

**EIB GROUP EVALUATION**

# **THE EIF'S 4<sup>TH</sup> PILLAR INITIATIVE TO ATTRACT PRIVATE FUNDING**

**AN INDEPENDENT EVALUATION**

FEBRUARY 2026



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**The EIF's 4<sup>th</sup> Pillar initiative to attract private funding: An independent evaluation**  
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# ABBREVIATIONS AND ACRONYMS

<b>AMUF</b>	Asset Management Umbrella Fund
<b>DPI</b>	Distribution to Paid-In
<b>EIB</b>	European Investment Bank
<b>EIF</b>	European Investment Fund
<b>ESG</b>	Environmental, Social and Governance
<b>ETCI</b>	European Tech Champions Initiative
<b>FoF</b>	Fund-of-funds
<b>KPI</b>	Key Performance Indicator
<b>SDUF</b>	Sustainable Development Umbrella Fund
<b>SMEs</b>	Small and medium-sized enterprises
<b>SMA</b>	Separately Managed Account
<b>TVPI</b>	Total Value to Paid-In Capital

# EXECUTIVE SUMMARY

**The 4<sup>th</sup> Pillar initiative is an extension of the EIF's equity investment framework, designed to attract funding from private institutional investors.** Initially created to expand the limited participation of European private institutional investors in private equity and venture capital, and stabilise EIF's funding base amid uncertainties around EU and EIB mandates, the 4<sup>th</sup> Pillar initiative has evolved to also channel private capital into underserved, high-risk segments of the European market. This aligns with the objectives of the savings and investments union, as highlighted in the Draghi report, to mobilise household savings and strengthen Europe's competitiveness through deeper engagement with innovation finance.

**The 4<sup>th</sup> Pillar initiative enabled the EIF to raise €1 billion from 2017 to 2024, demonstrating its ability to attract risk-averse institutional investors new to the private equity and venture capital asset class.** This volume of funds highlighted the EIF's ability to gain traction with risk-averse investors new to the private equity and venture capital asset class and lacking internal capacity. The fund-of-funds structure played an important role in this context, as it offers diversification across geographies and products and provides access to top-tier managers. These features help to overcome the barriers to investment faced by smaller, less experienced institutional investors. The 4<sup>th</sup> Pillar initiative thus complements the EIF's core mandates and helps strengthen the EU private equity and venture capital ecosystem.

**Although valuable for some investors, the 4<sup>th</sup> Pillar initiative has not managed to attract or retain private sector funding on a sustained basis.** Despite several key strengths, the total funding raised through the initiative fell short of (over-ambitious) targets: At the launch of the Asset Management Umbrella Fund (AMUF) in 2017, the EIF expected to raise a total of €2 billion from the private sector over the following three years. These high expectations were driven by a strong initial uptake of the initiative by Italian investors. In 2023, following a strategic review, an adjusted target of raising €400 million per year was set. Yet the 4<sup>th</sup> Pillar remained a marginal component of the EIF's overall funding base. It was also too small in scale to drive systemic change in institutional investors' involvement in private equity and venture capital markets.

**The growing need to mobilise institutional private investment into European venture capital underscores the strategic relevance of the 4<sup>th</sup> Pillar initiative.** Since the initiative was launched, the need to further increase institutional private investment into European venture capital has become paramount. The experience accrued with the 4<sup>th</sup> Pillar since 2017 should enable the EIF to become an important driver for increasing private investor participation in European venture capital.

**Any future effort by the EIF to attract private sector funding would require substantial adjustments to the 4<sup>th</sup> Pillar approach.** The evaluation identified four key areas where adjustments would be needed: setting objectives, commitment and management support, market assessment, and investor relations and fundraising.

## SETTING OBJECTIVES

Under the 4<sup>th</sup> Pillar, the EIF pursued evolving priorities: Initially, stabilising the funding base was predominant; subsequently, the emphasis shifted to increasing the limited exposure of European private institutional investors to private equity and venture capital, and then to channelling private capital to underserved high-risk segments of the European private equity and venture capital markets. Pursuing all objectives through a single, uniform approach has proven ineffective. There is an inherent tension between the 4<sup>th</sup> Pillar's objectives – i) building a stable, recurring investor base, ii) educating new investors and iii) channelling private capital to underserved segments. They require fundamentally different fundraising and engagement strategies. Furthermore, the evaluation found that building the EIF's funding base is no longer a relevant objective, while the other two objectives are relevant but require distinct, tailored strategies.

