



European Commission

Enterprise and Industry Directorate-General

Seed and start-up finance for eco-innovation - Need for more money or for more transparency?

Angelo WILLE
European Commission
Directorate General for Enterprise and Industry
Financing SMEs, Entrepreneurs and Innovators





Contents

1. Commission policies for SMEs and eco-innovation: the Competitiveness and Innovation Programme (CIP, 2007-2013)
2. CIP financial instruments addressing market gaps
3. What future policies to finance eco-innovative companies better?
4. Annex: Cross-border venture capital investments

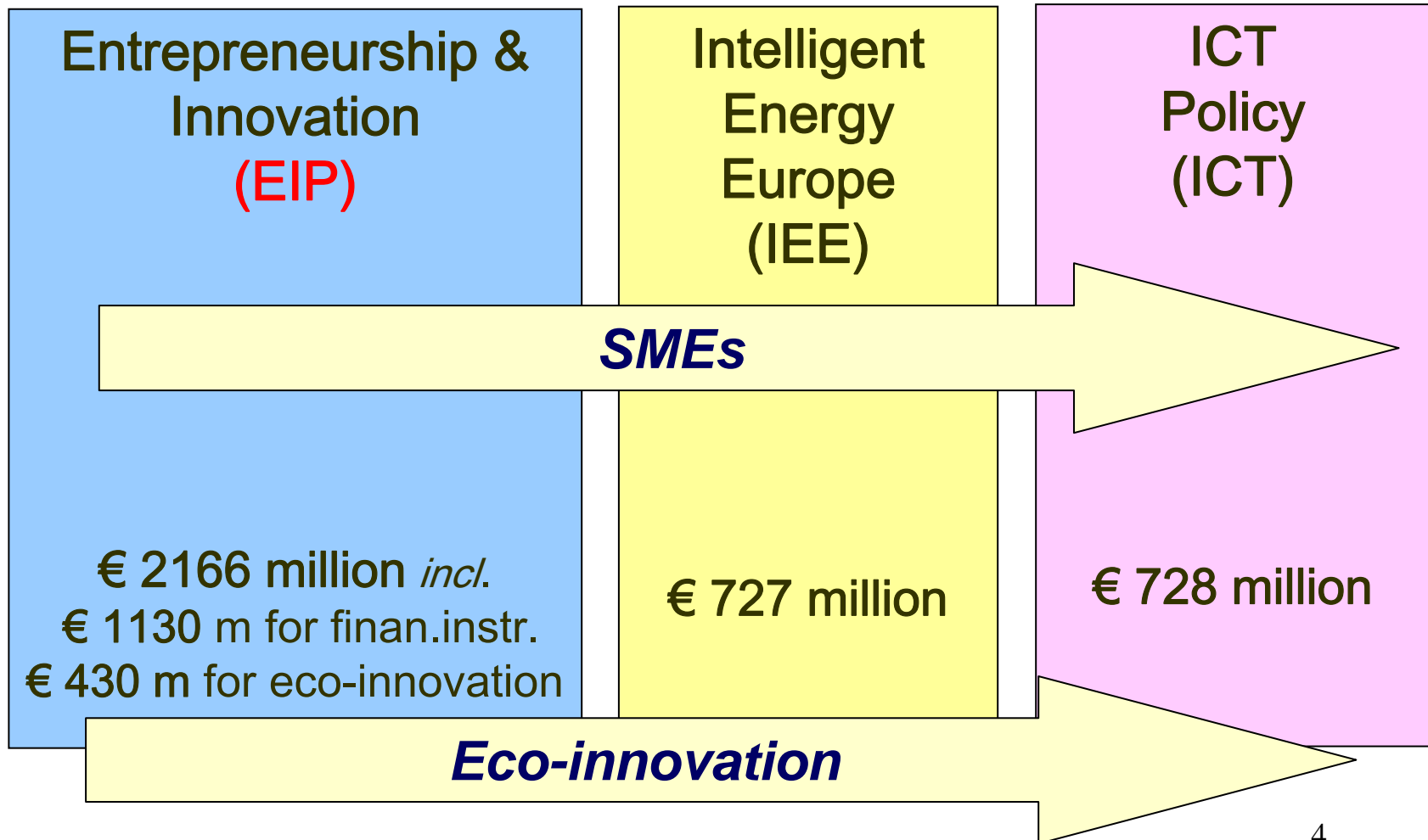


Context: Commission policies for SMEs

Main objectives:

