



European venture capital targets sustainability (amended)

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EUROPE – European investors committed €1.25bn to sustainable venture capital products as of 2006, while total private equity hit record levels of financing, according to the European Social Investment Forum (Eurosif).

The news comes in spite of Tuesday night's calls from the UK's trades unions' head, Brendan Barber to better scrutinise private equity, likening some private equity firms with "casino capitalists" and "amoral asset-strippers".

However, Eurosif's executive director, Matt Christensen said today: "We are seeing an extraordinary upward growth curve in private equity/venture capital," adding that last year the asset class hit "record levels of financing" in both Europe and the US.

Particularly "VC4S", a venture capital type where profit objectives are supplemented by a mission of sustainability, has burgeoned Eurosif found in its recent survey of European venture capitalists.

According to the firm, VC4S "encompasses funds specialised in renewable energy, but it also includes funds that are focused on bridging economic divides."

"They will invest in companies in underprivileged areas for example, or in companies that will be serving underprivileged areas," Christensen said, adding: "Instead of doing loan financing or debt products, it is saying: 'We can do market rate return as a venture capitalist while actually contributing to sustainability'."

VC4S now represent 6% of the European venture capital-only market.

Christensen argued that VC4S are different from the private equity firms Barber "might be stereotyping", though Barber's comments echo those of former German vice-chancellor, Franz Müntefering, who famously compared foreign private equity firms to locusts two years ago.

"This sector rebuffs some of those tendencies that one can read about and VC4S are a good example of investors trying to bring in long term perspectives, trying to bring in criteria that are about helping sustainability, about helping society in a way," Christensen added.

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