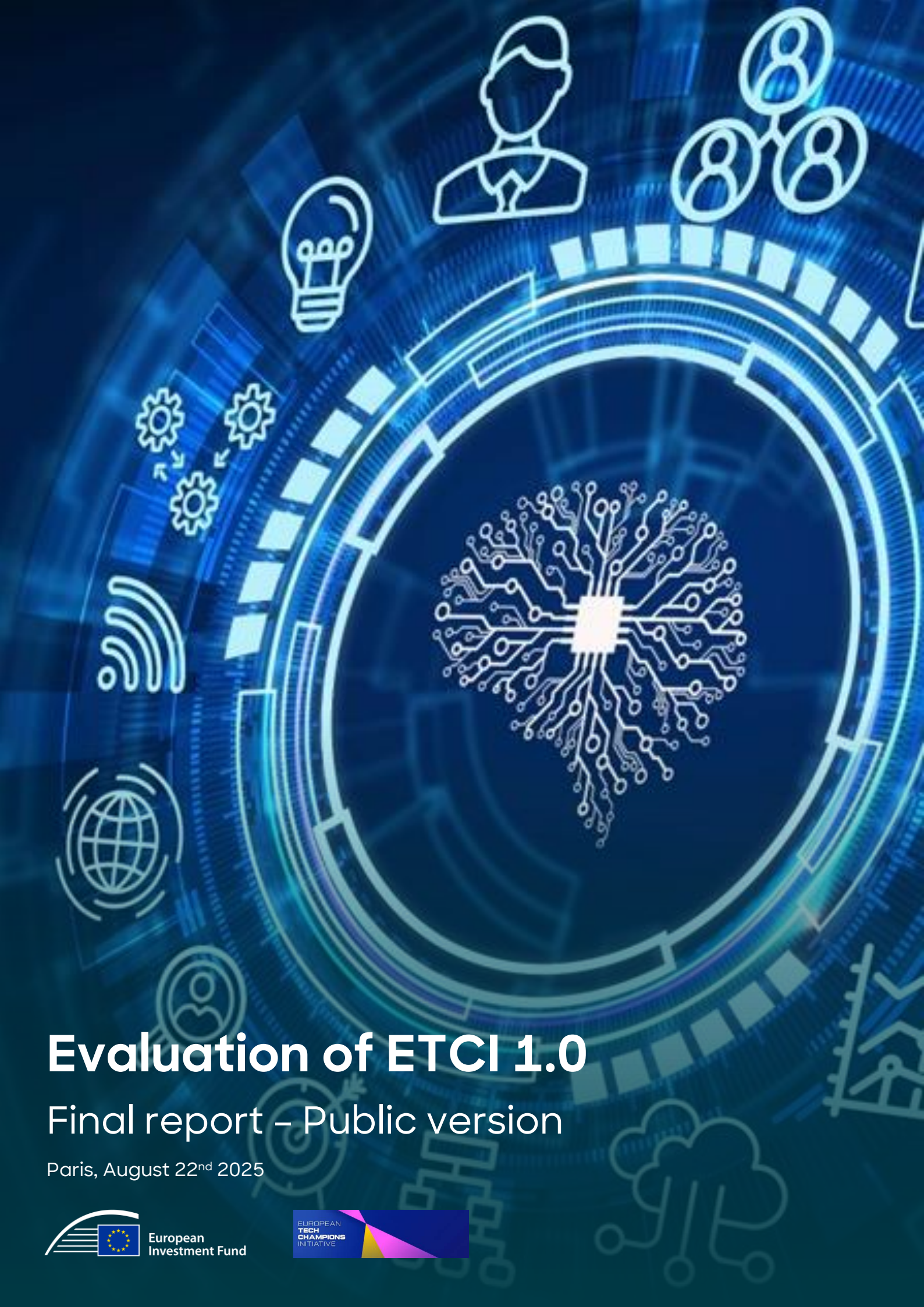

Evaluation of ETCI 1.0

Final report – Public version

Paris, August 22nd 2025

European Investment Fund

EUROPEAN TECH CHAMPIONS INITIATIVE

Executive summary

Between February and April 2025, Roland Berger conducted a mid-term evaluation of ETCI 1.0. The work drew on ~20 interviews with fund managers and Member State representatives, working sessions with EIF front office team, and analysis of internal and market data. Figures are as of 31 December 2024, unless otherwise specified.

The interim assessment of ETCI 1.0 is broadly positive: it addresses the scale-up funding gap with appropriate scale and resources. Deployment aligns with objectives, enabling the rise of EUR 1 billion funds and increased ambition. While 10% has reached scale-ups so far, **early results (70% of investments in funds already approved) justify a second phase** (ETCI 2.0) to sustain momentum and further mobilise private capital for Europe's strategic tech champions.

Criteria	Key results
1 **Relevance** of ETCI concept	• **ETCI 1.0 responds to a well-identified late-stage financing gap** by channeling sizeable fundings for scale-ups through European fund managers – a strategic intermediary to operate at scale • **The pan-European dimension is well-embedded and playing at multiple levels** as ETCI supports the development of an ecosystem of investment funds based in the EU and managed by European teams, targeting European scale-ups with continental and international growth strategies
2 **Internal consistency** of ETCI's oper. model	• **ETCI 1.0's operating model is effectively designed**, combining an appropriate **market-driven approach** and **performance-based selection criteria** with the **EIF's robust expertise** in fund-of-funds management
3 **External consist.** of ETCI with other public instruments	• With investments ranging from EUR 150 to 350 m, **ETCI effectively complements national schemes**, though **coordination challenges remain**–particularly regarding how fund managers can combine all schemes together
4 **Effectiveness** of ETCI's deployment to date	• **The deployment of ETCI is proceeding in line with the initial timeline**, with 70% of investments approved to date and a realistic completion target set for early 2026 • **Downstream deployment to scale-ups is well initiated** (10% of EUR 17 bn leverage effect) but naturally slower, in line with the inherent timelines of investment cycles
5 **Efficiency** of invested resources	• **ETCI targets an average 25% participation rate, in line with market practices**. While final Internal Rate of Return (IRR) still needs to be assessed, operating costs appear as efficient thanks to economies of scale
6A **Usefulness:** impact at fund level	• **ETCI helps raise target fund sizes, drive ambition, and speed up LP negotiations**, but **building a visible asset class for leading international LPs will depend on long-term performance**
6B **Usefulness:** impact at scale-up level	• **There is not yet enough perspective to assess the impact on scale-ups**, but early examples show a positive effect on their strategic positioning in Europe, supported by long-term financial backing
7 **Durability:** next steps to support the financing of European scale-ups	• The deployment of ETCI 1.0 should integrate **more flexibility on reporting** as permitted by applicable regulations, a **strong communication push** once results become available and a **more proactive support to funds** in LP engagement • **An ETCI 2.0 is strongly needed** to sustain the initiative's long-term impact and pivot towards greater private sector involvement

Figure 1: Summary of the *in itinere* evaluation findings of ETCI 1.0

This report was prepared by Roland Berger GmbH for the exclusive use of the European Investment Fund as part of the evaluation of ETCI 1.0. It is based on data available at the time and does not constitute a guarantee of future outcomes. Roland Berger was contracted and financially compensated by the European Investment Fund to carry out this evaluation. Roland Berger's role was to assess the direct and indirect impacts of ETCI 1.0; the opinions expressed are its own and do not entail any legal responsibility on the part of the European Investment Fund. Any use, reproduction, or modification requires prior written consent from Roland Berger.

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1. Evaluation framework

1.1. Context and objectives of the evaluation

The European Tech Champions Initiative (ETCI) is a Fund-of-Funds programme managed by the European Investment Fund (EIF), designed to empower the next generation of European technology champions by providing large investments to large, technology focused growth funds[1]. ETCI has two main strategic objectives:

1. Bridging the scale-up funding gap by enhancing access to late-stage capital and reducing reliance on investors from the United States and Asia
2. Strengthening Europe's technological sovereignty by retaining scale-ups and their innovation within the EU

The strategy designed to achieve these mid-term goals defined a total cornerstone contribution of EUR 10 billion to support 40 to 50 European growth funds, each mobilizing private investment to reach a critical size of at least EUR 1 billion. With a multiplier effect of 4 to 5 times the original contribution, the strategy aimed at mobilizing c. EUR 50 billion to invest in late-stage and scale-up financing rounds of European tech champions.

ETCI 1.0 represents the first phase of this strategy, with a contribution of EUR 3.55 billion from six EU Member States (Germany, France, Spain, Italy, Belgium, and the Netherlands) alongside the EIB Group targeting commitments in up to 15 European growth funds.

Between its launch in 2023 and the end of 2024, ETCI has approved a total of EUR 2.4 billion of investments across 10 European growth funds[2]. After two years, an evaluation is mandated to assess the pace of ETCI's development and its impact in relation to its objectives.

Early 2025, Roland Berger was mandated to carry out an in itinere evaluation of ETCI 1.0 to guide its deployment and support the definition of a second phase.

1.2. Evaluation framework

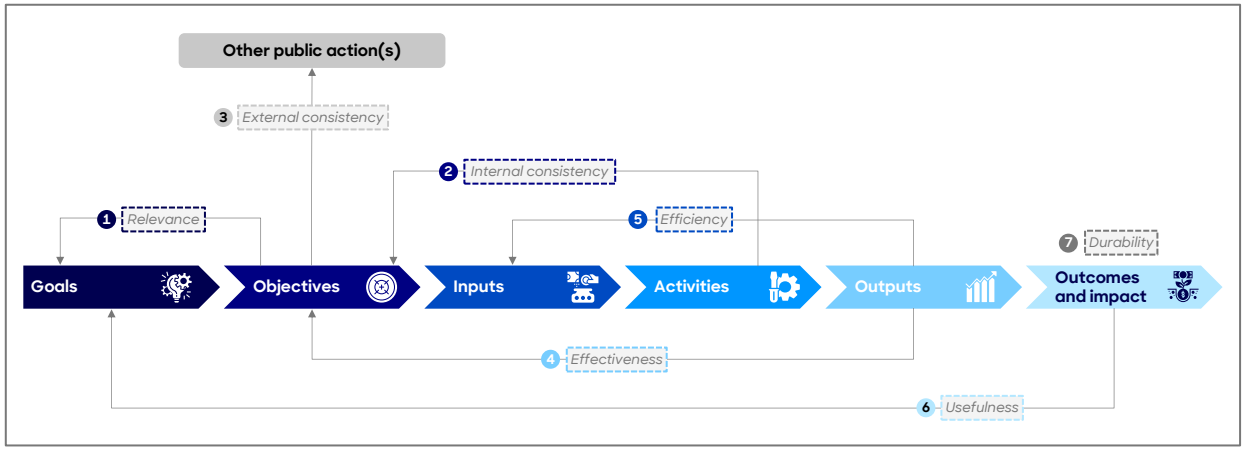

Figure 2: Introduction to the evaluation framework

[1] The investment funds backed by ETCI and other investors will then, in turn, be able to invest in various scale-ups through a fund-of-funds mechanism

[2] As of 31 December 2024, ETCI had approved investments of EUR 2.4 bn across 10 funds, of which EUR 2.1 bn had already been committed to 8 funds

Roland Berger conducted this evaluation using the reference framework for public policy evaluation, shared in particular by the OECD[3], which defines 7 reference criteria: Relevance, External consistency, Internal consistency, Effectiveness, Efficiency, Usefulness and Durability. These are articulated along a *theory of change* regarding a public policy, which by means of inputs and activities generates outputs likely to generate impacts capable of responding to the objectives and goals that public policy wishes to address.