- **Improving SMEs' access to finance:** fostering entrepreneurship, competitiveness, innovation and growth
- EU focus: **reducing market gaps which** prevent SMEs from achieving their full potential

CIP structure: 3 pillars



Support to eco-innovation in EIP

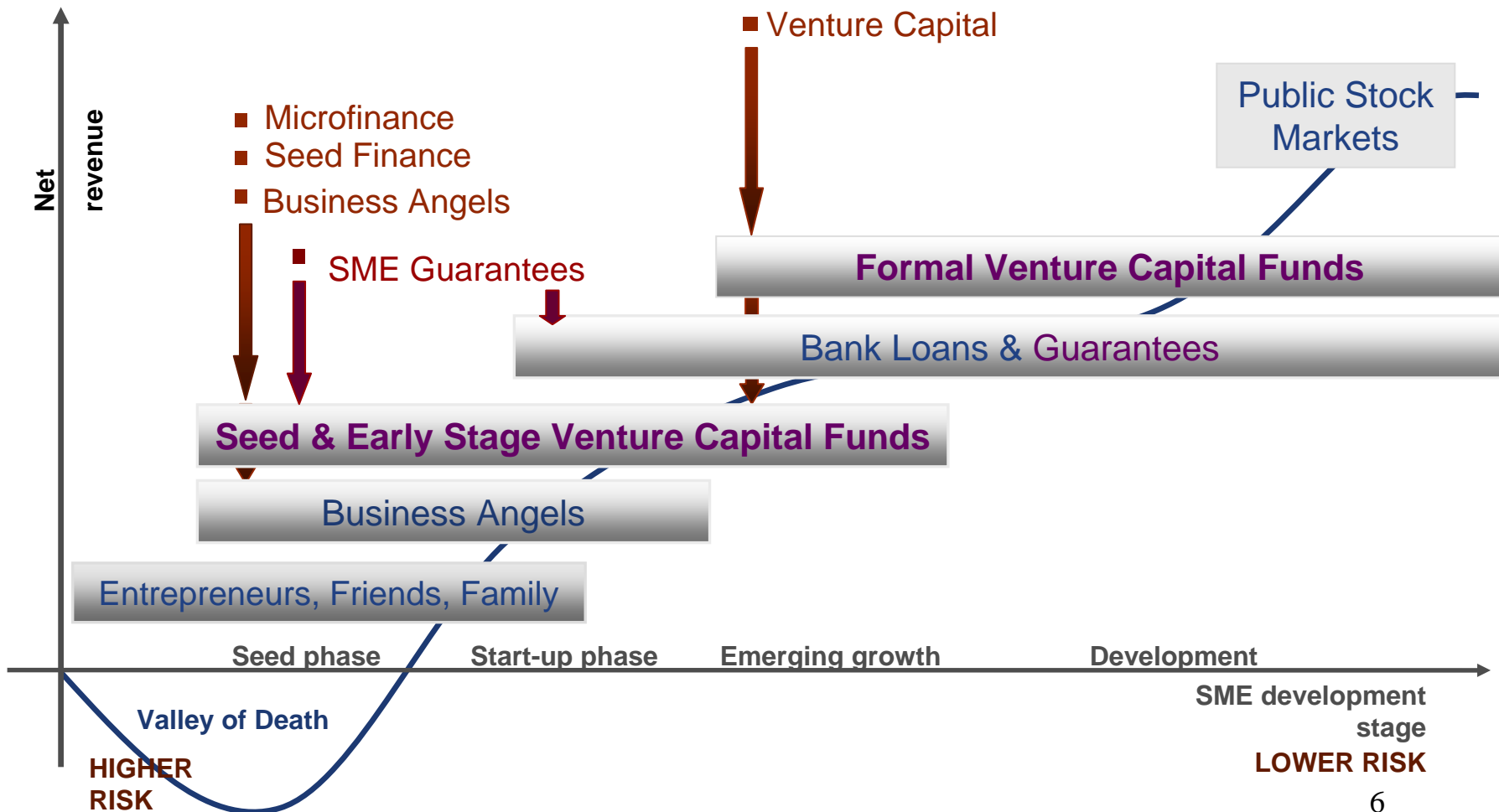
Via financial instruments (€228 million)

