



EUROPEAN CLUSTER  
COLLABORATION PLATFORM

# Private Capital, Big Impact: Financing Clusters

## Summary



EU Clusters Talks  
16 October 2024, 8:30 – 9:45 CET

An initiative of the European Union





## Private Capital, Big Impact: Financing Clusters

The European Cluster Collaboration Platform, on behalf of the European Commission, organised the **EU Clusters Talk “Private Capital, Big Impact: Financing Clusters” on 16 October, 8:30 – 9:45 CET**, to explore the landscape of financing, focusing on venture capital, corporate partnerships and other funding models.

### Agenda of the meeting

Moderation: Jennifer Baker

1. News from the European Cluster Collaboration Platform  
*Ángela Negrete Benedí, team member of the European Cluster Collaboration Platform*
2. InvestEU – SME window  
*Albena Taneva, DG GROW, European Commission*
3. Presentation on venture capital in the European Union  
*Lucrezia Lo Sordo, Senior Research Officer, Invest Europe*
4. Panel debate  
*Régis Hamelin, Pôle ALPHA RLH, CTO, Blumorpho*  
*Stamatiki Kritas, Manager Director, CEBR – Council of European Bioregions*  
*Thomas Krogh Jensen, CEO, Copenhagen Fintech*  
*Mateo Djouadi, European Projects and Sustainable Finance, Pôle Finance Innovation*
5. Funding opportunities  
*Ángela Negrete Benedí, team member of the European Cluster Collaboration Platform*

### Key messages

- **InvestEU SME Window** is a **flagship programme** designed to mobilise over €370 billion in investments across Europe, focusing on green, digital, and sustainable transitions, with 30% dedicated to climate-related projects.
- Financial support is provided through four policy windows: Sustainable Infrastructure, Research and Innovation, Social Investments, and SME-focused guarantees and equity financing.
- Europe’s venture capital ecosystem is becoming **more interconnected**, but significant gaps in scaling startups and retaining talent persist, with 30% of startups relocating abroad in the last decade.
- Structural inefficiencies, including regulatory fragmentation and low institutional investment, hinder the development of robust local venture capital ecosystems and increase reliance on foreign investors.
- **Clusters play a critical role** in fostering collaboration between investors and innovators, bridging knowledge gaps, and enhancing early-stage investment readiness.
- Proposed actions include harmonising EU regulations, introducing a uniform tax system, expanding talent mobility programmes, and increasing institutional investment in venture capital.



## 1. News from the European Cluster Collaboration Platform

Ángela Negrete, team member, European Cluster Collaboration Platform

After the introduction by moderator Jennifer Baker, the following news items were presented:

1. Invitation to register for the next [Cluster Booster Academy](#), 3-4 March 2025 with previous online sessions.
2. Save the date for the upcoming [Clusters meet Regions](#) in Charleroi, Belgium, on 27-28 November.
3. [Access to the survey](#) on the funding experience under STEP.
4. Save the date for the upcoming [EU-UKRAINE Investment Conference](#) in Warsaw, on 13-14 November 2025.

## 2. InvestEU – SME window

Albena Taneva, DG GROW, European Commission

Albena Taneva introduced the InvestEU SME Window. The programme is a flagship initiative under the Multiannual Financial Framework (MFF) aimed at supporting **Europe's green, digital, and sustainable transition** through guaranteed instruments.

InvestEU operates with a budgetary guarantee of €26 billion to support equity and debt investments across Europe. Its objective is to **mobilise over €370 billion in investments**, with at least 30% dedicated to climate-related projects. The programme combines 13 former EU-level financial instruments into a single framework to reduce complexity in implementation and reporting.

The **InvestEU Fund** provides guarantees to reduce risks for investments in the EU economy. The **Advisory Hub** offers project preparation support, capacity building, and market studies to identify investment gaps. The **InvestEU Portal** facilitates matchmaking events between project promoters and investors. InvestEU comprises four policy windows. The **Sustainable Infrastructure** window supports large-scale projects in transport, renewable energy, and energy efficiency. The **Research, Innovation, and Digitalisation** window finances innovative projects for startups and scale-ups. The **Social Investments and Skills** window focuses on health, social, and microfinance investments. The **SME Window**, overseen by DG GROW, has a budgetary allocation of €6.9 billion to support SMEs.

