



SUERF

The European Money
and Finance Forum



**Università
Bocconi**

BAFFI CAREFIN
Centre for Applied Research
on International Markets, Banking,
Finance, and Regulation

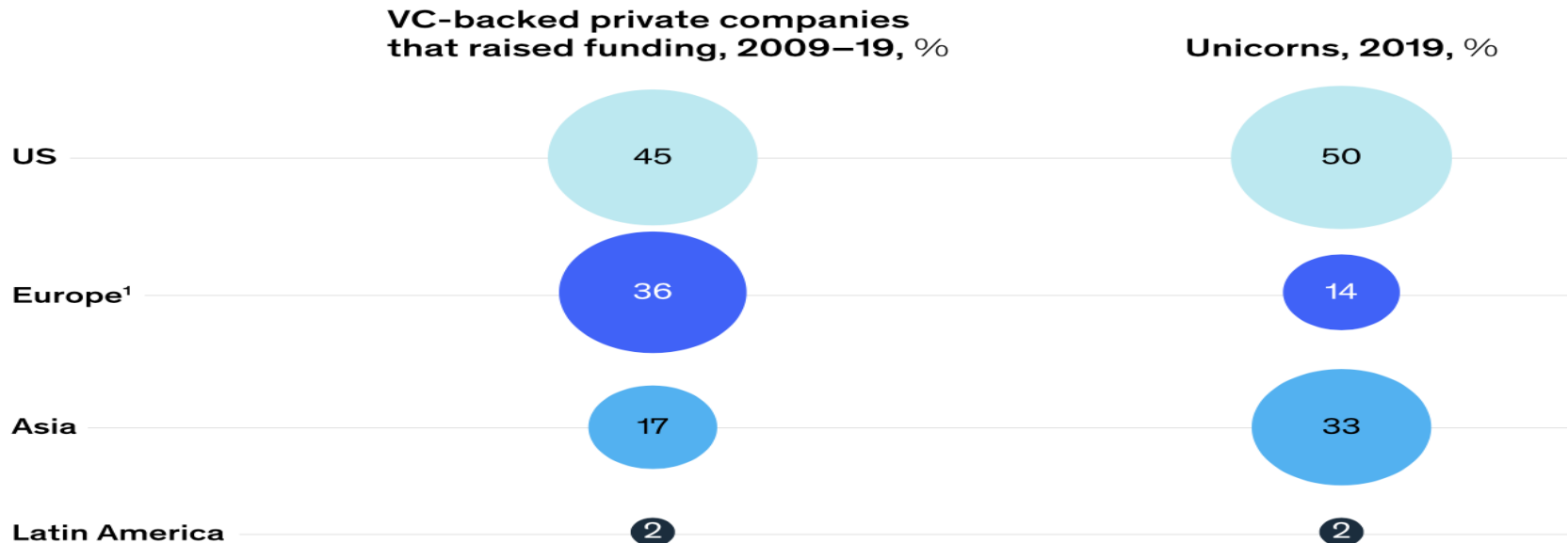
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Senior economist