Applying this framework of reference to ETCI 1.0, it is clear that the initiative has mobilized two key resources: EUR 3.55 billion of public resources and the expertise and teams of the EIF. **The intended impact is twofold: on the one hand, to invest in European funds in order to create a competitive late-stage funding market, and on the other hand, and above all, to support the financing of European scale-ups over the long term, so as to anchor them strategically in Europe.**

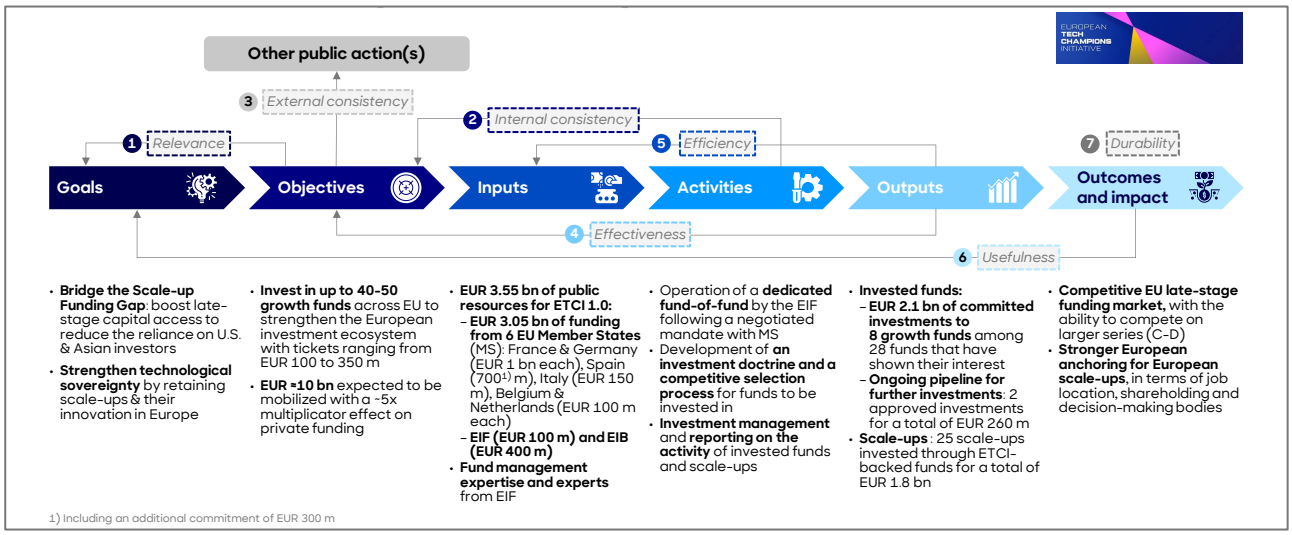

Figure 3: Theory of change for ETCI 1.0 [As of December 2024]

Based on these 7 criteria, the assessment is structured with a series of key questions to be answered as part of the work. The initiative is not yet complete, particularly in terms of investment by funds in scale-ups. It should be noted that only initial responses and recommendations have been formulated for the usefulness and durability criteria at this stage.

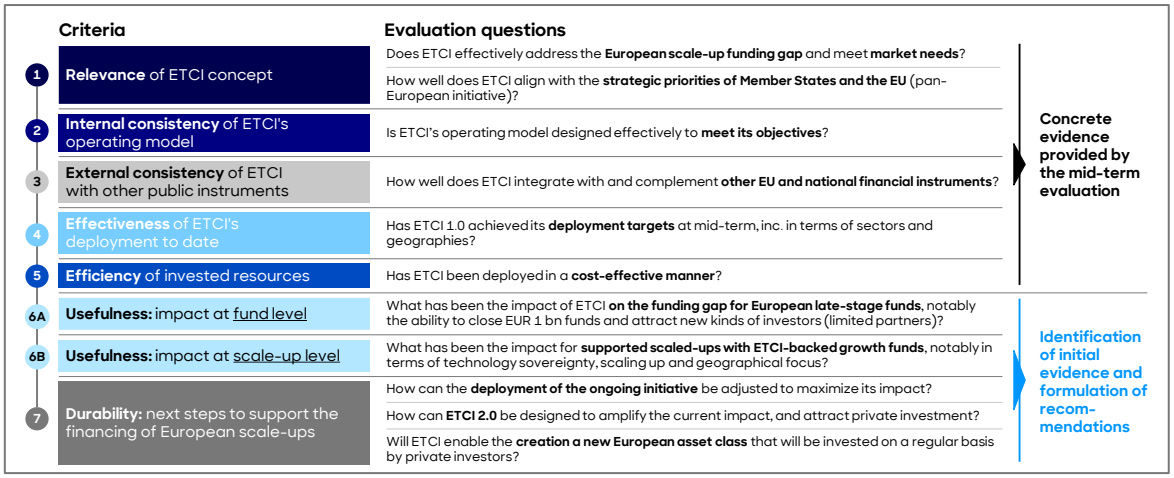

Figure 4: Evaluation framework with key questions

[3] https://www.oecd.org/en/topics/sub-issues/development-co-operation-evaluation-and-effectiveness/evaluation-criteria.html

2. Methodology and approach

2.1. Evaluation timeline

Following a start in early February 2025, the evaluation was conducted on an accelerated timeline over 10 weeks to gather initial results by the end of March and deliver final conclusions before the end of April 2025. The evaluation was conducted hand in hand with the EIF's Mandate Origination and Relationship Management team through weekly touchpoints.

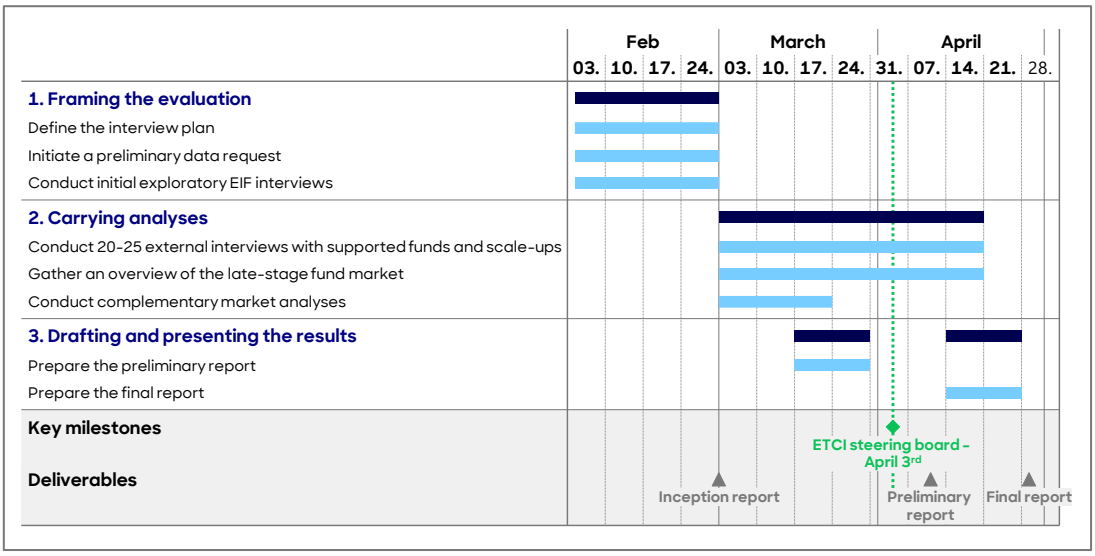

Figure 5: Timeline of the evaluation [February-April 2025]

The evaluation was organized around 3 phases:

1. **A framing phase** (phase 1) to define the interview plan, initiate a preliminary data request and conduct some exploratory interviews with EIF teams, notably the front office team in charge of executing the mandate
2. **An analyses phase** (phase 2) during which more than 20 interviews were carried out with investment funds as well as Member States and all analyses were carried out
3. **A wrap-up phase** (phase 3) to synthetize insights - notably via an additional working session with EIF teams - draft and present a result through a comprehensive report

2.2. Details of interviews conducted

Around twenty interviews were conducted over the course of this evaluation. The following methodological principles have been applied:

- The distribution and number of interviews were determined by Roland Berger
- All contributing Member States were interviewed, while a representative sample of investment funds was approached, including all selected funds as well as some whose process is still underway and others for which it has not taken place. For the last two categories, the funds interviewed were identified by the EIF
- Only 2 funds did not respond to interview requests
- It should be noted that all interviews were conducted independently without the presence of EIF teams

Direct interviews with scale-ups had initially been envisaged for illustrative purposes. In the end, the information reported in the evaluation was collected by the fund managers.

2.3. Overview of key sources mobilized

In addition to the interviews mentioned above, the evaluation relied on two types of data sets:

- On the one hand, internal EIF data concerning ETCI 1.0 (provided by EIF teams)
- On the other hand, publicly available data for benchmarking European fund-of-funds instruments, detailing the funding market gap and analyzing the portfolio of funds and scale-ups supported by ETCI.