### → Recommendation 1:

**Reassert the distinct objectives of the 4<sup>th</sup> Pillar, then tailor fundraising strategies to each one.**

For the two existing objectives (and any future ones), consider whether each calls for its own distinct approach, with its own specific parameters. These could include tailored strategies for engaging distinct investor profiles, expected ticket sizes, target risk-return ranges, product scope or SMART KPIs (key performance indicators that are specific, measurable, achievable, relevant and time-bound).

## COMMITMENT AND MANAGEMENT SUPPORT

Building credibility, securing anchor investors and fostering long-term relationships require sustained investment and senior management involvement. Limited partners commit first and foremost to the individuals they trust, meaning that senior management must remain highly visible and accountable throughout the process. Yet the 4<sup>th</sup> Pillar initiative has received limited high-level backing or sustained senior commitment over the years. The participation of senior management in fundraising has not always been sufficient to meet the EIF's ambitions. Its initial successes were heavily driven by the EIF's management, but this was not sustained over time, which hampered the fundraising process.

### → Recommendation 2:

**Ensure sustainable institutional commitment to private sector fundraising by securing senior leadership support, demonstrated through visible and active participation in investor relations.**

With the support of a dedicated team (covering process management, content development, data oversight, and compliance), the active and regular involvement of EIF senior management throughout the fundraising process is essential to build credibility, strengthen investor confidence, and demonstrate the EIF's long-term commitment.

## MARKET ASSESSMENT

The evaluation found that compartment strategies – aimed at offering investment opportunities tailored to specific market themes, investor profiles and asset classes – were primarily driven by policy priorities of the time, but were not supported by an assessment of market needs. This led to compartments being launched based on very ambitious fundraising targets, which often made fundraising efforts challenging. Despite the lack of harmonised rules on pre-marketing and marketing standards across Member States until 2021, there would still have been scope to test the market ahead of launching a new strategy.

→ **Recommendation 3:**

**Before launching new compartment strategies, perform rigorous pre-market assessments to validate market needs and competitive positioning.**

The EIF fundraising process should include a requirement to carry out rigorous market assessment before fundraising from private investors. Mandate development should be informed by a solid analysis of market needs. This exercise should include:

- exploratory discussions with market participants about investor preferences, taking compliance and pre-marketing regulations into account;
- assessment of investment opportunities in target markets, and robust financial modelling to validate strategy coherence and return expectations;
- thorough competitive landscape analysis demonstrating market gaps and the EIF's competitive advantages.

## **INVESTOR RELATIONS AND FUNDRAISING**

The EIF has successfully capitalised on its extensive experience, rigorous due diligence and robust investment capacity to position itself as a credible partner for private financing. Yet, becoming a recognised player in the fundraising landscape demands ongoing and sustained commitment, and a proven track record of reliability.

→ **Recommendation 4:**

**Establish a robust investor relations strategy with dedicated fundraising capabilities and continuous relationship management.**

The EIF should consolidate the investor relations function into a lean but robust approach that drives process discipline, quality and data integrity. This builds on:

- **Investor relationship management** that efficiently manages sourcing, follows-up and coordinates with investors, avoiding the current bottlenecks that hinder timely engagement.
- High **visibility** to reinforce market confidence, demonstrate accessibility of the fund's leadership throughout its lifecycle, and ensure a smooth transition for investor communications from initial engagement to the post-investment phases, fostering continuity and long-term trust.
- A robust **customer relationship management tool** – not only to monitor pipeline progress and conversion rates, but also to capture the reasons behind stalled or declined commitments (mandate mismatch; governance issues; environmental, social and governance requirements; etc.). These insights should inform strategic adjustments and communication, creating a feedback loop for continuous improvement.

# MANAGEMENT RESPONSE

EIF Chief Executive would like to thank the Evaluation Division for this insightful analysis, its outcomes and suggestions to improve the EIF 4th Pillar Initiative. The recommendations of the Evaluation Division Study will be duly reflected in the Action Plan to implement future efforts.

The EIF Chief Executive fully acknowledges the pioneering role of the 4th Pillar in attracting new and risk-averse investors, thereby supporting EU policy objectives. EIF also recognises the strategic relevance of the initiative in light of the growing need for institutional investment in European venture capital.

The EIF Chief Executive also notes the limitations identified by the Evaluation, notably the scale of the Initiative, which did not significantly stabilise EIF's funding base or crowding in private capital.

Looking ahead, the EIF Chief Executive agrees that future fundraising efforts must incorporate adjustments, including clearer objectives and tailored strategies for different investor types and market conditions, as further elaborated under recommendation.

**Note: Full recommendation details are available in the "Conclusions and recommendations" section of this report.**

**Table 1: Recommendations and management response**

## RECOMMENDATION 1

**Reassert the distinct objectives of the 4<sup>th</sup> Pillar, then tailor fundraising strategies to each one.**

## MANAGEMENT RESPONSE: AGREED

The EIF Chief Executive has no objection to the recommendation and would like to provide the following context.