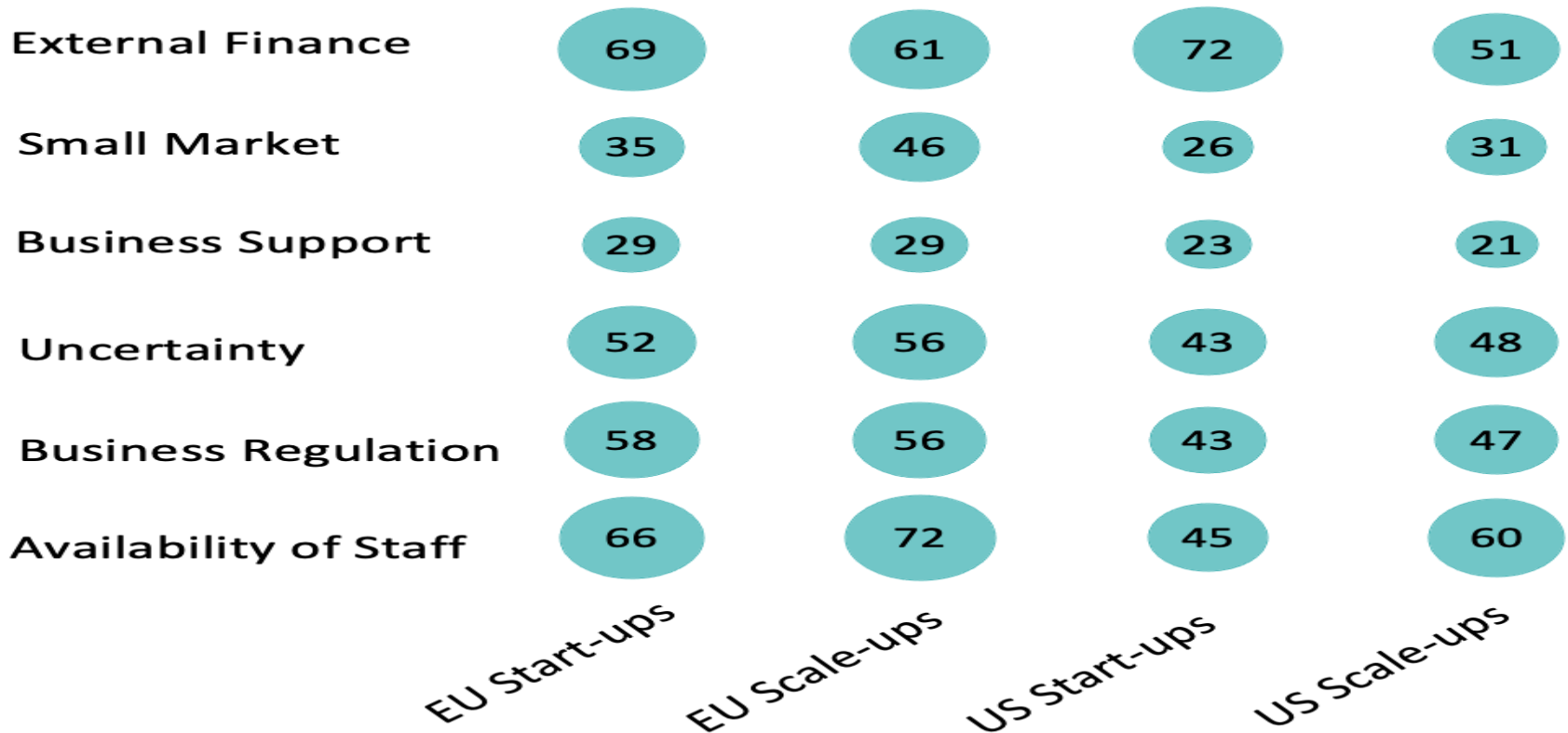
European commission, DG GROW

Scale-up is the issue, not start-up

Europe produces about 36 percent of global start-ups but only about 14 percent of the world's unicorns.