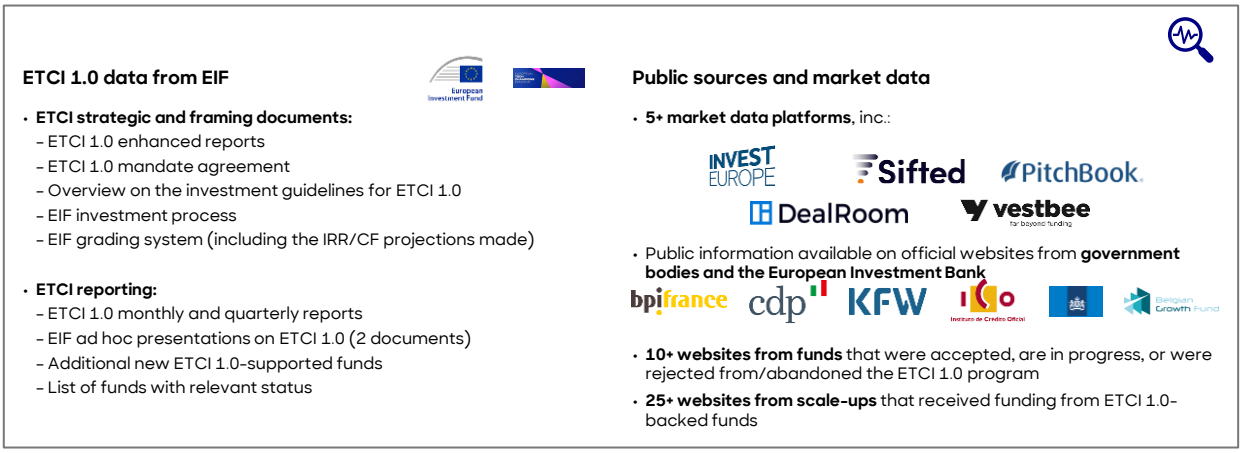

Figure 6: Data sources used for ETCI evaluation

2.4. Further methodological details

Each evaluation criterion is successively developed, with its corresponding question(s), a summary response, key evidence (facts and figures), and when relevant, illustrative insights from interviews.

This is an *in itinere* evaluation, as the ETCI 1.0 initiative is still ongoing. While it is possible to draw a number of conclusions about the relevance, consistency, effectiveness and efficiency of the system, the notions of impact in particular are still preliminary and will have to be confirmed in an *ex-post* evaluation, for which detailed recommendations are provided.

3. Detailed results

3.1. Relevance of the ETCI concept

Does ETCI effectively address the European scale-up funding gap and meet market needs?

⇨ ETCI 1.0 responds to a well-identified late-stage financing gap by mobilizing EUR 14-17 bn in late-stage / scale-up financing through European fund managers – a strategic intermediary to operate at scale

The need to build a European investment capacity for scale-ups is well established, with 55% to 60% of scale-up funding coming from outside the EU on large scale-up rounds over the period 2020-2024.

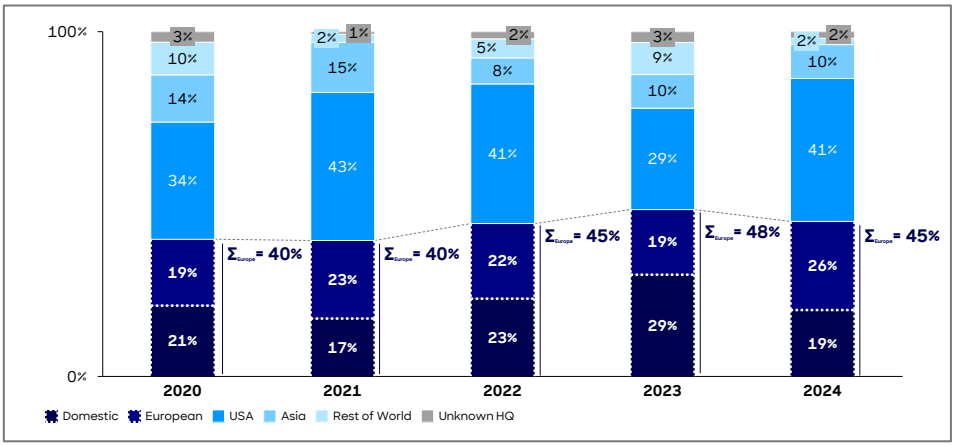

Figure 7: Investor location in European scale-up deals [Round size of minimum USD 100 m][4]

American investors are the ones investing the most in European scale-ups, with ~40% of the investments. At the level of investment funds—key financiers of scale-ups prior to their public listings and broader capital openings—the funding gap is equally evident.

A particularly pronounced market gap exists at the late-stage funds level (funds > EUR 1 bn in size), where the disparity between the EU and the US in terms of funds raised annually reaches a ratio of 1 to 11.

This contrast is significantly greater than at the early-stage level, where the ratio stands between 1-to-2 or 1-to-3. The following can be noted:

- The overall decline in the number of funds also reflects the worsening market conditions for fund managers over the period 2022-2024
- Many ETCI-backed funds are not yet on the list, either because their fund size is (still) below EUR 1 bn or the fundraising was not finalized at the end of 2024

While this market gap in late-stage financing for scale-ups is well established, with investment funds as the main intermediaries, the question is whether ETCI can provide significant answers to this documented problem.

[4] Based on Dealroom data (filters used: fundraising of more than USD 100m, Europe HQ / excluding SPACs, grants, non-tech and mature companies) and Roland Berger analysis

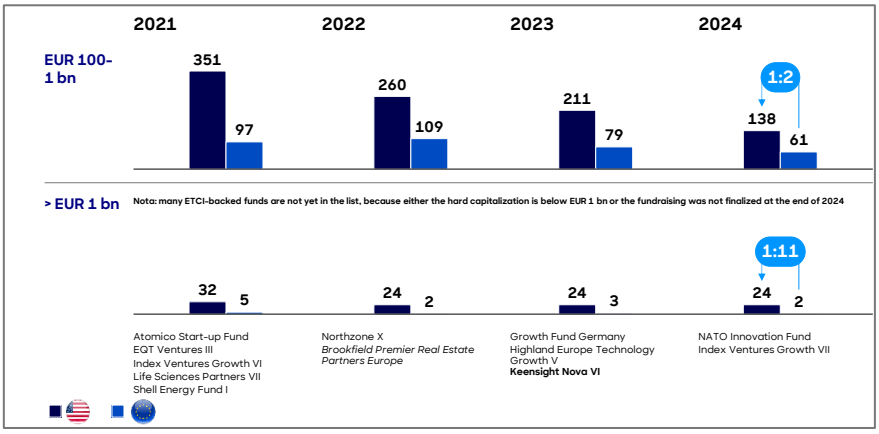

Figure 8: Number of VC funds by vintage year [USA vs. Europe (inc. UK); 2021-2024][5]

Market feedback from fund managers:

"Late-stage funding remains a critical challenge in Europe. ***ETCI 1.0 directly addresses this market need by offering larger funding ticket sizes to European funds"***

Feedback from contributing Member States:

"Our goal is to ***strengthen the tech market in Europe by fostering innovation and addressing the significant financing gap****, with targeted support in key ecosystems"*

By committing EUR 3.4 bn[6] to up to 15 European growth funds over four years (2023-2026), ETCI 1.0 has the potential to mobilize up to EUR 17 bn[7] in late-stage financing, positioning it as a high-impact instrument for the ecosystem.

All interviewed stakeholders (both fund managers and contributing Member States) unanimously confirmed the relevance of ETCI to address the late-stage financing gap for European scale-ups.

However, despite these significant volumes, ETCI 1.0 is not yet fully addressing the European late-stage funding gap, which Atomico estimates at USD 375 bn[8] in underfunding for growth-stage companies over the period 2015-2024*.*

[5] Based on Pitchbook data and Roland Berger analysis

[6] Based on ETCI reports as well as EIF front office interviews and Roland Berger analysis, 95% of the EUR 3.55 bn commitment is available for commitments into funds, i.e. EUR 3.37 bn, while 5% is earmarked to cover costs and expenses with possible further reallocation at the end

[7] With a multiplier effect estimated at 4 to 5 times, consistent with Roland Berger's assumptions, ETCI is expected to mobilize EUR 14 to 17 bn in late-stage finance. It is relevant to note that ETCI portfolio funds aim to allocate the majority of their investments to companies headquartered or primarily operating within the EU. The exact amounts mobilized into the EU scale-up ecosystem can only be determined once all portfolios are built

[8] Atomico, *State of European Tech 24* - Aggregate estimate of unrealized growth-stage capital in Europe over the period 2015 - 2024 – combining USD 300 bn in missed fundraising due to lower conversion rates and USD 75 bn bridged by non-European investors

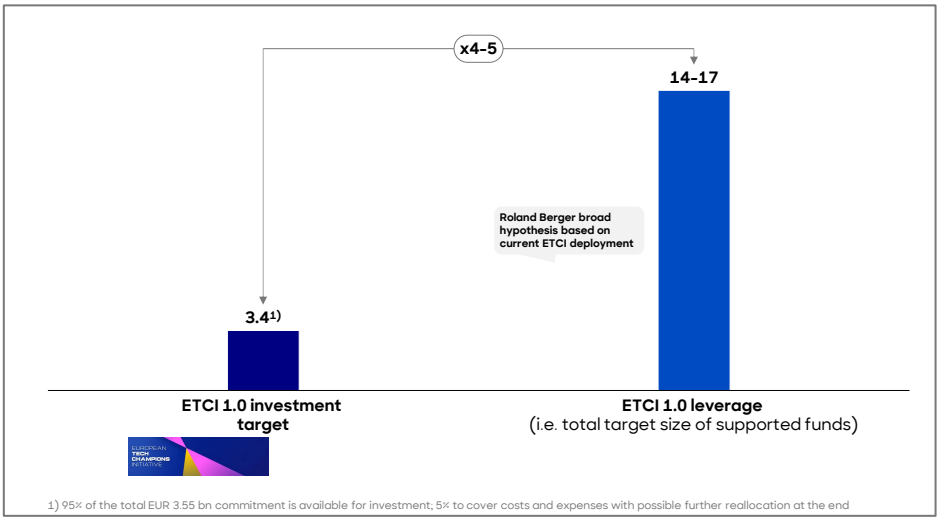

Figure 9: ETCI 1.0 mobilized amounts [EUR bn; 2023-2026][9]

How well does ETCI align with the strategic priorities of Member States and the EU to establish a pan-European initiative?

- ⇨ ETCI 1.0 supports the development of an ecosystem of investment funds based in the EU and managed by European teams, targeting European scale-ups with continental and international growth strategies

ETCI 1.0 is a pan-European initiative on multiple levels: at the level of the fund and at the level of the scale-ups.

