



Compendium of European Co-Investment Funds with Business Angels

2017



The European Trade Association for Business Angels,
Seed Funds and Early Stage Market Players

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ABBREVIATIONS

AI	Angel Investing
BA	Business Angel
BAN	Business Angel Network
BAVC	Business Angels Value Chain
EBAN	The European Trade Association for Business Angels, Seed Funds and other Early Stage Market Players
EIS	Enterprise Investment Scheme
HMRC	Her Majesty's Revenue and Customs
IPO	Initial Public Offering
ROV	Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland)
VC	Venture Capital

DISCLAIMER

This compendium was prepared by EBAN, based on information provided by EBAN partners and other sources which we believe to be reliable. This work is mostly compiled by two sources, namely: input received from our members and non-members, and through desk-research. The former includes all information, expertise, knowledge, and opinions of the sources. The latter, whenever available, includes mainly data of funds, investments, activities, and organizations obtained partly or completely from their respective websites or other online disclosures.

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This publication does not seek to provide a comprehensive picture of all funds operating in Europe alongside business angels, but rather to provide readers with an overview of the different funds of this type existing in Europe.

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FOREWORD

EBAN, the European Trade Association for Business Angels, Seed Funds, and other Early Stage Market Players, is proud to present the 2017 edition of its much-anticipated annual review of co-investment funds operating with business angels in Europe. EBAN invested efforts to develop this yearly publication. The publication focuses on co-investment funds, illustrates their importance, provides best practices on raising them, and includes an overview of the different types of existing funds country by country and a brief presentation of the main characteristics of some selected funds in Europe.

Co-investment funds are today seen as key partners in leveraging angel investments. In 2012, they were brought to a new international status from the moment they were adopted by the European Investment Fund as a pilot investment instrument. At EBAN we also believe they play a critical role in both mature and emerging countries, and that is why we remain available to help our members and other organisations to implement co-investment schemes with the dual goal of bringing additional funding to promising start-ups and leveraging angel investors' activity.



EBAN would like to thank Medina Braha, Research Analyst at EBAN and Lecturer at International Business College Mitrovica, Kosovo, for providing her expertise in analysing and organising the information as well as finalising this publication. In addition, EBAN would like to thank Jacopo Losso, EBAN Director of Secretariat, and the entire EBAN Team, for their efforts in collecting and compiling the data. Finally, we express our gratitude to all EBAN members and non-members that have proactively contributed to the publication, sharing their valuable information, expertise and knowledge in this field. Their help is highly appreciated.

Peter Cowley – EBAN President
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EXECUTIVE SUMMARY

Angel co-investment funds are considered energising for both BAs and businesses for they enable multiplication of financing, expertise, knowledge, network, growth, and returns.

The Compendium of Co-Investment Funds with Business Angels is undoubtedly a tool of paramount importance to EBAN and its members, and is also highly regarded by policy makers across Europe. We are very happy to announce we have enriched our publication again this year. Two new chapters on importance of co-investment funds and on best practices and FAQs on how to raise a fund have been added. The aim is to provide a clearer picture on BA co-investment funds by establishing a formal definition, distinguishing between different types, and highlighting their importance.

BA co-investment funds remain among the most challenging aspects of AI in terms of drawing aggregate statistics on them. Firstly, many stakeholders in AI market are still facing difficulties concerning the exact meaning and content of a co-investment fund. It is often not easy for them to precisely define what such fund is or is not. Secondly, no angel community yet has been able to establish centralised data-collection practices related to number, type, size, and other relevant issues on co-investment funds in their country. Thus, there is no whole country data available. As a result, it is extremely challenging, if not impossible, to produce overall figures with regard to such funds at a European level.



Based on that, we strongly recommend national AI communities to organise themselves with respect to ensuring accurate country-level aggregate figures on BA co-investment funds. As always, EBAN is ready to cooperate in integrating individual country data into a complete European database. We are convinced that such integration would have multi-fold and multidirectional benefits.

Nevertheless, we are positive this publication provides much valuable insight on various BA co-investments in the early-stage market. It illustrates a list of 163 co-investment initiatives and an elaboration of 92 case studies.

Finally, we are aware not all investments counted here represent exact angel co-investment funds as per its definition. Nevertheless, we have included co-investment activities, which incorporate potential AI unifications with other players, as we believe they too embody significant value for all relevant stakeholders. *Medina Braha – EBAN Research Analyst*

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1 INTRODUCTION

1.1 Goals and contents

Our compendium is intended to assist business angels, entrepreneurs, and other readers interested in the early stage investment market in learning about different forms of collaboration between business angels and public authorities or private players in this market. It provides information on one of the most important incentives to stimulate and organise angel activity: angel co-investment funds.

The compendium provides an updated definition on what EBAN classifies as a co-investment fund with business angels, illustrates its importance, identifies best practices and FAQs on raising an angel co-investment fund. The compendium also integrates a list of angel co-investment funds along with other relevant angel co-investment activities identified in Europe that are associated with detailed elaborations in the form of case studies about some of the abovementioned; such as, expected market impact and challenges faced.

1.2 Methodology

This compendium was prepared by EBAN, based on information provided by EBAN partners and other sources which we believe to be reliable. For the most part, this work is compiled by two sources, namely: input received from our members and non-members and through desk-research. The former includes all information, expertise, knowledge, and opinions of the source. The latter, whenever available, includes mainly data of funds, investments, activities, and organizations obtained partly or completely from their respective websites or other online disclosures.

1.3 Opportunities

It is commonly accepted that sustainable growth requires innovation. Business angels and other early stage investors are supporting innovation through the development of their risk capital activities. Currently, interesting public-private or fully private partnerships with angels are being developed across Europe to help them share risks and improve investment capacities.

This compendium is intended to provide relevant information to business angels and entrepreneurs, as well as to compare information across different countries, which may be useful to policy-makers designing new programmes. This publication, in short, represents a mapping of one of the most important incentives available to leveraged business angel participation in the market today.

2 TYPES, ROLE AND IMPORTANCE OF BUSINESS ANGEL CO-INVESTING

2.1 Definition of angel co-investment funds

There has been a bit of confusion as to what exactly entails a co-investment fund from the angel investment (AI) perspective. For instance, a co-investment fund is often considered to be only the public-private partnership between some public institution(s) and an individual business angel (BA) or group of business angels. Co-investment funds as per EBAN's definition contain a much wider variety of partnerships beyond the public-private one. In this chapter, EBAN aims to formally define this concept by addressing all the different forms co-investment funds may exhibit.

Business angel co-investment funds represent a public-private or private-private co-investment scheme which might include a partnership between several independent business angels, between several business angels and one public institution or body, between several business angels and a private institution or body, between several business angels and several public institutions/bodies, between several business angels and several public institutions/bodies, or between several business angels and several public and private institutions/bodies with the aim of increasing funding and competitiveness possibilities for promising early-stage SMEs.

The most common types of co-investment funds include:

- *Business Angel Network investing deal by deal where business angels are the investor*
- *Angel Syndicate invests as a fund and the fund is the investor on behalf of the angels*
- *Public investment with a private sector with private funding from angels or corporations (and also sponsors who are not equity holders) that creates a fund as a legal entity and the general partner manages the fund and its investments*
- *Private-private as a legal entity and it can be with corporate sponsors*
- *Corporate structure or a limited partnership agreement – legal entity*

However, usually the most significant distinction is considered the public-private versus the private-private partnership.

2.2 Business angels value chain

When evaluating the different business angel co-investment models that are available in Europe and their features, it is important to understand the Business Angels Value Chain (BAVC), since it has

large implications for the design of these schemes. As shown in the figure and table below, BAVC starts from the deal flow and finishes with tax incentives. The co-investment process is an integral part of this Value Chain.

Figure 1. Business angels value chain



Source: EBAN Research Committee

Table 1. Key elements of business angels value chain

Chain Part	Description for the activities of business angel networks/BA
<i>Deal Flow:</i>	<ul style="list-style-type: none"> ✓ Identifying and contacting deal flow sources (universities, incubators, technology transfer platforms, specialized brokers...) ✓ Communicate to receive deals ✓ Participating in BANs, marketplaces, seminars, pitch events...
<i>Investment Selection:</i>	<ul style="list-style-type: none"> ✓ With the support of a BAMT (BA Management Tools) ✓ Using criteria selection (region, sector, investment needed, potential...) ✓ With the support of a selection committee ✓ Getting personal knowledge of the entrepreneurs ✓ Getting sectoral and commercial knowledge from other BAs or BANs
<i>Due Diligence on:</i>	<ul style="list-style-type: none"> ✓ Entrepreneurs ✓ Legal (licenses, agreements...) ✓ Intellectual Property ✓ Commercial ✓ Fiscal
<i>Legal Agreements on:</i>	<ul style="list-style-type: none"> ✓ Choosing the investment type: convertible loan, equity... ✓ Options (put, call...) ✓ Statutes ✓ Legal written agreement(s) with entrepreneurs and other investors
<i>Co-Investment & Financing</i>	<ul style="list-style-type: none"> ✓ Using public Co-investment schemes ✓ Making Co-investment with other BAs (or syndicates) ✓ Helping start-ups to get financed
<i>Value Creation</i>	<ul style="list-style-type: none"> ✓ Creating Strategic value (Advisory Board) ✓ Helping the management of the Start-Up
<i>Exiting</i>	<ul style="list-style-type: none"> ✓ Failure ✓ Entrepreneurs' sale ✓ Trade Sale ✓ VC, BA or other secondary sale ✓ IPO
<i>Tax Incentives</i>	<ul style="list-style-type: none"> ✓ Identifying the tax incentives available ✓ Applying for tax breaks: at the moment of investment, upon disinvestment

Source: EBAN Research Committee

2.3 Public-private partnerships and their importance

Government support in favour of funding innovative companies at their early stage can take the form of co-investment funds. These public private partnerships have a positive impact on the development of early stage investment activities in regions and countries of Europe. In other cases, governments support the creation of private sector funds, providing tax incentives and/or equity guarantee schemes.

In some countries, governments created early stage funds with favourable terms for business angels' co-investment, which naturally attracts them to co-invest with those early stage funds. In other countries, business angels helped the creation of an early stage fund, with which they are also co-investing. In some countries, the business angel co-investment funds or tax breaks schemes do not allow investment outside of the country. Of course, this then makes cross-border investment less interesting to business angels in the given country.

Member states and regions need to create the right conditions to provide an environment conducive to private investors. Reducing risk is a key element in achieving this aim and governments are using two instruments to do this. Besides creating a tax break scheme for investors investing in start-ups thus allowing them to deduct their taxes immediately during the investment process, the important policy opportunity is the creation of co-investment funds. This option was also raised in a study done by the OECD¹. This study indicated that, while venture capital tends to attract the bulk of the attention from policy makers, the primary source of external seed and early stage equity financing in many countries is angel financing. In some countries, policies to encourage a greater number of angel investors have played a positive role. These include supply-side measures such as tax incentives and the creation of co-investment funds.

The launch of co-investment funds with BAs has proven to be an efficient way to attract “new money” in many countries as well as expertise from the market, helping to fund thousands of innovative companies. BAs bring capital, knowledge, experience, and a network to start-ups and help them to scale-up. They invested €6.7 billion in 2016², thus representing the main source of seed and early stage investment in Europe.

In a public-private case, co-investment funds with BAs represent an added value for public authorities in comparison to grants because their leverage effect is higher. Co-investment funds also represent an added value for angels, because they lower the risk and allow more investments to be made. They therefore represent a win-win-win situation for BAs, managing public authorities and the companies benefiting from these investments.

Usually two scenarios result from the creation of BA co-investment funds:

- Public-private co-investment funds help build early stage investment communities and thus create a virtuous cycle. Private and public entities no longer invest alone. The investment risk is diluted from both sides as well as contributing to the perceived “political” risks.
- By combining multiple parties into common funding vehicles, more money is gathered for the ecosystem and more investments can be made. Costs are also decreased as mentoring,

¹ OECD (2011), Financing High-Growth Firms: The Role of Angel Investors; <http://dx.doi.org/10.1787/9789264118782-en>

² EBAN Statistics Compendium 2016; <http://www.eban.org/wp-content/uploads/2017/11/Statistics-Compendium-2016-Final-Version.pdf>

networking and knowledge of business angels are immediately shared with more people. Management fees are also lower compared to venture capital funds.

In terms of the participation-investment ratio, the most common model is 1:1, which means for each €1 that BAs invest, the co-investment fund can match €1. However, public participation differs from shares of about 30% to more than 90%. The repayment ratio in each phase is usually proportionate to the percentage of the investment made, but there are cases where the return for the private investor is higher than the return for the public investor. The repayment ratio or asymmetric return can have an important role in incentivising BAs.

2.4 Structural funds and business angels

2.4.1 European Structural and Investment Funds (ESIF)

The European Structural and Investment Funds (ESIF) within 2014-2020 will provide substantial investment opportunities through EU member states and regional authorities. In order to get the maximum impact from the EU funds, it is advised to focus on key areas and the use of financial instruments. These financial instruments are relatively new to many public authorities, but they have a great potential and could contribute to enhance the competitiveness of SMEs.

Given that local and regional dimensions are very important in BA activities, awareness of co-investment opportunities within ESIF (mainly European Regional Development fund – ERDF) through financial instruments could play an important role in SME financing and promoting business angel investments.

2.4.2 Cohesion policy and ESIF 2014-2020

European policy is working towards strengthening economic, social and territorial cohesion, with the aim of reducing disparities between the levels of development of the various regions. These objectives are supported through the European Regional Development Fund (ERDF), the European Agricultural Fund for Rural Development (EAFRD), the European Social Fund (ESF), the European Investment Bank, and other instruments³. For the period 2014-2020 cohesion policy funds are harmonised and coordinated with other European funds under the umbrella of European Structural and Investment Funds (ESIF)⁴. The rules aim at establishing a clear link between ESIF and the Europe 2020 Strategy, improving coordination of ESIF interventions, ensuring consistent implementation, and making access to the funds as straightforward as possible for those who may benefit from them.

³ See article 174 and 174 of the Treaty on the Functioning of the European Union (TFEU)

⁴ See Regulation (EU) No 1303/2013 laying down common provisions on these funds

By combining the ESIF resources available for the period 2014-2020 under Cohesion Policy (namely ERDF, Cohesion Fund and ESF, i.e. €351 billion), with expected public and private national contribution, the impact of this cohesion policy would likely reach more than €500 billion of investment. All EU regions will benefit both directly and indirectly, from this policy and investment⁵.

Within ESIF resources, the ERDF is mainly expected to co-invest with business angels.

The ERDF aims to reinforce economic, social and territorial cohesion in the European Union by redressing the main regional imbalances between its regions. The ERDF focuses its investments on several key priority areas for improving the competitiveness of EU regions, such as:

- Strengthening research, technological development and innovation;
- Enhancing the accessibility, use, and quality of ICT;
- Enhancing the competitiveness of small and medium-sized enterprises (SMEs);
- Supporting the shift towards a low-carbon economy⁶.

Financial instruments

Financial instruments represent a resource-efficient way of deploying cohesion policy resources in pursuit of the Europe 2020 Strategy objectives. In targeting projects with potential economic viability, financial instruments provide support for investments by way of loans, guarantees, equity, and other risk-bearing mechanisms combined with technical support, interest rate subsidies, or guarantee fee subsidies within the same operation.

Besides the obvious advantages of recycling funds over the long term, financial instruments also help to mobilise additional public or private co-investments to address market failures in line with Europe 2020 and cohesion policy priorities. Their delivery structures entail additional expertise and know-how, which help to increase the efficiency and effectiveness of public resource allocation. Moreover, these instruments provide a variety of incentives to better performance, including greater financial discipline at the level of supported projects.

Financial instruments have been used for delivering investments for Structural Funds since the 1994-1999 programming period. Their relative importance has increased during the previous programming period 2007-2013 and represented around 5 % of total European Regional Development Fund (ERDF) resources. In the light of the current economic situation and the increasing scarcity of public resources, financial instruments are expected to play an even stronger role in cohesion policy in the 2014-2020 programming period. The target is now set at 10%. An overall doubling of the use of financial instruments in comparison to previous period of the ERDF (increase from €12 billion to close

⁵ For complementary information on the ESIF, see: http://ec.europa.eu/contracts_grants/funds_en.htm

⁶ For complementary data about the ERDF, see: http://ec.europa.eu/regional_policy/index_en.cfm

to €30 billion) is an ambitious but realistic target. This extra €18 billion could leverage additional investments between €40-70 billion.

The legal framework for ESIF 2014-2020 is open to delivery of all thematic objectives of ESIF through financial instruments and widens implementation options. With the goal of facilitating the implementation of financial instruments by managing authorities, the Commission has made already available a first set “off-the-shelf financial instruments” ready-to-use, with state aid cleared templates. More “off-the-shelf financial instruments” will be made available by mid-2015, including a “co-investment facility for equity products”, appropriate also for business angels.

FI –compass

The *fi-compass* is a knowledge hub for guidance and advice on financial instruments. It is now set up by the Commission with the help of the EIB Group. The *fi-compass* is a unique platform for advisory services on financial instruments under ESIF and microfinance under the Programme for Employment and Social Innovation (EaSI).

The *fi-compass* is designed to meet the needs of ESIF managing authorities, EaSI microfinance providers and other interested parties, by providing practical know-how and learning tools for financial instruments. These will include “how-to” manuals, factsheets for quick reference, e-learning modules, face-to-face training seminars, and networking events.

The *fi-compass* website is progressively becoming the knowledge hub for ESIF Financial Instruments⁷.

2.4.3 Learning from the past: the JEREMIE initiative under ERDF 2007-2013

JEREMIE stands for the Joint European Resources for Micro to Medium Enterprises. It is a joint initiative of the European Commission (Directorate General for Regional Policy) and the EIB Group, mainly through the European Investment Fund, to enhance cohesion across the EU.

During the 2007-2013 programming period, JEREMIE offered EU Member States, through their national or regional Managing Authorities, the opportunity to use part of their EU Structural Funds to finance SMEs in a more efficient and sustainable way. JEREMIE's financial resources have been deployed through selected financial intermediaries across the EU, which have provided loans, equity and guarantees to SMEs.

Member states had the possibility for the period 2007-2013 to use part of their ERDF allocations dedicated to SMEs, to invest in revolving financial instruments such as equity-venture capital, loan, or guarantee funds. Such financial instruments could mainly support SMEs for:

⁷ <http://www.fi-compass.eu>

- Creation of new business or expansion of existing ones;
- Access to investment capital by enterprises (particularly SMEs) to modernise and diversify their activities, develop new products, secure and expand market access;
- Business oriented research and development, technology transfer, innovation and entrepreneurship;
- Technological modernisation of productive structures to help reach low carbon economy targets;
- Productive investments which create and safeguard sustainable jobs

Returns from investments co-financed by the ERDF 2007-2013 must be reinvested to support enterprises. In this way, a pool of funds may be re-used several times, recycling public funds, leveraging capital, and increasing the sustainability and the impact of public resources allocated to SMEs.

In this context, managing authorities could decide in the previous period 2007-2013 to channel resources from operational programmes using Holding Funds (HFs) which are set up to invest in several financial instruments. This was an option offering the advantage of enabling managing authorities to delegate some of the tasks required to implement JEREMIE to experts and professionals in this field to the EIF, for example.

The main advantages of using financial instruments for SMEs, such as the JEREMIE initiative in the programming period 2007-2013, were the following:

- Sustainability – financial instruments 2007-2013 were based on the provision of debt, equity or guarantee instruments supported by the ERDF. The objective was to support investments by SMEs, which should generate returns, and in this way pay back ERDF support received. This offered a more sustainable alternative to the assistance traditionally provided through grants to SMEs.
- Leverage – combining ERDF with complementary sources of investment would boost resources and provide support to a larger number of enterprises.
- Flexibility – JEREMIE offered flexibility, both in terms of structure, and in the use of funds by way of either equity, debt or guarantee investment, which can be tailored to the specific needs of countries and regions.
- Expertise – JEREMIE enabled managing authorities to benefit from the expertise of the banking and private sector to thus enhance the effectiveness of their investments in businesses.
- Partnerships – the partnership established between the Commission, EIF, and EIB under JEREMIE acted as a powerful catalyst for co-operation between countries, regions, EIF, EIB, and other banks and investors to address access to finance for enterprises, primarily SMEs.

2.5 Private-private partnerships and their importance

The private funds are primarily found in countries with the most dynamic angel activity. Several of them have been created by business angel networks, meaning that the members of those networks invest through a fund on top of their individual investments. They continue to make their own investment decisions, which is key to the definition of a business angel.

Co-investment continues to rule, although more business angels are starting to shift from investing with other business angels to investing through early-stage funds. Syndication among business angels is increasing, also due to co-investment schemes where the amounts are quite high just for one business angel.

Over the past years, the market has been growing in terms of total amount invested as well as the number of business angels, but in 2017 we see a slight drop in number of investments, indication of the effect of increased BA co-investment funds, and syndication among angels.⁸

2.5.1 Business angel networks (BANs)

An angel investor network is a group typically composed of somewhere between 15 and 350 individuals who have a certain amount of discretionary income to invest in early stage small businesses. An angel network is a group of angel investors who have organized to invest collectively, operate more effectively, and provide mutual support. An angel investor network benefits all members by providing them with an increased knowledge base and the ability to execute larger deals than an individual angel may wish to fund. It also simplifies the process of due diligence by saving each investor from doing it on his/her own.

A business angel network can be considered as an organisation whose aim is to facilitate the matching of entrepreneurs (looking for venture capital) with business angels. BANs tend to remain neutral and generally refrain from formally evaluating business plans or angels. A BAN makes a market place for matching services.

Most business angel networks operating in the European Union are legally set up as private firms, not-for-profit organisations or possibly foundations. Business angel networks are generally private initiatives, only at times supported by the public sector.

To facilitate the implementation of a BAN, some well-known regional institutions can be invited to collaborate with the activities of the future BAN: Banks, incubators, Chambers of Commerce or Regional Development Agencies. These institutions can not only provide a BAN with sponsorship, but also allow the BAN to use their infrastructure of rooms, or sharing events, and addressing clients. This

⁸ EBAN Statistics Compendium 2017: <http://www.eban.org/2017-annual-eban-statistics-compendium/>

collaboration can be returned, for instance, by secure credits for banks and helping in the creation of jobs where research and development of activities can be committed with regional authorities.

Like any service organisation, a substantial share of a business angel network's operational expenses is represented by human resources. Some BANs only have one or two employees on their payroll while others employ more. Considering this, foreseeing a minimum yearly budget to finance the BAN is not an easy task. Depending on the size of the BAN, the costs can vary between €50 000 to €500 000 per year. This number can be higher in the case of a very big and active network. To have these funds available, most BANs are using either a system which is based on a registration fee and a success fee or a registration fee only. The second major revenue stream of BAN is Public support, as mentioned earlier (regional institutions). These revenues are meant to cover the BANs' operational costs.

Increasingly Business Angels, Business Angel Networks and Business Angel Syndicates have become very sophisticated in their investing process with solid due-diligence, term sheets, and shareholder agreements which foresee board seats, anti-dilution clauses, and firm exit goals. Several Business Angel Networks have their own funds which co-invest with Venture Capitalists and other like-minded BANs.

2.5.2 Business angel syndicates

Syndication is an internationally recognised best practice model for angel investment which:

- Stimulates angel investment;
- Empowers angel investors to build and maintain a portfolio of investments, and;
- Streamlines the funding process for the entrepreneur.

Business angel syndicates are groups of like-minded investors. They are high net worth individuals who provide smaller amounts of finance (typically in the range €25,000/£20,000 to €250,000/£200,000) at an earlier stage than many venture capital funds can invest. Syndicates consist of two or more private investors working together to share the risks and rewards of investing in private companies. Syndicates differ from individual business angel investors as they are typically comprised of a 'fixed' group of people who regularly invest together over a period. It is worth noting that business angel syndicates are increasingly operating and co-investing in partnership with both seed venture capital funds and government agencies.

