one go. And that is very important for that scale.

The second was the problem that also comes very often which is the fragmentation. Most of the VC is concentrated in eight Member States. So with this VentureEU project we will basically put it all over Europe. So the idea is that there are good people, there are good ideas, there are good companies all over Europe. It is not just exclusive from cities in some countries. They are all over and with the VentureEU funds we will be able to cover all those countries. By the way, a lot of the venture people that are here today and the two agreements we are signing, they are all over Europe and other parts of the world.

And the third problem that was not yet mentioned and I just wanted to mention, was the fact that in Europe if you look at the crisis from 2008 until 2013, the venture capital was basically public money. And so the difference between what we are doing today and what we have done in the past is that we are just putting a little bit of public money to attract private money because we need more private money, and private money is key for venture capital.

And so if you look before the crisis venture capital was 14% public. After the crisis it was more than 30% public. And so we are trying to reverse that to have more private money. And so my last word goes to the private players, people that really want to play the game and there are some of them sitting here today. They came to us, they will have a little bit of our money but they will put up and raise more private money.

So that is what we are doing here today, so thank you very much because it is a very important day.