At the level of the supported funds, this pan-European dimension is reflected in both their geographic footprint and team composition. While 5 out of the 10 approved funds are headquartered in France, 60% operate across at least two EU countries. Their investment teams are highly international – averaging 13 nationalities – and able to invest across the European Union.

At the level of the ETCI-backed scale-ups, the pan-European dimension is also present, in several ways, whether in the company's geographic footprint or in its strategic expansion.

Market feedback from fund managers:

"The funding plays ***a pivotal role in strengthening the position of European funds, facilitating operational scaling and talent acquisition****"*

"The programme's generalist, market-driven approach ensures relevance in addressing the scale-up funding gap*, as it aligns with fund managers' investment strategies rather than imposing constraints from the ETCI mandate"*

In fact, these scale-up champions are European in 3 ways: (i) the **geographic mix of companies** backed by ETCI-supported funds is **broad,** with scale-ups from seven different EU countries, (ii) 40% of them already have a **pan-European footprint**–through offices or production sites across the European Union, and (iii) given their critical size, these companies aim to become **European champions** with customers and users across the continent, and in some cases, global leaders in their markets. In this respect, 80% of the scale-

[9] Based on EIF data and Roland Berger analysis

ups which received funding from ETCI-backed funds have at least one office or production plant located outside of Europe, showcasing a global footprint.

Feedback from contributing Member States:

*"ETCI 1.0 is recognized as a **key initiative within national start-up strategies to help close the European funding gap**. It reflects the need to go beyond local programmes, which alone are insufficient to meet the EUR 1 bn threshold"*

***"ETCI 1.0 is a supply-side economics initiative aimed at fostering the creation of large financial intermediaries within the EU,** enabling them to compete with larger foreign players, while prioritizing innovation and the development of scale-ups"*

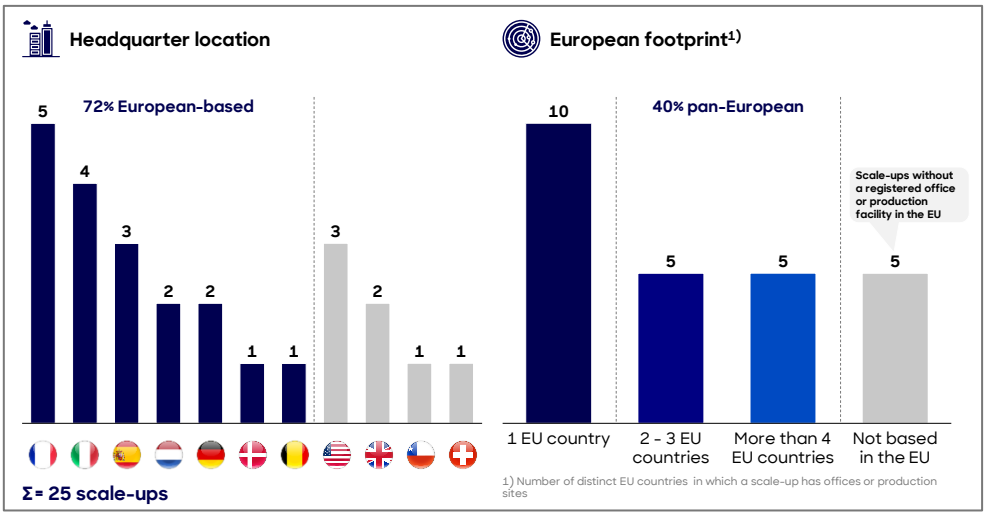

Figure 10: Geographical breakdown of ETCI 1.0-backed scale-ups [As of Dec. 2024][10]

This highlights a sharp contrast between the concentration of scale-up fundraising in a few markets and the pan-European reach of the scale-ups themselves, as illustrated by three ETCI 1.0-backed examples – all with a footprint spanning more than nine countries.

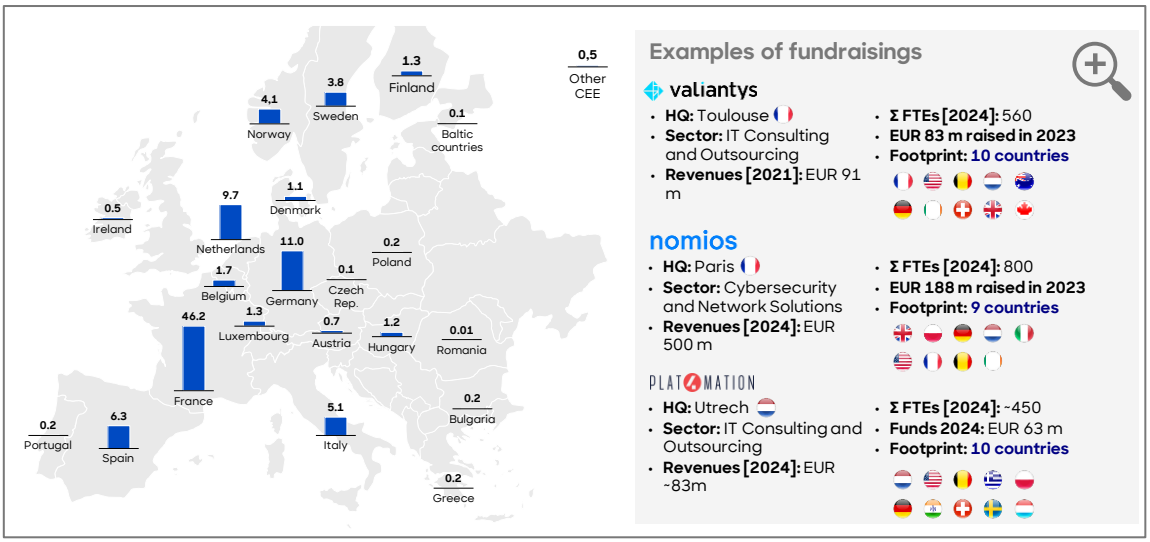

Figure 11: Geographical breakdown of scale-ups' fundraising in Europe [2019 - 2024; EUR bn][11]

[10] Desk research, Fund managers interviews, Roland Berger

[11] According to EIF classification, which includes later stage venture, growth capital and venture (all stage) - Based on Invest Europe / EDC and Pitchbook data as well as EIF and Roland Berger analysis

3.2. Internal consistency of ETCI's operating model

Is ETCI's operating model designed effectively to meet its objectives?

⇨ ETCI 1.0's operating model is effectively designed, combining an appropriate market-driven approach and performance-based selection criteria with the EIF's robust expertise in fund-of-funds management

ETCI 1.0 appears well-structured in both resource deployment and selection process, aligning effectively with the double objectives of the programme: bridging the European scale-up funding gap and strengthen European technological sovereignty.

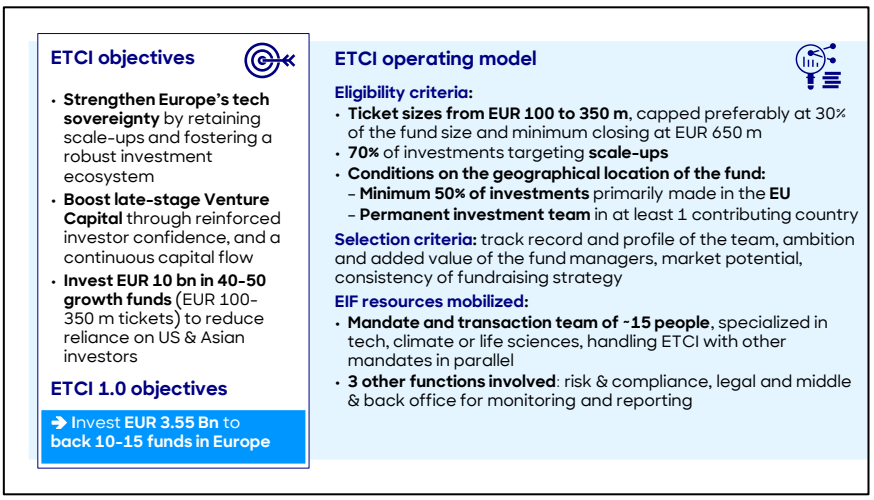

Figure 12: Overview of the initial ETCI 1.0 set-up[12]

The selection criteria are considered as relevant, with a strong focus on **fund performance and managerial ambition**. **A market-driven approach without restrictive geographic allocation requirements** was adopted to ensure broad ecosystem impact.

The choice of EIF to operate using this approach seems appropriate in view of its reputation and expertise.

The EIF has long experience in managing European mandates for investment funds. What's more, feedback from contributing Member States and fund managers alike, was positive about the quality of EIF operating teams and their communication.

Market feedback from fund managers:

"ETCI 1.0 played a crucial role in bridging the funding gap by providing substantial direct capital. Its expertise in structuring and deploying investments not only strengthened the financial foundation of the programme but also offered valuable strategic guidance"

"Beyond financing, the EIF's catalytic role was instrumental in attracting investors in a tough market"

[12] Based on Interviews with EIF operating teams, documentation review, Roland Berger

Moreover, the **EIF's set-up appears as comprehensive and robust for fund selection and has contributed to the professionalization and the structuring of participating funds** [*This assessment is based on high-level market feedback and does not result from a detailed organizational review*].

*"**Operationally, the process is well-managed by a competent and professional team, with thorough but balanced due diligence**. However, the main friction points emerge during the legal and compliance phases, where EU constraints can introduce rigidity, slowing execution and increasing the operational burden"*

Fund managers also identified four initially restrictive criteria – including team location, investment allocation, fundraising targets, and the use of debt – on which the EIF showed pragmatic flexibility over time.

Thus, the key stumbling blocks for investment funds were 4-fold:

1. **The obligation to invest at least 50% in the EU was seen by some funds with a global investment focus as restrictive, particularly those targeting also the US and UK in addition to the EU.** However, its relevance was acknowledged given the European origin of the funds and their public funding. Accordingly, the EIF has maintained this requirement unchanged

*"**The eligibility and selection criteria of ETCI 1.0 have been clear, consistent, and aligned with the programme's objectives – their stability supports the rationale behind a strong European focus**"*

2. **Originally, the programme had strict requirements regarding the location of investment teams**. However, flexibility was introduced to allow European but not EU funds with offices based in the EU to participate, even if their headquarters were outside of the EU. This shift aimed to balance the need for operational agility with the goal of ensuring active EU engagement in the fund management process

"In the early stages, the geographical eligibility requirements created complexity and uncertainty, particularly for funds based outside the EU. Over time, introducing flexibility around team location helped align operational realities with the programme's objective of fostering strong EU engagement"

3. **The target fund size of EUR 1 bn is set as a challenging ambition to push fund managers at aiming higher**. Still, it became apparent that this target was challenging for many funds, particularly the intermediary target of EUR 750 m for the first closing. As a result, the first closing target was adjusted to EUR 650 m, making it more realistic and aligned with the initial capital requirements for funds aiming to establish a robust investment platform.