- 1. Historical Engagement with Institutional Investors:** The EIF has a well-established history of engaging institutional investors, primarily to complement its public mandate and to catalyse private capital into European private equity and venture capital markets. Over time, the focus has shifted from stabilising the funding base to broadening institutional investor participation and targeting high-risk, underserved segments. This evolution is reflected in both the evaluation and the current operational strategy.
- 2. Current and Future Priorities:** The EIF does not maintain a major, dedicated funding line for private investors. Instead, private institutional investors are engaged selectively, and only where their participation serves the Group's strategic objectives. The vast majority of fundraising is anchored in core mandates from the European Commission and EIB, with pan-European initiatives aimed at mobilising both public and private resources. This approach ensures that private investor engagement is always aligned with the EIF's public mandate and operational priorities and with the Capital Market Union objectives.
- 3. Organisational Structure:** consistent with the above priorities, and following the recent re-organisation, the EIF does not operate a standalone team for private investor fundraising. Fundraising activities are embedded within broader structures that serve both public and private investors. This integrated approach allows the EIF to maintain flexibility, leverage synergies, and ensure knowledge-sharing and that private investor engagement is always consistent with the EIF's mission and governance framework. The focus remains on selectively mobilising private capital to complement public resources, not as an end in itself.

## RECOMMENDATION 2

**Ensure sustainable institutional commitment to private sector fundraising by securing senior leadership support, demonstrated through visible and active participation in investor relations.**

### MANAGEMENT RESPONSE: AGREED

The EIF Chief Executive acknowledges the need for sustained senior leadership engagement in private sector fundraising and commits to ensuring visible, active participation throughout the process to build credibility and strengthen investor confidence.

In line with our group-centric approach, fundraising activities are not isolated to a dedicated team for private investors. Instead, these activities are integrated within broader structures that serve both public and private mandates, ensuring alignment with the Group's strategic objectives.

Senior management's participation in investor relations is embedded in our operational model, with engagement occurring selectively where private investor involvement supports the Group's mission.

## RECOMMENDATION 3

**Before launching new compartment strategies, perform rigorous pre-market assessments to validate market needs and competitive positioning.**

### MANAGEMENT RESPONSE: PARTIALLY AGREED

The EIF Chief Executive underscores the importance of rigorous pre-market assessments before launching new compartment strategies, ensuring that mandate development is informed by market needs, investor preferences, and competitive positioning.

Following the reorganisation, a sharpened and more focused approach towards structuring and subsequently engaging with target private investors is in place first to shape and second validate the interest in the offering. It is hence considered that existing processes and documentation are fit for purpose and already cater for such enhanced approach, also from a bottom-up perspective regarding the assessment of potential institutional investors' appetite.

## RECOMMENDATION 4

**Establish a robust investor relations strategy with dedicated fundraising capabilities and continuous relationship management.**

### MANAGEMENT RESPONSE: AGREED

The EIF Chief Executive highlights the organisation's commitment to strengthening investor relations through a structured approach that ensures process discipline, data integrity, and sustained engagement, building on recent positive developments such as the successful closure of European Private Equity II and Green Private Credit compartments.

The 4th Pillar's strategy has evolved, expanding its reach and revising its organisational structure to better serve both public and private investors. These changes foster process discipline, improve relationship management, and ensure continuity and trust with our investor base.

More specifically, the fundraising activity has been reassessed at the level of Mandate Origination and Relationship Management with the aim of:

1. integrating human resources' capabilities and fostering knowledge sharing;
2. optimizing the value proposition to private investors focusing on the delivery of key priorities;
3. concentrating efforts towards a selected number of private institutional investors.

This approach ensures efficiency, cost control and optimization of human resources dedicated to the activity.

Additionally, the rollout of dedicated Client Services provides ongoing support to investor relationships beyond the initial investment phase.

# INTRODUCTION

## THE 4<sup>TH</sup> PILLAR INITIATIVE

**The 4<sup>th</sup> Pillar initiative is an extension of the EIF's equity investment framework, designed to attract funding from private institutional investors.** The EIF has a mission to foster the growth and development of high-potential, innovative small and medium-sized enterprises (SMEs), and to strengthen private equity and venture capital markets. It facilitates access to equity financing across all stages of corporate innovation by mobilising resources from the EIB, the European Commission, and Member States or national promotional institutions. The 4<sup>th</sup> Pillar initiative was created to complement these resources by attracting institutional capital – mainly from pension funds, insurers, asset managers and sovereign wealth funds – into European private equity, venture capital and related asset classes.

