

The background of the slide features a newspaper clipping with several Euro coins (50-cent and 1-euro) scattered on it. A magnifying glass is positioned over the coins, focusing on a 50-cent coin. The newspaper text includes "EURO PRICE", "CURREN", "FT", "from", "ended 1.09 per cent high", and "analysts".

Business Angels – an integral part of the SME financing scene

Angelo Wille, Financing Innovation and SME



European Commission
Enterprise and Industry

Madrid, 11 December 2009

ESBAN presentation of a study on "Financing innovation for SME: the role of Business Angels"



Content

- Financial situation of innovative SMEs in Europe
- Importance of Business Angels
- EU Initiatives to foster BA activity

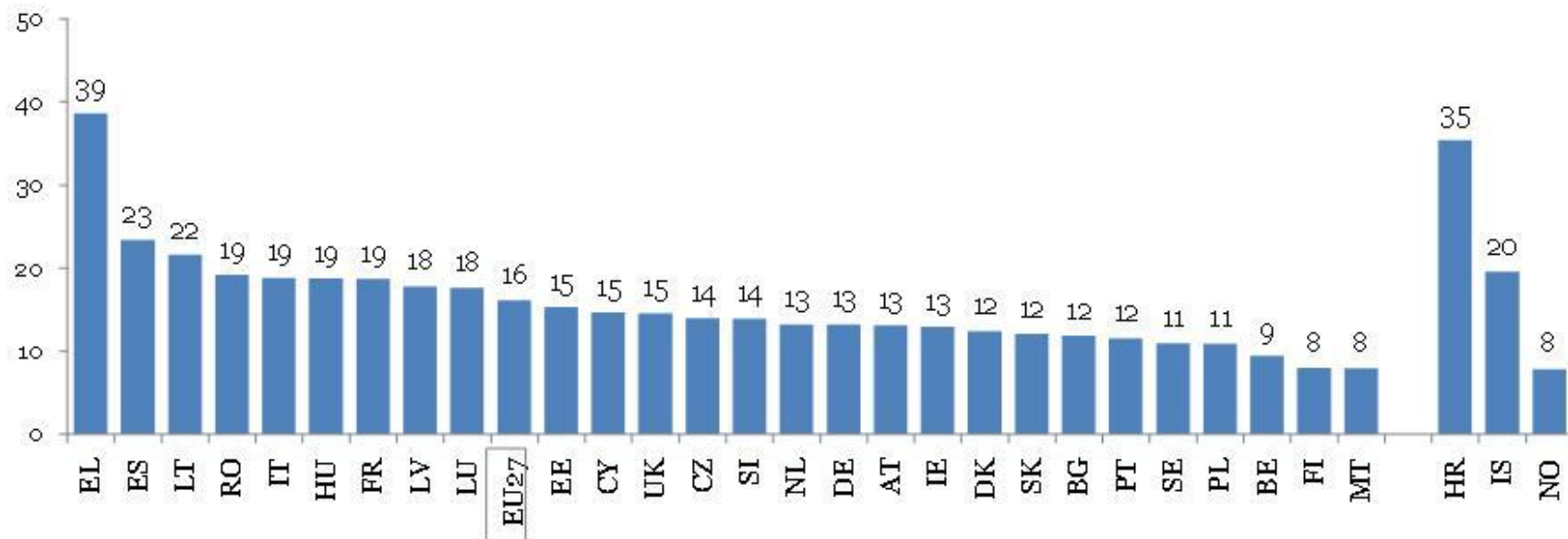
Financial situation of companies compared to 6m ago