The principal benefits of participating in an angel syndicate are:

- Diversified portfolio: portfolio investing (i.e. investing in more than one company) is a lower risk approach to investment compared to the higher risk 'all eggs in one basket' approach of investing in just one or two companies;
- Pooling of economic resources: pooling of funds provides the opportunity to invest in several companies and/or in larger deals;

- Pooling of skills, contacts and experience: syndicate members will benefit from each other's skills, networks of contacts and experience. This all enhances the possible success and returns of investing; and
- Ability to undertake a greater level of due diligence.

Co-investment schemes, among others, represent one of the main causes behind the increase of business angel syndication, which is aimed to overcome the handicap of investments that are too large for only one business angel.

2.5.3 Sponsors

Increasingly, business angels, business angel networks and business angel syndicates have become very professional in their investing process with solid due-diligence, term sheets, and shareholder agreements which foresee board seats, anti-dilution clauses, and firm exit goals. Several BANs have their own funds that co-invest alongside venture capitalists and other like-minded BANs. Similarly, it is worth noting that business angel syndicates are increasingly operating and co-investing in partnership with both seed venture capital funds and government agencies.

Co-investment funds can also be created with corporations or other investors where they act as sponsors. Typically, a sponsor within the co-investment fund is not an equity holder. Due to its structure and governance, having a corporation investing as an equity holder is often much more complex. Therefore, it is far easier to get a corporation as a sponsor because of the facilitated investment and as well as facilitated exit. Some benefits of having a corporation investing as a sponsor includes:

- Promotion, access to clients
- Depending on sponsorship agreement, staff exposure
- Corporate social responsibility
- Defining a corporate culture (young and new hires)
- Encourage entrepreneurship and innovation initiatives
- Exposure to new technologies and new initiatives that could be applied for sales/marketing and corporate venture arm (where investment finds place)
- Board benefits of corporate are quantified and measured by sponsorship
- Easier to both invest and exit

2.5.4 Investment readiness and capacity

Maturity of the early stage investment market could be also described by the development of both the demand and supply sides.

On the demand side, the quality of the investment opportunity proposals by the entrepreneurs is crucial. Investment readiness of an SME or an entrepreneur who is looking for finance is the capacity to understand the specific needs of an investor and to be able to respond to those needs by providing

an appropriate structure and relevant information. It allows the entrepreneur to achieve credibility and increase their confidence.

On the supply side, the investment capacity is the maximum amount that an investor is ready to invest into an SME or start-up over a set period. According to the type of investor and the type of investment, different *modus operandi* will be used. In most cases, it is unlikely that the whole investment is made immediately by a single person.

Problems related to investment readiness and investment capacity must also be addressed in order to foster investment by business angel. Design and delivery of investment readiness programmes, including best practices, are well described in the literature⁹.

2.5.5 Main benefits of co-investment funds

Some of the main benefits of co-investments funds are asymmetric exits, better tax breaks, and attractive management fees.

An asymmetric exit occurs when more than one party is investing in the same project. In the case of a co-investment fund between Business Angels and some other investor or fund, Business Angels will have a higher return on investment than other investors during the exit. The reason for this being that Business Angels are investing time, expertise, and network in addition to their money into the project. Therefore, they are creating more value and thus can benefit from a higher return. Tax breaks defer from a country to another. We can say that fiscal incentives specifically available for venture capital, private equity, and start-up angels can be found in eight countries: Belgium, France, Ireland, Italy, Germany, Luxembourg, Portugal, and the United Kingdom, where this type of investment seems to receive more attention from the government. These incentives include government guarantees, reductions on tax rates, or tax credits. Note that wherever there are tax incentives, there are also interesting volumes of business angel activity. For more information about tax incentives per country, please see the *Compendium Tax Outlook 2017* (<http://www.eban.org/2017-eban-compendium-of-fiscal-incentives>).

Management fees are periodic payments paid by an investment fund to the fund's adviser for investment and portfolio management services. Often, the fee covers not only investment advisory services, but administrative services as well. Usually, the fee is calculated as a percentage of assets under management.

⁹ See: *The Investment Readiness Programmes and Access to Finance*; Colin Mason and Jennifer Kwok, OECD; <http://www.oecd.org/investment/psd/45324336.pdf>

3 BEST PRACTICES AND FAQs ON HOW TO SET UP A CO-INVESTMENT FUND

3.1 How to set up and run a business angel co-investment scheme?

As explained earlier, the main goal of managing authorities in setting up co-investment schemes is to enhance the competitiveness of SMEs; in particular, innovative and start-up companies, with a view of creating jobs and economic value added for the region.

In general, there are several possible co-investment schemes set ups, each next one with increasing commitment and impact on the market:

- **Pure commercial basis** – this is a co-investment fund that co-invests only with business angels in a region or country that has a proven track record of investments and exits. It may co-invest with between 1 and 30 angels per country. Example of such a scheme is the EIF’s “European Angel Fund” program. In terms of impact in the market, it is low although it has a high potential commercial return.
- **Sustaining the current angel community** – this is a co-investment fund that co-invests with the current active angel community (with those that have some experience in angel investment and are willing to actively support entrepreneurs in addition to the money they invest). It may co-invest with anywhere from 50 to 200 business angels. It has a medium impact in the market but has been most supportive of allowing angels to continue investing in their start-ups. This scheme has been used in France, for example, with PACA Investissement¹⁰ with the help of the ERDF as well as Aquitaine-Invest¹¹ by Aquiti Gestion, with the help of Regional Funds from Aquitaine, France.
- **Increasing and incentivizing the angel community** – this is a co-investment fund that co-invests with experienced business angels but allows “virgin” angels to co-invest with those that have more experience. The idea of this type of co-investment fund is to start a virtuous cycle where “virgin” angels start learning and become experienced angels, who will, in turn, teach others. It has a big impact in the market.

The creation of a business angel co-investment scheme is a comprehensive initiative to promote job creation in high-risk ventures as it combines the following features with relatively low public investment:

- Attracts “new money” from private investors to the early stage ecosystem
- Obtains experienced “hands on” mentoring for entrepreneurs

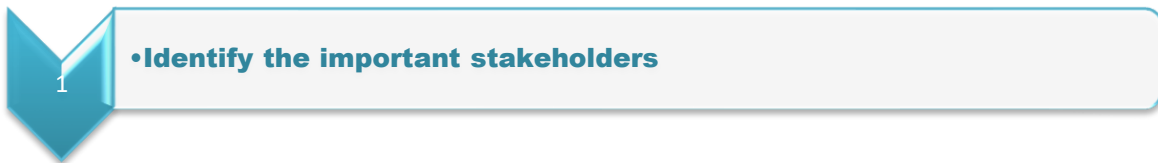
¹⁰ <http://www.pacainvestissement.com>

¹¹ <http://www.aquiti.fr/outils/aqui-invest>

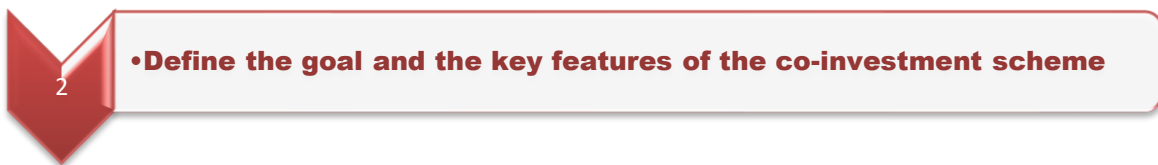
- Facilitates networking

3.2 Business angel co-investment scheme step-by-step

Raising a BA co-investment fund is not very different from raising other funds. It is generally easier when the fund is co-invested with private individuals, as opposed to public money. Below, based on Dutch and Portugal best practice examples, the major steps of creating business angel co-investment fund scheme are shown. These suggested steps are offered as guidelines only.



All key stakeholders should be identified. Usually business angel networks already existing in the region are natural partners. If there are no networks in the region, other possible stakeholders such as accelerators, incubators, science parks, universities etc. are also good candidates. The main tool used at this stage is the ex-ante analysis.



Examples of features to be decided:

- Investment made in the start-up or through the angel syndicate?
- Co-investment with individual angels or with more (e.g. 3) angels?
- Asymmetric exits, management fees, period of investment?



Legal advisors must be consulted to create all the agreements and the call for application rules. The management entity of the co-investment fund usually creates templates for shareholder agreements between entrepreneurs and business angels which are then customized according to the investment in question, thus streamlining the process and reducing legal costs.

Centralized websites where entrepreneurs can apply directly with their project to accredited angel investors/syndicates are suggested as well.



•Launch a call for applications

Angels can apply for the call for application to be “accredited investors to co-invest”. To ensure that all relevant stakeholders and people interested in the co-investment scheme know about its existence, it is suggested to do a road show in the region/country with several sessions.



•Select and sign the contracts with those "accredited investors"

The selection of business angels that fit the criteria of the call is critical as it will define the success or failure of the program. In this phase, due diligence on the business angel or business angel candidate is vital. One month or two to approve a business angel/business angel network should be very reasonable. To engage the local angel networks, one condition of approval or accreditation may be that the business angels in question be members of an angel network.

The contracts could be signed with business angels individually or through business angel syndicates. In all cases when choosing a business angel, business angel network, or business angel syndicate, there must be a proven track record of investing even though it may be too early to ask for a proven track record of exits. Sharing the responsibility with existing angel networks usually increases the chances of success.



•Receive and verify deals from business angels or business angel networks for co-investment

This is an important process which, once established, can be handled with a checklist. Does the submitted deal meet all the criteria for co-investment along the rules established at the beginning of the co-investment scheme? Does the investment target meet the definition criteria for an SME? Is it in the chosen sector?



•Transfer the money to angel syndicates for each investment

To avoid “sleeping money” it is wise to transfer the intended investment amount to the angel syndicate bank account for each investment only once the investment decision has been made.



•**Request regular reports to track progress**

Regular reports from the angel syndicate are key to track progress and meet milestones. If some angel syndicates are not investing and not performing, the relationship needs to be reviewed and, in the worst case, terminated.



•**At exits, receive part of the money that was divested by the angel syndicate**

Bank transfer details should be set up ahead of time for angel syndicates to transfer the exit proceeds immediately. In venture capital and angel investments, it is often very easy to invest the money but much more difficult to retrieve it once the exit has been made. Planning can avoid such problems.



•**At the end, make final evaluations in terms of the impact of the project.**

When all companies (investees) have been sold or closed by the business angels, the process is finished. This is the time to make some final evaluations in terms of the impact of the project – number of deals, jobs created, growth of companies, and impact in the early stage ecosystem. This phase should occur between 10 and 12 years after the program started and the call for applications was launched.

3.3 Most important things in raising a co-investment fund

Raising a co-investment fund is undoubtedly associated with many aspects to be taken into consideration if desired results are to be achieved.

Team – as in any other collaboration, team members and their ability to work with each other represents a fundamental part of the success. The team is extremely important and cooperation as well as synergy are key. The team should have a coherent history of working together (how long have they already known each-other?). This is particularly important since they must stay together for the whole life of a fund which can be up to 10 (or even more) years. If people know each other, conflict resolution is greatly facilitated. In addition, there should be a common history among the key team. If they leave, the fund manager has three to six months to find a replacement which is also approved by the other investors involved in the fund. In case the latter are not satisfied with the replaced team members, they might decide to remove the fund manager from his/her position altogether. Members' qualifications and skill set play also a very important role. Preferably, they should have investment

experience as angels so they know the process as well as the ups and downs of the business. Investors prefer serial entrepreneurs too. Besides looking at whether a potential member knows how to get value from investments, investors will also be looking for track records and whether or not the candidate in question has had any exits.

Legal advisors/law firm – they already have the documents and are in fact part of a broader team.

Defining the profile of the investments and investment decision-making – here one can think of financial instruments investment, shares, convertible loans, and so on as well as any clearly stated no-go-areas, jurisdiction sectors, countries, investment schedule, and investment criteria.

Fund exit – period and conditions of exit for the angels and other investors involved in the fund.

Governance (internally) – the way the decision will be made, financial performance reporting will be done, etc.

Type of fund – there isn't much difference in terms of fundraising, as it is the operation that differs more. On the other hand, investing in a general fund (regardless of industry or business model) differs from investing in an industry specific (e.g. Fintech, Space, Medtech) or business model specific (e.g. AI, SaaS) fund. In the case of a specific type of fund, variables such as the location in question with well-developed industry/connections appear very significant. When a specific industry is targeted, there is also an industry specific hypothesis. When a specific business model is targeted, it may imply various industries with solutions.

Timing – very important in terms of raising funds. It normally can take 12 months to 2 years to raise a fund, meaning that the market opportunity could be gone. The money is faster received from private investors, while institutional investors take more time to give funds. From a public or private money perspective; it can last as much as 2 years to complete fundraising with public money, while fundraising with private money can sometimes be finalised within 6 months. Of course, size of the fund plays a role too in determining the length of the process.

Fund manager's contribution – if the fund manager invests substantial money in the fund, it facilitates the whole process. They usually go with 3%, but it is thought to be much better if they invest 5% to 10% of fund's total amount. Furthermore, it is very favourable to facilitate bringing cash from other investors.

Advisory group/committee or an investment committee – useful to have.

Compliance – registration or authorization by regulatory bodies. New standard in 2011/61/EU EIFND (AIFND) – Alternative Investment Fund Directory – a fund where one takes external money and a third party invests. A fund manager (partner of the fund) must obtain authorization or registration with the regulatory body (government – usually the central bank). The central bank knows what funds are operating under its jurisdiction, so there is a compliance requirement. With public money we usually

talk of authorization, while with private money we normally talk of registration. Compliance applies at every EU country; however, it is slow to implement.

Tax treatment – has significant effect on the investment's risk. Good tax treatment is very important to encourage the private sector to co-invest with public sector incentives. An important example which often represents a big issue is the fact that investment in high-tech is considered very profitable by governments; hence, they want to collect money in form of taxation. However, it is difficult to convince taxation authorities on the importance on tax incentives, especially those aimed to invest in more risky areas, because these authorities do not have much knowledge and exposure to this space yet. Therefore, tax authorities should receive more exposure and education on angel investing. A good example to take as a reference in Europe is the UK's HMRC (Her Majesty's Revenue Collection) schemes to incentivize private investment in SMEs. Ultimately, it is very important to show taxation authorities that tax incentives for angel investing produce 3 times the returns to government than the tax forgone.

Legal entity – investors are considered shareholders, and accordingly, tax on fund and tax on investors (double taxation like in corporate) is applicable. Public-private and private-private funds as legal entities are taxed the same way. In funds which are not a legal entity, tax treatment is done as individual investors. Therefore, many BAs prefer to co-invest in some other form, such as limited partnerships where investors are partners and usually no risk of double taxation exists.

In conclusion, there are some important features that should be reflected by the managing authorities when considering the creation of a business angel co-investment scheme. While there is no fail-proof recipe to make such a scheme successful, these factors can contribute to the overall success:

- The co-investment scheme is a financial instrument with a leverage effect higher than grants.
- Co-investments schemes should address the main market and systemic failures at seed and early stages of the life of young innovative companies. They should also help them to grow faster, generate added value and create jobs.
- The decision process in a co-investment scheme should not rely on managing authorities, administrators or fund managers, but on business angels. Indeed, they have a long experience in entrepreneurship and they are market oriented.

Business angels do not only invest money. They also invest a lot of expertise and time to mentor or support the entrepreneur to make the company a success. Asymmetric exits, tax breaks or management fees might be a proper compensation and incentive for them.

3.4 FAQs

Below are some FAQs regarding setting up a business angel co-investment fund.

3.4.1 Major questions asked by institutional investors?

1. How is the risk carried?
2. What is the source of funds (verification with compliance regimes)?
3. What is the strategy?
4. What is the market?
5. How would you approach the market?
6. What is the corporate governance?

3.4.2 How to deal with family offices?

1. What are the reporting and compliance practices of fund and general partner (fund manager)?
2. How is performance accounting and audit carried out?
3. What are the timelines (reporting)?
4. What is the corporate governance?

3.4.3 How to deal with corporates?

1. What is the corporate governance?
2. Does it take a long time to invest or does it usually invest through corporate venture arm?
3. Can it invest as a sponsor?

3.5 Impacts and Challenges

3.5.1 Impact of co-investment fund support to business angel activity

The impact of co-investment schemes is assumed to double or nearly triple individual business angel investment. Unfortunately, due to the recent establishment of most European schemes, we still do not have enough information available to measure precisely such impact. However, we hope that in the coming years independent reports will be able to establish the leverage effect and impact of this type of private and public-private partnerships to the benefit of early stage innovative companies.

3.5.2 Challenges identified by current managers of co-investment and business angel funds

The main challenges identified as for this compendium are regarded from the perspective of establishing, funding, investing, follow-on support, and returns.

Establishing

1. Finding public partners willing to co-finance enterprises
2. Legal framework allowing proper functioning

3. Political interventions in assigning managing bodies (mainly present in least developed part of Europe)

Funding

1. Achieving a good level of co-investment in an economic climate that is currently providing low historic levels of capital for investment from the private market.
2. Finding follow-on investors for portfolio companies.

Investing - finding the right deals to invest in

1. Investing across a broad range of sectors and achieving a healthy portfolio balance, one which is not overly exposed from a risk perspective to any one sector.
2. Developing early stage activities in countries with relatively immature ecosystems for technology/seed and early stage investments since entrepreneurs have limited experience with funds and business angels.
3. Ensuring a high deal-flow and investment quality given the goals in number of deals per year of some funds.
4. Working with co-investors to ensure that they have a full understanding of the fund's eligibility criteria and investment strategy.
5. Most of the funds have constraints in terms of the geography where the money should be invested, and this might work against the internationalisation of businesses within the EU, and against cross border collaboration by early stage investors. Fiscal incentives, which are significant in some countries, can deter investors from looking at deals coming from other countries.

Follow-on support

1. Helping companies to find appropriate managers to complete their founders' team.
2. Ensuring that all investments are fully compliant with sector rules.
3. Achieving, and surpassing, job creation and safeguarding targets each year as well as over the life of the fund.
4. Providing effective portfolio management to support the companies after the investment as well as identifying and addressing businesses in the portfolio that may be running into financial difficulties or threatening the viability of the investment.
5. Monitoring and follow-up of investee companies is difficult to outsource to co-investors and therefore time and resource consuming.

Returns

1. Investing in businesses that will grow and allow investment exit in the timeframe of the fund's lifecycle.
2. Achieving an appropriate exit when IPO markets are depressed with the wider economic context and it is unclear when they will respond.

4 CO-INVESTMENT ANGEL FUNDS IDENTIFIED IN EUROPE

To provide an idea of different co-investment fund types in Europe, we will begin by introducing some large funds which operate at European level, or within certain European countries.

4.1 European Angels Fund (EAF)

The European Angels Fund (EAF) is an initiative advised by the European Investment Fund (EIF) which provides equity to business angels, and other non-institutional investors, for the financing of innovative companies in the form of co-investments. The initiative is already operational in Germany through a virtual structure, and a fund vehicle is planned to be established to implement the initiative in other European countries and/or regions. The EAF works hand in hand with business angels, helping them increase their investment capacity by co-investing into innovative companies in the seed, early or growth stage. The activity of the European Angels Fund is adapted to the business angels' investment style by granting the highest degree of freedom in terms of decision making and management of investments.

Instead of granting co-investments on a deal-by-deal basis, the European Angels Fund enters long-term contractual relationships with business angels. Co-investment framework agreements (CFAs) are established, through which the European Angels Fund grants a predefined amount of equity for co-investments upfront to each business angel for future investments. For ease and speed, these CFAs are generally standardised while leaving room for adaptation to specific requirements of individual business angels. Such elements include, for example; timeframe, sector focus, number of investments, and more.

All investment decisions will be taken by the business angels, and their investments will be matched on a *pari-passu* basis; i.e., by the same amount, by the European Angels Fund. The volumes available in total under an individual CFA range between €250,000 and €5 million. EAF does not pay a fee to the business angel but shares investment-related costs on a *pro-rata* basis.

EAF has a unique set-up which is adapted to the business angels' investment style and needs. It provides significant financial support while granting a maximum amount of freedom to each business angel. Carry payments from EAF to BA increase the upsides of the investments even further for the latter. Through the EAF, BAs can draw on the expertise and network of the European Investment Fund, which is one of the most experienced venture capital investors in Europe.

At the same time, administration processes are designed to be as lean as possible so that BAs can fully focus on their investment activity. A standardised reporting tool will allow for simple and efficient reporting.

EAF wants to support innovative Small and Medium-sized Enterprises (SMEs). Investments are possible in all sectors and throughout the entire range of development phases of a company (i.e.,

seed, early or expansion stage). Co-investments under the European Angels Fund are generally focussed on new investments of the BAs.

EAF is currently operational in Germany, and it will be extended to other European countries and/or regions in view of a pan - European coverage. Once rolled out, the European Angels Fund will foster and support cross-border collaboration between business angels. It will also contribute to the establishment of European Business Angels and family offices as an attractive alternative asset class.

To be qualified for partnering with the EAF, a BA should fulfil the following criteria:

- Adequate experience in the targeted investment area
- Track record of successful investments in the past
- Good access to quality deals
- Financial capacity to invest at least €250,000 in total during the lifetime of the CFA, i.e. 10 years.
- A lean Due Diligence process and the use of CFAs ensure a short reaction time and a minimum of administrative burden for BAs

4.2 JEREMIE

To continue to support SMEs and Managing Authorities, the EIF is proposing to extend existing JEREMIE agreements. Under the new 2014-2020 programming period, the EIF is currently assessing market needs across EU Member States and Regions to plan the deployment of the second generation of the European Structural & Financial Instruments (ESIF), and design investment solutions through standardised funding agreements and partnerships with national agencies. EU countries can use part of their European structural fund allocations to invest in revolving instruments such as venture capital, loan, or guarantee funds. These funds can support the:

- Creation of new business or expansion of existing ones;
- Access to investment capital by enterprises (particularly SMEs) to modernise and diversify their activities, develop new products, secure, and expand market access;
- Business oriented research and development, technology transfer, innovation, and entrepreneurship;
- Technological modernisation of productive structures to help reach low carbon economy targets; and,
- Productive investments which create and safeguard sustainable jobs.

Contributions from the European Regional Development Fund (ERDF) are allocated to loan, guarantee, or venture capital funds to invest in enterprises. These investments can take the form of equity, loans and/or guarantees.

Returns from investments are reinvested in enterprises. In this way, a pool of funds can be re-used several times; thus recycling public funds, leveraging capital, and increasing the sustainability and impact of public resources allocated to SMEs.

Alternatively, managing authorities can decide to channel resources from the programme by using Holding Funds (HFs), which are set up to invest in several investment funds. This is not compulsory but does offer the advantage of enabling managing authorities to delegate some of the tasks required to implement JEREMIE to expert professionals.

Key features of JEREMIE:

Sustainability – Financial engineering instruments are based on the provision of repayable assistance from the structural funds to investments; which should generate returns and in this way, pay back investors. This offers a more sustainable alternative to the assistance traditionally provided through grants.

Leverage – combining structural funds with complementary sources of investment will boost resources and provide support to a larger number of enterprises.

Flexibility – JEREMIE offers flexibility, both in terms of structure and in the use of funds by way of either equity, debt, or guarantee investment, which can thus be tailored to the specific needs of particular countries and regions.

Expertise – JEREMIE enables structural fund managing authorities to benefit from the expertise of the banking and private sectors and therefore enhance the effectiveness of their investments in businesses.

Partnerships – the partnership established between the Commission, EIF, and EIB under JEREMIE can also act as a powerful catalyst for co-operation between countries, regions, EIF, EIB, and other banks and investors to address access to finance for enterprises; primarily SMEs.

EIF's expertise as a Holding Fund manager can be of added value in the lesser-developed regions/Member States, where there is a need for capacity-building initiatives and transfer of know-how between local institutions and EIF. In those regions where JEREMIE is managed by another body, EIF can also be involved as an adviser for a wide range of services such as cash flow management of Holding Funds, structure of Holding Funds, product design in line with European Regional Development Fund regulation, reporting and monitoring, corporate governance due diligence/second opinions, setting-up of financial vehicles, and more.