EU and US start-ups and scale-ups



More start-up than later stage

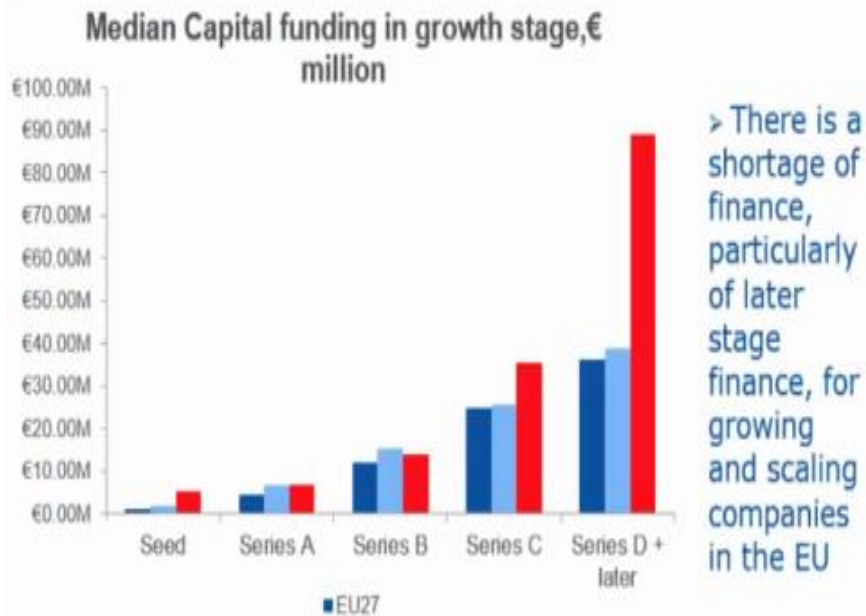
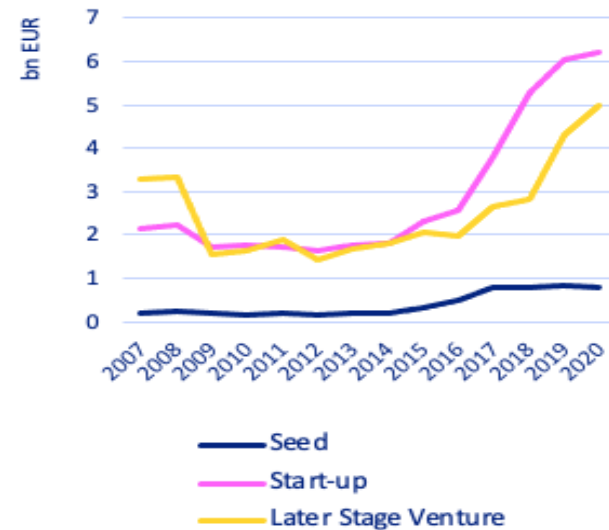


Figure 2: VC investments into European companies

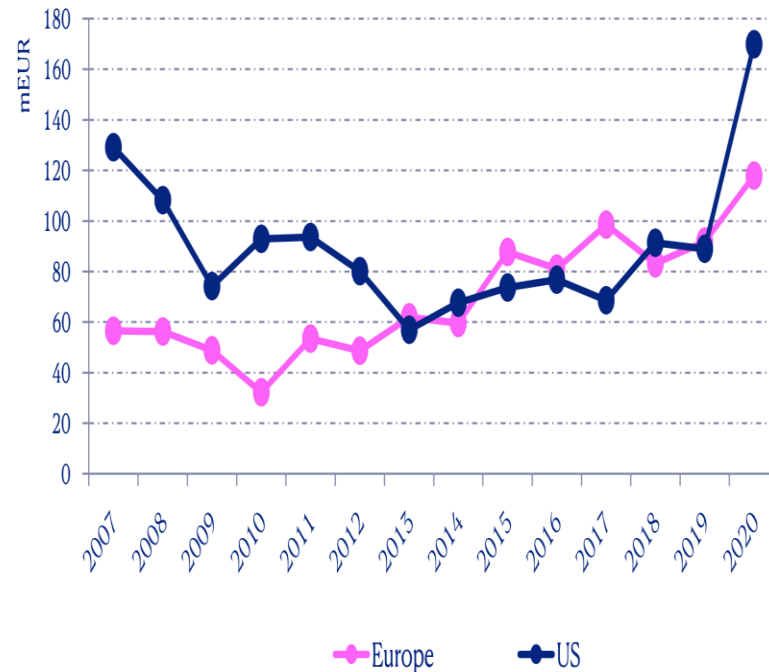


In the first nine months of this year, European start-ups drew 19 per cent of global venture capital funding, up from 13 per cent in 2020, FT , 8 December 2021

Fund size

- EIF: Over 500m funds
 - US: 48
 - Eu: 7
- Dry powder
 - 15 biggest US funds:
 - 500 bi

Figure 30: Average VC fund sizes in Europe and the USA



Tech US-investors move to EU

Post-COVID

- *European VC deals with U.S. investors:*
 - from 359 (2011) to 1,434 (2021) *Pitchbook*
 - From 2,7 Bn Euro (2011) to 50,8 Bn Euro (2021)
 - US funds in 75% of capital raising rounds in 2020