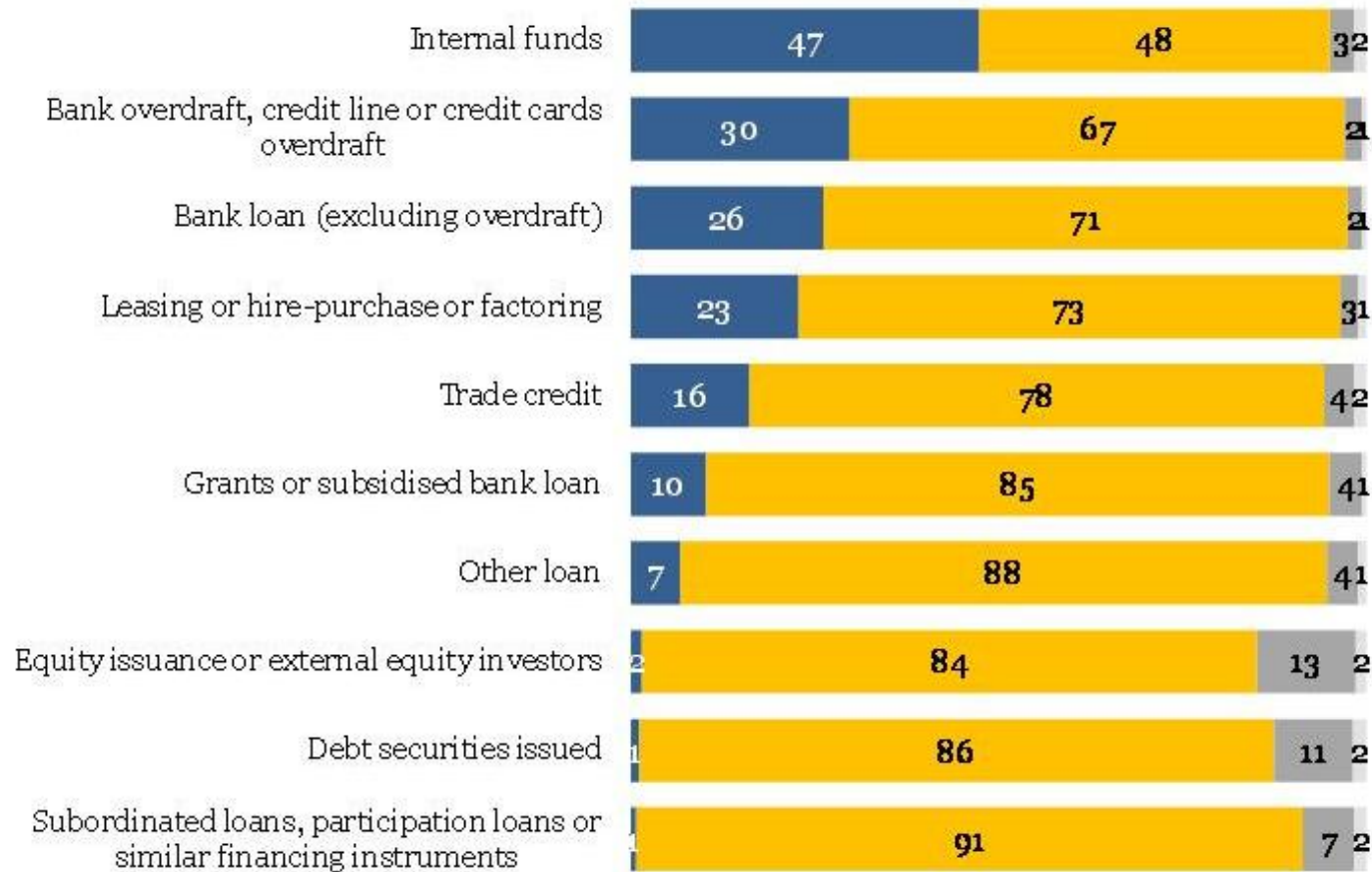
Q2: The following indicators are relevant for the income generation of your firm. Please tell me whether the following indicators have decreased, remained unchanged or increased over the past 6 months in your company?