The Holding Fund develops an Investment Strategy prior to the signature of a JEREMIE Funding Agreement between the EIF and a national/regional government of an EU Member State. The national/regional counterpart transfers the funds allocated to JEREMIE to a JEREMIE bank account,

a call for expression of interest is then launched, and then Financial Intermediaries are selected based on a due diligence process. The decision is taken with the involvement of the Investment Board. The JEREMIE Holding Fund can provide the following to selected financial intermediaries: SME-focused financial instruments including guarantees, co-guarantees and counter-guarantees, equity guarantees, (micro) loans, export-credit insurance, securitisation, venture capital, Business Angel Matching Funds, and investments in Technology Transfer funds.

4.3 Netherlands Enterprise Agency

The Netherlands Enterprise Agency (RVO) encourages entrepreneurs in sustainable, agrarian, innovative, and international business. It helps with grants, finding business partners, know-how, and compliance with laws and regulations. The aim is to improve opportunities for entrepreneurs and strengthen their position. RVO runs many different schemes to support various business initiatives related to infrastructure development, agriculture, energy, research, technology and innovation, food security, economic, and social development. Their support ranges up to a few million euros. They give grants, loans, subsidies, guarantees, and participations.

Thematic Interest:

- Sustainability
- Agriculture
- Innovation
- Business development

RVO provides aid to countries worldwide with a focus on the Dutch partner countries.

Application procedures depend on the funding scheme and may vary; some funds are open all year round and a concept note can be submitted anytime, while others are only open for application during calls for proposals. To get an idea, the following programs are part of RVO:

- Dutch Good Growth Fund (DGGF): in 68 countries, for investing in, exporting to, or improving access to finance in an SME from a developing country.
- Energising Development Partnership Program (EnDev): aims to contribute to inclusive green growth of developing countries by facilitating sustainable access to energy services for mainly rural and peri-urban population.
- Facility for Sustainable Entrepreneurship and Food Security (FDOV): encourages public-private partnerships in the field of food security and private sector development in developing countries.

4.4 META Investment INGENIUM Funds

A recent fund type operating also in more than one country are the INGENIUM co-investment funds which are managed by META Group. INGENIUM is a co-investment fund which is specialized in providing venture capital and business support to knowledge intensive companies in early stages of their development, located in regions of at least 1-2 million inhabitants. META's INGENIUM family of funds is a fund model operating via a range of funds in Italy, Slovenia, and Poland; managing between them assets of €92 million.

INGENIUM funds fill the financing gap for seed and start-up companies from the targeted region by mobilizing both public and private resources. They generally operate for 10 years, and can work as a revolving instrument, gradually capitalising the entire region.

Specifics of the fund:

- Early stage venture capital co-investment fund, which is typically built for regions of at least 1-2 million inhabitants
- Focused on financing seed and start-ups in the region but can also consider companies in their expansion phase
- Focused on knowledge-intensive companies with high value of intangibles and with high growth potential
- Involve and align local business angel clubs, business incubators, accelerators and corporate ventures
- Compliant with the European Commission's 2014-2020 framework for "off the shelf" equity investment funds for SMEs and start-up companies
- At least €5 million of public resources needed; €15 million - €20 million considered optimal.
- Matched with private funds, managed by professional fund managers
- Investments made per company: €200,000 - €1.5 million

Several INGENIUM funds are already completed and there are more currently under way in Catania, Sardinia, Slovenia, Poland and Umbria.

Between INGENIUM and its other funds, META Investment has invested in more than 200 companies in seed and start-up stages and has achieved above European sector average returns, with 100 exits.

As a result, META Investment possesses the professional fund management experience to manage high-calibre investment funds for institutions such as the European Commission, development banks, agencies, and regional governments. Our profound experience with these funds ensures the required discipline and knowledge of public sector processes and procedures, as well as the highest standards of ethics and compliance.

Some success stories include:

Fashion 3D – e-commerce and advertising in-content platform, which transforms already published images into interactive content.

PK Energia (Polish) – solar energy products manufacturer.

Retixa – category Analytics 3.0 appliance (appliance combining hardware and software), combining algorithms, advanced analytics, Big Data, and real time information processing for telecommunication companies.

BIA Separations – leading developer and manufacturer of CIM® (Convective Interaction Media) monolithic chromatographic columns for production, purification, and analytics of large biomolecules.

4.5 META Investment Angel Fund

Angel Fund is a co-investment fund for Business Angel clubs and networks, bridging the equity gap in the risk capital market which holds new innovative companies back.

Angel Fund aims to create a more dynamic environment for new companies. It was created based on the experience and results reached in the United States, The Netherlands, France, and in the United Kingdom.

Specifics of the fund:

- Fast and safe way to intercept early stage investment opportunities at relatively low cost.
- Despite the fund's small size, it still allows the devotion of the majority of resources to companies, as the main costs of due diligence are shared pro quota by Business Angels.
- It offers the possibility of increasing the global investment capacity for the selected companies and the involved Business Angels, while at the same time reducing the risks taken.

The main difference between Angel Fund and a traditional capital fund is that Angel Fund invests exclusively in transactions identified by business angels. In doing so, the capacity of informal investors to intercept and to evaluate interesting investment opportunities is exploited to the maximum. It thus strengthens the capacity of business angels to provide quality managerial support to companies after the investment has been made.

By leveraging more investment from business angels in a region, Angel Fund aims to increase the number of successful start-ups, and consequently, achieve:

- Growth of knowledge intensive regions
- Quality and quantity of occupation
- Economic development
- Entrepreneurial culture

4.6 List of co-investment angel funds

Most European co-investment funds have a public-private partnership model, while there are many more examples of private partnerships among business angel funds. France and UK stand out with a multiplicity of co-investment funds and business angel funds. The various Dutch funds presented were included in the ex-TechnoPartner programme, which managed the Seed Facility. The TechnoPartner program ended in 2010 and its tasks and competences are redirected to Netherlands Enterprise Agency (RVO). As explained above, RVO is an executive agency for the Dutch Ministry of Economic Affairs and is responsible for the execution of several financial instruments. One of the instruments executed is the Seed Facility.

In the below table, we present the co-investment funds, angel funds, and other relevant angel co-investment initiatives that we have identified throughout Europe as per date of publication of this report:

Table 2. Co-investment and angel funds identified throughout Europe as for 2017

Country	Name	Type of fund	Contact details & Website
<i>Austria</i>	Aws Business Angel Fonds	Public-private partnership	Dr. Bernd Litzka b.litzka@awsq.at www.businessangelfonds.at
<i>Belgium</i>	Ban Vlaanderen Fund (Arkimedes)	Public-private partnership	Reginald Vossen, BAN Vlaanderen, r.vossen@banvlaanderen.be www.banvlaanderen.be
<i>Belgium</i>	Ark Angel Activator Fund	Public-private partnership	www.aaafund.be
<i>Belgium</i>	Ark Angels Fund	Public-private partnership	r.vossen@ban.be
<i>Denmark</i>	Danish Business Angel Matching Fond	Public-public Partnership	Ole Hauskov, Vækstfonden oha@vf.dk
<i>Estonia</i>	Estonian Development Fund	Public	Ole Hauskov info@smartcap.ee
<i>Estonia</i>	Estonian Business Angels Co-Investment Fund	Public-private partnership	info@estban.ee
<i>Estonia</i>	EstFund	Public fund of funds	http://kredex.ee/en/venture-capital-4/estfund/
<i>Finland</i>	EAF Finland	Public-private partnership	
<i>Finland</i>	Finnvera Venture Capital	Public-private partnership	Heidi Ahonen heidi.ahonen@finnvera.fi
<i>Finland</i>	Innovestor Ventures	Private	Petri Laine petri.laine@innovestorventures.com
<i>Finland</i>	Tekes Venture Capital Ltd	Public fund of funds	Esko Raunio info@tekes.vc www.tekes.vc
<i>Finland</i>	Finnish Industry Investments (TESI)	Public fund of funds (invests also with private partners)	Jan Sasse jan.sasse@tesi.fi
<i>France</i>	Crédit Agricole Private Equity	Public / Private	Antoine Colboc antoine.colboc@ca-privateequity.fr www.ca-privateequity.com
<i>France</i>	34 "SIBA" funds	Private	Jean Marie Hauwel

			jmhauwel@franceangels.org
France	Alsace Business Angels		Raoul Calvar raoulcalvar@yahoo.fr www.alsacebusinessangels.com
France	Alsace Business Angels Invest	Private	nicolas.kern@alsacebusinessangels.com
France	Alsace Business Angels Invest 2 SAS	Private	nicolas.kern@alsacebusinessangels.com
France	Paris Business Angels		Georges Viglietti gviglietti@parisbusinessangels.com www.parisbusinessangels.com
	ECLEOR	Private	nfritz@franceangels.org
France	PAC (all members of PBA)	Private	martine.cremer@parisangelscapital.com
	SELENE PARTNERS	Private	guy.gourevitch@freesurf.fr
France	Grenoble Angels	Private	Jean Marie Bernard jm.bernard@ad-visor.fr /www.grenobleangels.grenobleecobiz.biz
France	Capital Provence BA fund	Private	Carole Florisoone c.florisoone@provenceangels.com contact@provenceangels.com
France	Sophia Business Angels	Private	nick.pearch@succes-europe.com www.sophiabusinessangels.com
France	Croissance Europe	Private	nick.pearch@succes-europe.com www.sophiabusinessangels.com
France	Innovation Europe	Private	nick.pearch@succes-europe.com www.sophiabusinessangels.com
France	Success Europe	Private	nick.pearch@succes-europe.com www.sophiabusinessangels.com
France	Etoiles Europe	Private	nick.pearch@succes-europe.com www.sophiabusinessangels.com
France	Avance Europe	Private	nick.pearch@succes-europe.com www.sophiabusinessangels.com
France	3A Venture	Private	alain.delesques@3aventure.com http://www.creersaboite.fr/content/3a-venture
France	Bluesky Capital	Private	www.bpifrance.fr
France	Finaqui	Private	contact@finaqui.fr www.finaqui.com
France	Sud Angels	Public-private partnership	www.sud-angels.fr
France	AB2A	Private	www.ab2a.net
France	Angelor	Private	contact@angelor.fr www.angelor.fr
France	Bourgogne Angels	Private	contact@bourgogneangels.com www.bourgogneangels.com
France	Business Angels Nord De France	Private	www.hautsdefrance.cci.fr
France	Capitole Angels	Private	www.capitole-angels.com
France	Club Invest 77	Private	www.clubinvest-idf.fr
France	Finance Et Technologie	Private	www.finance-technologie.com
France	Grand Delta Angels	Private	www.grand-delta-angels.com
France	Invest Y	Private	www.clubdescreateurs.com
France	Investessor-Sibessor	Private	www.investessor.fr/business-angels/sibessor.html
France	Limousin Business Angels	Private	www.limousin-businessangels.fr
France	Lorraine Business Angel	Private	www.lorraine-ba.com
France	Mediterranee Investissement	Private	www.mediterranee-investissements.com
France	Melies	Private	www.melies.fr
France	Ouest Angels / Iru Partenaires	Private	www.ouestangels.org
France	Savoie Angels	Private	www.savoie-angels.com
France	Sirs Business Angels	Private	www.sirs-ba.org

France	Trianon Angels	Private	www.trianon-angels.com
France	Val Angels	Private	www.valangels.com
France	Angels Santé	Private	www.angelssante.fr
France	Arts et Métier BA	Private	www.am-businessangels.org
France	Fa Dièse 2	Private	www.fadiese.fr
France	IT Angels	Private	www.itangels.fr
France	Angel Source	Public-private partnership	www.bpifrance.fr
France	Rising Tide Europe	Private	Victoria Hernandez mvhernandez2003@yahoo.com http://www.risingtide.eu
France	PACA Investissement	Public-private	Turenne Capital : Marie Desportes, Aurélie Viaux mdesportes@turennecapital.com aviaux@turennecapital.com +33 491 14 31 35 Paca Investissement: Valérie Roché-Melin v.roche@pacainvestissement.com +33 491 01 33 21 www.pacainvestissement.com
France	Aqui-Invest	Public-private	Bernard Estienne contact@aquiti.fr +33 5 56 15 80 66
Germany	BAF Business Angels Fondsgesellschaft mbH		Tobias Wehr wehr@business-angels.de www.baf-deutschland.de/start.html
Germany	Bayern Kapital	Public-private partnership	Mrs. Steger Steger@bayernkapital.de www.bayernkapital.de
Germany	Seedfonds Bayern	Public-private partnership	Mrs. Steger Steger@bayernkapital.de www.bayernkapital.de
Germany	Clusterfonds Start-Up!	Public-private partnership	Mrs. Steger Steger@bayernkapital.de www.bayernkapital.de
Germany	Innovationsfonds/Innovationfonds EFRE	Public-private partnership	Mrs. Steger Steger@bayernkapital.de www.bayernkapital.de
Germany	Wachstumsfonds Bayern	Public-private partnership	Mrs. Steger Steger@bayernkapital.de www.bayernkapital.de
Germany	High-Tech Gründerfonds	Public-private partnership	Alex Frankenberg A.Frankenberg@high-tech-gruenderfonds.de www.high-tech-gruenderfonds.de
Germany	KfW Bankengruppe, managing the kfw ERP Start Fund	Public-private partnership	Michael Steinmetzer michael.steinmetzer@kfw.de www.kfw.de
Germany	MBG Sachsen/ Technologiegründerfonds Sachsen / TGFS	Public-private partnership	Rico Wünsche rico.wuensche@tgfs.de
Germany	bm-t Beteiligungsmanagement Thüringen / Thuringia Start-up-Fund (TSF)	Public-private partnership	Stephan Beier stephan.beier@bm-t.com
Germany	Mittelständische Beteiligungsgesellschaft Berlin- Brandenburg	Public-private partnership	Michael Maurer michael.maurer@mbg-bb.de
Germany	NRW.BANK /	Public-private partnership	Maximilian Erb

	NRW.BANK.Seed.Fonds.Initiative		maximilian.erb@nrwbank.de
Germany	IBB Beteiligungsgesellschaft / Tech Fund II & Creative Fund II	Public-private partnership	Stephan Schulze sschulze@ibb-bet.de
Germany	Gem Angels	Private	www.gem-angels.de
Greece	JEREMIE	Public-private partnership	www.espa.gr
Greece	EquiFund	Public-private partnership	www.espa.gr
Greece	NBG Business Seeds	Public-private partnership	nbgseeds@nbg.gr
Greece	Venture Friends	Private	www.venturefriends.vc
Greece	Marathon Venture Capital	Private	info@marathon.vc
Greece	Bip Pi Ventures	Public-private partnership	www.biipi.vc
Greece	Metavallon	Public-private partnership	www.metavallon.vc
Greece	Velocity.Partners	Public-private partnership	www.velocitypartners.vc
Greece	Uni.fund	Public-private partnership	www.uni.fund
Greece	Elikonos 2	Public-private partnership	www.elikonos.com
Greece	EOS Capital Partners	Public-private partnership	www.eoscapitalpartners.com
Hungary	JEREMIE Fund Hungary	Public-private partnership	info@novinex.hu hvca@hvca.hu
Hungary	PBG FMC	Public-private partnership	office@pbqfmc.hu
Ireland	AIB Seed Capital Fund	Public-private partnership	aibseedcapitalfund@dublinbic.ie
Ireland	EAF Ireland	Public-private partnership	Drew O'Sullivan drewosullivan@gmail.com
Ireland	Co-fund NI	Public-private partnership	info@clarendon-fm.co.uk
Ireland	Enterprise Ireland	Public-private partnership	http://www.enterprise-ireland.com/en/ Tel: +353 1 727 2000 growthcapital@enterprise-ireland.com
Italy	Ingenium Emilia Romagna I	Public-private partnership	info@meta-group.com
Italy	Ingenium Emilia Romagna II	Public-private partnership	info@meta-group.com
Italy	Ingenium Sardegna	Public-private partnership	info@meta-group.com
Italy	Ingenium Catania	Public-private partnership	info@meta-group.com
Italy	Ingenium Umbria	Public-private partnership	info@meta-group.com
Lithuania	Invega Business Angels Co-Investment Fund		Ausma Bartkutė ausma.bartkute@invega.lt http://invega.lt/en/venture-capital/business-angels-co-investment-fund/
Lithuania	Koinvest	Public	Daiva Gerulyte daiva.gerulyte@koinvest.lt https://www.koinvest.lt/
Lithuania	Lithuania JEREMIE Holding Fund	Public-private partnership	Jurate Azelionyte j.azelionyte@eif.org
Luxembourg	Chameleon Invest	Private	info@chameleoninvest.com www.chameleoninvest.com
Luxembourg	Digital Tech Fund	Public-private partnership	info@exponcapital.info
Macedonia	Fund for Innovation and Technology Development		info@fitr.mk
Netherlands	Netherlands Enterprise Agency	Public-private partnership	NL: 088 042 42 42 Abroad: +31 70 379 80 00 www.rvo.nl
Netherlands	Netherlands Enterprise Agency – Fund against Child Labour	Public-private partnership	NL: 088 042 42 42 Abroad: +31 70 379 80 00 www.rvo.nl

Netherlands	Netherlands Enterprise Agency – Sustainable Water Fund	Public-private partnership	NL: 088 042 42 42 Abroad: +31 70 379 80 00 www.rvo.nl
Netherlands	Netherlands Enterprise Agency – Dutch Good Growth Fund (DGGF)	Public-private partnership	NL: 088 042 42 42 Abroad: +31 70 379 80 00 www.rvo.nl
Netherlands	Netherlands Enterprise Agency – SME+ Innovation Fund	Public-private partnership	NL: 088 042 42 42 Abroad: +31 70 379 80 00 www.rvo.nl
Netherlands	TIIN Capital	Public-private partnership	info@tiincapital.nl tiincapital.nl
Netherlands	Solid Ventures B.V.	Public-private partnership	fvanalkemade@solidventures.nl www.solidventures.nl
Netherlands	MedSciences Capital Funds	Public-private partnership	info@medsciencescapital.com www.medsciencescapital.com
Netherlands	Life Sciences Partners (LSP)	Public-private partnership	lspamsterdam@lspvc.com lspmunich@lspvc.com www.lspvc.com
Netherlands	Health Innovations Fund II	Public-private partnership	healthpitch@healthinnovations.nl www.healthinnovations.nl
Netherlands	Percival Participations	Public-private partnership	info@percivalparticipations.com www.percivalparticipations.com
Netherlands	HENQ Innovatie Fonds II	Public-private partnership	www.henq.nl www.rvo.nl
Netherlands	Peak Capital Funds	Private	info@peak.capital www.peakcapital.nl
Netherlands	Brabant Life Sciences Seed Fonds	Public-private partnership	info@blsf.nl www.blsf.nl
Netherlands	Mainport Innovation Fund II	Public-private partnership	info@mainportinnovationfund.nl www.mainportinnovationfund.nl
Netherlands	VOC Capital Partners II	Public-private partnership	inquiry@voccip.nl www.voccip.com www.rvo.nl
Netherlands	Newion Investments II	Private	info@newion-investments.com www.newion-investments.com
Netherlands	Icos Cleantech Early Stage Fund II	Public-private partnership	info@icoscapital.com www.icoscapital.com www.rvo.nl
Netherlands	Zeeuws Investment Fund	Public-private partnership	joan@zeeuwsinvesteringsfonds.nl www.zeeuwsinvesteringsfonds.nl
Netherlands	Enabling Technology Fund	Public-private partnership	www.rvo.nl
Poland	Loan for Innovation	Public-private partnership	Michal Banka michal_bank@parp.gov.pl marek Ulman marek_ulman@parp.gov.pl
Poland	PFR Biznest FIZ	Fund of funds	kontakt@pfrventures.pl
Poland	Xplorer	Public-private partnership	info@meta-group.com
Portugal	Equity and Quasi-Equity Fund (FC&QC)	Public-private partnership	ifdgeral@ifd.pt www.ifd.pt
Russia	Moscow Seed Fund	Public-private partnership	innov@arip.ru www.mosinnov.ru

<i>Slovenia</i>	RSG Capital	Private	Jure Mikuž jure@rsg-capital.si www.rsg-capital.si
<i>Slovenia</i>	Business Angels of Slovenia	Private	info@poslovniangeli.si www.poslovniangeli.si
<i>Slovenia</i>	STH Ventures	Private	Rok Habinc sthventures@sth.si http://www.sth.si/sthammer.asp?FolderId=65
<i>Spain</i>	IESE – Finaves	Public-private partnership	finaves@iese.edu www.iese.edu
<i>Spain</i>	ENISA	Public-private partnership	info@enisa.es www.enisa.es
<i>Spain</i>	ICF – IFEM	Public-private partnership	www.icf.cat infoifem@icf.cat
<i>Spain</i>	Galicia Iniciativas Emprendedoras, FCR-PYME (Galicja Entrepreneurs Initiatives)	Public-private partnership	www.xesgalicia.gal xesgalicia@xesgalicia.org
<i>Sweden</i>	Jönköping Business Development	Public private partnership	Lovisa Skyborn lovisa.skyborn@development.nu www.development.nu
<i>Sweden</i>	Chalmers Innovation Seed Fund	Public Private Partnership	Håkan Krook hakan@chalmersventures.com http://chalmersventures.com/money
<i>Sweden</i>	Ideonfonden/Teknoseed II	Public Private Partnership	Hans Möller hans.moller@ideon.se www.ideonfonden.se
<i>Sweden</i>	Kapönjären	Public Private Partnership	Andreas Albertsson andreas@ventures.qu.se www.ventures.qu.se
<i>Sweden</i>	Sörmlandsleden	Public Private Partnership	Thomas Karlsson thomas.karlsson@sormlandsfonden.se www.sormlandsfonden.se
<i>Switzerland</i>	A3 Angels	Private	www.a3angels.ch
<i>Switzerland</i>	Fongit Seed Invest	Private	info@fongit.ch www.fongit.ch
<i>Switzerland</i>	Go Beyond Investing	Private	info@go-beyond.biz www.go-beyond.biz
<i>United Kingdom</i>	Angel CoFund	Public-private partnership	info@angelcofund.co.uk www.angelcofund.co.uk
<i>United Kingdom</i>	Enterprise Capital Funds	Public-private partnership	www.british-business-bank.co.uk
<i>United Kingdom</i>	Scottish Co-Investment Fund	Public-private partnership	enquiries@scotent.co.uk www.scottish-enterprise.com
<i>United Kingdom</i>	Newable	Private	www.newable.co.uk/private-investing/ Newableprivateinvesting@newable.co.uk
<i>United Kingdom</i>	Invest Northern Ireland – Access to Finance Solutions	Public-private partnership	www.investni.com
<i>United Kingdom</i>	Development Bank of Wales	Public-private partnership	https://developmentbank.wales/about-us/co-investors
<i>United Kingdom</i>	Rivers Capital – North East Angel Fund	Private	info@riverscap.com www.riverscap.com
<i>United Kingdom</i>	Business Growth Fund	Private	

Serial Entrepreneur/Super Angel Funds

<i>France</i>	Kima ventures	www.kimaventures.com
<i>France</i>	ISAI	www.isai.fr
<i>Germany</i>	Team Europe Ventures	www.teameurope.net
<i>Germany</i>	Hasso Plattner Ventures	www.hp-ventures.com
<i>Russia</i>	IMI.VC	Super Angel Fund www.imi.vc
<i>Russia</i>	Altair Capital	Super Angel Fund www.altair.vc
<i>Russia</i>	Runa Capital	Super Angel Fund www.runacap.com
<i>Spain</i>	Cabiedes & Partners	cabiedesandpartners.com
<i>United Kingdom</i>	Notion capital	www.notioncapital.com
<i>United Kingdom</i>	PROFoundersCapital	www.profounderscapital.com
<i>United Kingdom</i>	Balderton Capital	www.balderton.com
<i>United Kingdom</i>	Atomico	www.atomico.com

5 CASE STUDIES

5.1 Austria

5.1.1 Aws Business Angel Fonds

Aws Business Angel Fonds is created to provide equity to Business Angels and other non-institutional investors for the financing of innovative companies in the form of co-investments. It represents the Austrian component of the European Angels Fund focusing on investment activity in Austria.