Albena Taneva explained the European Commission does not fund final recipients directly. Instead, it partners with financial institutions that deploy the funds to beneficiaries such as SMEs, municipalities, and startups. Seventy-five percent of the guarantees are allocated to the European Investment Bank (EIB) Group, while the remaining 25% is reserved for other international financial institutions and national promotional banks.

She also explained the guarantee and equity products are under the SME window of InvestEU. The **Competitiveness Guarantees** enhances SMEs' access to finance by mitigating high risks, reducing collateral requirements, and offering favourable conditions such as lower interest rates and longer maturities. The **Innovation and Digitalisation Guarantees** support innovative and digital investments by SMEs. The **Cultural and Creative Sectors Guarantees** target industries often excluded from



traditional financing. The **Sustainability Guarantees** facilitate green and sustainable investments, including transitioning to circular economy practices. **General Equity Financing** supports startups and fast-growing companies to strengthen their solvency. Sector-Specific Equity Financing targets areas such as space, defence, life sciences, sustainable transport, and digital sectors like artificial intelligence and quantum computing.

### 3. Presentation on venture capital in the European Union

**Lucrezia Lo Sordo, Senior Research Officer, Invest Europe**

Lucrezia Lo Sordo began introducing the venture capital (VC) ecosystem in Europe, detailing how clusters interact, existing barriers to cross-border investments, and proposed action points for fostering long-term growth. Invest Europe represents private equity, venture capital, and infrastructure stakeholders, with **over 650 members across Europe**. The organisation collects data directly from General Partners (GPs) through the European Data Cooperative platform, ensuring accuracy and reliability.

The core of the presentation highlighted findings from Invest Europe's latest Venture Capital (VC) Factor report. The report geolocated startups and VC firms by their Functional Urban Areas (FUAs), which include cities and their interconnected suburbs. This classification identified 613 FUAs as vital hubs for social, economic, and investment activities. Analysis revealed that the **top 10 origin hubs** account for 70% of total investment distribution, while the **top 10 destination hubs** receive 51% of investments. Additionally, two-thirds of total investment volumes involve cross-hub transactions, though often within the same or nearby countries.

The report emphasised **increasing interconnectivity** in the VC ecosystem between 2007 and 2021, especially in early-stage investments. Sectoral behaviours were examined, with ICT showing more reciprocated connections and biotech demonstrating higher transitivity, where connections between hubs form more complex networks.

A key finding introduced the **Integrated Value of Influence (IVI)** metric, combining six centrality measures. Cities like Zurich and Hamburg ranked highly on IVI despite lower investment volumes or connections, indicating their critical role in maintaining ecosystem cohesion.

Three main barriers to cross-border investments were identified. First, **fundraising and investing across borders** remains difficult due to fragmented regulations. Between 2018 and 2023, only 27% of VC investment in Europe was cross-border. Proposed actions include studying legislative barriers, creating a harmonised EU supervision system, expanding the EuVECA regime, and developing a uniform withholding tax system to simplify taxation.

Second, **pension funds and insurance companies** in Europe allocate significantly less to private equity and VC compared to their US counterparts. Increasing their investment share to 10% for pension funds and 7% for insurance could unlock €570 billion for cross-border VC activity.

Third, Europe lacks sufficient talent **mobility programmes**, leading to a brain drain, with 30% of startups relocating abroad in the past decade. Proposed solutions include introducing a startup visa



to attract entrepreneurs, expanding entrepreneurship education through schools and mentorship programmes, and offering tax incentives for investment in startups and scale-ups.

The speaker finalised her presentation emphasising the importance of harmonised regulations, increased capital availability, and talent retention for the long-term growth of Europe's VC ecosystem.

## 4. Panel debate

Régis Hamelin highlighted the **dual-edged nature** of private investment for startups. While VC provides funding, strategic guidance, and networking opportunities, it also requires startups to align with investors' long-term strategies, potentially limiting agility and autonomy. Hamelin emphasised the importance of founders understanding the goal of venture capitalists, which is often to ensure growth for an eventual exit. Founders, he argued, must carefully choose investors whose strategies align with their vision from the outset.

Stamatiki Kritas shifted the focus to the **biotech and life sciences sectors**, where investments are inherently riskier due to longer timelines and higher costs. She underscored the critical **role of clusters** in bridging the gap between venture capitalists and innovators by facilitating early dialogue and preparation. Kritas also addressed the broader issue of brain drain, with European talent and innovations frequently scaling up in the US after initial development in Europe. She advocated for a more streamlined and collaborative approach to scaling within Europe, leveraging clusters' expertise to retain value within the continent.