*"**The funding enables larger ticket investments between EUR 50 m and EUR 150 m, facilitating syndication and unlocking key opportunities**. While the EUR 1 bn target poses a challenge, it sends a positive signal, boosting competitiveness and attracting new investors"*

Feedback from contributing Member States:

*"**While the EUR 1 bn target size is ambitious and may limit accessibility, the programme has effectively served as an incentive mechanism**. Adjusting the ticket size in the future could enhance inclusiveness and expand its impact across a broader range of funds"*

*"While many funds have approached the EUR 1 bn mark, it became apparent that the initial target was highly ambitious. As a result, **EIF adjusted the required minimum fundraising thresholds for ETCI 1.0 commitments, aligning them with current market conditions to ensure more effective closings**"*

4. **The potential role of debt in scale-up financing was discussed**, but its integration into the funding structure was viewed with varying levels of support. While some fund managers believed that incorporating debt could enhance their competitiveness, particularly against the largest foreign funds, there were fears that this would lead to profitability at all costs without any concern for virtuous long-term growth. It was therefore decided to introduce a limited amount of debt in order to find a compromise, particularly for the most mature and ambitious funds.

> *"**Contrary to common belief in Europe, well-calibrated debt is a vital lever for profitable growth in late-stage funds and a key tool to compete with dominant U.S. players**. While debt is abundant, the real bottleneck is equity, essential not for treasury"*

These adjustments reflect an ongoing effort to balance flexibility and ambition while ensuring the initiative aligns with the evolving needs of European scale-ups and the broader investment landscape. **By adapting the criteria based on feedback, ETCI 1.0 aims to remain responsive to the challenges faced by funds and their portfolio companies.**

> ***"ETCI 1.0's willingness to adapt, from lowering the minimum fund size to refining public investment ratios and deadlines, reflects a constructive effort to stay aligned with market realities and the evolving needs of European scale-ups."***

3.3. External consistency with other public instruments

How well does ETCI integrate with and complement other EU and national financial instruments?

⇨ With investments ranging from EUR 100 to 350 m, ETCI effectively complements national schemes, though coordination challenges remain—particularly regarding how fund managers should assess State aid limits

While other national funds-of-funds exist among contributing Member States, ETCI stands out as a unique investment vehicle, able to commit investment tickets up to 350 m, setting it apart from other public instruments, which provide much lower investment ticket sizes.

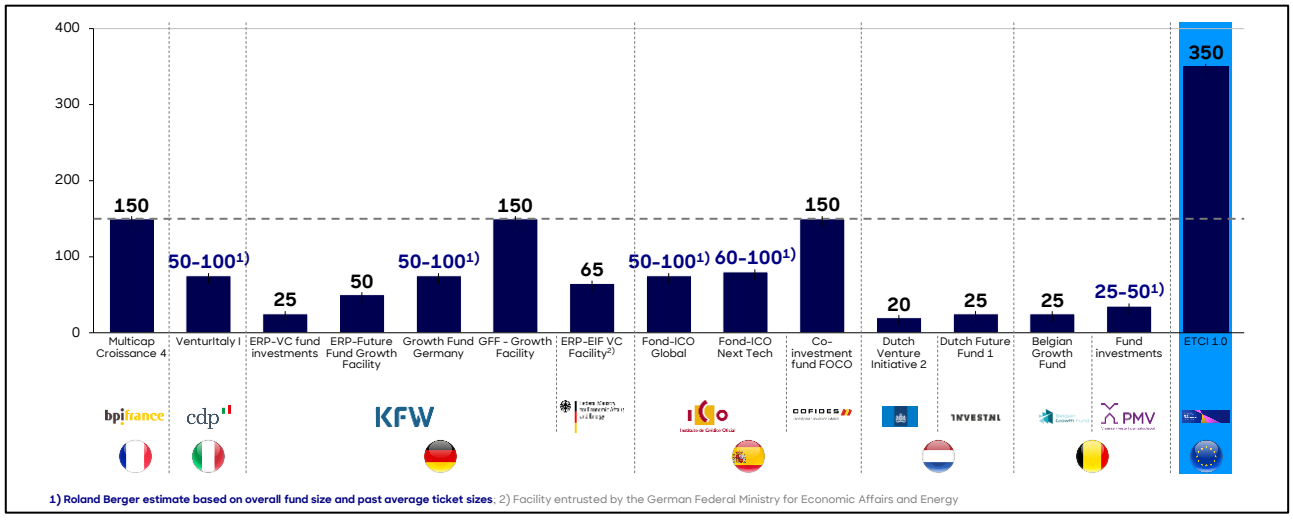

Figure 13: Selection of main European fund-of-funds schemes [Maximum investment ticket size; EUR m][13]

[13] For initiatives without a hard cap on maximum ticket size, the largest ticket committed in a fund within the relevant initiative's portfolio was indicated or in cases where such granular information was not available, an estimate was made by Roland Berger based on the overall fund size and historical average ticket sizes

ETCI 1.0's target ticket sizes generally exceed those of all existing national initiatives as well as other EIF mandates, marking a leap forward in European late-stage financing for Venture Capital funds. The lower limit of the ticket that can be mobilized by ETCI at EUR 100 m often represents the upper range of the largest national schemes. Moreover, with a 2:1 public-to-private ratio allowed in funds' first closing, ETCI 1.0 sets itself apart from most other instruments, which typically follow a 1:1 ratio, providing greater operational flexibility for candidates that can start investing earlier, and thus trigger a dynamic likely to attract a larger number of investors (Limited Partners, LPs).

Market feedback from fund managers:

*"**ETCI 1.0 integrates seamlessly with other EU and national instruments, including Bpifrance, National Treasury Management Agency (Ireland), and the EIF**, creating a cohesive funding ecosystem where all participants operate under the same rules"*

*"**ETCI 1.0 runs parallel to other EU and national financial instruments, with the key difference being its requirement of only 33% private funding for the first closing, compared to the 50% of local instruments**. Additionally, ETCI 1.0 offers significantly larger ticket sizes (up to EUR 350 m)"*

Feedback from contributing Member States:

***"While there is overlap in the scale-up segment, similar programmes serve distinct roles and are unable to make commitments of the same size as ETCI 1.0, making the initiative a unique and complementary source of funding**"*

If funds have to juggle between several public instruments, collaboration between the various National Development Banks seems to be effective and definitely facilitates fundraising.

Fund managers generally view ETCI 1.0 as a valuable complement to national initiatives, thanks to a strong collaboration between the EIF and national development banks.

Market feedback from fund managers:

*"ETCI 1.0 complements, rather than competes with, national initiatives, which mainly focus on early-stage funding. **While programmes like Bpifrance, DASTI in Denmark, and others in the Nordics provide capital to start-ups, they often lack the support needed for later-stage investments, an area where ETCI 1.0 adds significant value**"*

Feedback from contributing Member States:

*"**While there is some overlap in policy objectives, the contribution adds value by being a fund-of-funds initiative with a distinct investment ticket structure, separate from the direct investment strategy,** thereby providing additional support for innovation and technology sovereignty**"***

Some investment funds nevertheless call for better alignment of due diligence processes across public operators, as well as greater consistency in methods used to determine state aid requirements.

The share of public funding has proved to be hard to assess for many interviewed funds, as the typology of public and private investors varies across operators due to the complexity and limited accessibility of a European classification. Besides, many are calling for a streamlining of due diligence processes and greater sharing of information between public authorities, but this comes up against the independence of action of the National Development Banks, which is a guarantee of their credibility, particularly with private investors. The room for manoeuvre on this point is therefore relatively limited.

Feedback from contributing Member States:

"A dual-actor approach combining ETCI 1.0 with a national institution was chosen to maximize public funding while allowing greater flexibility on fund control, *reflecting the broader challenge of harmonizing public investment practices across different frameworks"*

Market feedback from fund managers:

"While there was some lack of synchronization between national and European investment programmes, particularly in timing, application processes, and selection criteria, ***these differences also highlighted opportunities for further alignment, which could streamline management in the future****"*

*"****The funding process aligned seamlessly with the fundraising strategy, enabling efficient due diligence and smooth discussions****, with final investors joining just in time for swift and effective deployment"*

3.4. Effectiveness of ETCI 1.0 deployment within the first 24 months

Has ETCI 1.0 achieved its deployment targets at mid-term, incl. in terms of sectors and geographies?

- ⇨ The deployment of ETCI is proceeding in line with the initial timeline, with 70% of commitments approved by the end of 2024 and a realistic completion target set for early 2026
- ⇨ Downstream deployment to scale-ups is well initiated (10% of EUR 17 bn leverage effect) but naturally slower, in line with the inherent timelines of investment cycles

3.4.1. Effectiveness at fund level

Despite challenging market conditions, the approval of EUR 2.4 bn puts the programme on track for a successful deployment of the EUR 3.4 bn by early 2026.