The Austrian initiative has been launched in March 2013 in close cooperation with Aws Austria Wirtschaftsservice GmbH (Aws), the Austrian government promotional bank supporting and financing companies based in Austria. EAF Austria will amount to EUR 22.5 million over a period of 10 years and will be funded by the EIF and was on behalf of both the Federal Ministry of Economy, Family and Youth, as well as the Federal Ministry of Finance of Austria.

The fund is a public-private partnership with 66% public funding. Individual Business Angels are sources of deal flow and they are also the ones who make investment decisions, while the fund will be managed by EIF. The condition for Bas to be accepted as co-investors is the minimum investment amount of €250,000. The fund's investment strategy is investing mainly in Austria and in all of its sectors.

5.2 Belgium

5.2.1 ARK-Angels Fund (BE)

BAN Vlaanderen is a non-profit organization in the Flanders region of Belgium and is a member of the Belgian federation of Business Angel networks, BeBAN. BAN Vlaanderen is a marketplace where entrepreneurs and private investors meet to finance growth-oriented companies. Core activities of the network are:

- Attract and raise awareness among entrepreneurs and investors about Business Angel financing.
- Organization of information trainings for entrepreneurs and investors.
- Informing and preparing business angels.
- Putting together entrepreneurs with business angels (matching events).
- Bringing together business angels syndicate to facilitate the formation companies.

The ARK-Angels Fund was set up as a co-investment fund that invests alongside individual Business Angel members of BAN Vlaanderen. For Business Angels, the fund acts as a leverage instrument on

their investment. From the perspective of the fund's investors, the fund provides a diversified investment exposure to start-up and early-stage ventures.

Established in 2007, the ARK-Angels Fund is foreseen to exist until May 2018 with EUR 6.7 million committed capital. It is a public-private partnership (50% private, 50% government) investing in all sectors of the Flemish region. The source of deal flow is the BAN Vlaanderen, which is also the managing body through a fund manager assigned for ARK-Angels Fund. Investment decisions are taken by the BAN's Investment Committee with an average timing of 1 month. The fund only invests if at least 1 BA of BAN Vlaanderen is co-investing, and the maximum amount per invested company is €500,000. The fund is a co-investor and the Business Angel is the lead investor, where exit is implemented through pro rata investment amounts.

5.2.2 Ark Angels Activator Fund

The Ark Angels Activator Fund (investment period 2012-2017) is the second BA-co-investment fund in which the Flemish Government (again through PMV) participates alongside a group of 56 angels as well as the ING bank; each of the 3 groups of shareholders bringing a third to the total capital of approximately €15 million. This fund is currently in investment modus and will invest in 15 to 20 BA-backed companies with an unknown leverage of up to 4 times the BA-investment.

Sources of deal flow are BAN, ING Bank, and direct. The management of the fund is executed by 3 PT fund managers, and investment decisions are taken by the Investment Committee within an average period of 3 months and an average amount of deals of €500,000. BAN Vlaanderen members are preferred as co-investors and the terms of investment are pari-passu with Bas. Investment strategy covers all sectors in the Flemish region.

Key challenges for the funds:

- The monitoring and follow-up of investee companies cannot be outsourced completely to the fund's co-investors, as was the original concept behind the fund
- Having a public shareholder involves strict requirements and overheads in terms of governance, structure, and reporting
- Deal flow
- Exits

Success:

- Various growth-oriented follow-on investments in portfolio companies
- Having only one bankruptcy on 11 investments so far may be considered a good performance for this asset class.
- Exit Ecologic

5.3 Denmark

5.3.1 Danish Business Angel Matching Fond

Danish Business Angel Matching Fond was announced on April 28th, 2015 and created on 29th of April 2016. It is a public-public partnership with funds of EAF from EIF and Danish Growth Fund provided Danish public money. The split of sources of funds is 50/50, terms of investment are 1:1, and the size of the fund is €27 million.

Source of flow is Vækstfonden, while management of the fund and investment decisions are competencies of EIF. On exit, 60% goes to business angels and 40% to the Matching Fond. The investment strategy includes the whole of Denmark and all its sectors.

5.4 Estonia

5.4.1 Estonian Development Fund

Estonian Development Fund was created in 2007 as a public-private partnership to invest public money directly into target companies via its investment arm SmartCap, which has established a venture capital fund Early Fund II. Business angels as private investors are needed to make 50/50 pari-passu investments. In addition, a new co-investment scheme was introduced by the end of 2014.

Estonian Development Fund as a public entity is in the process of being liquidated. Its 100% daughter company SmartCap has been subordinated to another public entity, KredEx (Estonian State Export & Guarantee Agency). The EDF portfolio managed by SmartCap has been privatized to be managed by a private fund manager Tera Ventures (former SmartCap team). So, there is no EDF as a co-investment fund anymore. The legacy funds will not make any new co-investments with business angels.

SmartCap has been reorganised into a fund of funds that invests into accelerator funds which have to attract private money, and it will not operate as a co-investment fund.

Overall, the Estonian early stage capital market has gone through significant changes within the last year.

5.4.2 Estonian Business Angels Co-Investment Fund

This is the newest co-investment platform planned to get functionalised in June 2017. As a public-private partnership, the fund is planned to last for 10 years with the possibility of a 2-year extension; making its maximum life 12 years.

The size of the fund is €16 million with 95% of public fund of funds where 75% is national and 25% is EIF funds. Being a private investor represents the condition to be a co-investor, and private investors

are to invest 50/50 with the co-investment fund on pari-passu investment terms. The average amount of the deal is at €500,000. Strategic trade sales are considered typical exit routes.

A fund management company will be hired to manage the fund. Its structure consists of a team of 3, with Business Angel investment track record. Investment decisions are taken by an investment committee comprised of fund managers, while angel networks and own channels will serve as sources of deal flow. Average timing of investment decisions is expected to last from 3 to 6 months. The fund is supposed to invest in all of Estonia and in all its sectors.

5.4.3 EstFund

There was a public procurement announced based on a new fund manager being selected for a new business angels co-investment fund, in which EstFund is a cornerstone investor. EstFund is a public fund-of-funds that invests into different funds and is allocated under KredEx (Estonian State Export and Guarantee Agency).

EstFund is a fund of funds created by Estonia and the EIP, with a purpose to increase venture capital investments mainly into Estonian SMEs. The Estonian state invests €48 million of European Regional Development Fund resources into the fund of funds through KredEx, alongside with EIFs €12 million. Together, EstFund invests €60 million into venture capital funds, to which €40 million shall be added by private investors.

Three sub-funds shall be selected:

- Venture Capital Fund
- Expansion Capital Fund
- Business Angels Co-Investment Fund

Sub-funds shall invest into enterprises according to the investment policy of each fund, but the general target group consists primarily of Estonian companies with good international development potential.

5.5 Finland

5.5.1 EAF Finland

The European Investment Fund (EIF) and Tekes Venture Capital Ltd have launched the Finnish compartment of European Angels Fund (EAF Finland), which will support business angels' financing activities to early stage companies through co-investments. The fund will be advised by EIF and is part of the pan-European initiative European Angels Fund (EAF).

EAF Finland is a €30 million co-investment fund which funds Business Angels wanting to invest into innovative early stage enterprises. The fund will help increase the investment capacity of approved Business Angels and other non-institutional investors investing in internationally oriented SMEs.

The European Angels Fund establishes Co-investment framework agreements (CFAs) granting a predefined amount of equity for co-investments upfront to each BA for future investments. All investment decisions will be taken by the Bas, and their investments will be matched on a pari-passu basis.

The volumes available in total under an individual CFA typically range between €250,000 and €5 million. As of today, the programme has been launched in seven countries, reached a facility volume of circa €320 million, and has entered into agreements with more than 50 business angels for co-investment volumes of almost €150 million. Business Angels have drawn an amount of about €30 million for co-investments in more than 200 SMEs. Once rolled-out, the initiative is expected to reach a portfolio of over 1,000 SME co-investments.

5.5.2 Finnvera Venture Capital

The Finnvera is the most close, and is now divided into two players:

- Finnvera Venture Capital
- Innovestor Ventures

Finnvera venture capital is a public-private partnership which co-invests with private investors. The goal of Finnvera's venture capital investments is to enable, start, and accelerate the growth and internationalisation of early-stage enterprises. Finnvera's Venture Capital Investments serve as the hub for public early-stage venture capital investments. In regional fund activities, Finnvera acts on the 'fund of funds' principle, making venture capital investments in regional funds organised as limited companies.

5.5.3 Innovestor Ventures

Innovestor currently manages Seed Fund Vera (Aloitusrahoitus Vera Oy), the portfolio of about 100 start ups and early growth companies. The portfolio consists of almost 100 high-tech companies in all fields of technology; including life science, med tech, and clean tech.

5.5.4 Tekes Venture Capital

Tekes Venture Capital Ltd is a fund of funds which invests in Finnish companies that are in their early stages of development. The purpose of the company is to develop Finland's venture capital market by fixing shortcomings that exist in the availability of funding for the initial stages of the operations of a company. Typically, the products and/or business models of these companies are still in the development stages, and they have not yet made a breakthrough onto the market.

Tekes Venture Capital Ltd is a state-owned company and its ownership steering is the responsibility of Tekes – the Finnish Funding Agency for Innovation. Tekes Venture Capital Ltd makes investments in venture capital funds, which invest in Finnish early stage companies. The size of our commitment in any single target fund will be significant; although primarily, no more than half of the total capital of a fund. Our commitment is typically from a few million EUR upward. We estimate that we make between

two and four new commitments a year. Tekes Venture Capital Ltd invests in funds that have a credible and workable investment policy toward raising the value in the target companies and generating income.

The key persons of the management company of the fund should have experience in the fields of the fund's investment policy, as well as evidence of successful investment activities, either together or separately.

A typical target fund of Tekes Venture Capital Ltd is a Finnish fund organised as a limited partnership company with a management company. Tekes Venture Capital Ltd can also consider other structures in which the interests of the investors in a fund, and those of the management company, are aligned.

Fund agreements follow the market practices considering the additions prompted by the state subsidy programme of Tekes Venture Capital Ltd. These relate to, among other things, possible asymmetric distribution of profits restrictions on target companies and demands concerning the fund's investment process and reporting.

Tekes Venture Capital Ltd does not take part in the selection of funds' target companies or in making investment decisions. However, we require that Tekes Venture Capital Ltd has representation on the fund's Advisory Board for the monitoring of investments.

Investments by private investors of funds incur a risk, and an investment by Tekes Venture Capital Ltd in a target fund does not reduce the possibility of loss in investment activities, nor a guarantee of future profits by the fund.

The target companies of the funds should be unlisted early stage Finnish SMEs with a well-founded possibility and prerequisites for rapid growth of their businesses internationally.

Investment of the target fund into the target company should be equity, quasi-equity or loan investment, or guarantee, or a combination of all of these. The goal is an increase in the value of investments; not only interest income, for instance. Investments into individual target companies must not exceed 15 million euros, and there is no lower limit.

Investments in the target company must be based on a viable business plan that includes detailed information on the products and services, as well as sales figures and development of profitability of the target company; in which the prospects for the success of business is evaluated in advance. The fund must have a clear and realistic written exit plan for each target company.

5.5.5 Finnish Industry Investments (TESI)

TESI is a state-owned investment company from 1995. Their mission is to develop Finland's venture capital and private equity market, as well as to promote Finnish business and economic growth. They invest as a private and want to be commercially profitable. They always invest as a minority investor and their holding can be a maximum 50%.

TESI invests in three different stages; venture capital, growth capital, and industrial investments. When investing venture capital, they show interest in ICT, industrial digitalisation, health technologies and clean-tech, yet are open to invest in almost all sectors.

TESI invests in companies directly or via funds. They operate as an active minority owner and they provide access to business expertise and international networks. They invest together with private investors on the same terms as them, and with the same expectations for returns.

They can invest in three different stages; the two earliest being Venture capital and Growth Capital. They invest in A-rounds and later rounds and they prefer their target companies to have revenues of at least €1 million. When investing venture capital, the financing rounds are normally between €3 million and €25 million, of which they themselves can invest between €1,5 million and €5 million. They can also invest Growth Capital when companies are pursuing international growth or expanding their operations in Finland. Typically, portfolio companies generate net sales of between €15 million and €300 million, and the size of TESI's investment ranges between €5 million and €20 million.

During the first meeting with TESI, they want to verify whether they are the right investor for a company, as well as ensure that the given company fits their investment focus. The company will discuss their growth plan, competitive advantages and market opportunities. There is also talk the amount of financing needed and how it will be used. Suitable co-investors for the company can also be discussed and TESI can help them find a suitable investor syndicate. TESI looks for fast growing and scalable Finnish companies in all sectors.

5.6 France

5.6.1 Alsace Business Angels organized as ABA Invest 1 and 2

The main mission of Alsace Business Angels is to match entrepreneurs with high growth potential businesses from the Alsace region, and with Business Angel investors capable of providing the right amount of capital, knowledge, and skills to these entrepreneurs and businesses. The association was created at the initiative of BICs Alsace (now Alsace innovation) with the financial support of the Ministry in charge of SMEs, DRIREs Alsace, and Alsace.

Alsace Business Angels promotes all kinds of business angel activities in Alsace. Among its main tasks, Alsace Business Angels attracts projects with high growth potential, it recruits BAs, selects and validates business plans received for its members, and it organizes meetings and trainings for both entrepreneurs and BAs. Today the association has 45 members.

Alsace Business Angels is an initiative of the CEEI Alsace and has received initial financial support from the Ministry of SMEs, the DRIRE ALSACE, and the Alsace region. Alsace Business Angels invested €890,000 in the first fund and €625,000 in the second. A third fund has been projected.

5.6.2 Capital Provence Business Angels

Capital Provence Business Angels is a co-investment partner of Business Angel networks in the PACA region. Established in July 2010, Capital Provence Business Angels fund is a creation of an SCR (Venture Capital Company) Capital Provence Business Angels. CPBA is a SIBA (Investment Company of Business Angels) regrouping Business Angels of the PACA region and funds from the financial Viveris and the Société Marseillaise de Crédit. CPBA has a size of €1.2 million, making it the largest BA fund in the region.

CPBA co-invested in entrepreneurial projects funded by the BA networks of the region in order to consolidate their roundtable. Only projects funded by Business Angels or SIBA (Business Angel Investment Company) are eligible for a CPBA contribution. CPBA is labelled by Paca Investissement, the regional co-investment fund for innovative SMEs, contributing up to 50% of public funds in partnership with private investors. CPBA is strengthening the equity financing of start-ups in the start-up phase by achieving significant leverage effects.

CPBA relies on due diligence carried out by the network of business angel investors, it does not evaluate records. CPBA realizes the inputs and outputs in the capital simultaneously, on the same terms and conditions as the network of Business Angels. Instructions, negotiations, deals, and legal fees related to the capital management are not lead by CPBA but by the leading network.

CPBA intervenes by decisions of the investment committee:

- For the same amount as the investment made in capital by the business angels and / or SIBA
- Up to € 500,000
- CPBA makes minority equity investments, combined with investments by business angels and SIBA.

5.6.3 Sud Angels

Sud Angels is a network of BAs structured in Montpellier. This new company participates in the first round of financing new companies in the Languedoc-Roussillon region. The first Sud Angels fund of €190,000 makes it possible today to put new financial resources at the disposal of regional entrepreneurs for the start-up phase. It should be noted that, in addition to the fund's own investment capacity, there will be significant amounts of co-investments from the associated BAs. The structure has integrated France Angels, which represents a federation 43 networks throughout France.

Since 2006, Sud Angels has been labelled by the Ministry of SMEs, Trade, Crafts and Liberal Professions. It is a labelled network and member of France Angels. Over the first three years, Sud Angels received a financial aid of up to €100,000 euros from the Ministry of SMEs and continued with annual updating according to the results obtained. Accordingly, a three-year development plan was defined specifying the quantitative objectives of:

- Number of Business Angels

- Number of dossiers received, studied, financed and presented
- Local and regional communication actions and cooperation with local and regional actors

5.6.4 Grenoble Angels

Grenoble Angels is the business angel network of the Grenoble region, created in 2005 with 15 members and the support of the Chamber of Commerce and Industry of Grenoble. The network has 130 members today. Grenoble Angels is committed to bridging the equity gap by collaborating with other investors on the market. Since the start of its activities, Grenoble Angels has approached banking organizations and regional seed capital companies, registering today:

- 3 banking network partners : Caisse d'Epargne des Alpes, Crédit Agricole Sud Rhône-Alpes and Banque Populaire des Alpes.
- Partnerships with other regional seed capital companies, regional networks of BAs, national network of France Angels, and national thematic networks (Cleantech, Angels Software, Biotech).
- Partnership with Oséo in terms of information exchange on the target companies and the devices of security of the investments.

Grenoble Angels is responsible for the organization of:

- Training courses and a BA School for its member investors and financed companies.
- Grenoble School of Management: intervention of Grenoble Angels in the various modules of the school courses.
- Competitiveness clusters (MINALOGIC and TENERRDIS).
- Other structures of support (Réseau Entreprendre Isère, GRAIN, PETALES, MINATEC...), which can contribute to create synergies with the activities of Grenoble Angels.

5.6.5 Paris Business Angels, Paris Angels Capital & the collaboration with several angel funds

Paris Business Angel is a well-performing business angel network based in Paris, France. Created in 2004, the network now has more than 100 investors and partners within the city of Paris, the Ile de France Region, and the Economy Minister. Paris Business Angels' services to the members include:

- Company Presentation Events
- Due diligence support
- Syndication
- Training for investors
- Newsletters or Information bulletin
- Co-investment schemes

Paris Business Angels invested €3.8 million in 35 start-ups in 2013. From its creation in 2004, 175 enterprises have been invested for a total amount of €23 million. In October 2008, Paris Business Angels created a fund, called Paris Angels Capital, to follow on investments made by the angel network members. Paris Angels Capital is constituted only of members of Paris Business Angels who have put money in the fund on top of their personal individual investments in companies. The form of the fund is called a “SIBA” – Société d'Investissement de Business Angels – a BA investment company. Paris Business Angels have also secured some non-exclusive partnerships with 2 other funds; namely, SIBA, Ecleur, and Selene Partners. These funds pass on some of their deal flow to Paris Business Angels and vice-versa. This stimulates co-investment between the different partners in the Paris region, and enables them to share due diligence on interesting projects. Those two partnerships are now over since the two funds invested all they were able to.

Ecleur was founded in 2007 with a size of €115,000. It is a private fund between Paris Business Angels and personal networks. Investment decisions are taken within an average of 1 month by the Board of Directors. There are no conditions to become a co-investor and they share the same rights as any other member. It targets all of France and all its sectors. Selene Partners was created one year later, in 2008, with a size of €320,000. Similarly, Selene Partners is also a private fund with sources of deal flow from Paris Business Angels and personal networks. It functions completely identically in terms of who makes the investment decisions, average timing of investment decision, conditions to become a co-investor, and investment strategy (sector and geography).

5.6.6 Sophia Business Angels

The Sophia Business Angels is a selected group of international serial entrepreneurs and senior managers coming together once a month in the European high-tech capital of Sophia Antipolis, France. Today, the group numbers 50 + strong, hails from 18 countries stretching from South America to North America, the Middle East, and Europe, and has a proven serious interest to invest early in local, national, and international start-up projects that bring a significant return on investment. Given the group's combined expertise in finance, ICT, Bio, and Energy, the SBA Members have been able to work as a club to find, fashion, and fund investments for their members throughout the world.

This success has led to the SBA being one of the first recipients of a French national grant for Business Angel networks. It has also led the SBA members to found 2 investment vehicles; Innovation Europe and Croissance Europe, together with Meeschaert Gestion Privée, to lead private investing throughout Europe. As a result, the SBA was chosen to host the EASY Cross-Border Investment Forum in November 2008 during the French Presidency of the European Union as well as the parallel event France Angels “Semaine des Business Angels” day. The events were featured projects from around Europe and France in the MedTech, CleanTech, Hi-Tech, and Space Sectors.

The SBA has as its partners the following companies and organizations: Iris Capital, Meeschaert Gestion Prive, Cambridge Angels, Luxembourg Business Angels, CERAM, Antipolis Innovation Campus, PACA Est, Cote d'Azur Pionieres, Fondation Sophia Antipolis, and Telecom Paris-Eurecom.

Success Europe, an "ISF holding company" which regroups BAs and entrepreneurs coming from around the world to Sophia-Antipolis (European Silicon Valley) was setup in 2009 to gather and invest capitals in French and European innovative companies. Success Europe's focus is in three particular areas: technologies of information and communication; medical technologies ("MedTech") and health; and techniques and industrial services which use natural resources, energy, water, and raw materials with the aim to improve their effectiveness and productiveness ("CleanTech"). Success Europe won the "Best European Early Stage Investment Fund" of the year at the EBAN (European Business Angel Networks) Awards in April 2010. Sophia Business Angels, whose members created Success Europe, were awarded the Best European Angel Network by the EBAN as well.

Criteria for the selection of Success Europe as the "Best European Early Stage Investment Fund" were the following:

- Has a proven track record in sourcing top quality deal flow
- Can show strong support to companies in mentoring/coaching alongside finance
- Is successfully collaborating and/or co-investing alongside other investors; in particular, Business Angels
- Is committed to building bridges across Europe

Success Europe Diversification and Spreading of Risk: 21 investments closed in June 2009, averaging 0.4 million Euros per early stage international companies in ICT, Medtech and Cleantech sectors; being 70% based in France across many regions and the remainder in Europe.

In 2010, Sophia Business Angels set up two further ISF Holdings: Avance Europe and Etoiles Europe. These Holdings have provided follow-on investment to the best companies in the existing portfolios of Success Europe, Croissance Europe and Innovation Europe. In the beginning, the main challenge was the raising of funds and investing them by a tight deadline each year. After that, the main challenges were supporting the companies sufficiently with very limited resources.

5.6.7 Croissance Europe

Croissance Europe is also an investment holding company incubated by Sophia Business Angels in partnership with Meeschaert Gestion Privée. Since its creation in 2008, Croissance Europe has been investing in 8 companies.

It is managed by 1 part-time manager, and its investment strategy is focused on ITC, CleanTech, MedTech, and robotics businesses all over Europe. Investment decisions are taken by an investment committee with an average of 6 to 8 weeks timing of investment decision.

5.6.8 Innovation Europe

Innovation Europe is an investment holding incubated by SBA in partnership with Meeschaert Gestion Privée to share the investment experience in innovative companies throughout France and Europe. Since its creation in 2007-2008, Innovation Europe has been investing in 7 companies, where several ones received an initial investment round from Sophia Business Angels' members.

Network and partners represent sources of deal flow and, as with Croissance Europe, it is managed by a part-time manager. Besides that, it operates in the same way as the latter with respect to who makes investment decisions, average timing of investment decisions, and investment strategy in both sector and geography terms.

5.6.9 Success Europe

Succès Europe is an “ISF holding” which gathers in Sophia Antipolis; having Business Angels and entrepreneurs coming from all around the world. It was created in 2009 in partnership with the AMF visa. Succès Europe has invested in 21 companies throughout 8 different European countries.

This fund too, operates in the same way as the previous funds with regard to sources of deal flow, who makes investment decisions, average timing of investment decisions, and investment strategy in both sector and geography terms.

5.6.10 Angel Source

CDC Entreprises, a Caisse des Dépôts group subsidiary which manages for the state the Fonds National d’Amorçage (National Seed-stage Fund - FNA) within the framework of the Program of investments for the future (PIA), associated with France Angels, the federation of the networks of business angels, announced the creation of Angel Source. This venture capital mutual fund, managed by iSource (a venture capital management company specialising in technology sectors), is the 1st for co-investment funds in France alongside the networks of BAs.

Angel Source secured €20 million during its initial fundraising with the FNA and some 20 Business Angels, entrepreneurs, and senior executives in the information technology and digital industries. The subscription period ran until the summer of 2013, with the objective of increasing the fund’s final size to €30 million. As a priority, Angel Source will invest in start-up companies that are active in the fields of information technology and the digital economy, as well as their applications in CleanTechs and health-related fields.

This fund operates alongside BA networks affiliated with France Angels. This co-investment is parity between the two types of stakeholders. Business records to be funded are made exclusively by business angel networks labelled, and are taught by these networks and iSource management company funds venture capital firms specializing in technology sectors.

