



Cosme and Horizon 2020: Venture Capital Investments

DG ENTR Unit D3 – SME Access to Finance
DG RTD Unit C3 – Financial engineering

Venture Capital Investments: Why EU intervention is needed

- ❑ Continuing market failures in equity markets
- ❑ Strong decline in VC investments in Europe over the past years while risk capital investments are key to finance tomorrow's champions
- ❑ Answering to investors increasing risk-aversion
- ❑ Providing complementarities to financial instruments implemented at national and regional level
- ❑ Objective: creation of a pan-European venture capital market (regulatory measures: European passport for venture capital funds)

Venture Capital Investments: What is proposed? (1/2)

- ❑ Equity Facility for Growth for SMEs (COSME)
 - Focus: growth stage
 - Final beneficiaries: growth-oriented SMEs
 - Also covering early-stage investments
- ❑ Equity Facility for R&I (H2020)
 - Focus: early stage
 - Final beneficiaries: innovative SMEs and small midcaps
 - Also covering growth-stage investments
- ❑ Multi-stage funds: contributions from COSME and H2020 on a pro-rata basis (based on a fund's investment policy)

Venture Capital Investments: What is proposed? (2/2)

- ❑ Focus on cross-border investments
- ❑ Option for Fund-of-Funds investments to attract private investors back to the asset class (supported by both programmes)
- ❑ Possible pooling of resources with Member States
- ❑ Horizon 2020: Accompanying support measures, e.g. investment readiness schemes, awareness raising of VC firms and Business Angels, etc.

Our questions – your views?

- How best to help the VC industry become more sustainable and more attractive to private investors?
- Are funds-of-funds (FoFs) a good way to attract private investors back into the market? Should FoFs be generalist or thematic??
- What could and should we do to incentivise FoF investors or financial intermediaries?
- Should we also be looking at other sources of risk capital, such as business angels, family offices and endowments?
- How could EU level instruments best be combined with Member States' resources, notably from Structural Funds?