Differences within the EU

Companies identifying **access to finance** as the most pressing problem



Use of financing

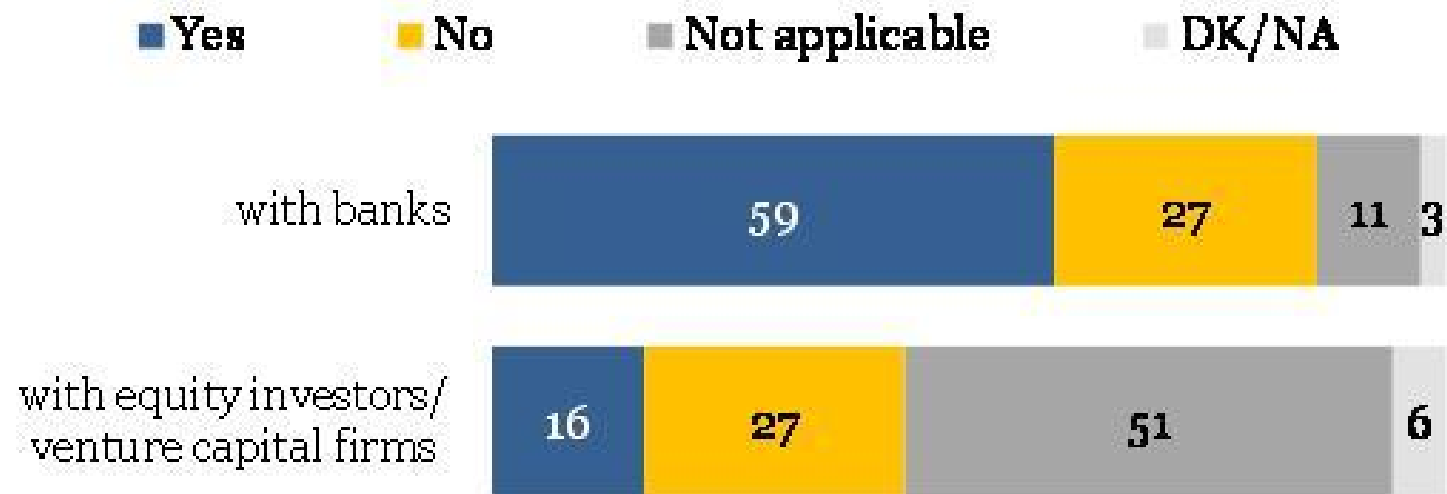


Q4: With respect to the financing structure of your firm, you can use internal funds and external financing. For each of the following sources of financing, could you please indicate whether you used them OR NOT during the past 6 months?

■ Used ■ Did not use ■ Instrument is not applicable to firm ■ DK/NA

Investment readiness

Managers' confidence to talk about financing



Q19: Do you feel confident to talk about financing with banks and to obtain the desired results? And how about equity investors/ venture capital firms?

Enterprise Finance Index

shows increasing importance of Business Angels

- Except 2006 European investments in seed- and early stage hover at low levels incl. Spain (EVCA)
- Business Angel activity in networks shows more or less steady increase (EBAN)

The screenshot displays the 'Enterprise Finance Index' website. The main content area includes an 'INTRODUCTION' section with placeholder text and a button to 'CLICK ON YOUR COUNTRY OF INTEREST TO KNOW MORE ABOUT THE CURRENT NATIONAL FINANCING TREND'. Below this is a map of Europe. A sidebar on the right lists 'NEWS HIGHLIGHTS' with links to various reports. At the bottom, a table for 'ITALY' shows four categories: 'VENTURE CAPITAL', 'GUARANTEES', 'LOANS', and 'BUSINESS ANGEL FINANCE', each with a corresponding icon.

http://ec.europa.eu/enterprise/entrepreneurship/financing/enterprise_finance_index/index_en.htm



Importance of BAs in innovation finance

- BAs help filling the equity gap in seed- and early stage finance
- BAs help making enterprises/entrepreneurs investment ready
- BANs support investment readiness (academies, trainings etc.)



European Financial Instruments

- Improving SME access to finance and reducing market gaps.
 - European Investment Bank (EIB) and European Investment Fund (EIF)
 - SME-loans
 - Mezzanine
 - Guarantees
 - Venture capital
 - European Investment Fund (EIF) on behalf of the European Commission
 - Competitiveness and Innovation Framework Programme (CIP)
 - Guarantees
 - Venture capital



The Entrepreneurship and Innovation Programme

Total for Entrepreneurship and Innovative Programme:
EUR 2,17 billion of which:

Total for Community Financial Instruments for SMEs:
EUR 1,13 billion
of which:

- High Growth and Innovative SME Facility two windows: **EUR 550m**
- SME Guarantee (SMEG) Facility four windows: **EUR 510m**
- Capacity Building Scheme (CBS) two windows: **EUR 70m**



Venture Capital Instruments in CIP (GIF)

■ High Growth Innovative Companies Scheme (GIF)