5.6.11 PACA Investissement - France

Key facts:

- Fund Name: Paca Investissement
- Total funds committed: €19,45 million by Regional Council of Provence Alpes Cote d’Azur (PACA) and ERDF for half
- Type of funds: direct and minority co-investments in equity
- Period of Investment: since 2011

- Geographic scope : Région Provence Alpes Côte d'Azur (France)

Target sector(s): Any SME adhering to European criteria (less than 250 employees, annual turnover lower than 50M euros), start-ups or developed companies, located in PACA and proving an innovation potential which can generate employment and wealth. The definition of innovation is to be taken across a large spectrum: technological, services, management, and social.

- EU programme: ERDF
- Organisations involved: Conseil Régional PACA

PACA Investissement is an investment fund created by the PACA Region in 2011 to help innovative small and medium companies increase their shareholding equity.

Presided by Jacques Boulesteix, with a capital of €19.45 million (half of which is from FEDER), our fund aims to:

- Provide leverage financing to attract venture capital companies and regional investment funds,
- Share the risks,
- Increase the shareholding equity by mutualizing public and private funding.

PACA Investissement always invests with private investors who have concluded a convention with PACA Investissement (business angels, regional and national investment funds...). The ticket of investment is equal for both; between €150,000 and €1.5 million.

To be noted: the average period between the presentation in front of the engagement committee and the closing is about 1,5 months.

PACA Investissement is administered by Turenne Capital Partenaires. Founded in 1999, Turenne Capital, which is an independent asset management firm registered with the AMF (French Financial Markets Authority), specializes in following the development of growth companies. Turenne Capital manages approximately €500 million and follows the development of about 140 target companies. The team comprises 32 people including 21 investors with recognized track records. They have developed a proven expertise in six key investment sectors: health, innovative industry, eco-technology (Green Tech), specialized distribution, services, and information technology.

Deployment method – a virtuous selection:

- Target companies selected by professional and private investors
- Due Diligence on Target Companies carried out by a venture capital professional
- A decision delivered by an Investment Committee made up of multidisciplinary experts

5.6.12 Aqui-Invest

Key facts:

- Fund/ Initiative Name: Aqui-Invest
- Total funds committed: 6 M€ by Regional Council of Aquitaine
- Type of funds: direct and minority co-investments in equity
- Period of Investment: since 2010
- Geographic scope: Region Aquitaine (France)
- Target sector(s): small and medium size companies in their creation or development stages, located in region Aquitaine and preferably with innovative activity (technology, economic model, value chain, value proposition)
- EU programme: ERDF (FEDER)
- Organisations involved: Conseil Régional d'Aquitaine

AQUI-INVEST was created in 2010 by the Regional Council of Aquitaine to back the creation of innovative companies and to overcome the equity gap. The aim of AQUI-INVEST is to take minority shareholdings in SME located in region Aquitaine, in creation or development stages, and preferably with innovative activity (technology, economic model, value chain, value proposition) in privileged partnerships with VC and BA organisations.

AQUI-INVEST enables to attract specialized funds and business angels on the touchy early stage of creation and development of innovative companies; this fund co-invests with national and regional VC funds previously approved.

This fund promotes five main benefits:

- Increasing the equity available for innovative companies of Aquitaine
- Gathering the whole VC community and fostering the commitment of national funds in the Region Aquitaine
- Allowing the funds to share risks and costs
- Benefiting of a significant leverage effect
- Encouraging the skill and knowledge transfer of projects leaders

AQUI-INVEST is administered by the structure Aquiti Gestion, which is in Pessac, near Bordeaux. It also manages others economic development tools (ACI, Aquitaine Amorçage, Technostart). The team of Aquiti Gestion is composed of 6 experienced and committed persons (4 in front-office).

Deployment method – Unlike a conventional VC fund or a BA, AQUI-INVEST does not source the deal flow on its own but it forms contractual partnerships with other national and regional funds, Business Angel, and crowdfunding platforms. AQUI-INVEST may be requested by the previously approved funds to invest within the pari-passu rule (same rules and conditions when entering and

exiting than the soliciting fund, only one agent to represent AQUI-INVEST and the co-investor). AQUI-INVEST's investments into companies are typically in the range of €50,000 – €300,000 per investment. All the projects are submitted by the co-investor to the independent committee of AQUI-INVEST, which takes the final investment decisions.

5.7 Germany

5.7.1 High-Tech Gründerfonds

High-Tech Gründerfonds, based in Bonn, was funded by the Federal Ministry of Economics and Technology (BMWi), the KfW banking group, and industrial investors (BASF, Robert Bosch, Carl Zeiss, Daimler, Deutsche Telekom and Siemens) with €272 million, who joined together under the "Partners for Innovation" initiative to incorporate the first fund in 2005. Backed with most industrial investors of the first fund along with new investors (ALTANA, B. Braun, CEWE Color, Deutsche Telekom, Evonik, Qiagen, RWE Innogy and Tengemann), the second fund was established on 27 October 2011 and has an investment volume of €304 million. The conditions are transparent: as a rule, €500,000 for an open participation of 15% of the financed companies. Currently it can invest a maximum of €2 million per company.

High-Tech Gründerfonds invests venture capital in seed stage (i.e. younger than one year), high-opportunity technological companies. The fund provides technologically oriented company foundations with the start-up capital they need and ensures necessary supervision and support for their management. The High-Tech Gründerfonds offers well-structured coaching for entrepreneurs. The fund is also actively cooperating with a number of European as well as non-European investors, having already invested in some of the Fund's portfolio companies.

The seed financing provided is designed to enable start-ups to take an R&D project through prototyping and to "proof of concept" phase or directly to market launch. The fund initially invests €600,000, with the potential for up to a total of €2 million per company. Investors in the public-private partnership include the German Federal Ministry of Economic Affairs and Energy, the KfW Banking Group, and 18 companies.

The fund focuses on start-up projects that are based on incubated technology, i.e. where the "proof of principle" stage has already been reached. The goal is to take complex and application-based innovation to the prototype or "proof of concept" phase, or market launch, with the help of seed financing. This in turn boosts appeal among follow-on investors.

All along, the management team interacts closely with the responsible investment manager who will help with any questions or problems without interfering with the operational business. Furthermore, HTGF actively helps with the establishing of contacts between founders, investors, and multipliers; e.g., through own events such as the High-Tech Partnering Conference, or the Family Day, or more generally, through the HTGF network. HTGF is also supportive if there is a need for additional expertise, help with management issues, personnel recruitment, or follow-up financing etc.

Over 460 High-Tech companies have been launched successfully since 2005. Next to the €820 million originating from own funds (HTGF I, HTGF II and HTGFIII), so far, more than €1.4 billion of additional capital have been raised into the portfolio in about 1,120 follow-on rounds of financing. Moreover, they successfully exited 75 of portfolio companies in that same timeframe.

Some of the success stories include:

NUMAFERM GmbH was founded in 2017 as a spin-off of the Biochemistry Institute at the Heinrich-Heine University, Dusseldorf. The project was previously supported by an EXIST research transfer from the German Federal Ministry of Economics and Energy. The company offers its technology, related R&D services, and a peptide catalogue focusing on pharmaceutical, antimicrobial, and adhesives peptides.

Founded in October 2016, *ATC ALUVATION Technology Centre Paderborn GmbH* is a technology company headquartered in Paderborn, eastern Westphalia. ALUVATION founder Markus Belte has been fundamentally shaping the technology used in the heat treating of aluminium components since the 1990s and is one of the world's leading specialists in this field. The ALUVATION system takes heat treating in a new direction, away from permanently installed environments and into a new, digitalised, mobile, modular, and dynamic age of Industry 4.0.

ToleroGenix GmbH has developed a patented and clinically tested cell therapy technique for individualised immunosuppression in transplant patients. The technique enables the targeted disabling of undesired reactions caused by the immune system's defences.

KSK Diagnostics GmbH uses its isothermal amplification technology, KDx rITA®, for the development of molecular point-of-care tests to identify pathogens and antimicrobial resistance within 30 minutes. This significantly reduces the time before therapy is started. In addition to the diagnosis of pathogens, KSK Diagnostics' point-of-care tests are ideally suited to quickly and reliably clarify issues related to tumour diagnostics.

PreOmics develops and provides innovative technologies for customers around the world for mass spectrometry (MS) - based proteomics using cutting-edge technologies to support researchers in their protein analysis needs.

There are more than 25,000 standards for data exchange. *wetransform* makes it easy to integrate complex systems with its data-driven design and transformation platform and enables experts to create better specifications for data exchange.

5.7.2 KfW Bankengruppe – kfw ERP Start Fund

KfW Bankengruppe provides the impetus to economic, social, and ecological development worldwide. As a promotional bank under the ownership of the Federal Republic and the Federal States of Germany, it encourages sustainable improvement in economic, social, and ecological living and business conditions, in small and medium-sized enterprises, entrepreneurship, environmental

protection, housing, infrastructure, education finance, project and export finance and development cooperation.

KfW Mittelstandsbank mobilizes equity for young, innovative, technology-based firms with assistance from the Bundesministerium für Wirtschaft und Technologie (German Federal ministry of Economics and Technology) and the ERP Start Fund. In so doing, KfW enters into participations that, in most cases, do not involve assuming part of the management of the firms. The precondition is that a privately held equity investor (lead investor) enters a participation of at least an equal amount. The participations of KfW and the lead investor are subject to the same economic conditions. Lead investors could be venture capitalists as well as business angels.

KfW loosely cooperates with BA networks throughout Germany. Business Angels must be accredited to KfW before they are accepted as lead investors. During the accreditation, KfW reviews whether their requirements can be met. Most importantly, a BA must be thoroughly cooperative for the whole duration of an investment; this is documented in a cooperation contract. Not only should they be available for necessary coordination, for example, in case of a shareholders' meeting or an exit negotiation, but they should also be able to provide reports and information quickly, should any difficulties occur. Additionally, they should be able to support the company they invest in with economic and business knowledge as well as, if need be, further financing. Other than that, KfW keeps track of a lead investor's internal reputation, particularly how well their investments are performing and how easy they are to cooperate with. This information is used for future reference.

Who is eligible?

Young tech companies that:

- Are <10 years old
- Fulfil the SME criteria of the European Commission

Older companies can also seek financing from the ERP Start Fund in later rounds if they have already received financing under one of the preceding BTU (Technology Participation Programme), BTU - Early stage, or FUTOUR programmes.

What may be financed?

Innovative technology-based companies that can meet their financing requirements with the equity finance received. They must fulfil the following conditions:

- Development of new or significantly improved products, processes, or services, and/or their introduction into the market
- Innovative core developed by the company itself
- New products (processes/services) must differ from previous products of the same company in terms of their key functions, and they must be based on the company's own R&D

What are the conditions?

- Maximum amount: the maximum limit per tech company is €3 million
- Several rounds of financing are possible; a maximum of €1.5 million for first-time financing and not more than €2.5 million for a one year period
- Terms and conditions of the participation depend on the participation of the lead investor

Who may participate as lead investor?

The lead investor will advise and support the technology-based enterprise on all economic and financial matters. They should offer management know-how and marketing support. Additionally, they should be able to provide additional financing.

The following are eligible to be a lead investor:

- Equity investment firms
- Business Angels

Equity investment firms must be accredited by KfW. Business Angels are eligible on a case-by-case basis. The lead investor monitors the management and development of the tech company and informs KfW accordingly. In exchange, they can receive remuneration from KfW.

The KfW ERP Start fund is from the beginning of 2016, and only manages investments that have already been made. The fund still has the chance to do follow-up investments in its portfolio companies, but it stopped making new investments. Together with the BMWi, the KfW set up a new co-investment fund in March 2016, called Coparion to do new investments. Coparion invests as a separate, stand-alone VC entity.

5.7.3 Bayern Kapital

Founded at the end of 1995, Bayern Kapital GmbH is a wholly owned subsidiary of the LfA Foerderbank Bayern (Bavaria's development bank). Bayern Kapital's objective is to finance research and development as well as the market launch of new products, product diversifications, and expansion of the market share.

The requesting company must be located in Bavaria. Industries are, for example, IT/software; life sciences; new materials; micro-systems & environmental technologies.

Bayern Kapital and its funds have invested over €250 million in more than 250 companies and currently manages funds to the value of €340 million. The five investing funds currently managed by Bayern Kapital are: Seedfonds Bayern, Clusterfonds Start-Up!, Innovationsfonds, Innovationsfonds EFRE and Wachstumsfonds Bayern.

Partner of Seedfonds, Bayern is often the High-Tech Gruenderfonds (www.htgf.de). HTGF was founded jointly by the German Federal Government, the KfW Bankengruppe, and industrial enterprises under the "Partners for Innovation" initiative.

5.7.4 Seedfonds Bayern

Seedfonds Bayern finances technology companies during the seed-phase:

- Amount of overall investment: €250 k or €500 k in conjunction with High-Tech Gruenderfonds
- Models of Investment: equity shares plus shareholder loan, silent partnership

Investment Conditions – EU-Regulation No. 651/2014 Art. 22 and Art. 2 No. 80 must be observed. In conjunction with High-Tech Gruenderfonds:

- Maximum €500,000 from High-Tech Gruenderfonds (HTGF) and maximum €250,000 from Seedfonds Bayern at the first step
- Combination of equity share and subordinated loan:
 - 18,75 % shares of the company (nominal quotation), therefore 12,5 % HTGF and 6,25 % Seedfonds Bayern plus
 - Shareholder loan with option for conversion into shareholders equity, duration: seven years interest: 6 % p.a. (respite for four years)
- Personal contribution amounting to maximum €50,000 by the founders. The coach or a seed-investor can pay half of this amount
- Chance of follow-up financing (maximum €250,00 from Seedfonds Bayern)
- Stand alone: the Seedfonds Bayern invests up to €250,000

Business Coach – A coach (selected by the company) giving technical and economic advice is necessary. The business coach is welcome to invest in the company. His responsibilities are:

- Check and document conditions governing the participation and prepare the documents covering the application for Seedfonds participation
- Provide comprehensive support in early phase of the project
- Monitor spending of seed money
- Take an active role in transition to subsequent financing
- A list of coaches can be found at: www.bayernkapital.de/Seedfonds/download

Business angels are welcome with Seedfonds Bayern and Clusterfonds Start-Up! as further investors up to €200,000; otherwise as a partner of Innovationsfonds Bayern.

5.7.5 Clusterfonds Start-Up!

Clusterfonds Start-Up! finances young technological companies (12 to 24 months old):

- Maximum amount of investment: €500,000
- The investment builds a bridge from seed-phase to start-up-phase

Investment Conditions:

- EU-Regulation No. 651/2014 Art. 22 plus Art. 2 No. 80 must be observed

- Equity share: 10 % shares of the company and shareholder loan with option for conversion into shareholders equity, duration: seven years, interest: 10 % p. a. (respite for two years)
- Alternative: investment in equity plus agio, valuation of further private investors in equity
- Silent partnership (subordinated): possible in individual cases; conditions specific to the project

A business coach giving technical and economic advice is necessary (comparable to Seedfonds Bayern).

5.7.6 Innovationsfonds/Innovationsfonds EFRE

Innovationsfonds (IF) and IF EFRE are co-investing funds. They finance capital investment and working capital for innovation projects of young technological companies; EFRE with emphasis on assisted areas of the European Regional Development Fund:

- Financing especially during the research and development, constitution and expansion phases of Small/Medium Sized Companies (SME)
- Maximum investment amount: €2 million
- Equity share (in special cases associated with subordinated, convertible loan), silent partnership

Investment conditions regarding equity share:

- Conditions for equity share are identical to IF and independent private investor

Investment conditions for silent partnership:

- Fixed basic fee not contingent on earnings, profit related investment-fee, appropriate exit-fee
- Duration of the silent partnership: up to 30.03.2025

5.7.7 Wachstumsfonds Bayern

Wachstumsfonds Bayern provides equity capital for technology-oriented companies with strong growth targets for the phases following seed and first-round financing. Cooperation with an independent private investor is obligatory.

Investment Conditions:

- Terms and conditions pari-passu to private investor
- Amount between €2 million and €8 million (possible in different financing rounds) up to maximum equal capital sum as the private investor
- Capital may be used for product diversification, long term studies and field tests, international expansion, etc.

The Independent private investor – A co-operating private investor (investment company or Business Angel) is obligatory, must not be a shareholder of the requesting company before, and is investing in the project simultaneously:

- Co-operating private investor must prove his excellence in technical and management know-how
- Capital investment from additional private investor must be equal to IF-investment except in special cases. For example, the private investment of Business Angels only needs to be 30 % of the total investment at the early stage-funding
- Bayern Kapital-funds, as co-investors, act in line with the market economy operator test using the same terms and conditions as the independent private investor (pari-passu)
- Co-operating private investor supports technological company comprehensively, for example, in questions of strategy and its realisation. Investor uses his/her network contacts particularly regarding potential customers and partners
- Constant reporting to the Bayern Kapital-fund about the economic situation and project progress
- Common exit

5.7.8 Mittelständische Beteiligungsgesellschaft Sachsen mbH / Technologiegründerfonds Sachsen (TGFS)

Funded in 2008, a public-private partnership of €124 million size. Its investment strategy focuses on businesses in industries of semiconductors, microsystems, medTech, life sciences (except drug development), cleantech, energy technologies, software, and new media/web 2.0 with HQ or located in Saxony, Germany.

5.7.9 bm-t Beteiligungsmanagement Thüringen / Thuringia Start-up-Fund (TSF)

Funded in 2015, a public-private partnership of €18.7 million size. Its investment strategy focuses on all high growth and high margin markets, especially life sciences, micro-electronics, IT, media, internet, and German Mittelstand with HQ or partly located in Thuringia, Germany.

5.7.10 NRW.BANK / NRW.BANK.Seed.Fonds.Initiative

A public-private partnership of €60 million size. Its investment strategy focuses on businesses in industries of Deep Tech in general (micro-, nano-, biotech, renewables, life sciences, medTech, ICT, automatization) with HQ or partly located in North Rhine-Westphalia, Germany.

5.7.11 IBB Beteiligungsgesellschaft / Tech Fund II & Creative Fund II

Funded in 2015, a public-private partnership of €100 million in size. Its investment strategy focuses on Berlin-based businesses in creative industries, life sciences, industrial technologies, and ICT.

Overall, the main challenges faced by angel investment and co-investment funds in Germany are:

- Lack of sufficient high-quality deal flow (mostly public-private funds obliged to neglect investment opportunities outside their regional geographic focus)
- Finding investors for own portfolio companies to do a follow-up investment

5.8 Greece

5.8.1 JEREMIE Funds

The Greek start-up ecosystem is rather young. The establishment of the ecosystem dates to 2012, when JEREMIE Funds entered Greece. The purpose of these funds was to boost the entrepreneurship in the country in collaboration with private investors and venture capital funds.

JEREMIE Funds was a joint initiative by the European Commission in co-operation with the European Investment Bank (EIB) and other financial institutions. The funds offered EU member states (through their national or regional managing authorities) with the opportunity to use part of the funds to finance SMEs in a more efficient and sustainable manner. In Greece, the funds were managed through four intermediaries (Openfund, Piraeus Tech Catalyst, Odyssey Venture Partners and Elikonos General Partners) and they were provided in the form of loans, equity, or guarantees. The JEREMIE Openfund II and Piraeus JEREMIE Tech Catalyst Fund offered seed capital, while the Odyssey JEREMIE Partners and Elikonos Jeremie SICAR offered early-stage capital. Debt financing was provided through the largest banks of the country. The main goals of the JEREMIE Funds were to:

- Boost innovation and entrepreneurship
- Give access to finance for start-ups and SMEs
- Develop the venture capital investments regionally
- Enhance the employment.

Estimates show that more than €50 million were invested in 60 companies during the 2012-2016 period and even though the main purpose of the program was to further scale-up tech entrepreneurship, it triggered the expansion of the venture capital investments in the country. The proportion of the co-investment was 70% public and 30% private. The program's investment period expired in September 2016.

5.8.2 EquiFund

The successor of JEREMIE Funds is the EquiFund, which was officially announced in late December 2016. EquiFund started operating with €200 million from European and national sources (via the Operational Programme 'Competitiveness, Entrepreneurship and Innovation 2014-2020') and €60 million from the European Investment Fund (EIF). The program can approach leverage ratio close to 10 and it is expected to attract additional funds from international credit institutions and private investors to offer €1 billion to Greek companies. The focus of the program is placed on the following areas:

Research and Innovation – This program area is divided into two main types of funds; the Technology Transfer Fund-TT fund and the Accelerator Fund. The former aims to support initiatives that stem from universities, research centres and other organisations, while the latter, aims to support start-ups which are mainly linked with incubators, tech-parks and co-working spaces.

General Entrepreneurship – This program area contains two broad sub-categories; the early-stage entrepreneurship and growth stage entrepreneurship. The funds play emphasis on sectors that are of main priority to Greece, for example tourism, energy, agriculture, environment, ICT technology etc.

5.8.3 The NBG Business Seeds

A program offered by the National Bank of Greece which mainly provides seed capital in the form of equity participation. NBG Business Seeds is an integrated program designed to foster innovative and export-oriented entrepreneurship. NBG Business Seeds includes actions that aim at showcasing innovative ideas and projects, training and mentoring young entrepreneurs, and providing infrastructures, networking and financing. Once the annual competition "Innovation & Technology" is over and the awards given, NBG supports the implementation of selected proposals that are distinguished. NBG works in partnership with the Athens University of Economics and Business (AUEB) and the Hellenic Federation of Enterprises (SEV) so as to provide shortlisted proposals with the opportunity to attend training programs on business themes. The said proposals also receive free-of-charge services and products of Amazon and Microsoft, while incubation services are provided in partnership with SEV and 1776, a global incubator and seed fund based in the US.

As regards financial support for businesses, NBG provides targeted lending programs and participation in company equity. Particular weight is given to mentoring actions provided in cooperation with Google, Grant Thornton, Watson Farley and Williams, Israel Advanced Technology Industries (IATI), and networking initiatives provided in cooperation with Endeavor Greece and the Hellenic American Chamber.

Emphasis is placed on the mentoring of the teams by NBG's experienced staff who, backed by professional experience of more than 20 years in various fields, propose targeted solutions to improve each innovative endeavor. Besides the financing, companies participating in the program receive free-of-charge services and products of Amazon and Microsoft, incubation services in partnership with SEV and 1776 incubator based in the US, and mentoring actions provided in cooperation with Google, Grant Thornton, Watson Farley and Williams, Israeli Advanced Technology Industries (IATI) and networking initiatives provided in cooperation with Endeavor Greece and the Hellenic American Chamber.

Since 2010 NBG has been running its "Innovation & Technology" Competition to encourage and foster young entrepreneurship by giving a helping hand to fresh ideas, business plans and start-ups. The "Innovation & Technology" competition in collaboration with Greek universities highlights and supports business ideas emanating from university classrooms and productive sectors.

5.8.4 Venture Friends

A VC fund which started its operations in February 2016. The fund has access to a €20 million private capital, from which €9 million have been already invested in 20 different businesses. A fund of entrepreneurial investors who support start-ups and help ideas become disruptive start-ups and eventually sustainable businesses.

5.8.5 Marathon Venture Capital

A VC fund established in March 2017 that has already gathered €8 million from private investors. Its mission is to help Greek founders build world-class technology companies that are going to be profoundly successful and change the landscape of the Greek ecosystem.

Summarizing, it is important to mention that the Greek start-up ecosystem is under development. The above funds are the most active funds in the country and the information provided is publicly announced, however, we may miss some information due to limited information in the area. Additionally, there is not a complete study based on the co-investment funds in Greece and the venture capital funds quite often decide not to disclose the amount of the capital collected and the terms of their financing rounds.

5.9 Hungary

5.9.1 JEREMIE

Before providing any Hungarian Fund, it is important to briefly explain the situation in the country's market. According to our source, the Hungarian market is not too big and very young. As such, its culture is not really developed. Meaning, start-ups are looking for any means of financing and do not look at who they are applying to. This mixes the roles of a VC or angel many times. Moreover, there is no complete study or knowledge base about angels in Hungary - most "marketing" is based on peer to peer communication and events.