ETCI's ramp-up is progressing as planned, on track to meet its target of 15 commitments into funds and EUR 3.4 bn by early 2026. The deployment has unfolded in two distinct stages:

1. A fast ramp-up start with funds already advanced in their fundraising efforts and already well-equipped to reach the EUR 1 bn target
2. A subsequent intermediate slowdown as other candidates with a less significant track record face challenging market conditions, potentially deterring their fundraising momentum. What's more, for this second category of funds, the work on ambition carried out by the EIF takes more time and requires longer lead times before fundraising can be launched and a first closing achieved

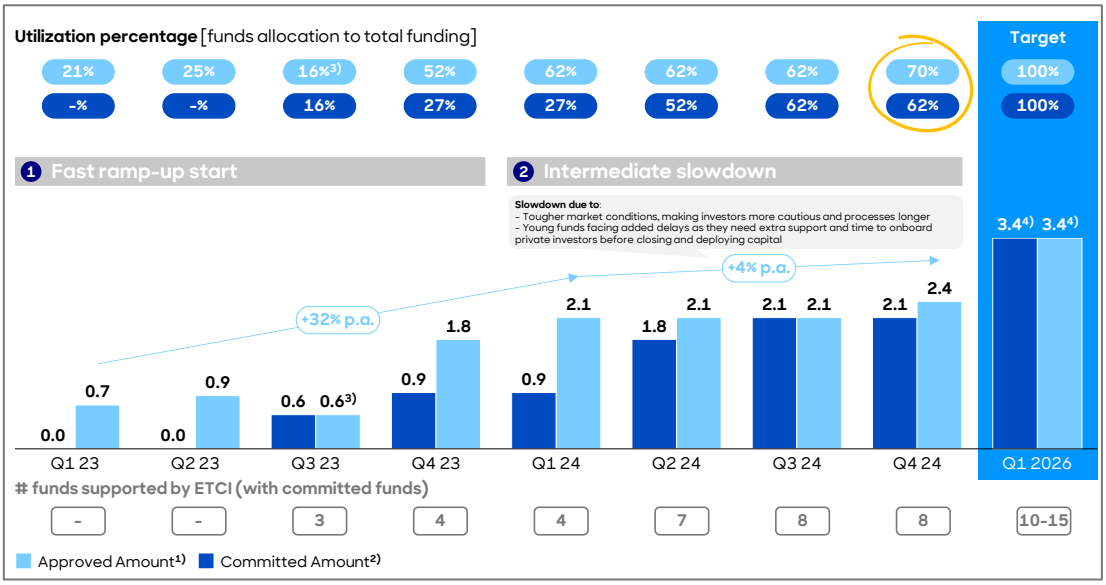

Figure 14: ETCI ramp-up - Approvals and commitments in late-stage funds [EUR bn][14]

Confidence in the programme's ability to meet its deployment targets is supported in particular by the strong pipeline of funds under review.

Indeed, with 19 fund proposals currently under review, ETCI 1.0's pipeline remains robust, making **upcoming commitments highly selective and highlighting the need for an ETCI 2.0 programme to sustain this momentum.**

Feedback from contributing Member States:

"The speed of deployment has been impressive — allocating over half the funds in just two years shows strong momentum and a promising future for the initiative"

*"**Numerous candidate funds from across Europe expressed satisfaction with the programme's implementation**, fostering healthy competition among funds vying for a place in the initiative"*

*"The speed of deployment has been unexpectedly strong, with **the programme on track to be largely completed within the initial three-year timeframe**"*

The distribution of commitments across funds by sector and geography is uneven, reflecting differing market opportunities and dynamics.

As of the end of December 2024, ETCI 1.0's portfolio of funds is predominantly **focused on the Information and Communication Technology (ICT) sector and key European markets** like France and Germany, yet it maintains a **broad European reach, both in terms of funding and scale-up** (see below) **impact. It shows that ETCI 1.0 commitments are market-driven, with no predefined sector or geographic targets**. While the initiative is currently deployed through funds in only four countries, its reach spans across Europe, supporting scale-ups with a European presence in multiple countries.

[14] 1) Funding agreed upon for future disbursement; 2) Funds received by backed funds; 3) Decrease due to adjustment to approved amounts; 4) 95% of the EUR 3.55 bn commitment is available for commitments into funds, i.e. EUR 3.37 m; 5% to cover costs and expenses - Based on ETCI quarterly reports, EIF interviews and Roland Berger analysis

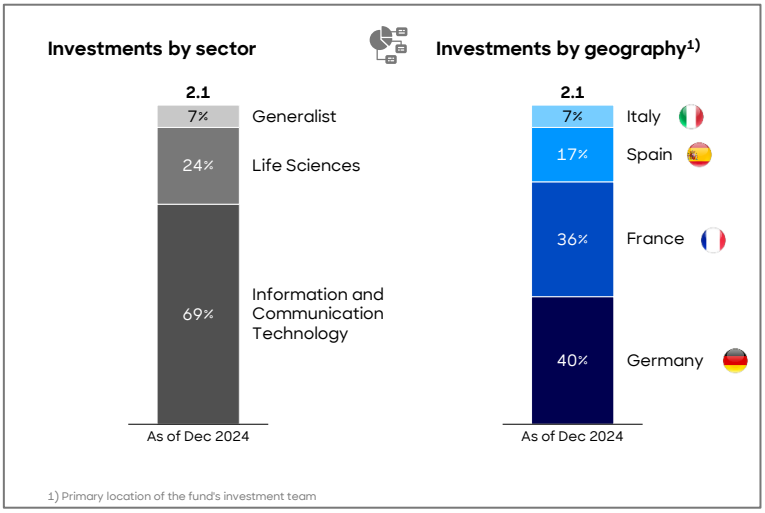

Figure 15: ETCI ramp-up breakdown in value - Commitments to late-stage funds [As of Dec. 2024; EUR bn][15]

Market feedback from fund managers:

"ETCI initially lacked clarity on geographical eligibility, leading to inefficiencies, ***but ultimately demonstrated flexibility by adopting a more continental approach. Overall, ETCI's contribution enabled a diversified portfolio across tech sectors, geographies, and stages****"*

However, there is a difference in perception regarding geographical allocation—both among Member States and between Member States and fund managers—which reflects the programme's underlying tension between ensuring fair return on public contributions and maintaining performance across unequal market dynamics. Indeed, among some Member States, the geographic allocation criteria raised concerns about perceived concentration of funding in major EU Member States. To the contrary, while the objective of balanced distribution is acknowledged, some fund managers noted that this approach may override performance-based fund selection, potentially affecting the overall effectiveness of capital allocation.

"While the initiative addressed critical financing needs, ***return clauses imposed by contributing countries limited ETCI 1.0's pan-European reach****, potentially reducing its efficiency and excluding larger funds from smaller EU countries"*

"Although ETCI 1.0 funding facilitated expansion, ***the EUR 1 bn target was viewed as primarily influenced by political factors rather than commercial feasibility****. Managers would benefit from* ***tailored scaling strategies based on sector focus and investment timing, rather than a rigid structure****"*

Feedback from contributing Member States:

"Geographic criteria were not initially designed to steer investment decisions, but ***political considerations have understandably introduced greater attention to how funds are allocated across regions****"*

"The correlation between a country's contribution and ETCI's investment was stronger than anticipated*, yet this has encouraged fund managers to refine and scale their strategies for greater impact"*

Moreover, most funds reported that the reporting requirements - particularly on executed investments - were overly burdensome.

[15] Primary location of the fund's investment team - Based on ETCI quarterly reports, EIF interviews and Roland Berger analysis

The reporting requirements—particularly those related to executed investments—were identified by several funds as a structural constraint. **While acknowledging the importance of rigorous standards, fund managers noted implementation challenges at portfolio company level.** These include the technical complexity of language, the lack of standardisation across EIF investments, and the limited flexibility of certain clauses—such as broad information rights—which may be difficult to obtain in minority positions or in non-European jurisdictions.

In some cases, the proportionality of certain requests—especially for smaller tickets—was questioned, as they may go beyond market norms and create friction with portfolio companies. Suggestions were made to improve usability, such as introducing a summarised annex of obligations and aligning more closely with venture capital practices. More broadly, several managers expressed interest in greater coordination among EU public investors to clarify priorities and streamline expectations.

3.4.2. Effectiveness at scale-up level

Downstream deployment to scale-ups is well initiated (10% of overall target) but naturally slower, in line with the inherent timelines of investment cycles.

ETCI financing is quickly reaching scale-ups: 10% of the EUR 17 bn leverage expected under ETCI 1.0 has already been allocated – despite tough market conditions and long deployment lead times. ETCI 1.0 fund deployment in scale-ups is designed to span 4–5 years, with the last investment periods ending after 2030. Capital is already being deployed, supported by a robust pipeline, and investment activity continued to progress steadily into late 2024. **While optimizing IRR may extend the timeline, the overall trajectory remains on track**.

The diversity of scale-ups supported by ETCI funds underscores the pan-European impact of the initiative, highlighting its ability to foster a broad and interconnected ecosystem across the continent.

The scale-ups financed by ETCI 1.0 demonstrate a geographical reach that exceeds that of the funds themselves, reflecting the initiative's significant ecosystem impact. Current geographical gaps align with early-stage, opportunity-driven investments, with 25 scale-ups funded so far. Fund managers remain focused on overall fund performance, while the initiative continues to **prioritize tech and deep-tech sectors, with 48% of funded scale-ups centered around digital solutions.**

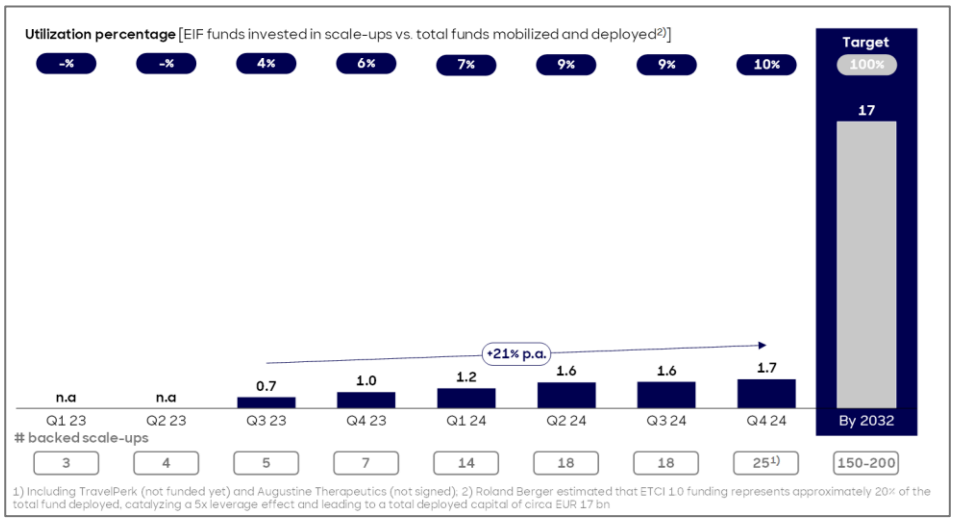

Figure 16: ETCI ramp-up - Investments in scale-ups [EUR bn][16]

[16] Based on ETCI quarterly reports, EIF interviews and Roland Berger analysis

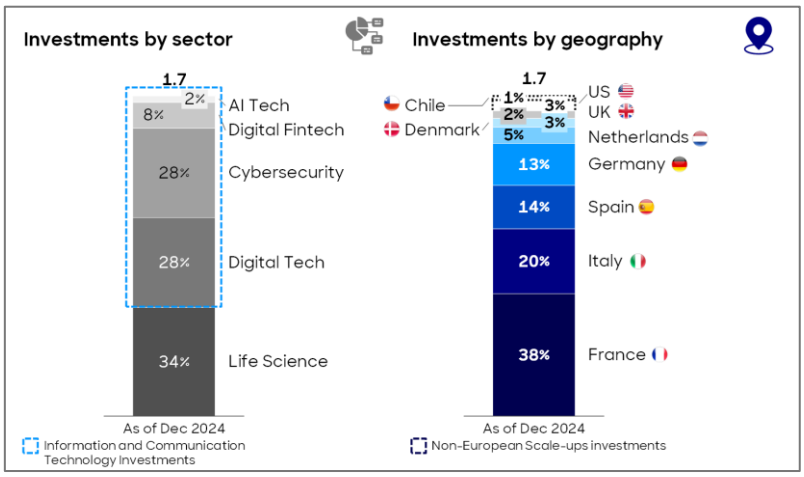

Figure 17: ETCI ramp-up breakdown in value - Investments in scale-ups [As of Dec. 2024; EUR bn][17]

3.5. Efficiency of invested resources

Has ETCI 1.0 been deployed in a cost-effective manner?

