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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Council "Competitiveness" (Internal Market, Industry, Research and Space) on 8 and 9 December 2025 Scaleup Europe Fund implementation - Information from the Commission

AOB – Scaleup Europe Fund implementation

Information from the Commission

The Scaleup Europe Fund has been announced by Commission President Ursula von der Leyen as a key priority in her **2025 State of the Union Address** and is a major flagship action under Europe's Startup and Scaleup Strategy. The Scaleup Europe Fund will address the gap in late-stage funding to strategic scaleup technology companies in Europe, put to the fore in the Draghi report on competitiveness.

The vision for the Scaleup Europe Fund is to become the **largest pan-European growth stage fund** for direct equity investments, with a target fund size of **5 billion euros** and the possibility of further increase subject to demand and agreement of founding investors.

The Fund pursues a **dual objective** of generating competitive returns while reinforcing Europe's technology leadership and strategic autonomy, and enabling companies to grow to become global leaders while maintaining their base in Europe.

To achieve this, the Scaleup Europe Fund will operate as a **market-based, privately managed and privately co-financed** growth fund investing in major European-led investment rounds.

The Fund aims to create a **portfolio of major investments¹ in European strategic technology companies**, diversified across and within technologies and geographies. Investments may take place in any EU Member State or eligible associated countries.

It will **complement and syndicate** with existing Funds, including those supported by other EU initiatives on growth stage financing such as the European Tech Champions Initiative. Through its significant investment and lead capacity, the Scaleup Europe Fund will thus facilitate the successful closing of investment rounds with European private Funds, allowing for risk diversification. Therefore the Scaleup Europe Fund has a market-making function, allowing financing of European lead growth stage rounds that today are predominantly financed by non-EU investors.

On 28 October 2025, the European Commission together with a **set of top-tier investors from across Europe**, have **jointly expressed their intention** to establish the Scaleup Europe Fund.

¹ Catalysing investment rounds of several EUR 100m or above, with a substantial share of its capital reserved for follow-on investments

Alongside the Commission and the EIB Group, the group of potential founding investors in the Fund to date include important private investors (foundations, family offices, pension fund, ...) from all over Europe.

An open, competitive and transparent **process** will be used **for selecting and appointing a European world-class private fund manager** to manage the Fund. To this end, an **open call for expression of interest** is being published by the European Innovation Council (EIC) Fund, in cooperation with the potential founding investors of the Scaleup Europe Fund, to select a qualified, independent fund manager to act as the investment adviser and portfolio manager of the Scaleup Europe Fund, in line with the best market practices. It will be open until the end of January 2026.

The appointment of the fund manager and legal setup of the Fund² is planned for the first quarter of 2026, followed by the Fund's establishment, capitalisation and **start of operations in the second quarter of 2026**.

The potential founding investors are expected to make significant financial commitments to the Scaleup Europe Fund once the fund manager is chosen. In order to secure their commitments, founding investors expect a contribution of 1 billion euro (i.e. 20% of the target amount) from the EU budget which would come from the EIC part of **Horizon Europe** which allows (HE Art 48.1) direct equity investments in strategically important companies by the EIC Fund. This 1 billion euro EU budget contribution would leverage up to 20 billion euro financing for scaleup companies in Europe, achieved with two mechanisms: first, the amount invested in the Scaleup Europe Fund will target an objective of 5 billion euro (i.e. 1 billion euro from the EC and 4 billion euro from the founding and other private investors)³; and second, a further multiplier effect of 4 times of the € 5 billion capital invested would be achieved through co-investments when the Fund directly invests in scaleup companies. The EU contribution will need to be agreed through a forthcoming Commission Decision on the EIC Work Programme⁴ following an opinion of the programme committee. It will be ensured that the financing of the Scaleup Europe Fund will be made within available Horizon Europe budgets (i.e. with no increase in

² The Scaleup Europe Fund will be set up as a new compartment of the existing EIC Fund, established under Luxembourg legislation, which provides the necessary flexibility and reduces the setup costs and time.

³ A net leverage effect of 4 on the EU contribution

⁴ Amendment to the 2026 EIC Work Programme adopted on 5 November

contributions from Member States) while also maintaining the foreseen allocations to other Horizon Europe priorities (e.g. HE Work Programme 2026-2027).