**Launched in 2017, the EIF's 4<sup>th</sup> Pillar initiative originally pursued two objectives, with a third added later on.**

- a. **Stabilising the EIF's funding base for carrying out its equity investments.** In 2017, the EIF was heavily reliant on mandates from the European Commission (such as the European Fund for Strategic Investments) and the EIB (such as the Risk Capital Resources funding mandate provided by the EIB to the EIF) for its equity activity. However, in a context of negotiations for the sixth Multiannual Financial Framework and a review of the Risk Capital Resources mandate, uncertainties around the long-term availability of EIB and the European Commission mandates emerged. This led the EIF to explore ways of diversifying its funding basis, to ensure it could continue to deliver on its level of activity.
- b. **Expanding the currently limited participation of European private institutional investors (insurance companies, pension funds, etc.) and sovereign wealth funds in private equity and venture capital.** The participation of institutional investors in private equity markets and venture capital remains significantly below levels seen in the United States and other regions. This underinvestment has direct consequences and limits Europe's capacity to finance innovation and scale emerging companies.
- c. **Channelling private capital to underserved, high-risk segments of the European private equity and venture capital markets.** While not initially a primary objective for the 4<sup>th</sup> Pillar initiative, there has been a growing need to rely on private capital to support the European private equity and venture capital markets. The 2023 Draghi report also focused attention on the savings and investments union – an initiative launched in 2025 that builds on the banking union and capital markets union to deepen EU financial integration – and the need to channel household savings towards private equity and venture capital to close Europe's competitiveness gap.

**Over time, the EIF expanded the original product set of fund-of-funds structures to include separately managed accounts.** The EIF launched the initiative by establishing a fund-of-funds structure – the Asset Management Umbrella Fund (AMUF) in 2017 (which had raised €914.4 million as of June 2025). This was followed by a second fund-of-funds, the Sustainable Development Umbrella Fund (SDUF) in 2021 (which has raised €255 million to date). Facing difficulties in raising significant volumes, the EIF further developed its approach by offering separately managed accounts, with the China-EU Co-investment Fund in partnership with the sovereign fund Silk Road Fund and KBC (with a total size of €110 million). Certain investors are not willing to invest in a fund-of-funds structure, and require customised investment solutions tailored to their specific requirements. Separately managed accounts, particularly favoured by major institutional investors, are structured as bilateral mandates and offer this kind of solution.

**Through its products, a range of investment strategies were offered.** The AMUF initially offered three compartments: European Growth Capital, European Technology Venture Capital and European Life Sciences Venture Capital. This offering was later broadened to include three additional compartments: the European Secondaries Compartment in 2020, the European Private Equity II compartment in 2023 and the Green Private Credit compartment, which is still fundraising. The SDUF includes two compartments: Health and European Greentech. Finally, the separately managed account with KBC focuses on infrastructure funds.

**Figure 1: Evaluation scope**

2 incorporated structures		1 separately managed account (SMA)
<u>AMUF</u> (2017)	<u>SDUF</u> (2020)	<u>KBC SMA</u> (2023)
<b>Fund size</b>	<b>Fund size</b>	<b>Total size / invested</b>
€ 914.4 million	€ 255 million	€ 110 million
<b>Invested</b>	<b>Invested</b>	
€ 766.3 million	€ 217.8 million	

Source: EIF data.

**As of 31 December 2024, the 4<sup>th</sup> Pillar has €1.28 billion of assets under management** (excluding the China-EU Co-investment Fund), with €1.089 billion raised from institutional investors and €206.4 million from EIF/EIB resources – an amount that systematically fell short of yearly targets. At the launch of the first AMUF generation, the EIF expected to raise a total of €2 billion over the three subsequent years.<sup>1</sup> These high expectations were driven by a strong immediate uptake of the initiative by Italian investors. In 2023, a strategic review of the 4<sup>th</sup> Pillar set revised targets of raising €400 million to €500 million per year. Through its 4<sup>th</sup> Pillar activity – alongside co-investment from other mandates – the EIF invested in 89 funds, supporting some 2 000 final beneficiaries to date.

**A strategic review conducted in 2023 set new objectives and key performance indicators for the initiative.** Against fundraising results below expectations, the EIF commissioned a comprehensive strategic review of its 4<sup>th</sup> Pillar private investor initiative in 2023. The review’s findings underscore the continued importance of attracting private institutional capital to support European small and medium firms, particularly as Europe seeks to close the gap with the United States and Asia in private equity and venture capital markets. As a result of this review, the EIF has set out six revised objectives for the 4<sup>th</sup> Pillar, each with measurable key performance indicator to guide future activities in private capital mobilisation, funding stability, EU policy alignment, portfolio diversification, financial viability, and complementarity with other EIF, EIB and Commission mandates. These objectives and key performance indicators are designed to ensure that the 4<sup>th</sup> Pillar remains aligned with the EIF’s policy, profitability and mandate acquisition goals, while continuing to play a unique role in crowding in private capital and supporting the growth of the European private equity/venture capital ecosystem.