⇨ ETCI targets a 25% stake at fund level on average. While final Internal Rate of Return (IRR) still needs to be assessed, operating costs appear efficient thanks to economies of scale

ETCI targets a commitment of about 25% of the fund's target size on average, in line with practices from other National Development Banks and EIF mandates. EIF is able to adjust its commitment size and determine the most adequate stake at fund level to better support promising fund managers in growing their strategies.

The question of the efficiency of the resources invested by ETCI is measured primarily by the share of the ETCI ticket in the total size of the fund. **An exhaustive look at the 8 funds already committed by ETCI[18] shows that ETCI typically commits 25% of a fund's target size on average – and in select cases, boosts its stake up to 35%, empowering funds to leapfrog their fundraising.** Indeed, 25% represents the average theoretical ticket invested by ETCI, showing a minority level which is in line with the prudent and catalytic standards of other public financing instruments (notably from Bpifrance of KfW).

A great deal of flexibility can also be observed with this ratio, such as, for example, a lower stake in funds of experienced fund managers with a long track record in the market. In other cases, the decision was made to increase this stake to a maximum of 35% to accelerate or even leapfrog the ambition of fund managers who lacked a reference point for these fundraising amounts, and to enable them to recruit the most experienced teams.

[17] Based on ETCI quarterly reports and Roland Berger analysis

[18] As of 31 December 2024, ETCI had approved investments of EUR 2.4 bn across 10 funds, of which EUR 2.1 bn had already been committed to 8 funds

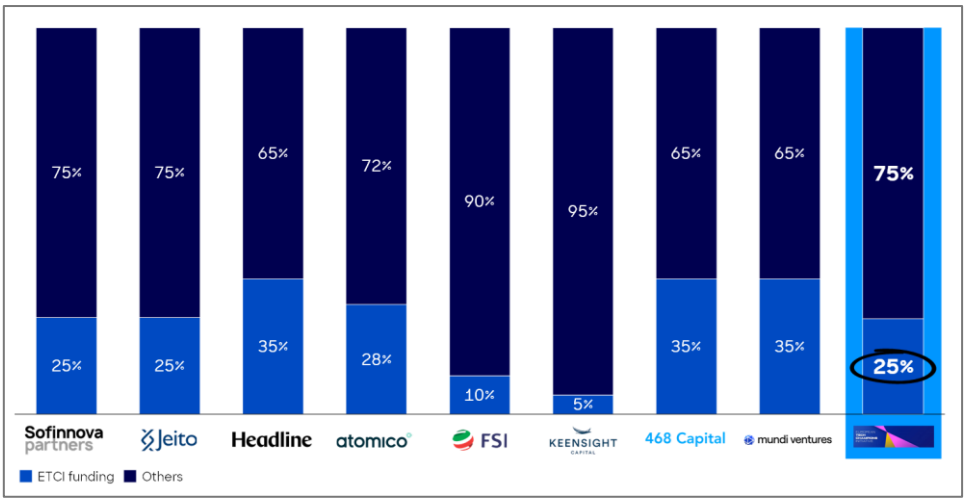

Figure 18: Share of ETCI commitments in funds target size[19]

Other efficiency indicators, such as the scheme's cost-to-income ratio and overall performance, should also be further analysed in a future ex-post evaluation.

Market feedback from fund managers:

*"**The public/private funding balance was challenging**, especially with the minimum 33% private capital requirement, which was well-defined but hard to meet. Similarly, the initial EUR 750 m first closing target was adjusted to EUR 650 m after discussions, as the original threshold was considered to be too demanding"*

*"While clarity is needed on the alignment of mandates and thresholds between national and EU-level actors, **there is some concern about how the composition of public capital may be perceived by other LPs, potentially sending unintended signals**"*

It is worth noting that a key measure of efficiency will be the return on investment from these fund participations. However, since this return depends on both the timing of entry and eventual exits, assessing final profitability will require a long-term horizon, well beyond today.

A final measure of efficiency is the cost-to-income ratio. On **this aspect, the EIF shared its view that ETCI was operated within the standards of its mandates, with even significant economies of scale given the amounts deployed by the investment teams.**

Feedback from contributing Member States:

*"Public funding currently ranges from 10% to 25% in most programmes, with ETCI 1.0 potentially providing a larger share to establish a sustainable market. **It is crucial to ensure that public contributions remain effective but not excessive, ideally capped at 50%, to maintain long-term market viability**"*

*"The involvement of multiple reputable public investors, each with a strong investment thesis and reasonable ticket sizes, signals quality and reinforces strategic priorities such as innovation and technological sovereignty. **However, overly concentrated public investment from a single actor in one fund may be perceived less positively by the broader market**"*

[19] Based on ETCI quarterly reports, EIF interviews and Roland Berger analysis

3.6. Usefulness

3.6.1. Usefulness: impact at fund level

What has been the impact of ETCI on the funding gap for European late-stage funds, notably the ability to close EUR 1 bn funds and attract new kinds of investors (Limited Partners)?

⇨ ETCI helps raise larger fund sizes, drive ambition, and speed up LP negotiations, but building a visible asset class for leading international LPs will depend on long-term performance

ETCI 1.0 has had a strong catalytic effect across different types of diverse fund manager profiles, accelerating their fundraising efforts and enabling them to remain competitive in late-stage scale-up rounds, by raising first closing ambition levels closer to the EUR 1 bn threshold.

ETCI 1.0 has had a tangible impact across 3 distinct types of growth funds in which it has invested:

1. **Segment 1: deeptech funds -** To date, the largest European deeptech funds total a maximum of EUR 300 m, but are far from being able to lead series C or D rounds for the most promising scale-ups. For the selected fund managers, ETCI is instrumental in scaling up high-potential funds in an underfunded market segment that they would be unlikely to fund at this level otherwise

Market feedback from fund managers:

*"Without ETCI, it would have taken **15 years and generations of funds to get there**. We can now go **straight through the typical life journey of a growth fund** and directly be able to **jumpstart** with a bold strategy and the best team"*

2. **Segment 2: experienced growth funds** - For more established pan-European players, ETCI 1.0 serves as a catalyst to reach higher. Its involvement enables these funds to lock in a higher valuation, structure themselves according to international standards and lead larger investment rounds and deploy more significant ticket sizes into high-potential scale-ups, as they are faced with competition able to raise funds up to EUR 5 bn

"ETCI's scale allows us to target larger companies while developing both functional expertise and support capabilities**—reporting, compliance, legal, communication, etc. Today, most investment goes into the deal team, but large-cap funds need further institutionalisation and professionalisation to **meet top international standards in performance and investor service"

3. **Segment 3: reference VC funds entering the growth segment** - For reference VCs without a strong record in growth, ETCI came as a catalyst to fuel ambition and enable leapfrogging in fundraising.

"ETCI was a real catalyst—it helped us skip a step on the manager map and enter a different league. We were able to hire outstanding talent, which made a significant difference"

Overall, ETCI already had a direct positive impact on all the fund managers EIF supported, on two levels: the ability to capitalize on higher commitments, and to speed up negotiations with LPs thanks to the signal effect of the investment.

First of all, the most obvious impact is the direct contribution of significant amounts to the fundraising. In the vast majority of cases, ETCI is the largest investor in the funds it supports, demonstrating its critical impact in reaching the mega-fund threshold. It's also worth noting that successfully securing a larger fund size also enables investors to prepare for the future from a higher starting point, resulting in a critical compounding effect.

What's more, beyond the amount, the timing of the ETCI investment is also critical. Whenever ETCI has been able to intervene at the beginning of the fundraising, the catalytic effect has been the most significant.

"***ETCI 1.0 played a pivotal role in bridging the funding gap, enabling the firm to scale its investment strategy***. *The strong branding and signaling effect reinforced its position within the European tech ecosystem, attracting additional investors and securing larger ticket sizes for investments in EU scale-ups*"

"***ETCI 1.0 has a direct impact on raising a EUR 1 bn fund, attracting a more diverse set of investors***, *and for example fueled the European growth of a market leader with a global footprint*"

The second major impact – particularly valuable for funds – is the strong signalling effect of the EIF's investment. Recognised by the vast majority of interviewed funds, including those not selected, as a credible sovereign investor, the EIF's involvement helped accelerate ongoing discussions and generated significant **crowding-in effects**. By contrast, the crowding-out effect—where the EIF's entry may deter some investors—was marginal. Only one isolated case was reported, and other factors also contributed to the LP's decision to withdraw.

ETCI has positively influenced fund ambition and investor engagement, but its full potential to attract new investor profiles will depend on sustained performance and stronger, more coordinated communication efforts.

By contrast, ETCI's impact on attracting new types of investors—such as foreign sovereign funds—is much less clear. While some note that the EIF brand can help open doors, the European asset class still lacks sufficient track record to draw in these investors. Only sustained and consistent long-term performance will make it visible and credible to institutional investors.

Market feedback from fund managers:

"*EIF was solely responsible for promoting the fundraising and did not facilitate introductions to new LPs, whether national or international****. Expanding networking support or allowing marketing efforts at later stages could improve the programme's effectiveness"***

Another commonly cited gap by most funds is the lack of communication and investor education—particularly through publications, consolidated data sharing, and proactive awareness-building by key market actors such as the EIF. In this regard, the communication of ETCI results is highly anticipated by investment funds as a way to raise the visibility of the asset class.