The first JEREMIE tender (JEREMIE I) occurred at the end of 2008. The intermediation agreement was concluded with the eight winners by Magyar Vállalkozásfinanszírozási Zrt. These JEREMIE I funds commenced during the summer of 2010, and based on placements implemented so far, the program is considered highly successful. At the end of the first quarter of 2013, 93 investments were funded with a total of HUF 32 billion (appr. €105 million). The first successful exit, namely the sale of the investor's stake, took place in September, 2012.

Due to the success of JEREMIE I, the National Development Agency invited the second, third and fourth JEREMIE venture capital tenders under the name of New Széchenyi Venture Capital Programs in the following years. This established seed funds and growth funds which simultaneously created a way for small nascent businesses and large established companies to participate. The appearance of

venture capital funds set the private sector in motion: start-ups began to compete; incubators and accelerators were launched followed by professional blogs; conferences and consultants provide assistance with education and the opportunity to establish contacts among investors and entrepreneurs.

In Hungary, JEREMIE has been started with three subprograms. The venture capital program involves eight competing venture capital funds in two different frameworks (Domestic Funds and Co-investment) with the aim to increase the capital of, and thus provide financing to Hungarian SMEs.

The Domestic Funds include Biggeorge's-NV, DBH Investment, Central Fund, Euroventures, Finext Startup, Morando, PortfoLion and Primus. Co-investment is represented by Euriventures (earlier Etalon Capital). Domestic Funds invest all over Hungary, except the country's Central Region, with the condition that no more than 70% of the funding comes from the EU; the rest is provided by private investors. The funds provide financing for SMEs and thus facilitate the implementation of innovative new ideas and scientific achievements. Profits from the investments are channelled back into the SMEs, resulting in even more efficient use of capital.

The advantages of JEREMIE funds include sustainability (a given part of funding is reimbursed using the returns of the investment), efficiency (combining structural funds with other sources of investment), flexibility (adaptation to the needs of the given country/region), expertise (controlling agencies taking advantage of the expertise of banks and the private sector), as well as facilitating partnerships between regions, banks and investors. The most important is to point out that, by the end of 2013, these funds combined will invest more than \$200 million, which is a great opportunity for Hungarian SMEs to drive their products to success.

5.9.2 PBG FMC

A (JEREMIE) VC Fund which has closed its investment period in 2016 and is currently in portfolio management period. They target companies that – with their products and services - address underserved needs in a well-defined yet broad range of customer groups. One primary goal is to support export-related activity, thus raising revenues for both the company and Hungary. PBG FMC emphasizes a Hungarian sourcing of solutions to realize intellectual or physical product distribution in foreign markets. Its partners – with an expertise in consumer and market knowledge spanning decades – will evaluate projects related to the IT, biotechnology, medical technology and communication sectors. They have not, however, set priority sectors.

The following describes their approach to the investment process:

- Filtering incoming projects
- Screening and analysing the projects
- Validation
- Preparing the term sheet
- Contracting
- Investment

- Supporting operations and monitoring the company
- Expansion
- Exit

There are some new, enforced phenomenon characterizing the market in Hungary: significant governmental (EU) subsidies aiming technology innovations for SMEs, and a dominant player occurred on the VC market: HiVentures. From our partners' perspective, fundraising for the social impact investment fund proves to be extremely difficult in the current market context.

5.10 Ireland

5.10.1 AIB Seed Capital Fund

Since its launch in 2007, the AIB Seed Capital Fund had made over 170 investments in 79 companies. AIB Seed Fund is at the end of its prime investment period and continues to do follow on Investment rounds, often co- investing with Angels.

Some success stories include:

Terminalfour – A leading developer of 'out-of-the-box' enterprise web content management software. Its systems enable medium and large sized organisations to improve the delivery and communication of information through various channels including websites, personalised portals, intranets, extranets and emerging media.

MicksGarage, Hits Top Gear – In 2006, following two years of trading, online retailer MicksGarage.ie found itself with significant expansion possibilities selling car parts and accessories direct to the consumer. The case was strong for a strategy of continued growth in Ireland and expansion into the UK, however, funding capital was needed.

Algae Health – A green bio-technology company which has developed an innovative, environmentally friendly and sustainable new source for nutritional compounds.

Clevamama™ – makes products which are pioneering, practical and well-designed to make the experience of caring for infants and young children.

5.10.2 EAF Ireland

The European Angels Fund, Ireland (EAF Ireland) is a dedicated €20 million vehicle focused for co-investing with experienced business angel investors with a strong investment track record (realized / unrealized) investing in Irish start-up / early stage growth companies. EAF Ireland is funded by the European Investment Fund and Enterprise Ireland. The EAF Ireland fund enters into 10 year agreements with business angels planning to invest between €250,000 up to €4 million over that time period (ideally much of it in the first 5 years).

The business angel invests their own and the EAF Ireland funds on 50:50 pari-passu terms into Irish start-up/growth companies. The business angel earns 20% carry (profit share) on the EAF Ireland investment capital on a deal by deal basis. BAs undertake their usual process in sourcing, selecting and investing in companies. Once the agreement is entered into, the business angel simply draws down the capital on an as required basis. The EAF Ireland process has been designed for ease of deployment.

5.10.3 Co-Fund NI

As part of the Access to Finance Strategy, Invest Northern Ireland has appointed Clarendon Fund Managers Ltd ("CFM") to manage Co-Fund NI. The aim of the Fund is to ensure that businesses with growth potential are not held back because they cannot access equity finance.

Through Co-Fund NI £12.5 million will be made available to invest alongside business angels and business angel syndicates (hereafter referred to as "private investors" or "syndicates") into eligible SME's based in Northern Ireland. When matched 45% public with 55% private investors on a deal-by-deal basis this will give an overall "fund" size of £28 million. This initiative is provided by Invest Northern Ireland and part-financed by the European Regional Development Fund under the Invest for Growth and Jobs Programme 2014-2020. The Fund will, to the extent possible, follow the terms of the private investors including the structure and price of any investment. Once invested, the Fund will be able to make follow-on investments alongside syndicates in companies that are already within its portfolio. The Fund will expect the private investors to lead investment rounds, with assistance and support from CFM where this is required or requested.

The Fund will naturally only consider 'new investments' for the private investors, where they can demonstrate that they have carried out their own due diligence, and independent assessment of the investment opportunity. Typically the Fund expects to invest in investment rounds of between £150,000 and £1,000,000, and will invest at a ratio of up to 45% of the investment round. The Fund may consider larger round sizes as long its initial investment is no more than £250,000. Investee companies must fall within the European Commission SME definition (headcount not exceeding 250, turnover not exceeding €50 million and balance sheet assets not exceeding €43 million) and be based in Northern Ireland.

Whilst it is anticipated that a higher proportion of beneficiaries may be earlier stage, high growth companies, SMEs at any stage of their lifecycle are eligible provided that they have the required minimum level of investment from a syndicate.

5.10.4 Enterprise Ireland

Key facts:

- Fund/ Initiative Name: (1) High Potential Start-Ups (HPSUs) and Established SME Fund and (2) Seed and Venture Capital Scheme

- Total funds committed: €348 million, to 41 local Seed and Venture Capital (VC) funds resulting in a pool of capital of approximately €1.2 billion for investment in innovative high growth companies (2007 - 2012) and €175 million for (2013- 2018).
- Total Investments: Enterprise Ireland invests in 70 HPSUs a year and has an existing Investment Portfolio of 1300 companies
- Periods of Investment: 1994- 2006, 2007 - 2012 and 2013 – 2018
- Geographic scope: Ireland
- Target sector(s): HPSUs, Established SME's and Growth Capital for Innovative companies
- EU programme: Horizon 2020 (amongst others)
- Organisations involved: Irish Government, Enterprise Ireland, European Commission

Enterprise Ireland is the enterprise development agency in Ireland responsible for assisting Irish-owned and controlled enterprises. They work with High Potential Start-Up companies to confirm the viability of their business ideas and also co-invest with the companies and other private investors to finance and implement their start-up and development plans. It is the largest seed capital investor in Ireland and one of the leading development agencies in the world. They invest directly in start-up companies and they are also limited partners in many of the Irish-based seed and venture capital funds. Enterprise Ireland invests in over 70 High Potential Start-Up (HPSU) companies each year and manages a portfolio of over 1300 investments in client companies.

A High Potential Start-Up is defined as a start-up venture that is introducing a new or innovative product or service to international markets; involved in manufacturing or internationally traded services; capable of creating 10 jobs in Ireland and realising exports of €1 million within three to four years of starting up; led by an experienced management team; headquartered and controlled in Ireland; and less than six years old. They are innovative companies founded by experienced industry professionals across a range of sectors including:

- Life sciences, medical devices and pharmaceuticals
- Clean technology and green energy
- Enterprise software and services
- Telecoms, internet, media and entertainment
- Financial services
- Food and innovative consumer products

Deployment method – Enterprise Ireland has a wide range of instruments to leverage private investment, be it from individuals, business angels, seed funds, or be it from venture capital. The two schemes that they use to co-invest the funds are:

- The HPSU and Established SME's Fund
- The Seed and Venture Capital Fund.

With these two funds, Enterprise Ireland always co-invests as compared to some of their other programmes, such as the Business Partner programme where they directly fund university spinouts and researchers with grants

HPSU and Established SME Fund

Enterprise Ireland established the Innovative HPSU and Established SME Fund to support the start-up and development costs of High Potential Start-Up companies. The Innovative HPSU and Established SME Fund allows Enterprise Ireland to offer equity investment to HPSU clients, on a co-funded basis. This investment goes towards the achievement of an overall business plan, rather than funding towards discrete elements of a business plan, such as R&D or employment creation. The funding of a business plan in this way is similar to a venture capital (VC) approach.

HPSUs that receive investment from the Innovative HPSU Fund are developing and commercialising new or substantially improved technologies, products, processes or service offerings when compared to state-of-the-art in industry players in the European and global marketplace. By their very nature the companies carry a risk of technological or industrial failure and Enterprise Ireland shares the risk with the company and its investors.

Enterprise Ireland undertakes extensive technical, commercial, financial and market due diligence for each project before an investment decision is made. Investors interested in co-investing with Enterprise Ireland can access a portfolio of screened investment opportunities in both technology and services sectors.

In larger investment rounds where syndicated investments are involved, Enterprise Ireland introduces investors to other private and institutional investors¹².

The Seed and Venture Capital Fund.

Over the past 19 years, successive Governments, through Enterprise Ireland, have committed approximately €348 million, to 41 local seed and venture capital (VC) funds. This commitment has resulted in a pool of capital of approximately €1.2 billion for investment in innovative high growth companies. For the period 2013- 2018 Government, through Enterprise Ireland, has made €175 million available as part of the Seed & Venture Capital Scheme to stimulate job creation and support the funding requirements of young innovative Irish companies. In the first phase of the scheme, 100 million Euros is being invested to establish up to 5 non-seed Funds in the wider Technology and Life Sciences sectors.

¹² For more details please refer to: <http://www.enterprise-ireland.com/en/funding-supports/Company/HPSU-Funding/> and <http://www.enterprise-ireland.com/en/funding-supports/Company/Establish-SME-Funding/>

The overall vision of Seed & Venture Capital Scheme (2013-2018) is to increase the availability of risk capital for SMEs to support economic growth through the continued development of the seed and venture capital sector in Ireland to achieve a more robust, commercially viable and sustainable sector.

To realise this vision, the objectives are to: Encourage and leverage private sector investments into sectors (and stages of development) that find it difficult to secure appropriate growth funding; Leverage domestic and international private sector/institutional capital into VC investment in Ireland; Support the growth strategies of Enterprise Ireland's sectors with capital and expertise; Maximise the "additionality" that any commitment will bring to the overall sector in terms of additional capital and expertise in company development; and Seek innovative funding solutions that reflect current international best practice¹³.

Summary of Key elements that lead to success – Involvement of private investment sector in every stage of the investment from deal flow sourcing, due diligence, mentoring, operations, growth, and exit. Enterprise Ireland is exemplary in involving the private sector and actively seeking business angels, seed funds and venture capitalists as their partners.

5.11 Italy

5.11.1 INGENIUM Emilia Romagna I

The first Italian public-private seed capital fund, investing in innovative companies in the Emilia Romagna region. The fund was started with €5.3 million by the Emilia Romagna region and €1.7 million from fund managers.

Managed by META Investment, the nine-year fund operated through the temporary acquisition of minority stakes in high-opportunity technological companies. It is now fully invested.

Key Points:

- Financed seed companies, start-ups and expansion stage companies in Emilia Romagna
- €10 million under management
- Resources: 30% public – 70% private
- Invested a minimum of €100,000 to maximum of €1.5 million per company per year
- Part of META's INGENIUM family of funds

INGENIUM performs operations of:

¹³ For more details please refer to: <http://www.enterprise-ireland.com/en/invest-in-emerging-companies/seed-and-venture-capital-scheme/svc-guidelines-for-expressions-of-interest.pdf>

- Seed financing: it supports initiatives in the testing phase of the ideas, when the technical viability of the product/service in enterprises has been set up by no more than 12 months and is yet to be proven;
- Start-up financing: it promotes projects in the business start-up phase, when there is a prototype whose commercial viability is still unknown for enterprises set up by no more than 36 months.

Success stories include:

Angiodroid – is the innovative and exclusive Carbon Dioxide Injector for peripheral interventional angiography below the diaphragm. The Technology has been developed by company's laboratories during the last 5 years in cooperation with well-known Private and Public Hospitals as well as Italian University. The practice of the CO2 provides significant benefits and a very low rate of complications compared with iodinated contrast.

GreenBone – develops a highly innovative wood derived bone implants technology, to generate biomimetic – reabsorbable– load bearing implant suitable to address severe high morbidity condition including non-union fractures, through a breakthrough technology that foresees the realization of bone implants derived from natural structures such as the wood, with extraordinary regenerative properties and that are particularly suitable to face the loss of considerable portions of long bones following trauma or tumours, and other crises of the skeletal system.

5.11.2 INGENIUM Emilia Romagna II

INGENIUM Emilia Romagna II is a co-investment fund built to sustain the growth process of innovative small and medium-sized enterprises (SMEs) based in Emilia Romagna region through venture capital investments.

Buiding on INGENIUM Emilia Romagna I, the Fund targets knowledge-intensive companies with high value of intangibles and high growth potential. It may also act as an catalyst for the creation of knowledge intensive companies in more traditional regions by bringing start-ups from outside the targeted regions.

Key Points

- 50% of the resources come from the Por ERDF 2007-2013 and 50% from META Investment and private investors
- Invested in 11 innovative companies for the total amount of almost €10,6 million
- Early stage venture capital co-investment fund focused on financing seed and start-ups, but also considering target companies in expansion phase
- Targeted high-tech companies operating in the electronics, ICT, biotechnology, medical devices, manufacturing industries, and social enterprises
- Part of META's INGENIUM family of funds

Some of the companies have been supported by META Investment in their geographical expansion and in entering demanding markets such as the US or Germany. META Investment has also been helpful in identifying highly qualified professionals needed by the target companies to support their growth path and run their commercial and/or research activities.

META's active management of INGENIUM Emilia Romagna I and II has led to the higher level of involvement of business angels clubs, business incubators and accelerators, and corporate ventures in the region, contributing to the creation of a sound and sustainable entrepreneurship ecosystem in Emilia Romagna.

The Fund was built under the provisions and guidelines on risk capital of 2007-2013 provided by the European Commission under ERDF, and is compliant with the European Commission's 2014-2020 framework for "off the shelf" equity investment fund for SMEs and start-up companies.

Success stories include:

Taste Italy – A company based in Modena, which manufactures and distributes innovative but traditional stuffed pasta linked to the Emilia Romagna cooking tradition but gluten free. For the production of their products the company uses high quality ingredients made in Italy, from certified and zero km sources. The company received a first round of financing from business angels and META Investment.

5.11.3 INGENIUM Sardegna

INGENIUM Sardegna, launched in 2009, is a €34 million fund expansion fund investing in more traditional SMEs with a strong interest in business development and in both new and already existing companies in Sardinia.

Half of the fund's budget is provided by the Autonomous Region of Sardinia, Italy, and the other half is provided by private investors.

Key Points:

- Financing start-ups and expansion stage companies based in the region of Sardinia
- €34 million under management
- Resources: 50% public – 50% private
- Minimum €100,000 to maximum €1.5 million per year, out of a maximum total of €3 million per year
- Part of META's INGENIUM family of funds

Success stories include:

B-Shiver – Through this company, where the INGENIUM Sardegna Fund invested 3M Euros in 2012 to sustain the expansion stage, the SNO Yachts group is producing and selling luxury yachts, under the brand Novamarine and Black-Shiver.

5.11.4 INGENIUM Catania

The INGENIUM Catania fund invests in both new and innovative ideas as well as in businesses that prove potential to become success stories. The fund is provided by the ICT Programme for the excellence of the territories and it is being co-financed by the Regional Province of Catania.

Key points:

- It can finance start-ups based in the province of Catania
- €3 million under management
- Resources: 70% public – 30% private
- To be invested: minimum €100,000 to maximum €500,000 per round
- Focus on innovative companies in ICT sector

INGENIUM Catania is an example of investment fund complemented by a specific line of services for scouting and deal flow creation (business plan competition) financed 100%. The Fund was launched in 2010.

The INGENIUM Catania fund is managed by META Zernike Ventures that has invested over €200 million in more than 200 companies in seed and start-up stages and achieved above European sector average returns with 100 exits. INGENIUM, META Zernike Ventures and META are registered trademarks of META Group Holding.

5.11.5 INGENIUM Umbria

INGENIUM Umbria is a public-private early stage fund focusing on innovative companies under the ATI PRISMA II program of Umbria Region. The Fund has a total budget of 6 million EURO and it has been co-financed by Umbria Region, using ERDF funds.

Key Points:

- It can finance companies in seed and start-ups and expansion stage companies in Umbria region
- €6 million under management
- Resources: 50% public – 50% private
- Investments start from a minimum of €30,000 to a maximum of €1.5 million
- Part of META's INGENIUM family of funds

Success stories include:

Pizeta Pharma Spa – An Italian company founded with the intent to develop and supply innovative and high qualified products, mainly in nutraceutical areas, providing a wide range of therapeutic solutions for doctors and pharmacists aimed at people's health and well-being. META Investment exited from the company in 2014 through a Management Buy Out after having sustained its growth in the market.

Joy – is an Italian innovative start-up which manufactures and sells vegan meat. The product differs from the existing "soy meats" currently on the market, because it tastes as meat and presents the same meat texture (the "mordito") that ensures the consumer with the same meat experience. The company received one round of financing from META Investment and from a leading milling Italian firm in 2015.

5.12 Lithuania

5.12.1 Lithuania JEREMIE Holding Fund

Lithuania JEREMIE Holding Fund is a fund comprising of several financial engineering instruments. The Business Angels Co-investment Fund is one of the instruments implemented under the JEREMIE Holding Fund.

Lithuania JEREMIE Holding Fund was established in 2010 and it has a size of €8.4 million. It is a public-private partnership where in each investment at least 50% should be private investments by business angels. Its maximum life is until 2020. The average amount of a deal shall not exceed €400,000.

The fund is managed by an investment committee consisting of key fund managers who also take the investment decisions. Investment decisions are made in an average time of 30 to 60 days. The fund targets all of Lithuania and all of its sectors, excluding gambling, the manufacture, supply or trade in arms, tobacco, alcohol, and human cloning.

Most of funds in Lithuania are financed or co-financed by EU funds participation. Ecosystem is under development. However, tenders for new Funds have been delayed for more than 2 years. This is valid for all EU funding for Venture funds and Angel funds.

5.13 Luxembourg

5.13.1 Chameleon Invest

This Luxembourg based fund aims to promote the development of innovation by providing capital and know-how to creative entrepreneurs.

Its investment strategy includes:

- Invest seed and start-up capital (up to €200,000) for innovative concepts in technology-driven companies
- Support entrepreneurs that have a critical need for support and have potential synergies with the CHI portfolio
- Leverage capabilities and experience of the CHI investment team

- Long-term growth in the local market and targeted IRR of 15% for the overall portfolio
- Hands-on operational and strategic engagement

Chameleon is about to be closed. Full exits of the portfolio.

5.13.2 Digital Tech Fund

In 2016, the Luxembourg Government announced the launch of a seed fund created jointly with a group of private investors to support the financing and development of start-ups operating in the field of information and communication technologies (ICT), considered as a key sector for the diversification of the national economy.

Named 'Digital Tech Fund', the fund was set-up on the initiative of the Ministry of the Economy as part of the national "Digital Lëtzebuerg" initiative. It acquires stakes in promising innovative companies of less than seven years of age which have preferably already developed functioning prototype of their products. The fund especially – though not exclusively – aims to invest in areas such as cybersecurity, FinTech, Big Data, Digital Health, the media and the next-generation communication networks, digital learning, the internet of things or telecommunications and satellite services.

The Digital Tech Fund provides seed financing to entrepreneurs running innovative startup companies active in the field of Digital Technologies. The fund's aim is to foster long-term innovation, support the technology startup ecosystem in Luxembourg and facilitate the transfer of new digital technologies developed at the University of Luxembourg into successful spin-off companies. The Fund is backed by a roster of very high profile private and public investors who are committed to the successful development of the Luxembourg start-up ecosystem in general and portfolio companies.

Set up according to the principle of an 'evergreen fund', the Digital Tech Fund is also aiming to facilitate the transfer of new technologies from public research, particularly from the Interdisciplinary Centre for Security, Reliability and Trust (SnT) at the University of Luxembourg. The Digital Tech Fund is managed by Expon Capital whose team was selected because of its strong track record in investment management. The Luxembourg Government invested €5 million in the Digital Tech Fund. The other investors contributed a total of €15.33 million, including €3 million from Société Nationale de Crédit et d'Investissement (SNCI) and €1 million from the University of Luxembourg.

Developed under a public-private partnership, the fund also includes the following partners (in alphabetical order): Arendt & Medernach, Banque Internationale à Luxembourg SA (BIL), Expon Capital, High Capital, POST Capital, Proximus, and SES.

5.14 Macedonia

5.14.1 Fund for Innovation and Technological Development

The Fund for Innovation and Technology Development was established in December, 2013, with the aim of encouraging innovation by providing additional resources to finance innovation, in view of the need to build a competitive economy based on knowledge. With a size of \$8 million the fund is divided across four separate programmes. It is a public fund that provides convertible soft loans and itself is 100% financed by World Bank loan. Target companies must be registered in Macedonia and have >51% Macedonian ownership.

The organizational structure of the Fund for innovation and technology development includes the following units:

- Director
 - Department for support of the Director
- Sector for programming activities
 - Department for programming
 - Department for implementation of programs
- Sector for General and Legal Affairs and Finance
 - Department of Legal Affairs, Procurement and archive
 - Department of Finance and Accounting

Managing Bodies of the Fund are: Management Board, Committee for Approval of Investments and Director. The Government of the Republic of Macedonia appoints the members of the governing bodies and the Director. The Management board includes 6 member. The Committee for Approval of Investments includes members elected and appointed by the Government of the Republic of Macedonia. The Committee reviews and approves project proposals submitted under all of the Fund's instruments. The Committee members are elected from among the experts with at least ten years of international experience in the area of investment in innovation activities. However, according to EBAN's partners who provided data on Macedonia, Management of the Fund is politically appointed with no previous innovation/entrepreneurship or venture investing experience.

The average amount of investment is €30,000, while the average timing of investment decision is 2 months. The mission of the Fund for Innovation and Technological Development is to encourage and support innovation activities in micro, small and medium-size enterprises (MSMEs) in order to achieve more dynamic technological development based on knowledge transfer, development research and on innovations that contribute to job creation, and to economic growth and development, while simultaneously improving the business environment for the development of competitive capabilities of companies.