- Investment in venture capital funds active in the field of eco-innovation
- Capacity building for the technical capacity of financial intermediaries

Pilot and market replication projects (€205 million)

- Innovative products, services, clean technologies developed by or for SMEs
- Environmental management, eco-design, eco-labelling
- Eco-innovation networks and clusters

Addressing market gaps



CIP financial instruments

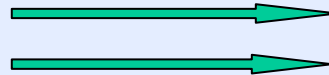
CIP Financial Instruments

2007-2013

High Growth and Innovative SME Facility (GIF)

- Venture Capital funds :

- Early stages
- Expansion stages for innovative companies



Eco-innovation

- Co-invest in funds and investment vehicles promoted by business angels

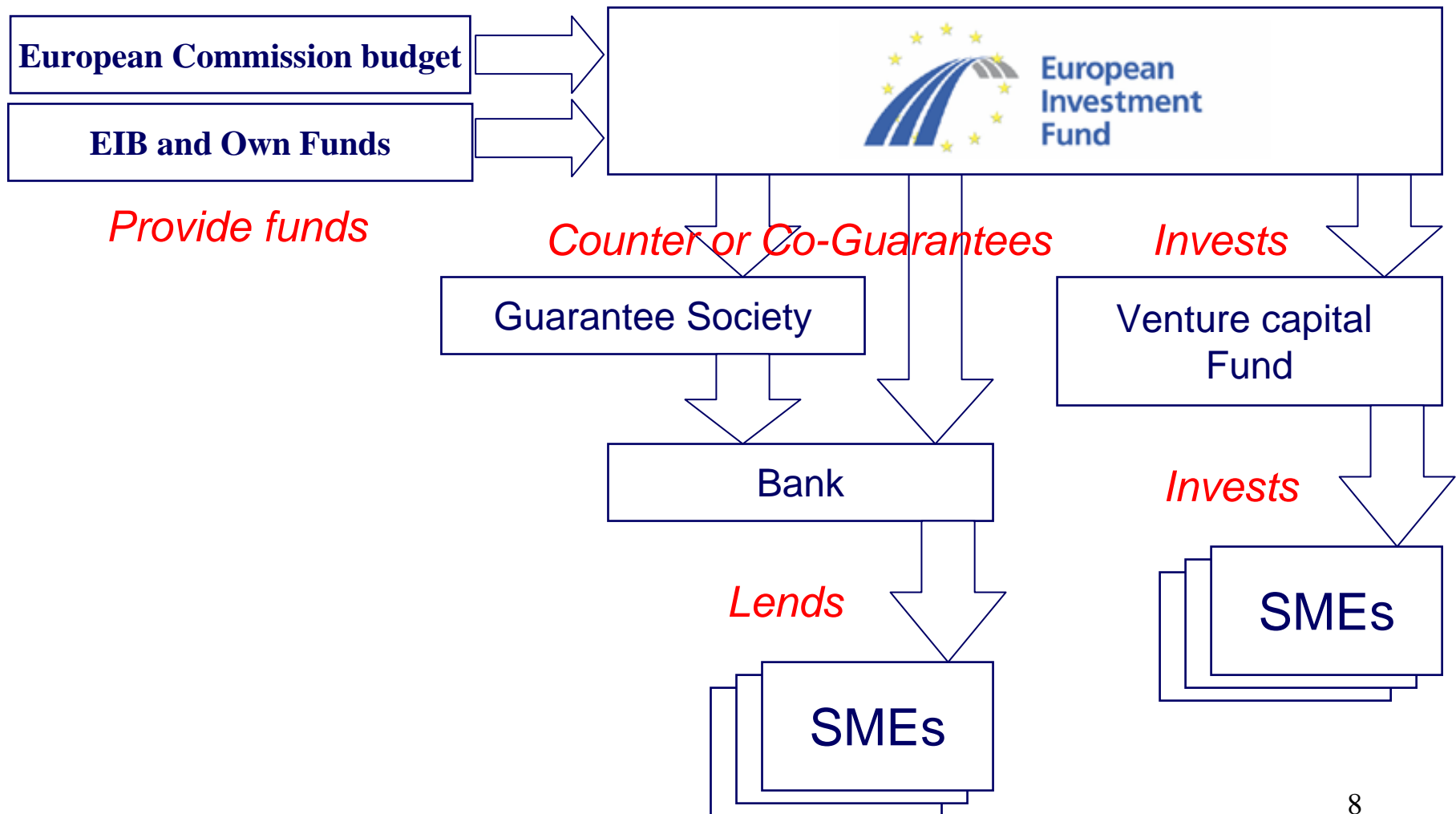
SME Guarantee Facility (SMEG)