**The recent reorganisation of this activity has closely followed the ongoing evaluation process and collaborative exchanges with the services.** Activity under the 4<sup>th</sup> Pillar was recently reorganised to improve resource efficiency and adopt an accurate market approach. This restructuring has taken place in parallel to the evaluation process, fostering exchanges and knowledge sharing with the relevant services. Several points discussed during these interactions are already being integrated into the reorganisation.

<sup>1</sup> The first three compartments launched were the European Growth Capital, the European Technology Venture Capital and the European Life Sciences Venture Capital compartment.

## ABOUT THIS EVALUATION

**This evaluation assesses the 4<sup>th</sup> Pillar's activity since its inception.** As the 2023 strategic review re-focused the EIF's fundraising efforts inside the European Union, the evaluation scope excludes the China-EU Co-investment Fund in partnership with the sovereign Silk Road Fund.

**The evaluation adopted a comprehensive, mixed-method approach combining qualitative and quantitative evidence from multiple sources to ensure a robust and balanced assessment.** The evaluation applied a mixed-method design, triangulating evidence from multiple sources to capture the perspectives of (i) the EIF and its organisation, (ii) investors, (iii) investments carried out under the 4<sup>th</sup> Pillar, and (iv) the market - to understand the positioning of the EIF's offering. Primary data collection comprised more than 30 interviews with EIF staff, investors, European and national associations representing the private equity and venture capital industry, relevant institutions, and private equity and venture capital experts. This was complemented by targeted outreach to investors through interviews and a survey. Despite sustained efforts, investor engagement proved challenging: The evaluation obtained substantive feedback from eight investors, which in itself signals the difficulty the EIF faces in keeping active ties with its investor base. Secondary evidence included a comprehensive analysis of the customer relationship management tool (including dynamic analysis of prospective investors and recorded reasons for accepting or declining the EIF's offer), a full portfolio review of investors and investments, and an extensive document review (board documents, reporting and strategic reviews).

# 1. THE 4<sup>TH</sup> PILLAR INITIATIVE AIMS TO ADDRESS A CRITICAL NEED: PRIVATE INVESTMENT IN EUROPEAN VENTURE CAPITAL IS ESSENTIAL FOR CLOSING EUROPE'S INVESTMENT GAP

**European institutional investors have steadily increased their commitments to private equity, as new funds-of-funds emerge across the European Union.** Between 2017 and 2025, [Preqin data](#) reveal the formation of at least 67 new funds-of-funds targeting private equity and venture capital with a European focus, launched by 21 fund managers – among those, five based in Spain, four in the United States and three in Germany. These managers vary significantly in scale, with assets under management ranging from €95 million to €1.38 trillion. In addition to private funds-of-funds, several Member States have set up national initiatives promoting institutional investment in private equity and venture capital (see [Table 2](#)). While specific data on the involvement of institutional investors in these funds-of-funds is unavailable, InvestEurope reports a growing appetite among European institutional investors for private equity and venture capital. In fact, since 2015 commitments by institutional investors in private equity and venture capital have been growing at an average annual growth rate of 12%, reaching €35.1 billion in 2024 (InvestEurope data). Pension funds consistently represent the largest share of commitments in European private equity fundraising. However, their portfolios remain heavily weighted towards buyouts, with relatively limited exposure to early-stage innovation financing.

**Despite this increase, underinvestment in European venture capital continues to limit the European Union's capacity to finance innovation and retain its most promising companies.** Institutional investors hold the largest capital pools in Europe, yet their participation in private markets, particularly private equity and venture capital, remains significantly below levels seen in the United States and other regions. This underinvestment has direct consequences: Venture capital activity in the European Union represents only a fraction of its gross domestic product compared to global peers, limiting Europe's capacity to finance innovation and scale emerging companies. As a result, many promising EU companies are compelled to turn to the United States in search of better funding opportunities and growth prospects. The Draghi report underscores the need to scale private equity and venture capital to close Europe's competitiveness gap. This has been operationalised via the savings and investments union, which aims to channel household savings toward innovative SMEs. In this context, the EIF's 4<sup>th</sup> Pillar represents a good complement to InvestEU and EIB Group equity strategy actions that expanded equity deployment post-2021.

