Minister Gabriel: Helping to finance innovation and growth

- BMWi, EIF and KfW launch new instruments to raise more venture capital in Germany -

Today, Federal Minister for Economic Affairs and Energy Sigmar Gabriel, the Chief Executive of the European Investment Fund Pier Luigi Gilibert, and KfW board member Dr Ingrid Hengster launched two new large-scale instruments for funding venture capital. The “coparion” fund totals €225m and is aimed at companies in the start-up and early growth phase. The ERP/EIF Growth Facility totals €500m and is designed to make large-scale growth possible. This service will make Germany more attractive for venture capital.

Minister Gabriel said: “Entrepreneurs put new ideas into practice and create jobs. Our start-ups attract a lot of attention in the rest of the world, but Germany’s venture capital market is still too small in comparison with the strength of our economy. We therefore need to improve the policy environment and make our country more attractive for venture capital. Companies need it if they are to be able to launch their innovative technologies on the market. This is why we have teamed up with the EIF and KfW and set out on a new path. Together we want to broaden the range of funding instruments and mobilise more private equity.”

EIF Chief Executive Gilibert on the ERP/EIF Growth Facility: “The €500m Growth Facility will greatly help fast-growing firms to develop new markets in Germany and Europe. Since 2004, we have invested in more than 50 German and European venture capital funds together with the ERP Special Fund. These fund investments have mobilised €5.2bn for young and growing innovative companies.”

KfW board member Dr Ingrid Hengster on the coparion co-investment fund: “coparion supports innovative start-ups and young technology companies with venture capital – close to the
market, fast and flexible. The co-investment fund “doubles” private capital in cooperation with all the market players. This will give a key boost to the further development of the venture capital market and to strengthening start-up activities and innovation in Germany.”

The ERP/EIF Growth Facility
There are currently few funding instruments in Germany that can be used by innovative companies that are enjoying success and want to expand to national and international markets. The new Growth Facility is targeted at companies that are growing fast and therefore have a high demand for equity. The ERP Special Fund and the EIF are continuing their successful cooperation. They are launching an innovative funding instrument that will help to significantly boost funding for fast-growing companies in Germany. The facility, which is equipped with €500m, will provide successful venture capital funds and fund managers with the means to refinance the co-investment funds they manage. This can be used to provide individual fast-growing innovative German firms with up to €20m. As a result, private-sector investment is likely to reach at least one billion euros. The leverage effect is enormous.

“coparion”
Last year, KfW made a successful comeback to the venture capital market as a fund investor by launching the “ERP venture capital funds investment” funding instrument in cooperation with the ERP Special Fund. Now these two partners are going one step further with the coparion co-investment fund. The fund will be a separate company headed by an experienced management team and will invest directly in innovative start-ups and young technology companies. It is thus replacing the new business of the ERP Start-Up Fund, which was previously responsible for covering this field in KfW. coparion will always invest in companies together with a private-sector lead investor who will invest at least the same amount of money at the same commercial conditions – a principle which has worked well in the past. So the €225m fund will mean that innovative young
companies can draw on a total of approx. €450m, making coparion an important player on the German venture capital market.

You can find a document with more details of how the instrument functions here.

You can also obtain further information at: http://www.eif.org/, www.coparion.de and www.kfw.de.

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