- SME loan guarantee
- Microcredit guarantee
- Equity and mezzanine guarantee
- Securitisation of SME debt finance portfolios

Capacity Building Scheme (CBS)

- Seed Capital Action
- Partnership Action

How do the financial instruments support SMEs in practice?



Future policies for better finance of eco-innovative companies (background)

- VC investments in EU eco-innovation dropped from two thirds to only one third of the \$3,7bn US investments in 2007 (Cleantech Group; Library House)
- VC investments in EU eco-innovative start-ups in Europe more than doubled from 2006 to 2007 (Library House: €317m to €712m) against the trend of diminishing overall VC investments in Europe
- Still stakeholders often ask for more public money to leverage private investments
- Effect of credit crisis has no impact (yet) on VC finance but closes the door for IPOs

COM-Workshop on “Seed and start-up finance for companies active in eco-innovation”

- 7 November 2007
- Market-pull and market-push mechanisms to be used jointly
- Focussed public procurement can have a major impact
- High number of specialised VC funds in the sector - still growing
- For seed- and start-up phase key problems are the lack of investment readiness and the investors' knowledge of eco-innovation

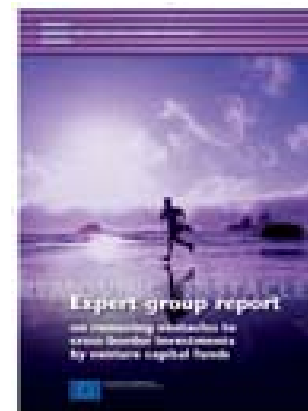


Commission activities to support better finance for eco-innovation

- ETAP (2004): European Forum on Eco-Innovation for business and policy makers - conference “Financing Eco-Innovation”, autumn 2006
- Eco-Innovation Invest - European Platform on Financial support for Eco-Innovation”
- Europe INNOVA projects such as “EIFN” (Energy Sector Innovation-Financial Model).
- Europe INNOVA workshop in January 2007 with the title “Putting knowledge into practice: Supporting eco-innovative companies”.

Cross-border venture capital investments

- Face obstacles when investing a cross borders
 - Liable for separate registration and establishment
- 27 MS ~ 27 jurisdictions
 - Differences in market development/size between MS
- Industry-driven proposals:
 - Reducing fragmentation
- Expert group report (March 2007):
 - Mutual recognition of VC funds and management companies
- Commission Communication on Removing obstacles to cross-border investments by venture capital funds.
Now in Council



Information on SME finance policies/programmes

SME Finance:

<http://europa.eu.int/comm/enterprise/entrepreneurship/financing/index.htm>

CIP

http://ec.europa.eu/enterprise/enterprise_policy/cip/index_de.htm

<http://www.eif.org/>



Thank you for your attention!

Angelo Wille

European Commission

DG Enterprise and Industry

Financing SMEs, Entrepreneurs and Innovators

Tel: + 32 2 295 2517

Fax: + 32 2 295 2154