The focus of the operations of the Fund in particular includes:

- Co-financing micro, small and medium-size enterprises (MSMEs) registered in the Republic of Macedonia, with the aim of encouraging innovation activities, implementation of innovative solutions and innovative processes, introducing innovation and transfer of technology among companies, as well as support for companies which have high growth potential.
- Financing newly established micro and small enterprises registered in the Republic of Macedonia, foundations and accelerators, with the aim of encouraging innovation among companies and transfer of results from scientific research into applicable, commercial activities by establishing “spin-off” companies.
- Achieving long-term positive contribution to the development of the national economy, improving competitiveness through technological and operational improvements and the provision of new jobs; supporting the formation of business and technology accelerators, entities providing infrastructural support for innovation activities in order to promote entrepreneurship by supporting individuals who want to establish an enterprise, as well as already established companies in their initial stage (not older than 6 years) by providing educational, logistical and financial support.

In terms of challenges, according to EBAN partners from Macedonia, development of the innovation/venture investing sector has stalled in the country, despite an increase of activity. The activity often amounts to noise. This is mainly due to reactionary activity by the government, which is focused on an FDI strategy, and poor performance of the introduced governmental innovation fund. The mismanagement of the initial process for creating the fund and subsequent operations is evident in the crumbling of the basic building blocks of the gov’t fund:

- The most esteemed members of the investment committee have resigned
- Pre-seed companies receive a convertible loan of around €25,000 under terms that stall their development, rather than accelerate it. There isn’t any useful added value provided to portfolio start-ups.

Finally, the main challenges faced by angel investment and co-investment funds in Macedonia are defined as following:

- Availability of venture capital
- Know-how and culture
- Lack of infrastructure components or mismanaged infrastructure
- Global connectivity

5.15 Netherlands

5.15.1 Netherlands Enterprise Agency – Fund against Child Labour

The Netherlands Enterprise Agency launched this year the Fund against Child Labour. It is seeking entrepreneurs from Dutch SMEs and large companies with an aim to help tackle child labour in their chain of production or as a multi-stakeholder project.

Entrepreneurs can help eliminate child labour with a subsidy from the Ministry of Foreign Affairs' Fund against Child Labour. The Netherlands Enterprise Agency is administering the fund. Due to the lack of education for example, child labour hampers the development of individual children and of society as a whole. This means child labour is not only a consequence of poverty, it is also a significant cause.

Funding Categories:

- Approach through the chain of production: due diligence projects – As an individual company or with assistance of companies in the chain, participants can help identify child labour in their chain of production. They will identify any obligations and tools they have at their disposal to combat this practice and they are obliged to report on their findings. An important element of this is the use of change management strategies within their company.
- Approach at local level: multi-stakeholder projects – Participating companies have largely reviewed their company processes with regard to child labour, together with relevant organisations and experts. In cooperation with key stakeholders, they want to contribute to the elimination of child labour, focusing on the geographical location of the chain of production where child labour occurs. Their group consists of at least one Dutch company, one local company and one NGO. Together, they work out a plan to combat child labour at the local level in a selected area and in a specific chain of production.

Funding Information:

- The budget for due diligence projects is €950,000.
- The subsidy per project is a maximum of 70% of the eligible expenses, up to a maximum of €25,000 for large companies, €50,000 for individual SMEs and €100,000 for joint ventures between companies.
- The budget for multi-stakeholder projects is €2,850,000.
- The subsidy per project is a maximum of 70% of the eligible expenses up to a maximum of €475,000.

Eligibility Criteria:

The fund is for entrepreneurs from Dutch SMEs and large companies who want to help tackle child labour in their chain of production or as a multi-stakeholder project.

5.15.2 Netherlands Enterprise Agency – Sustainable Water Fund

The Netherlands Enterprise Agency manages the Sustainable Water Fund (FDW) as a public-private partnership for water safety and water security in developing countries. Projects are collective initiatives between governmental bodies, industries, and NGOs. The thematic areas are improved access to drinking water and sanitation (including solid waste); efficient and sustainable water use, particularly for agriculture; and safe deltas and improved basin management.

5.15.3 Netherlands Enterprise Agency – Dutch Good Growth Fund (DGGF)

A consortium consisting of Triple Jump and PwC is responsible for the management of the Dutch Good Growth Fund (DGGF) Part: Financing local SMEs in up to 68 selected countries through investing in Intermediary Funds. The consortium manages the DGGF on behalf of the Dutch Ministry of Foreign Affairs. As part of the DGGF, the consortium manages a Seed Capital and Business Development (SC&BD) programme that is meant to support the investments made by the DGGF in intermediary funds and local SMEs. As such, the SC&BD programme should not be considered a separate programme from the investment scheme and support from the SC&BD programme can only be considered if this support is matched with a possible investment by the DGGF in an intermediary fund. Intermediary funds can therefore not solely apply for support from the SC&BD programme.

The purpose of the SC&BD programme is to strengthen the mission impact of the DGGF investment fund by providing:

- Technical Assistance (TA) and Seed Capital (SC) to SME finance initiatives – specifically Intermediary SME Funds and initiatives that aim to strengthen the infrastructure for SME finance. Business Development Services (BDS) to SMEs via Intermediary Funds.
- The products and services of the SC&BD programme are available for investees of the DGGF, i.e. intermediary funds (and eventually local SMEs) in which the DGGF has invested or intends to invest.

The SC&BD programme provides Technical Assistance and Seed Capital to support SME finance initiatives throughout all stages of development:

- TA services will be tailored to the specific needs of the SME finance initiative. Emphasis of TA support will be on the design and pilot stage – e.g. through supporting feasibility and market studies.
- TA services will also be used to support SME finance initiatives in complying with CSR and results measurement requirements of the DGGF.
- TA services will be provided on a cost-sharing basis to the DGGF and the client.

Seed Capital is a high-risk investment instrument that will be used to invest in new and innovative financial initiatives that are considered to be too premature and risky for the DGGF investment. If the investment is successful, the Seed Capital will be recovered and replaced – on a best effort basis – by a DGGF investment.

Lack of access to finance is not the only bottleneck for local entrepreneurs. Successful SME finance models often incorporate business development services. In some cases these business development services temporarily require additional funding in the form of (revolving) donations. The SC&BD programme provides Intermediary Funds with (revolving) funds and brokerage support so business services can be delivered to local entrepreneurs. Cooperation with local business providers is encouraged. Sustainability and scalability are key.

5.15.4 Netherlands Enterprise Agency – SME+ Innovation Fund

The SME+ Innovation Fund consists of 3 parts:

- The Innovation Credit scheme is used to stimulate development projects to which financial risks are attached. The Innovation Credit is available for innovative SMEs and SMEs+ that require financing. These businesses must be established in the Netherlands, Bonaire, Sint Eustatius or Saba. The minimum project size of the innovation credit is €150,000.
- The SEED Capital scheme allows emerging technology and creative entrepreneurs to be assisted by investors to convert their knowledge into suitable products or services. Emerging entrepreneurs can turn to the participating investment funds for this.
- The Dutch Venture Initiative (DVI) investment fund ('Fund-of-Funds') improves the access to the risk capital market for rapidly-growing innovative companies. This investment fund is managed by the European Investment Fund in conjunction with the Regional Venture Capital Company for the eastern part of the Netherlands (PPM Oost)

5.15.5 TIIN Capital

Early Stage funds

The "Tech Funds' Capital of TIIN have a focus on IT and high-tech, the entrepreneurs and teams are central where vision and execution have power.

Private investors, informal investors and family offices invest in funds such as Tech Fund , TIIN Tech Fund 2 and TIIN TechFund 3. By "Tech Fund" TIIN Capital invests in early stage technology companies, younger 7 years with a focus on the sectors of ICT and High- tech.

The funding must originate from an innovative concept with good market prospects. TIIN Capital invests mainly in companies that have reached the early growth of business models which generate revenue. In some portfolio companies are informal investors or clients from the network involved because of their specific expertise. The risk to investors in these funds is reduced by using the Seed Capital Scheme Technostarters (RVO).

Later Stage funds

These funds invest in companies that are innovative in many ways. The focus is on traditional management buy-outs and buy-ins and ICT and high-tech companies.

Private investors preferring to invest in more mature companies have chosen to invest in the funds TIIN Next Phase Fund (formerly Birch IV) and TIIN Buyout & Growth Fund. Through these funds, TIIN Capital invests in companies with passionate entrepreneurs/teams and with a proven market. Topics are growth, expansion, innovation and buyouts. In the rapidly changing (digital) world we are capable of existing business models to give an “innovation boost”, making our portfolio companies continue to play a relevant role in their markets.

The risk for investors may be limited in some cases by working closely with RVO and utilising the Growth Facility Regulation.

There is also the possibility for private investors to co-invest in portfolio companies of the fund. It occurs that the required investment amount at a portfolio company provides space to private investors to invite informal investors to co-invest where it can be chosen to provide loans or to offer equity capital.

For some time TIIN Capital has been following the trend of strengthening stacked funding. Consequently, there may be a case that a portfolio company in a transaction gets financed through capital contributions by a particular fund, a loan from private shareholders, and a bank or other money provider.

5.15.6 Health Innovations

Health Innovations invests in technology driven start ups in healthcare with two funds: Health Innovation Fund I (start 2007 - closed) and Health Innovation Fund II (start 2012). Shareholders in these funds are ABN AMRO Bank, two healthcare insurers (Achmea and VGZ), and Mediq (an international distributor in healthcare). The Dutch government supports the Funds with a seed capital arrangement. Since the Dutch Government is one of the investors, Health Innovations Funds are restricted to investing in Dutch companies. Further on, the focus is on:

- Early stage investments in medical devices and services companies
- Clear benefit for patient and/or health processes
- Investments of €100,000 to €1 million with a first round mostly up to €400,000
- Maximum 18 months until break even
- Company maximum 5 years of age

5.15.7 Mainport Innovation Fund II

MIF II was founded in 2015 by Schiphol, KLM, TU Delft, NS and Port of Amsterdam, together with NBI Investors, the manager of the fund. The fund helps entrepreneurs accelerate by combining VC funding with the expertise and global network of the partners, who can also act as pilot partner or launching customer

MIF II is the successor of Mainport Innovation Fund I, which was founded in 2009 by Schiphol, KLM, TU Delft and Rabobank and has made nine investments since. MIF I closed on September 30, 2015

MIF II focuses on innovation in logistics, transport and aviation. This includes but is not limited to the following fields: Sustainable infrastructure and materials, connectivity, mobility, intermodal transport, energy, digitization, internet of things, security & safety, seamless travel and big data. We invest both in the B2B and B2C space

MIF II invests in innovative technology companies that are gaining traction and are looking for funding, expertise and network to speed up their growth. MIF II aims to acquire a substantial minority interest in its portfolio companies. Initial ticket sizes range from €200,000 to €1 million. MIF II is in the position to lead or participate in follow on rounds, up to total commitments of €3 million and over.

5.15.8 Zeeuws Investment Fund

Zeeuws Investment Fund (ZIF) invests in young, potentially successful Dutch companies that have developed a new product, process, or service recently introduced to the market, or has a 'time to market' of no more than one year. The investment per participation lies between €400,000 and €1 million. The investment is made available in the form of share capital.

ZIF is an investment fund of the regional development agency NV Economic Impulse Zeeland, the ZIGZAG foundation, and several private investors, all with an obvious link to Zeeland. ZIF is led by fund manager Johan Sebregts. ZIF strives to sell its stake in the company after 5 to 7 years and, before initial participation, agrees on an exit strategy with the company's management.

5.15.9 Life Sciences Partners (LSP)

LSP is one of Europe's largest and most experienced healthcare investment firms. With a track record going back more than 25 years, it built up an investment house that is dedicated to only one task: seeking, nurturing and growing healthcare investment opportunities with the potential to have a positive impact on society.

From the offices in Amsterdam, Munich and Boston, the team aims to back the smartest inventors with the best ideas. While their goal is to develop products and technologies that have a positive impact on society, LSP's objective is to help inventors achieve their goals. By definition, success is often accompanied by financial returns.

LSP attracts investors from a wide range of backgrounds and origins. They all look to gain exposure to the healthcare sector via LSP's investment funds. The funds vary depending on their size, liquidity, level of risk and duration. Investors, be they private individuals, institutional investors, wealth managers or strategic partners, invest in some or all of LSP's products, depending on their own strategy and preferences. Some of LSP's funds will serve longer term investors with an appetite for higher risk/return investments, while other funds will serve investors with a shorter investment horizon and a lower risk/return appetite. LSP also has a number of strategic investors, including some of the world's largest pharmaceutical companies such as GlaxoSmithKline from the UK and Pfizer from the US.

5.16 Poland

5.16.1 Loan for Innovation

The Polish Agency for Enterprise Development (PAED) implements support schemes for business angel networks and seed funds (money mostly come from ERDF and national budget). In 2013, PAED launched the Co-investment Loan Fund. Up to now they opened two calls for this instrument. Companies which have signed an investment agreement with private investor (BA/VC) can apply for a loan. The loan can be between zł200,000 up to zł2 million (app. €50,000 to €500,000) and cannot exceed the doubled investment of private investor. There is a preferential interest rate, withdrawal period and collateral.

On the other hand, in 2013 PAED opened a call for proposals for seed capital/incubators and signed agreements with 31 organisations. Each of them received several million zloties for investments in newly created companies. There was a rule that each organization have to attract private investor in each investment (either BAs or VCs). You can also treat it as a coinvestment scheme.

The Loan of Innovation's size is €25 million, including management costs with a maximum 8 years payback period. The type of the fund is public, 85% European funds (ERDF) and 15% national funds. Some other key specifics include:

- Sources of dealflow - Mainly entrepreneurs having signed an investment agreement with VC found/BA
- Management - Deputy President of PARP and Department of Business Environment Institutions Support
- Investment decision taken by investment committee
- Average timing of investment decision – about 60 days
- Investment strategy – whole country, all sectors
- Conditions to be a co-investor - BA or VC found status (in accordance with Polish regulations)
- For public sector funds: Criteria to select private partners/co-investors - Private partners/co-investors are not selected by PARP
- Terms of investment (ratio private/public: pari passu or other) - The entrepreneur can receive twice as much money from Loan for Innovation found as raised from BA or VC funds. For example, a loan of €500,000 requires the contribution of the BA/VC found reaching a minimum of €250,000
- Other important conditions and role of the lead investor - Funding from €50,000 up to €500,000 per company; Interest and capital grace period (up to 36 months); Fixed interest rate at 6,5% p.a. (in PLN, very competitive); Limited collateral (blank promissory note); No commissions and additional costs.

5.16.2 PFR Biznest FIZ

Polish Fund of Development - PFR Ventures operates in the fund of funds formula, offering financing for innovative SMEs via selected financial intermediaries such as venture capital or business angels. Funds dedicated to innovative projects come from European funds, i.e. the “Smart Growth Operational Programme 2014 – 2020 and private funds from selected financial agents. As for the date of this publication, none of them is active, but they are planned to be established by the November of 2017 – all of them step by step starting with the Starter. The one, which is the most connected with business angels investment and support is PFR Biznest FIZ.

The PFR Biznest FIZ fund is addressed to innovative companies at the initial stage of development (start-up and early stage of development). Financing is granted by groups of business angels who, thanks to their experiences, competences and contacts, provide the companies with the so-called smart money, greatly increasing their chances for a commercial success. The indirect objective of PFR Biznest FIZ is activation and development of a network of business angels.

Its financing model consists of reverse financing by groups of business angels in a proportion of 50% PFR Biznest FIZ / 50% funds of business angels. Investment goals include:

- Increased financing for innovative activity of SMEs
- Support for companies at the initial stage of development
- Activation and development of the Business Angels’ network
- Internationalisation of companies’ operation

Key points:

- Funds available – zł258 million
- Type of Fund – Fund of funds
- Fund profile – Financing via financial intermediaries (VC funds) for innovative SMEs at the start-up and initial development stage
- Investment size – Average investment ticket of from zł200,000 to zł4 million; 50% PFR Biznest FIZ / 50% private funds
- Investment period – Investments in VC funds 2017-2020; Investments in companies 2017-2023
- Selection process – Open process of selecting investment companies, performed by PFR Ventures

5.16.3 Xplorer

Xplorer Fund specialises in investing in early stage technology projects, known as “Proof of Principle / Proof of Concept”. The fund targets the entire scientific community, and focuses on commercializing solutions with high market potential.

Key Points:

- Operational since fourth quarter of 2014
- Finances technology-driven projects or startups
- €5 million under management; 80% public (National Research and Development Centre), 20% private
- Invests €100,000 up to €1.5 million per year
- Focus: hi-tech projects in ICT, life science, cleantech, and energy sectors

Xplorer's main focus is on technology projects with unique solutions which show a high potential to achieving sustainable competitive advantage primarily in industries such as: ICT (Information and Communications Technology), IoT (Internet of Things), Telemedicine, and Nanotechnology.

While the team is experienced in seed & startup technology investment, they can also access foreign partners for the business expansion phase, ensuring that Xplorer Fund can guide tech startups through all development stages, no matter their sector of activity or current development stage.

Success stories include:

Mimesis – Specializes in the development of innovative payment services and online shopping apps.

Photon – A robot dedicated to the children, designed for learning programming and logical thinking through entertainment. Photon is the world's first robot that grows with the child.

Retixa – A category Analytics 3.0 appliance (appliance combining hardware and software), combining algorithms, advanced analytics, Big Data and real time information processing for telecommunication companies.

Zecardo – Creates intelligent motorcycle mirrors that can automatically adjust their angle depending on the driver's position. It is an innovative device with no direct competition worldwide.

5.17 Portugal

5.17.1 Equity and Quasi-Equity Fund (FC&QC)

Instituição Financeira de Desenvolvimento, S.A (IFD) is provided co-financing through its Equity and Quasi-Equity Fund (FC&QC), which has already opened two calls for business angels, one in May/2016 (already closed, selected business angels are already performing new investments) and another in January/2017 (closed for applications, selection process under way). Intermediaries receive financial resources from the Equity and Quasi-Equity Fund within the financial instrument Line of Financing for Special Purpose Vehicles Owned by Business Angels.

Line of Financing to Special Purpose Vehicles owned by Business Angels IFD-FC&QC-BA-01/16

- Date of creation: May 11th, 2016
- Size: €18 million

- Life of fund (max): December 31st, 2019
- Type of fund: Public-Private Partnership; average public financing rate – 60% (specific financing rate depends on the specific financing Regional Operational Programme - 100% ERDF)
- Investment decisions made by private investor
- Investment strategy is defined by private investors
- Conditions to be a co-investor: Majority ownership by BA (individuals); BA certified by IAPMEI; Focus of activity: Participation in companies; Co-financing by FC&QC up to €750 000 per SPV
- For public sector funds, criteria to select private partners/co-investors: Application quality; Adequacy of instruments to target objectives; Demonstrated capabilities by the FI's management team; Demonstrated ability to mobilise resources
- Terms of investment and exit: Pari-passu
- Investments made since inception: €18 million
- Average amount of the deal: €50,000 per deal

Line of Financing to Special Purpose Vehicles owned by Business Angels IFD-FC&QC-BA-02/17

- Date of creation: January 4th, 2017
- Size: €18 million
- Life of fund (max): December 31st, 2019
- Type of fund: Public-Private Partnership; average public financing rate – 60% (specific financing rate depends on the specific financing Regional Operational Programme - 100% ERDF)
- Investment decisions made by private investor
- Investment strategy is defined by private investors
- Conditions to be a co-investor: Majority ownership by BA (individuals); BA certified by IAPMEI; Focus of activity: Participation in companies; Co-financing by FC&QC up to €750 000 per SPV
- For public sector funds, criteria to select private partners/co-investors: Application quality; Adequacy of instruments to target objectives; Demonstrated capabilities by the FI's management team; Demonstrated ability to mobilise resources
- Terms of investment and exit: Pari-passu

5.18 Russia

5.18.1 Moscow Seed Fund

The purpose of this fund is to promote venture capital investments in small businesses in Moscow. It was established by the Department of Science, Industrial Policy and Entrepreneurship in Moscow. The aim of the Fund is to create favorable conditions for the development of venture investment in Moscow. Its mission is to Support beginner venture investors and young innovative enterprises.

The fund promotes venture capital investment in small enterprises in the scientific-technical sphere of the city of Moscow by providing soft loans for innovative projects in the pre-seed and seed stages. Registered in Moscow, the fund has received financial support in the form of investments from private investors - fund partners. The main objective of this initiative is aimed at supporting the existing and increasing the number of investors in Moscow, within the innovative projects at the earliest stages of start-ups that have received investments.

Investment loans are provided on concessional terms. The interest rate on the loan is 12% , with the loan period of not more than 3 years with deferred repayment of the loan and accrued interest of the body up to two years. The loan amount invested in an innovative company varies from ₺500,000 to ₺8 million (appr. €8,000 up to €125,000). The loan is granted only if the private investor allocates funds to the investment project. The loan from the fund achieves twice the size of investment made by private investor.

The Foundation regularly organizes the selection of investors. Among the investors working with the Foundation are known business angels and venture capital funds specialised in investments in the early stages of projects.

5.19 Slovenia

5.19.1 RSG Capital

RSG Capital was founded in 2006 as Prvi Sklad, Družba Tveganega Kapitala, D.O.O. Its only founder was the Chamber of Commerce and Industry of Slovenia, which provided the initial €3.5 million needed to start operations and make the first investment. The goal was to invest in companies in their earliest development stage. As the legislation regulating venture capital companies was not yet in place in Slovenia at the time, RSG operated as a financial holding company.

In 2007, as soon as the appropriate legislation was adopted, RSG founded the venture capital company, changed its name to RSG Capital (RSG Kapital) and became a venture-capital management company. Today, RSG Capital is a leading venture-capital management company based in Slovenia and is helping to build a supporting environment for high-tech businesses.

RSG Capital invests in companies in an early development stage which either already have a source of income, or whose product/service commercialization is imminent, but also in companies which need additional capital in order to expand their business operations. They usually join other owners as the first institutional investor and help companies grow to the point where they become interesting for larger investors and strategic buyers. RSG Capital can provide a capital increase of €1.5 million to an individual company, as well as follow-on investments, depending on the respective company's needs.

5.19.2 Business Angels of Slovenia

Founded in 2007, Business Angels of Slovenia is the first and biggest club of angel investors in Slovenia. Members of the club are investors from Slovenia, the CEE region and Europe. They invest exclusively in startups with potential international expansion, fast growing disposition and innovative ideas.

As angel investors, they invest up to €500,000 in startups that have made an initial entry to the market with an at least minimum viable product (MVP) and a well-developed business plan. Business Angels of Slovenia still operates as a club, the fund has still not been established.

The current size of the club is €150 million with business angel members as sources of dealflow. Syndicate members manage the club, investment decisions are taken by Board of Syndicate Members, and the lead investors' role is to lead other investors investing in a particular project. The average timing of an investment decision is 6 months, while the average amount invested varies between €300,000 and €350,000 per deal.

5.19.3 STH Ventures

STH Ventures, a venture capital company, was established as a venture capital fund in 2010. Total assets of the fund amount around €7 million. Fund investments were targeted at small and medium-sized enterprises in Slovenia and the region through long-term development potential.

The fund management continues seeking suitable investment projects respectively. Target entrepreneurs are ambitious, they want rapid growth of the company, and seek global market. The fund management also aims projects with products that contribute towards environmental sustainability and decrease in environmental pollution. The investment policy is focused primarily on companies with substantially completed product development which are ready to enter the market, while in need of start-up capital. It is not necessary that the initiative presents high-tech product, as long as it properly responds to the needs of the market and has potential for profitable growth.

5.20 Spain

5.20.1 IESE – Finaves Funds

For over fifty years, IESE, the graduate business school of the University of Navarra, has been at the forefront of management education, developing and inspiring business leaders who strive to make a deep, positive and lasting impact on the people, companies and society they serve.

Since 2000, Finaves has been a key platform supporting and inspiring the IESE entrepreneurial spirit. From offering promising entrepreneurs the tools to refine their business plans to raising the seed capital to make their venture a reality, Finaves brings together IESE expertise, investors and entrepreneurs to foster new enterprises. The result is an impressive contribution to the creation of the new businesses, employment opportunities and wealth that play a vital role in economic development.

The Finaves funds have helped launch more than 40 companies linked to IESE students and alumni, investing a total of €12 million and contributing to the creation of approximately 2,500 jobs.