**Regulation, risk aversion, liquidity constraints and lack of internal capacity are identified as the main barriers to increasing institutional investors' participation in venture capital and private equity.** The EIF collaborated on a report that examines the persistent obstacles preventing European institutional investors – particularly pension funds and insurance companies – from allocating more capital to private equity and venture capital. The study identifies regulatory fragmentation, complex prudential and accounting rules (such as Solvency II, IORP II and IFRS 9), and inconsistent national supervision as major barriers. Another recent study analysed these different barriers for pension funds and found that they perceive regulation as a less significant barrier than limited internal capacity, risk aversion and liquidity challenges.<sup>2</sup> Limited internal capacity is especially prevalent among smaller insurers and pension funds, which often lack in-house expertise and resources to invest in private

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<sup>2</sup> Pensions for Purpose, European Women in Venture Capital (EWVC), Venture Connections in collaboration with the Directorate-General for Research and Innovation (DG RTD) of the European Commission (October 2025). Venture & growth capital in Europe – mapping pension funds' attitudes. Available online: <https://www.pensionsforpurpose.com/assets/uploads/2025-10-01-ImpactLens-EWVC-Venture-Capital-v5.pdf>.

equity and venture capital. Combined, these factors have resulted in low institutional allocations to private equity and venture capital compared to global peers, despite the positive trend observed since 2015.

**Different types of institutional investors are affected differently by these barriers.** Insurers tend to be more conservative due to regulatory capital requirements. Their investment strategy typically focuses on fixed incomes (government and corporate bonds) with a relatively small share of private equity. They overweight domestic equities, with EU or European Economic Area equities accounting for 80% of their portfolio. On the other hand, pension funds adopt more diversified investment strategies, with a lower share of fixed income and higher allocation to equities and property. Pension funds show strong heterogeneity across Member States (with the Netherlands, Slovenia, Belgium and Italy having particularly high US equity exposure). Smaller pension funds – such as institutions for occupational retirement provision – are often less diversified.

**The 4<sup>th</sup> Pillar offers a good value proposition for inexperienced and risk-averse private institutional investors by giving them access to top-performing funds, leveraging on the EIF's strong due diligence and investment capacity.** The fund-of-funds structure offers diversification benefits (in terms of both products and geographies), which are particularly valued by smaller or less sophisticated institutional investors. Further, the focus on investing in best-in-class, top-performing European funds and policy-driven investment themes (such as a focus on sustainability) was a way to attract new entrants to the market, which are naturally more risk averse. The EIF's involvement and the “stamp of approval” it provides is seen as a mark of quality, helping to attract additional investors and providing comfort to those new to pan-European private equity and venture capital. Although the double layer of fees inherent in fund-of-funds structures, as well as long investment horizons, remain deterrents for some investors, benchmarking insights indicate that the 4<sup>th</sup> Pillar's performance aligns with market standards. The EIF benefits from a strong reputation in investment, but is less established as a fund manager compared to major private fund-of-fund managers. This positioning casts the EIF as a “first-time” manager, whereas many inexperienced investors tend to favour established fund management teams with a proven track record.

**The 4<sup>th</sup> Pillar offers acceptable returns: Its expected risk-adjusted returns and fee structures are generally competitive with private market alternatives, especially considering the risk profile of targeted investors.** Financial performance is heterogeneous, but in line with the peer group. More recent compartments (AMUF European Private Equity II and SDUF Health/GreenTech) are younger, with lower total value to paid-in capital and negative/low internal rates of return at this stage – typical for vintage – adjusted trajectories. These findings are preliminary, given the short holding periods.

## 2. YET, THE 4<sup>TH</sup> PILLAR INITIATIVE HAS NOT SUCCEEDED IN ATTRACTING OR RETAINING PRIVATE SECTOR FUNDING ON A SUSTAINED BASIS

**Despite the good value proposition and acceptable returns, the volumes raised by the 4<sup>th</sup> Pillar initiative remained well below targets.** Over the evaluation period, the EIF raised € 1.089 billion from institutional investors, averaging €156 million per year – well below its successive targets. At the launch of the AMUF (and its first three compartments), the EIF expected to raise a total of €2 billion over the subsequent three years. These high expectations were driven by a strong immediate uptake of the initiative with Italian investors.<sup>3</sup> However, after three years, the EIF had raised about €600 million. While, initially, several compartments were successfully closed (the AMUF European Secondaries compartment and the SDUF Health compartment), later years were characterised by increased difficulty in raising funds. For example, in 2020, the EIF launched the AMUF generation II with three compartments that had similar strategies to their first-generation equivalents. While these new compartments were expected to raise from €1 billion to €1.2 billion, the EIF failed to reach closure for two of them. The European Private Equity II currently stands at €143 million and the SDUF European Greentech compartment raised €60 million against a €250 million target. The yearly amounts raised systematically fell below the revised targets set following the 2023 strategic review (€400 million to €500 million per year). The limited success of the fundraising effort cannot be attributed solely to market conditions (see [Box 1](#)); comparable national initiatives such as the French Tibi initiative or the German WIN initiative met their respective fundraising targets ([Table 2](#)).