"ETCI 1.0 funding did not directly attract new investors; the increased fund size required justification that was not universally well-received, leading to the loss of an investor"

"***The backing of EIF adds credibility and confidence, reducing perceived risk and effort for family offices and sovereign funds***, *who value EIF's thorough due diligence process*"

"***ETCI support provides a strong credibility signal, helping European funds scale to attract large institutional investors.*** *EIF backing reduces perceived risk, enabling funds to gain the confidence of global LPs and sovereign wealth funds*"

3.6.2. Usefulness : impact at scale-up level

What has been the impact for supported scale-ups with ETCI-backed growth funds, notably in terms of technology sovereignty, scaling up and geographical focus?

⇨ There is not yet enough perspective to assess the impact on scale-ups, but early examples show a positive effect on their strategic positioning in Europe, supported by long-term financial backing

Although the scale of investment into scale-ups remains limited at this stage, ETCI is already showing early signs of impact – both in the way funds engage strategically with companies and in the gradual anchoring of growth and operations in Europe.

At this early stage of ETCI-backed fund deployment into scale-ups, only around 10% of committed capital has been invested, making it too early to draw firm conclusions. An ex post evaluation will be essential to assess how effectively capital reaches scale-ups, the extent to which funds support their growth, and the impact on their technological development and European anchoring.

Nonetheless, initial effects are emerging along three lines :

- **First, European funds are engaging in strategic board-level dialogue with scale-up leadership**—now increasingly attuned to sovereignty issues—bringing high-level support, networks, and connections to accelerate European growth

Market feedback from fund managers:

"The programme helped foster a European investment bias, giving scale-ups greater access to local expertise, networks, and growth opportunities. ***What began as an incidental outcome has become a strategic differentiator, with some scale-ups now actively seeking European investors to balance U.S. influence****"*

- **Second, early signs show strategic activities being anchored in Europe**—for instance, biotech firms choosing to conduct clinical trials in Europe following investor discussions

"The initiative plays a key role in anchoring the European dimension of biopharma scale-ups by encouraging clinical development and job creation in Europe, even when companies pursue dual EMA/FDA strategies. ***As a lead investor, it brings long-term capital and operational expertise, offering strategic guidance that builds strong trust with management teams and adds meaningful value to investment syndicates****"*

- **Third, ETCI is beginning to shift perceptions, demonstrating that a successful growth path with strong European roots is possible**, supported by a gradually maturing investment chain capable of backing companies from scale-up to IPO

*"****The funding supports the scaling of portfolio companies and reinforces technological sovereignty by providing the infrastructure and resources needed for growth****. ETCI 1.0 and EIF have played a key role in enabling scale-ups to stay and thrive in Europe, where talent and ecosystem support are strong"*

4. Recommendations and next steps towards ETCI 2.0

4.1. Further deployment of ETCI 1.0

The deployment of ETCI 1.0 should continue in line with the work already undertaken, with three possible areas for reinforcement: (i) communicating results as a track record begins to emerge, (ii) streamline reporting requirements whenever it is possible and (iii) providing, where possible, more proactive support to funds in their interactions with LPs.

A key initial challenge will be to widely communicate about the initiative and its results as soon as they become available, in order to position ETCI as a platform for raising awareness of the asset class among international investors. This could include, for example, publishing a summary of this evaluation and gradually sharing the fund's emerging track record.

A second challenge will be to integrate, where possible, feedback from investment funds on the complexity of reporting requirements—particularly for less structured funds—by adopting a pragmatic and gradual approach to ease day-to-day operations. While rigorous reporting is necessary to align funds with institutional investor expectations, it should remain grounded in market realities, especially on certain ESG aspects highlighted by fund managers.

Market feedback from fund managers:

"By showcasing strong results from ETCI 1.0, it clearly demonstrates its impact and the effective utilization of funds. This will help attract more private investment, particularly from medium-sized pension funds lacking selection teams, with EIF/ETCI 1.0 potentially handling the fund selection process via ETCI 1.0"

Finally, a last recommendation for the completion of ETCI's deployment is to provide broader support to funds in their engagement with institutional investors. Many funds expressed frustration that support often stops at the (valuable) financial commitment, with limited assistance beyond. While the EIF may find it difficult to promote one fund over another, a more proactive approach could nonetheless be developed—for example, through shared tools such as a common investor contact database, a dedicated marketplace where ETCI-backed funds can present their strategies and objectives, or even institutional events bringing together selected funds and long-term investors.

Market feedback from fund managers:

"There is a massive need for more capital in Europe, and we are still subscale in many sectors. The EIF brings deep market knowledge and significant capital—but offers almost no fundraising support. ***It is a missed opportunity****. They should act as a catalyst, sharing insights, facilitating investor connections, and creating platforms or events where funds can promote themselves"*

4.2. Recommendations for ETCI 2.0

A very strong case has emerged in favor of an ETCI 2.0, with the aim of extending the dynamic over the long run in order to maximize its impact, while gradually pivoting towards the private sector, which must play its full part.

There is unanimous support from both contributing Member States and fund managers to continue the ETCI initiative. This consensus is based on three key factors:

- A **strong remaining pipeline**, which highlights the need to extend the scheme to meet ongoing demand
- The **potential negative signal of a sudden withdrawal**, as investor re-ups are often a key driver in fundraising momentum

- The **early-stage maturity of the private sector** with regard to this asset class, which is only beginning to gain familiarity and traction among institutional investors

Market feedback from fund managers:

"**There is a clear need for ETCI 2.0, which should be as large or larger to support teams with ambitious growth plans.** ETCI 1.0 has already proven essential in closing funds, and its continuation would further strengthen Europe's investment ecosystem"

'Without a follow-up to ETCI 1.0, **the risk of underfunding increases**, potentially weakening the overall investor base and sending negative signals to the broader investor ecosystem**. Bpifrance's role is a good example as they gradually reduce their public tickets to support manager independence over time**"

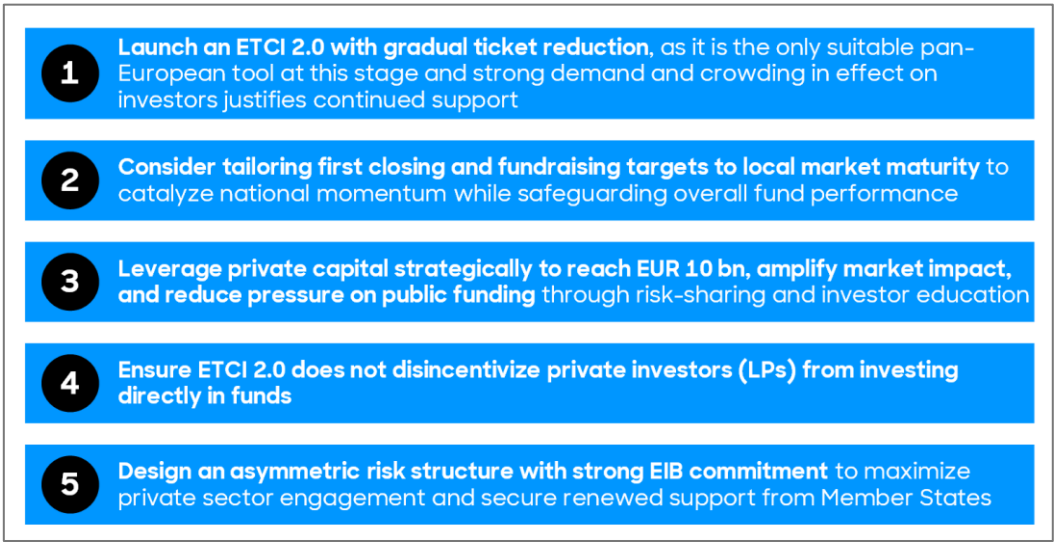

Figure 19: Synthesis of key recommendations towards ETCI 2.0

⇨ ***Recommendation #1: Launch an ETCI 2.0 with gradual ticket reduction, as it is the only suitable pan-European tool at this stage and strong demand and crowding in effect on investors justifies continued support***

First of all, there is unanimous support for an ETCI 2.0, from both contributing Member States and fund managers, as it remains the only pan-European financing tool truly adapted to late-stage venture capital. The fund pipeline is strong – with 19 funds identified – demonstrating clear market demand. Moreover, an investor refusing to re-up would send a highly negative signal, jeopardizing the progress made. Rather than a sudden withdrawal, a gradual reduction in ticket sizes across future rounds would be a more prudent approach.

⇨ ***Recommendation #2: Consider tailoring first closing and fundraising targets to local market maturity to catalyze national momentum while safeguarding overall fund performance***

There were some non-consensual discussions around adjusting the overall fundraising target of EUR 1 bn, often deemed as a political construction, as well as the intermediary technical thresholds such as the one for the first closing (EUR 650 m). The idea would be to adjust and calibrate the targets based on the maturity of national markets – enabling a more bespoke crowding-in effect without giving up on the overall ambition of ETCI.

⇨ ***Recommendation #3: Leverage private capital strategically to reach EUR 10 bn, amplify market impact, and reduce pressure on public funding through risk-sharing and investor education***

Moreover, mobilizing private capital is essential to reach the EUR 10 bn target over time and to maintain a significant impact on the scale-up fundraising market; Beyond the capital itself, bringing in private investors would (i) help educate them on European late-stage VC, leveraging the EIF's expertise, particularly for those with no specific capacity to scout relevant investment opportunities in the European late-stage market, (ii) mitigate the regulatory constraints of Solvency II, which to date has heavily penalized the VC asset class, and (iii) dilute public contributions while easing pressure on geographic national return expectations.

⇨ ***Recommendation #4: Ensure ETCI 2.0 does not disincentivize private investors (LPs) from investing directly in funds***

Caution must however be taken to avoid adverse effects, such as private investors reallocating capital from direct fund investments to ETCI 2.0 instead, solely to benefit from favorable conditions. This would involve defining a number of eligibility criteria, for example based on a history of investments in European VCs or the location of analyst teams.

⇨ ***Recommendation #5: Design an asymmetric risk structure with strong EIB commitment to maximize private sector engagement and secure renewed support from Member States***

Last but not least, an asymmetric structure would strengthen the incentive for private participation if they are allocated the senior tranche, while the public contribution would go to the junior one. The size of the EIB's contribution and the level of risk it assumes are critical factors for many Member States to encourage them to renew their commitment.