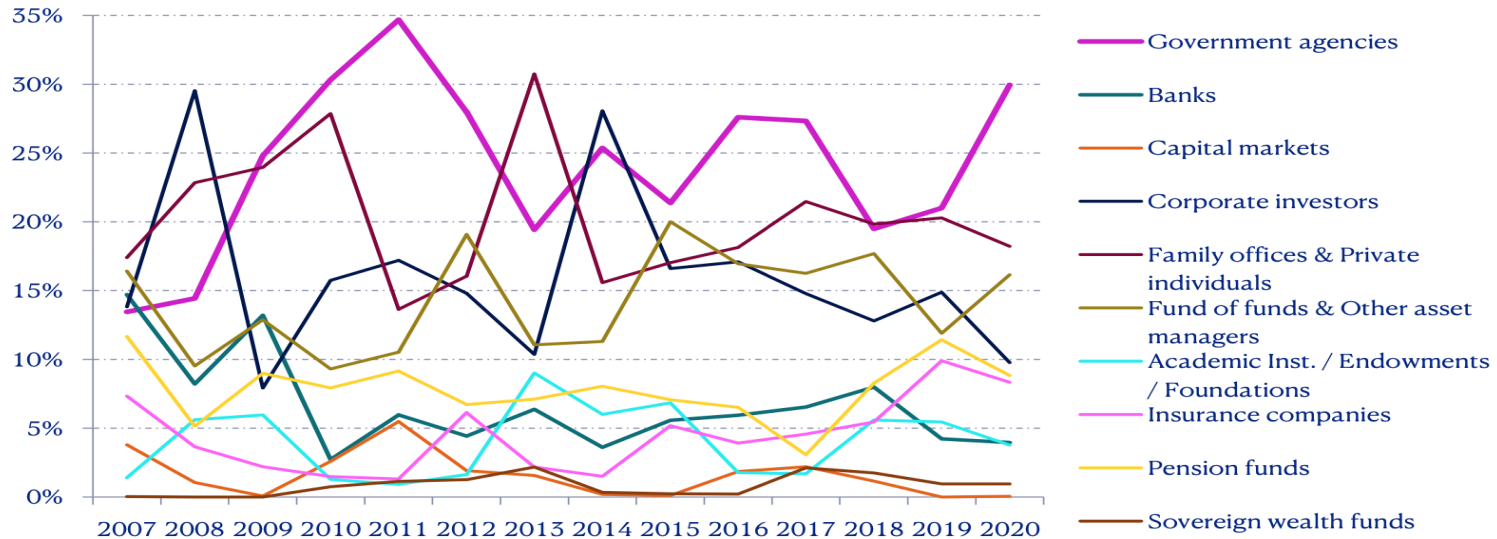
GENERAL  CATALYST

 **lightspeed**

 **Bessemer**
Venture
Partners

VC & government (EU-27): too much?

Figure 31: Investor base: Share of government agencies in VC fundraising*



Classical co-investment schemes: *Pari passu*

Balance sheet of a vc fund		Funding mechanism
Assets	Liabilities	
Investees <ul style="list-style-type: none"> - SMEs - Midcaps - Blue economy 	Equity	Private money Public money <ul style="list-style-type: none"> - 30 to 42% - NPBs - EIF/EIB - ...

ESCALAR: non pari-passu
altering risk-return relation (EIF manages)
 (European Scale-up Action for Risk capital)

Balance sheet
 Venture capital fund

Assets	Liabilities
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1.
INVESTEES
 (scale-up
 companies)

2.
EQUITY

3.
Quasi-equity

FUNDING
 MECHANISM

Including
 Public money

ESCALAR
 (with leverage on
 return enabling to
 trigger private
 money)

Complementary approaches

Pari-passu

Non pari-passu



Co-
investment
schemes



Leverage in
volume



Danger for
crowding
out (Public
Vc up to
42% - EM-
Lyon)



Funds
remain too
small

2 types of share-classes:

- *Equity shares*
 - Private: leverage in return – easier to raise money
 - Public : EIF, BPI, ...
- - *ESCALAR shares:*
 - Capped return
 - Covered risk
 - Pension funds, ...