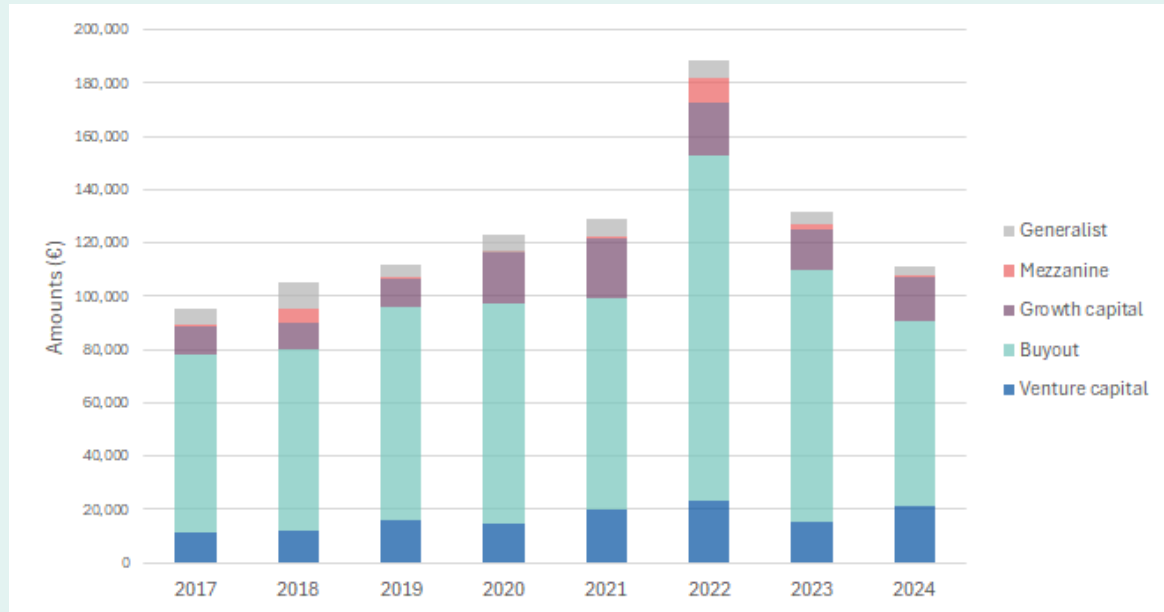
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<sup>3</sup> As from 2017, the Italian government introduced measures to incentivise private equity/venture capital investments by pensions funds. Among others, regulatory loosening for pension funds allowed a 54% increase in allocation by *casse di previdenza*, rising from €15.47 billion to €23.90 billion between 2018 and 2023.

### Box 1: European private equity and venture capital markets grew steadily between 2017 and 2022

**While they remain limited compared to the United States, fundraising volumes have grown in Europe over the evaluation period.** In contrast to 4<sup>th</sup> Pillar fundraising, European market grew over the period with records years between 2020 and 2022, including for venture, growth capital and generalist funds. However, despite growth, the COVID lockdown (during which physical contacts were cut) saw many investors turning to their existing business relationships for investment opportunities, hampering the ability for new entrants to the market (like the EIF) to attract new clients and establish a position.

