



Venture Capital Key To Financing EU 2020 “Innovation Union”

Brussels, 3 March 2010

The European Commission outlined its priorities today for 2020 including the intent to make “an efficient European venture capital market a reality” and explore “incentives for private sector funds that make financing available for start-up companies, and for innovative SMEs.” This is part of a wider call for an “Innovation Union” to solve the challenges facing Europeans like climate change, energy supply and demographic change.

The previous day (March 2) representatives from the Commission met with senior venture capitalists at a closed door conference, hosted by The European Private Equity & Venture Capital Association (“EVCA”), to discuss how the public and private sector could work together in practice to meet this goal.

As part of the event EVCA launched a white paper which:

- Outlines current barriers to European venture capital like: current definition of SMEs, fragmented stock markets, cost and time to obtain patents, financial risk regulation and lack of access to public procurement in R&D for SMEs.
- Identifies a long-term, structural funding gap for European venture, currently causing a lack of capital for later stage investments in innovative SMEs.
- Puts forward a cutting-edge, controversial, proposal to further the debate on how public sector capital can incentivise private sector capital to be deployed into innovation.

Delegates heard:

- Venture capital is very selective, driven by returns, choosing and nurturing the most promising innovative SMEs.
- European venture capital is at a critical moment, facing a structural funding gap due to the lack of investors (pension funds, university endowments, insurance companies) properly positioned to put capital into venture.

The discussions finished with representatives from a variety of DGs encouraging the industry to expand on the ideas in the white paper, continue the dialogue with the Commission and provide further information on the full venture ecosystem to policy makers.

For the industry, Hendrik Brandis, Chairman, EVCA Venture Council said “The talks were an excellent opportunity to accelerate understanding of how the industry and policymakers can work together to deliver the priorities outlined in today’s EU 2020 strategy. EVCA now calls upon the Commission to form an expert group to co-ordinate thinking across DGs and the industry and ensure consistency in policy. We urgently need to work together to develop a Venture Capital Action plan.”

The EVCA venture capital white paper can be downloaded from:

<http://www.evca.eu/knowledgecenter/PublicationDetail.aspx?id=PBWPCG>

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Notes to editors.

European Private Equity & Venture Capital Association

EVCA is the voice of European private equity and venture capital. We promote and protect the interests of close to 1,300 members, thereby ensuring they can conduct their business effectively. EVCA engages policymakers and promotes the industry among key stakeholders, including institutional investors, entrepreneurs and employee representatives. EVCA develops professional standards and research reports, as well as holding professional training and networking events. EVCA covers the whole range of private equity, from early-stage venture capital to the largest buyouts.

For more information, please visit www.evca.eu.