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This study examines the potential for EU investment into venture capital (VC) funds-of-funds operating at EU level. It makes a strong case for supporting several such multi-country funds in a coherent way in order to help address Europe's equity gap, remedy the fragmentation of the VC market, and improve the performance of European VC funds in raising finance from major institutional and other private investors.

The European Commission aims to make the European Venture Capital (VC) industry more self-sustainable and globally competitive by reducing its dependence on the public sector and encouraging more investment from institutional and private sources back into VC, especially into early and growth-stage funds.

For achieving this, the following key policy objectives are to be met:

- Attract the private sector back to the European VC asset space in order to:
  - Improve the supply of, and access to, seed and early-stage VC for firms undertaking research and innovation (R&I);
  - Maintain an adequate supply of risk capital finance to start-ups and SMEs that offer exceptional growth potential so as to counteract cyclical fluctuations during the economic cycle and to serve as a buffer during periods of economic downturn, when access to VC has historically been severely constrained;
  - Encourage more investment from institutional and private sources back into VC, especially into early and growth-stage funds that invest in firms undertaking research and innovation (R&I); [ ]
- Encourage the expansion of existing VC funds and Fund of Funds (FoF) across Europe.
- Increase the average size of VC funds, given that lack of critical mass is a major challenge in attracting international capital.
- Where appropriate, encourage the creation of new market entrants at both the FoF and the underlying funds levels.

A further consideration is the need to ensure that if a FoF programme were set up in future, this is embedded within a package of support measures, to include technical capacity-building measures for General Partners and investment professionals. The broader relevance of a FoF initiative is that it would help contribute to achieving the aims of the Europe 2020 strategy of smart and sustainable growth.

The study that was conducted to examine the feasibility of a FoF programme meeting all of the above policy objectives is now available.

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**Related Documents:**
Annexes [2]
Executive summary [3]
Final report [4]

See also:

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