Thomas Krogh Jensen elaborated on **structural inefficiencies** in European venture capital. Despite the availability of funding, institutional investors like pension funds often hesitate to back venture funds, particularly first-time ones. He illustrated how this hesitation contributes to a **reliance on foreign investors at later funding stages**, exacerbating brain drain and weakening local ecosystems. Jensen stressed the need for better alignment between asset managers and venture capital strategies, as well as reforms to address these systemic barriers and encourage investment in local ecosystems.

Mateo Djouadi echoed these concerns while providing insights from the French FinTech landscape. He highlighted the importance of equipping startups with the knowledge and tools to approach venture capitalists effectively, describing initiatives such as **training programmes and structured investor-pitch events**, designed to address knowledge gaps and improve startups' readiness. Djouadi also cautioned startups against rushing into partnerships with venture capitalists, stressing the importance of aligning with investors who share their vision for sustainable growth.

The debate revealed several contentious issues that highlight both opportunities and challenges in Europe's funding and innovation ecosystems. One prominent point of discussion was the tension between the **benefits and constraints of venture capital investments**. While investors provide essential funding, expertise, and networks, they often demand alignment with their strategies and ultimate exit goals. This expectation can restrict startups' agility and autonomy, as noted by Régis Hamelin, who emphasised the need for founders to carefully choose investors who share their vision. However, this process is not always feasible for startups under pressure to secure funding quickly, creating a critical challenge for early-stage companies.



**Structural inefficiencies** in European VC emerged as another sticking point. Thomas Krogh Jensen highlighted the reluctance of European pension funds and institutional investors to engage in venture capital compared to their US counterparts, creating a funding gap for early-stage startups. This hesitation also leads to a reliance on foreign investors in later stages, which often comes with the risk of brain drain. Both Jensen and Stamatiki Kritas pointed out that European startups and talent frequently migrate to the US due to better capital and scaling opportunities, undermining Europe's long-term competitiveness and the return on its investments in research and innovation.

The role of clusters in mitigating these challenges was a key focus. Kritas argued that clusters are well-positioned to **bridge gaps between innovators and investors**, particularly by educating both sides and fostering early dialogue. However, the fragmented European funding landscape limits their ability to fully address the broader structural barriers. For instance, she noted that in the biotech and life sciences sectors, higher risks and longer timelines make these industries less attractive to traditional venture capitalists, further complicating the funding process.

Another contentious issue was the **preparation gap among startups**. Both Stamatiki Kritas and Mateo Djouadi highlighted that many entrepreneurs approach investors unprepared, lacking a clear understanding of valuation, negotiation strategies, and the expectations of venture capitalists. This lack of readiness often leads to inefficiencies and missed opportunities. Djouadi underscored the importance of equipping startups with the necessary tools and knowledge, but this alone cannot resolve the structural challenges at play.

**European competitiveness** on the global stage was another recurring theme. While Europe produces strong startups, scaling them into globally competitive companies remains a challenge. Thomas Krogh Jensen observed that many European VCs are underfunded and less attractive compared to their US and UK counterparts, creating additional barriers to scale-up.

The debate ultimately highlighted critical sector-specific challenges, systemic inefficiencies, and the ongoing brain drain of talent and innovation from Europe to regions with more capital-rich ecosystems. While there was consensus on the importance of aligning startups with investors and leveraging clusters to strengthen local ecosystems, the discussion underscored the urgent need for structural reforms and more cohesive strategies to retain talent and scale innovation within Europe.

## 5. Funding opportunities

Ángela Negrete, team member, European Cluster Collaboration Platform

Closing the EU Clusters Talk, Ángela Negrete shared the following examples of funding opportunities:

1. [Non-thematic development actions by SMEs](#); deadline 5 November 2024.
2. [Open Topic](#); deadline 5 November 2024.
3. [Digital tools for CSP and solar thermal plants](#); deadline 4 February 2024.
4. [EUROCLUSTERS for Europe's recovery](#); deadline 5 February 2025.
5. Opportunities for SMEs: Calls from Euroclusters; published on [European Cluster Collaboration Platform](#).