



The European Venture Fund Investors Network

Objectives

The **European Venture Fund Investors Network** (EVFIN) is a platform for dialogue launched in March 2011 by major national investors in venture capital (VC) in response to the continuing funding crisis in this sector across the EU.

Given the key role that venture capital plays in the EU competitiveness and growth and considering the lack of efficiency of the EU Venture capital market, EVFIN members have decided to:

- **SHARE BEST PRACTICES AMONG EU INVESTORS IN VENTURE CAPITAL FUNDS**
To strengthen their capacity to improve the equity financing environment in their domestic markets; to develop a common understanding of the EU market;
- **CONTRIBUTE TO THE EU PUBLIC DEBATE AND EXPLORE MEASURES TO CREATE A SUSTAINABLE EU VENTURE CAPITAL MARKET**
To act as a partner to European Institutions (European Commission, European Parliament, European Investment Bank / European Investment Fund etc.) by providing input regarding projects and policies related to venture capital financing and helping implement relevant and appropriate initiatives as approved by the EU decision-makers ;
- **ENCOURAGE THE SET-UP OF A PAN-EU JOINT INITIATIVE**
To promptly address the venture capital crisis through collaborative investment strategies aimed at supporting and developing emerging and proven fund management companies ;
- **OFFER OPPORTUNITY FOR A CONSTRUCTIVE DIALOGUE** between all actors of the EU venture capital industry and the EU institutions (EVFIN, EVCA, EIF, EIB, EC etc.).

This initiative has developed from the conclusions of the European Council meeting of February 4, 2011 which called on the European Commission to “present proposals by the end of 2011 for putting in place an EU-wide venture capital scheme building on the EIF and other relevant financial institutions and in cooperation with national operators”.

EVFIN initiative is complementary to the general activity of the European Private Equity and Venture Capital Association (EVCA).

Why Focus on Venture Capital?

- Venture capital helps to drive economic competitiveness through facilitating new business creation, innovation, job creation and economic growth ; It has the ability to promote economic development ;
- Venture capital is particularly important for small and medium enterprises (SMEs) in the EU, since it provides finance to companies with promising but untested business models. These companies often face the greatest difficulties in accessing finance, yet offer the highest potential economic benefit ;
- The EU funding gap in venture capital is significant compared to the US and calls for urgent action at the EU level. Better focused EU financial instruments need to be designed and implemented in cooperation with national operators to attract a major increase in private investments and to improve the efficiency of investments ; In addition, the creation of an EU internal Market for VC, favourable to cross-border activities is needed to address main structural issue affecting this sector ;
- Venture capital fund investors play an essential role in the development of venture capital markets through selecting and supporting best emerging and proven venture funds across the EU.

A crucial moment

The European venture capital market has suffered deeply from the 2008 financial crisis. It has witnessed a sharp contraction of its investment capacity which has severely affected innovative companies' access to finance.

Amounts raised by venture capital funds dropped by 50 % between 2007 and 2013¹. Accordingly, amounts invested by venture capital in SMEs decreased by nearly 50 % over the same period².

Private institutional investors are leaving the market just at the time when Europe needs to redouble its efforts to stimulate economic growth. This threatens the survival of a number of successful venture capital management teams, especially smaller and emerging teams.

About Venture capital

Venture capital is usually defined as a subset of a larger private equity asset class, which includes seed, start-up, expansion, growth, buyout, bridge and mezzanine investments.

Venture capital provides long-term equity finance to unlisted companies with strong growth potential to fund their start-up phase or their expansion. This type of investment, which often takes the form of temporary stakes in the capital of the companies, is made by VC funds and entails high risk since the returns are linked to the success of newly created companies.

Venture capital firms managing such funds raise capital mainly from long-term oriented institutional investors, such as pension funds, insurance companies, banks, family offices etc. Institutional investing in venture capital allow the investment process to be delegated to fund managers with significant experience to screen, evaluate and select potential companies with expected high growth opportunities. The fund usually has a contractually limited life of seven or ten years.

¹ Decreasing from €8.3bn in 2007 to €4bn in 2013. Source: EVCA yearbook 2013.

² Dropping from €6bn in 2006 to €3.4bn in 2013. Source: EVCA yearbook 2013.

About EVFIN Members

- 14 Major national venture capital and private equity operators representing 12 European countries;
- Mostly public, they all play a crucial role in their national country, namely fostering equity financing for SMEs at various stages of their development and supporting best emerging venture funds. All of them have a deep knowledge of their domestic market;
- EVFIN institutions primarily invest in venture capital and private equity funds, always together with private co-investors;
- Among other activities of its members:
 - Direct investment in growth-oriented SMEs together with private investors;
 - Design and management of a number of equity investment vehicles (VC funds of funds, VC funds etc.) as well as debt and Guarantee schemes (guarantee programs to support the financing of banks to businesses etc.).

EVFIN has an EU-wide scope and its members have more than € 24 billion of assets under management. EVFIN's intention is to continue to develop and extend this platform to other major EU venture capital fund investors.

Members



Austria Wirtschaftsservice (AWS), Austria
Caixa Capital, Portugal
British Business Bank (BBB), UK
Capital Dynamics, UK
Bpifrance, France
Enterprise Ireland, Ireland
Finnish Industry Investment (FII), Finland
Krajowy Fundusz Kapitałowy (KFK), Poland

KredEx, Estonia
Latvijas Garantiju aģentūra (LGA), Latvia
Magyar Fejlesztési Bank (MFB), Hungary
New Economy Development Fund (TANEO), Greece
ParticipatieMaatschappij Vlaanderen (PMV), Belgium
Société Régionale d'Investissement de Wallonie (SRIW), Belgium

Chairmen

- STEPHAN MORAIS, EVFIN CHAIRMAN, EXECUTIVE DIRECTOR AT CAIXA CAPITAL
- ISABELLE BÉBÉAR, EVFIN 1ST VICE-CHAIRMAN, DIRECTOR IN CHARGE OF BUSINESS DEVELOPMENT & INTERNATIONAL AFFAIRS AT BPIFRANCE
- JOUNI HAKALA, EVFIN 2ND VICE-CHAIRMAN, DIRECTOR OF NEW INVESTMENT OPPORTUNITIES AND PUBLIC AFFAIRS AT FINNISH INDUSTRY INVESTMENT

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