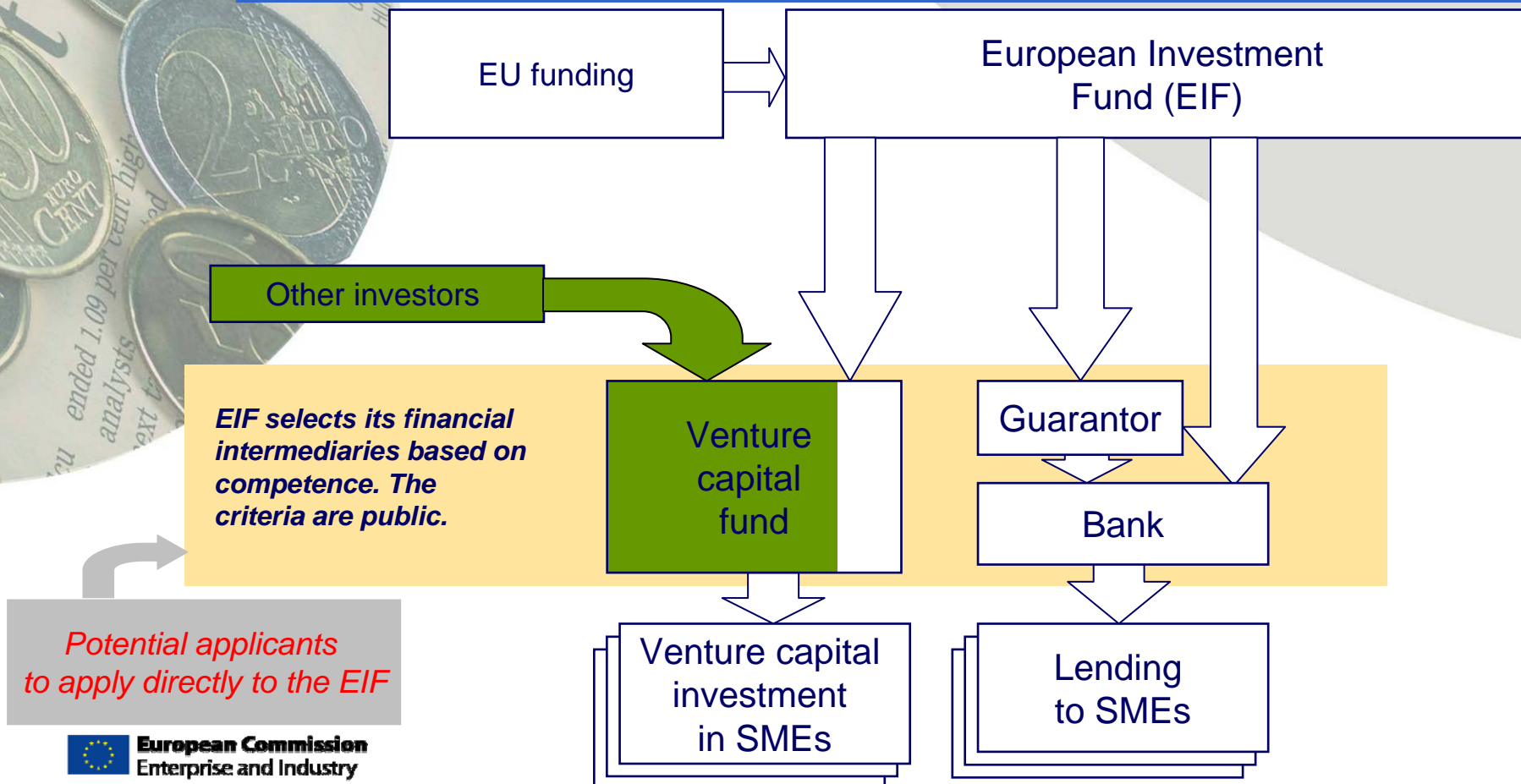
- Early- and expansion-stage VC funds
- Co-investments in side-funds with business angels
- Eco-Tech equity window

■ Capacity Building Scheme (Seed Capital Action and partnership with international finance institutions)

CIP Financial Instruments

How does it work?

Competitiveness programme (CIP) financial instruments





Business Angels and Structural Funds

- The JEREMIE Initiative and other financial instruments with use of ERDF can be used for side-funds with Business Angels
- Lithuania runs such a scheme within the JEREMIE Initiative



Relevant EU-Projects

European Commission co-finances/co-financed projects of interest to Business Angels

- EASY (Early Stage Investors for High-Growth Businesses), Pro INNO Europe
- Ready for Equity! (Training for BAs and Entrepreneurs), Leonardo da Vinci
- Gate2Growth, Pan-European Gateway to Business & Innovation Finance, COM Innovation/SMEs Programme



Cross Border VC Investments

EU aims to improve legal and fiscal framework

- Commission Communication December 2007; Council Conclusions May 2008
- Recognition of obstacles for cross-border investments
- Pointing towards mutual recognition mechanism



2010 Business Angel Workshop

- Workshop at DG Enterprise and Industry on co-investment funds with business angels
- Date: February 2010

Web links

- Flash Eurobarometer,
 - http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=3611&tpa_id=135&lang=en
- Policy on access to finance
 - http://ec.europa.eu/enterprise/policies/finance/index_en.htm
 - http://ec.europa.eu/enterprise/entrepreneurship/financing/enterprise_finance_index/index_en.htm
- EU Financial Instruments
 - europa.eu.int/comm/enterprise/entrepreneurship/financing/financial_instruments.htm
 - <http://access2finance.eu>
- European Investment Fund
 - <http://www.eif.europa.eu>
- Competitiveness and Innovation Framework Programme
 - http://ec.europa.eu/cip/index_en.htm
- European innovation policy
 - http://ec.europa.eu/enterprise/innovation/index_en.htm



Thank you for your attention.