

Green-tech investors want to team up with Brussels

The message from venture capital funds to Brussels: We can help each other.



Tech investors have to convince lawmakers that the technologies their startups are developing are not science fiction, but can be useful right away | Image via iStock

by [Pieter Haeck](#)

Between a summer of [scorching heat](#) and a winter of energy shortages, green-tech investors have a message for the European Union: We can help each other.

Tech venture capital funds have recently flocked to Brussels to weigh in on the bloc's green plans that are currently being drafted. The goal is to shape the rules in a way that benefits their portfolio companies — startups working on clean technologies — and to secure some of the innovation funding that comes with them.

But while these tech funds can have influential backers, cozying up to Brussels politicians remains a tough job. Climate and energy policy is still “designed for large incumbents,” one lobby group complained.

Tech investors also have to convince lawmakers that the technologies their startups are developing are not science fiction, but can be useful right away. Due to the skyrocketing energy prices, lawmakers are focused on getting through the winter, and less on climate fixes that can be helpful in a couple of years.

The Gates factor

Right before the summer break, Cleantech for Europe, a lobby group representing 20 clean-technology (or cleantech) venture capital firms from across the bloc, signed onto the [EU's transparency register](#), allowing it to engage with policymakers in Brussels.

The group is affiliated with Breakthrough Energy, a 2015 fund backed by tech billionaire Bill Gates aimed at supporting companies working on net-zero technologies. One of the affiliates of Breakthrough Energy teamed up with European Commission President Ursula von der Leyen in June last year to [mobilize \\$1 billion for green technologies](#). Representatives from the fund had multiple meetings with commissioners, both on the partnership and on legislative files.

Investors' move into the policy area is no total surprise. Private investment in clean technologies has been on the rise. Up until the end of August, \$9.2 billion has been invested in energy tech in Europe, the Middle East and Africa, according to a report by Dutch data provider Dealroom seen by POLITICO, which is already almost equal to the amount invested in the full year 2021 (\$11 billion).

For these investors, however, working with policymakers is still fairly new — while new regulations can affect the fate of their investments.

Yet, they are determined to bridge the gap.

“Cleantech in the EU is not doing as well as in the U.S., for instance,” Jules Besnainou, executive director at Cleantech for Europe, told POLITICO. “We believe that’s because there’s a real gap between the cleantech ecosystem and the policymakers. Which means that the policy framework that is being developed, even when it’s quite climate forward, is still designed for large incumbents.”

The investors who joined the lobby group mostly have between €50 million and €300 million in funds under their management, according to Besnainou. “Which is relatively small when you compare it to industries like steel, cement or transport, that are trillion-euro industries.”

Money flows

Tech investors already have to keep tabs on a lot of policy files in Brussels — ranging from sector-specific green rulebooks to financial regulation.

Another major concern is the innovation money that the EU has set aside, under different programs like the R&D program Horizon Europe. [Rumblings of discontent](#) over the EU’s handling of its startup fund, the European Innovation Council Accelerator, have shown that even when money is earmarked for startups, it’s not a done deal to actually get them the money.

Critics could question why taxpayers’ money is flowing into climate and energy tech startups when they already get a record amount of private investment. Besnainou disagrees: “Venture capital firms can put together the kind of initial funding to get the technology ready. When it comes to actually building a lot of factories and getting that to scale, it’s incredibly important to have public support.”

Getting support starts with getting politicians excited about your case. In Brussels, but also abroad, support for startups hasn’t always been a top priority.

Are the times a-changing? In a remarkable move, former French Agriculture Minister Julien Denormandie joined climate-tech startup Sweep — which develops a tool measuring carbon emissions — on Tuesday as its “chief impact officer.”

“It’s not possible to tackle climate change if, on one hand, you have public policies, and, [on] the other hand, the private sector, working without any interconnection with the public sector,” Denormandie told POLITICO.

Capturing the attention of policymakers, however, is extra challenging this winter, as they're focused on short-term energy needs — maybe more than on long-term solutions.

“The message we've been trying to send across is that a lot of the technologies we have are ready to be deployed today, and can make an impact today,” Besnainou concluded.