Strengthening its commitment to entrepreneurship, IESE will launch its fifth seed capital fund, Finaves V, in the second half of 2017 to help students and alumni get their new ventures off the ground. This is the latest fund from the school's successful venture capital arm, Finaves. Finaves' fifth fund has been set up with €3 million of capital and will make seed capital investments of €50,000 to €300,000 in promising business ventures of IESE alumni and students. It also aims to finance and promote the growth of search funds, a promising form of entrepreneurship whereby entrepreneurs acquire existing companies in order to take them to the next level.

The fund's shareholders are investors linked to IESE who wish to support the entrepreneurial activities of students and alumni. Among them are: Jan Borjonjon, founder and president of Interchina Consulting and director of CEIBS; Andreas Bürgin, entrepreneur and business angel; Hermes Growth Partners, a venture capital firm focused on tech companies; JCA Supraholding; iTucap, a venture capital company; Inderhabs, Family Office of Barcelona; and IESE Prof. Pedro Nueno.

IESE Prof. Alberto Fernández Terricabras will manage the fund and Anna Maria Birulés, a former minister of science and technology of Spain, will be its president. Birulés currently serves as an advisor to various companies and has held senior positions at Retevisión and Banco Sabadell.

Some success stories:

Worldsensing – A widely recognized global IoT pioneer. They use wireless sensor technology and real-time software solutions to provide operational intelligence to operators and decision makers. They work with customers in more than 50 countries across 5 continents, reinventing the world we will live and work in tomorrow.

Kubi Wireless – An operator specialized in the provision of Internet access services through Wi-Fi technology in public environments. Kubi's network of hotspots allows connectin in locations such as hotels, restaurants, airports, exhibition centers or shopping centers.

Nexenta – The global leader in Open Source-driven Software-Defined Storage (OpenSDS). Founded in 2005, with 6,000+ customers and more than 1,700 petabytes of storage under management, the privately held company delivers 100% software-based storage solutions, providing organizations with total freedom to choose an easy-to-use, secure and ultra-low cost storage solution to fit their needs. Nexenta enables everyday apps; from the Internet of Things to Big Data; from OpenStack to Containers – and all types of Clouds – Private, Public, and Hybrid.

5.20.2 ICEF – IFEM

Institut Català de Finances (ICF - Catalan Finance Institute) is a public financial institution founded in 1985 and owned by the Government of Catalonia. ICF's mission is to foster and improve access to funding for enterprises in Catalonia in order to contribute to the growth of the region's economy, complementing the private financial sector.

ICF is member of the European Association of Public Banks (EAPB), which gathers the majority of public European banks and financial institutions. ICF operates via a parent company, two subsidiaries (IFEM and ICF Capital) and an investee (AVALIS). ICF, through IFEM, supports the creation and growth of innovative start-up through venture capital programs and co-investment with private investors through participative loans.

IFEM, has managed finance from the initiative JEREMIE of the European Regional Development Fund (FEDER) in Catalonia within the framework of the Operating Program 2007-2013. At present, it is reinvesting the returns of the investments that it has carried out within the framework of the program JEREMIE.

IFEM actos through two different lines. One line of action includes IFEM acting as a venture capital investor in companies with a base in Catalonia. Beneficiaries here represent start-ups and companies at an early stage of growth that have a high technology and innovation component. Brokers include Inveready Innvierte Biotech II, SA; Healthequity, SCR SA; VentureCap II SCR, SA; Caixa Innvierte Start, FCR; and K Fund, FCRE.

The second line of actions is financing together with private investors in the form of a participative loan for start-ups or early-stage companies. ICF manages the coinvestment with private investors through IFEM. Beneficiaries of those co-investments are entrepreneurs or innovative companies focused on technology or science, with strong growth potential, that seek early-stage funding.

Financial terms:

Operation type – Participative loan. A part of the formalised amount will be able to be destined (until a maximum of 15% or €20,000) to invest in the capital of the company by IFEM.

Amount – Generally between €50,000 and €200,000 per project. The maximum investment on part of IFEM cannot exceed the sum of the contributions in capital of the private investors. With the objective of accompanying the companies in following rounds of funding, IFEM will be able to increase the invested amount (follow-on) until additional €200,000 with the same conditions.

Purpose – Financing the business plan set out in the application.

Period – Maximum of 5 years, including a grace period of up to 2 year.

Fixed interest rate – Linked to 12-month Euríbor plus a spread of 5%.

Floating interest rate – To be determined on the basis of performance of the business plan (up to a maximum of 7%).

Arrangement fee – 0.5% of the principal.

Collateral – Without collateral.

Application – Application must be made via an accredited intermediary: business angel networks or company or private vehicle of investment (business accelerators, venture builders, pledge funds, entities of venture capital not invested by the ICF and societies of limited responsibility or anonymous that serve as instrument of investment for investors).

5.20.3 Galicia Iniciativas Emprendedoras, FCR-PYME (Galicia Entrepreneurs Initiatives)

The Galicia Entrepreneurs Initiatives started in 2014 and it pursues the objectives of promotion entrepreneurship and financial support for entrepreneurial initiatives as well as creating of a Galician network of private investors. For this purpose, it has an economic endowment of €5 million which is fully financed by Galician public funds.

Part of the initiative is co-financing with business angels, a fund which is managed by XesGalicia. XesGalicia is a Galician public venture capital management firm. It finances company development through the temporary acquisition of minority shares of the capital of unquoted companies. Investment decisions are taken by the Investments Committee and Board of Directors with an average investment decision period of 2 to 3 months. Acceleration and support programmes for entrepreneurs act as sources of deal flow.

The conditions to be accepted as a co-investor in this fund is, first of all, to be a business angel accredited by the IGAPE. In addition, the business angel and/or business angel network should have:

- Honourability and good reputation
- Non-disclosure agreement
- Investment capability
- Business experience on investments

Terms of investment include:

- Participative loans convertible to equity

- Investment in equity at the same terms as business angels
- Pari-passu

The fund's investment strategy includes early stage start-ups in all sectors of Galicia. The average amount of investment is €60,000 per deal. Typical exit routes are loan repayments and buybacks of shares.

According to EBAN's sources, Spanish business angels and co-investment funds currently face some challenges and objectives. Probably, the most important is the lack of support from the government. Our partners think it is necessary to improve the fiscal regulation to stimulate inversion, and also to increase the amount of public funds which would complement the activity of private funds.

There is a gap between the inversion of a medium profile business angel and the inversion of a private fund. That underlines the need for support from government funds and brings up the need for new agents to appear in the ecosystem. These new agents would fill the mentioned gap between low and big inversions.

Another challenge is that, although there has been an increase in private investment, the number of operations remains stable, meaning that investors are not leaving their comfort zone and are not taking risks. This point, along with the fact that investors prefer to invest in "unicorns", with the result of a concentration of a biggest amount of money in the same quantity of startups, are some of the challenges that Spanish business angels and co-investment funds face.

In the last years, there have been some remarkable success stories resulting from the contributions of business angels and co-investments funds. There have been several rounds bigger than €10 million during 2015, 2016 and the first month of 2017.

5.21 Sweden

5.21.1 Jönköping Business Development

Jönköping Business Development AB (JBD) is an investment company with the mission to invest in commercially-oriented team and contractors in Jönköping region. They are interested to invest in companies with growth ambitions and an innovative, repetitive product with international potential that can bring skills, experience, networks and capital even before the company has a fully developed product or paying customers.

JBD invests in both early stage and mature companies with growth potential. They want to help businesses grow and become profitable, through both capital and active ownership.

They are closely linked to the Science Park Jönköping, which is one of our owners. Other owners are Jönköping University, Länsförsäkringar Jönköping, LRF and a number of private investors. JBD is based in Jönköping region but also invests in related fields.

Jönköping Business Development is registered with the FSA as a manager of alternative investment funds.

5.21.2 Sörmlandsleden

Sörmlandsleden fund is the county's hub for active equity capital to growth-oriented Sörmland company which are driven by ambitions. The hub has also incorporated within it a Sörmland business angel network with some 30 investors who actively participate in the investment activities. Sörmlandsleden fund and business angels' skills, networks, and capital aim to contribute towards favorable conditions for growth in Sörmland.

Sörmlandsleden fund is owned by Sörmlands Savings Bank, Savings Bank Rekarne, and Länsförsäkringar Södermanland. Shareholders' investable equity is kr10 million which, together with the investment network, is aimed to reach about kr50 million. In other words, the goal is to raise Sörmlandsleden fund investments 5 times through angel and other investments carried out in the same company. Typical co-investments carried out in companies achieved an average amount of kr1 million up to kr5 million.

Together with business angels, the fund can invest in start-ups and existing companies as well as get engaged in spin-offs and transfers of ownership. Below are a number of desirable investment criteria:

- Company is run by a real entrepreneur
- Company has operations and preferably is also based in Sörmland
- Company generates revenue from paying customers who are happy to come back and purchase more
- Existing owners and management understand what it means to bring in external investors
- Company needs capital to implement a growth plan (not just to cover old losses)
- Other investors are willing to invest at least as much as Sörmlandsleden fund and to the same conditions
- Owners/investors and management agree on the company's business plan for the coming years
- Owners/investors are willing to sign a shareholders' agreement
- Sörmlandsleden fund together with other investors are able to add at least one board seat
- There is an option to sell the holding in 3 to 7 years
- There is a realistic potential appreciation of at least three times the invested money

5.21.3 Kaponjären 1 AB

Kaponjären 1 AB is an investment company GU Ventures launched together with business angels. The company invests in GU Ventures portfolio company.

The company's business is to own, sell and manage investments in wholly or partly owned projects and services of companies whose objective will be to conduct research and development. The R&D should aim commercialised development of projects and knowledge developed or incurred in

connection with the activities of Gothenburg universities, financial activities, and consultancy as well as conduct other related operations.

5.22 Switzerland

5.22.1 A3 Angels

The objective of the A3 Angels' investment programme is to support start-ups either by limited start-up capital or by preparing them for meetings with other business angels clubs or venture capital funds in Switzerland.

A3 Angels members invest between SFr5,000 and SFr50,000 per project in individual or team, to encourage a top-up carried out by investors outside the Club. A3 Angels' forecasts are to make 3 investments per year for a total of about SFr500,000 over 3 years. It is noted that the Club itself does not constitute an investment company or financial adviser.

A3 Angels is a member of CTI-Invest, the Swiss platform for financing start-ups supported by the CTI. It also works with members who choose to invest through other clubs such as BAS, Go Beyond and investiere.ch. It is also a member of EBAN in order to inform members and start-ups about funding bodies.

5.22.2 Fongit Seed Invest

Fongit Seed Invest (FSI) is the leading financing source for early-stage companies in the Lake Lemman area. FSI makes equity investments in start-up companies having outstanding growth potential, disruptive patented technologies, well-rounded and balanced teams, and capable to sell the product within 24 months. The addressable market must be more than SFr100 million, with projected revenue of more than SFr5 million per year, within 5 years. Purely Biotech projects are transferred to partners such as Eclosion.

FSI takes minority equity stakes, i.e. < 49%, in ventures it finances. FSI functions as a shareholder that actively manages its equity stakes by looking at optimising the usage of its portfolio companies' capital and financial resources. FSI excels in structuring financing plans that do not require capital investments, like guaranteed bank or convertible loans, and public grants as FSI is accustomed to convey diverse investment strategies to angels and large institutional investors. FSI aims at developing and securing compelling exit strategies for its companies it finances, in collaboration with their upper management.

FSI exclusively invests in companies incorporated in Switzerland, with strong linkages with the Geneva region. Ventures from the bordering region of Geneva, or willing to relocate from abroad, are encouraged to apply.

FSI actively assists its portfolio companies to raise capital in further rounds of investments and to increase the valuation of its portfolio assets, often in collaboration with the start-up accelerator

Fongit. It supplies strategic and legal guidance to its companies to structure financial resources, federate investors, and negotiate the financing proposal.

FSI can act alone or partner with other investors like venture capitalists, business angels or banks. The due diligence is performed either by Fongit, or by consultants or organisations chosen by FSI.

Fund raising scenarios are threefold:

- FSI functions as the lead investor: the venture must be physically based at Fongit and must enrol to a coaching program.
- FSI functions as a co-investor: there is no geographical constraint; FSI prefers though investments near to the Geneva headquarter.
- FSI functions as a catalyst: the start-up accelerator Fongit is keen in preparing and presenting its outstanding incubated companies to FSI. FSI may invest – pending a successful due diligence – and assist the venture to close its fund raising process.

5.22.3 Go Beyond Investing

The Go Beyond portfolio approach continuously maximises chances of success for small and large early stage investors. Successful exits to corporate buyers have occurred at valuations between SFr5 million to SFr100 million in what could be called the mid-tail of exits. In other words, Go Beyond investors have made good returns without investing in a unicorn. This approach encourages building a diversified portfolio with curated deals and investing in follow-on rounds of well performing early-stage companies and is key to achieving success through mid-tail exits. Go Beyond Investing facilitates this through its unique deal and collaboration platform, portfolio tools, and certified deal leaders who add value to the invested companies and investors.

Go Beyond Investing's community as of December 31 2016, included 439 early stage investors. 374 have invested at least once and 291 have already invested multiple times. Members come from 33 countries across 5 continents, with the majority in Europe. 42% are women. Members interact virtually and meet in various locations throughout Europe and the US. In 2016, Go Beyond Investing began activities in Africa and the Middle East. Go Beyond Investing's community have made investments in 60 companies from 14 countries through 143 investment rounds. These innovative startups come from a wide variety of sectors.

Go Beyond Investing's community have portfolio returns and liquidity: SFR17.6 million has been invested returning SFR15.7 million in cash, before fees, to investors up to December 2016. Of the 60 companies invested; 4 have exited positively and 51 are still active. 88% of members who made at least one investment have a break even or positive portfolio return. 37% have annualized returns \geq 20%. Investors with 5 or more investments have an average portfolio annualized return of 16%.

Go Beyond Investing has enabled many of its members to achieve success through its innovative Fintech approach which provides:

- Cross border curated and benchmarked deal flow.

- Portfolio strategy tips and tools.
- Professional deal leadership certification and a matching compensation program.
- Cumulative knowledge sharing tools actively educating investors both in a learning environment and “on the job”.
- Deal and collaboration platform with syndication vehicles for small investment tickets.

5.23 United Kingdom

5.23.1 Angel CoFound

The CoFund was established with the dual objectives of providing both direct investment to high potential SMEs, enabling them to unlock their growth potential; and supporting the development of the UK business angel market, by encouraging syndication and best practice.

The CoFund is a private sector body, a company limited by guarantee, which has been designed and established by a consortium of private and public bodies with expertise in business angel investment in order to achieve the objectives as noted above.

The strategic direction and governance of the fund is provided by an independent board of directors drawn from the original consortium partners. The board is not directly involved in individual investment decisions, which are determined by the independent Investment Committee of the fund, made up of a number of highly experienced business angels and institutional investors. The investment management and administration of the fund is carried out by a small but experienced team seconded from the British Business Bank.

The fund launched at the end of November 2011 and was initially capitalised with a £50 million grant from the Regional Growth Fund. During the first 15 months of the fund's operation it became apparent that there was considerable demand, from both high potential SMEs and business angels, for co-investment from the fund. Supported by additional capital from the British Business Bank the fund has been able to increase its investment capacity to £100 million.

Any profits generated by the fund are recycled for further investment.

The fund invests across the UK and aims to support businesses at all stages of development and across most sectors. It is able to make initial equity investments of between £100,000 and £1 million in to SMEs alongside strong syndicates of business angels. Investment is subject to an upper limit of 49% of an investment round and 30% of the equity in a business, although investments are usually less than this.

The fund will only make investments alongside syndicates of business angels, who must be investing in a given business for the first time. Any final decision to invest will be made by the independent Investment Committee of the fund based on the detailed proposals put forward by business angel syndicates. The fund will only make commercial investments.

5.23.2 Enterprise Capital Funds (ECFs)

Enterprise Capital Funds combine private and public money to make equity investments in high growth businesses. The ECF programme aims to increase the supply of equity to UK growth companies and to lower the barriers to entry for fund managers looking to operate in the VC market.

The British Business Bank invests alongside venture capital funds on terms that improve the outcome for private investors when those funds are successful. This is done to encourage venture capital funds to operate in a part of the market where smaller businesses are not able to access the growth capital they need.

Enterprise Capital Funds are managed by experienced fund managers from a variety of backgrounds – including teams from the venture capital industry as well as serial entrepreneurs with a history of success in building early stage UK companies. A rolling investment programme is operated for commitments to new Enterprise Capital Funds.

ECF performance:

- Since inception, over £946 million (including third party) has been committed through the Enterprise Capital Funds programme, including £551.5 million from the British Business Bank (as at end Jan 2017).
- Over £482 million of funding has been drawn, including £283.7 million from the British Business Bank (as at end Jan 2017).
- The ECF programme is a significant part of the UK venture capital industry, with 23 funds facilitating finance to 305 SMEs (as at end Sept 2016).

As per the latest data available, the ECF programme helped four new funds reach their first close over the last quarter of 2016. They committed:

- £50 million to the £150 million ADV fund, which will provide evergreen, patient capital to smaller businesses via a network of digital technology hubs across the regions (November).
- £30 million to the £50 million (target final close of £50 million to £80 million) Seraphim Space Fund, which will be the world's largest ever, early-stage, space-sector, venture fund (November).
- £26 million to Entrepreneur First's £40 million Next Stage tech fund, which will provide tech start ups with funding alongside mentoring from top entrepreneurs (September).
- £24 million to the £40 million Active PE fund, which will invest in consumer-focused scale-ups (September).

5.23.3 Scottish Co-investment Fund (SCF)

Scottish Enterprise is Scotland's main economic development agency and a non-departmental public body of the Scottish Government. The Scottish Co-investment Fund (SCF) is delivered by its investment arm, the Scottish Investment Bank (SIB).

This fund is designed to address a finance gap alongside Scottish Enterprise's accredited co-investment partners. Investment can be made in companies from start up, growth to expansion into new products and/or markets. Through this fund, Scottish Enterprise can match accredited investment partners up to a maximum of 50% of the total funding package on a commercial basis. Scottish Enterprise can provide from £10,000 up to £1.5 million, as part of a total deal size ranging from £20,000 up to £10 million.

This is an equity fund (Scottish Enterprise will subscribe for shares), with deals brought forward to them by their partners. The Scottish Investment Bank invests on equal terms with the investment partner (pari passu). Company enquiries for SCF funding should be through an accredited investment partner.

To be considered for investment from the Scottish Co-investment Fund the company must:

- Be a commercially-viable business
- Have, or be in the process of developing, a significant operational presence in Scotland which is proportionate to the levels of investment being sought
- Fall within the EU definition of a Small to Medium Enterprise (SME)

The fund is not sector-specific but certain sectors may be restricted, including:

- Real estate/property development
- Social and personal services
- Pubs, clubs and restaurants
- Local services
- Banking and insurance
- Motor vehicles
- Nuclear decommissioning
- Professional services
- Retail

Other activities may be restricted from time to time, in line with European Regional Development Fund (ERDF) requirements.

5.23.4 London Business Angels (LBA) Funds

LBA organises various investment opportunities for its members in forms of funds managed by different of its operating bodies. Currently, LBA ventures is developing new and innovative Venture Capital Funds as additional investment opportunities for LBA members.

Perhaps the most notable among LBA funds is the LBA EIS RoundTable Syndicate Fund which is the first of its kind in the UK. This is an HMRC approved EIS fund raised via our membership each year, offering relevant tax benefits to our investors and simple access to a diversified portfolio. The fund co-

invests in approximately 5-10 companies out of the 66 selected to present to the network as a cornerstone investor each year, with up to £100,000 in an individual deal.

Invest Northern Ireland (Invest NI) – Access to Finance Solutions

Halo is the Northern Ireland Business angel network, a joint initiative between Invest NI and Intertrade Ireland, funded by Invest NI. It is delivered by Catalyst Inc and provides a matching service between companies seeking investors and business angels

In recent years there has been a reduction in the number of private investors and banks willing to lend. To help bridge this gap Invest NI has created a suite of funds under the banner Access to Finance which represents a risk capital funding continuum – from start-up to development capital up to £3m.

There are six funds in total, providing circa £170 million of finance. The funds are either debt or equity based and are designed to support businesses of different sizes, or at different stages of growth or development. Each fund is managed by an independent, experienced fund manager – Invest NI does not have any role in deciding which businesses the funds choose to invest in. In some cases Invest NI is the sole provider of investment to the fund, in others it is one of several investors.

The funds include:

NI Small Business Loan Fund (Fund Manager: Ulster Community Investment) – A £5 million revolving loan fund for individuals, private companies and social enterprises in the SME and micro enterprise size range based in Northern Ireland. Loans are typically unsecured and range between £1,000 and £50,000 (maximum £15,000 for start-up businesses). More information on: www.nisblf.com

Techstart NI (Fund Manager: Pentech Ventures LLP) – A £29 million collection of funds for start-up and early stage businesses based in Northern Ireland. Provides support to entrepreneurs, seed and early stage SMEs and university spin-outs. Includes a £17 million SME equity fund investing in the range of £50,000 - £250,000; two university funds of £1.5 million each providing capital to university spin-outs with initial investments in the range of £50,000 - £250,000. Support also includes a £3.6 million Proof of Concept Grant Fund providing grants of up to £25,000 to help commercialise technology innovation; and an Investment Awareness Programme providing support for entrepreneurs. More information on: www.techstartni.com

Growth Loan Fund (Fund Manager: Whiterock Capital Partners) – A £50 million loan fund for SMEs based in Northern Ireland that can demonstrate sales and profitability growth, or strong growth potential. Loans are typically between £50,000 and £500,000. More information on: www.whiterockcp.co.uk

Co-Fund NI (Fund Manager: Clarendon Fund Managers) – A £28 million fund for SMEs based in Northern Ireland. The fund co-invests alongside business angels and other private investors. The

fund can provide co-investment in deals typically valued between £150,000 and £1 million, at a ratio of up to 50%. More information on: www.cofundni.com

Development Funds (Fund Managers: Kernel Capital and Crescent Capital) – The two venture capital funds, Crescent III and Bank of Ireland Kernel Capital Growth Fund (NI), (“the Development Funds”) have been designed to help SMEs in Northern Ireland accelerate their growth. Invest Northern Ireland has committed £15 million of funding to each fund, which has the potential to invest over £48 million in SMEs over the next five years. The investment range for each fund is typically between £450,000 and £1.2 million in any one investment round and can be up to £3 million over a series of investment rounds. More information on: www.kernel-capital.com and www.crescentcapital.co.uk

Techstart NI, Co-Fund NI and the Development Funds are part financed by the European Regional Development Fund under the EU Investment for Growth and Jobs Programme 2014-2020.

5.23.5 Finance Wales Funds

Finance Wales backs Welsh small and medium-sized businesses (SMEs) with growth finance. It can invest from £1,000 to £3 million at a time and offers debt (micro loans and loans), mezzanine and equity investments. Finance Wales can also syndicate/co-invest to ensure an SME has the capital it needs. It can also invest at all stages (early stage, development capital, as well as succession and acquisition). Finance Wales currently manages 11 funds in Wales (10 for businesses).

Table 3. Finance Wales Funds

Funds	Funders	Status
<i>£40m Wales SME Investment Fund</i>	Welsh Government and Barclays	Investing
<i>£12m Wales Micro-business Loan Fund</i>	Welsh Government	Investing
<i>£10m Wales Property Development Fund*</i>	Welsh Government	Investing
<i>£25m Wales Capital Growth Fund</i>	Welsh Government	Investing
<i>£7.5m Wales Technology Seed Fund</i>	Welsh Government	Investing
<i>£25m Wales Management Succession Fund</i>	Welsh Government	Investing
<i>£10m Wales Technology Venture Investment Fund</i>	Welsh Government	Investing
<i>£50m Wales Life Sciences Investment Fund**</i>	Welsh Government	Investing
<i>£454m Help to Buy Wales</i>	Welsh Government	Investing
<i>£136m Wales Business Fund</i>	ERDF, Welsh Government	Investing
<i>£157.5m Wales JEREMIE Fund</i>	EIB, ERDF, Welsh Government	Fully invested

*recyclable

** acting as holding fund

Source: Finance Wales



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