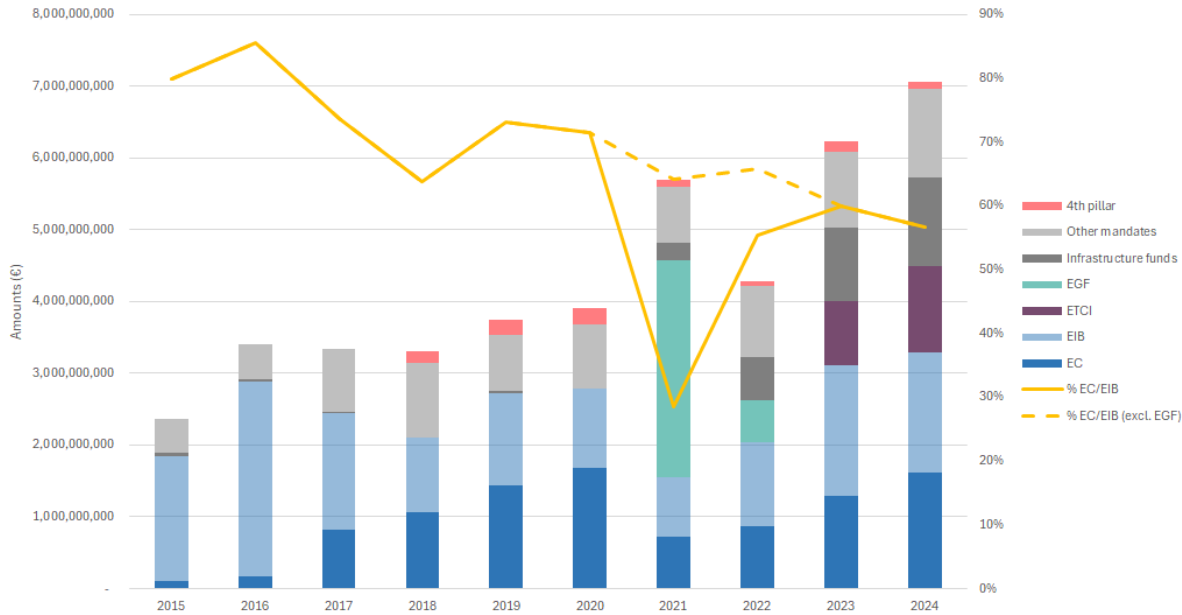
Figure 2: EU + UK fundraising volume evolution per year



Source: Invest Europe data.

**As a result, the 4<sup>th</sup> Pillar initiative did not meaningfully contribute to the stabilisation the EIF's funding base.** Given the EIF's €3.3 billion to €7 billion annual equity deployment since 2017 and the growth of other mandates (the European Tech Champions Initiative (ETCI), infrastructure/climate, REPowerEU, etc.), 4<sup>th</sup> Pillar volumes were too small to materially stabilise the overall funding base or achieve independence from the Commission/EIB own resources.

**Figure 3: EIF’s year-to-year equity commitment per source of funding**



Source: EIF data.

**Over time, the need to stabilise the EIF funding base declined.** The initial concern over the long-term availability of resources to maintain the EIF’s level of equity activity never materialised. Instead, the Risk Capital Resources (RCR) mandate was maintained as a cornerstone mandate after its revision, and InvestEU included significant thematic equity windows to be deployed by the EIF. The total yearly equity commitment increased from €3 billion in 2017 to €7 billion in 2024. While they accounted for 74% of resources in 2017, the share of EIB and Commission mandates dropped below 60% in 2024 (Figure 3). This shift underscores, in addition to available EIB and Commission mandates, a diversification of funding sources, with the EIF increasingly able to rely on alternative channels to support its equity operations.

**Figure 4: EIF’s year-to-year fundraising volumes per investor admission date**



Source: EIF data.

Note: The initial AMUF fundraising targeted €2 billion over three years (which can be translated by a target of €667 million per year). In 2023, following the strategic review, a new fundraising target of €400 million to €500 million per year was set.

**The 4<sup>th</sup> Pillar shows a concentrated investor base, over 66% comprised by seven major Italian investors, four of which are investors in multiple funds.** The volume raised stems largely from early subscriptions (€345 million in 2018, see Figure 4). The EIF attracted a total of 39 institutional investors, ten of whom were investors in multiple strategies. Success has been greatest where anchor investors (Italian pension funds, the Commission for SDUF Health, etc.) provided early commitments, though momentum after early subscriptions was difficult to sustain. Separately managed accounts were introduced to attract larger tickets and more stable commitments by offering customised investment solutions, but this approach is still in its early stages, with one separately managed account opened with KBC in 2023.

**The 4<sup>th</sup> Pillar initiative has supported the development of the EU private equity and venture capital ecosystem to a certain extent by attracting new investors to the market.** The EIF reported 100% of the AMUF investors and 70% of the SDUF investors as new to the market or as never having invested in the strategy, geography or asset class – supporting the savings and investments union objective. The evaluation reached out to eight investors and several national market associations, through interviews and investor survey data. From these consultations, however, it emerged that several investors already had strong experience with similar investment strategies, suggesting they were not new entrants in the way described by EIF.<sup>4</sup> Furthermore, although Italian investors – who represent 66% of the shareholder base – were indeed new entrants, their decision to invest appears to have been more strongly influenced by national market dynamics, some of them stating that they would have invested in the market even without the EIF.

<sup>4</sup> The survey of 4<sup>th</sup> Pillar investors included – among others – the following questions: “Was your institution involved in private equity/venture capital investments prior to working with the EIF?”, “How has your institution managed your private equity/venture capital investments prior to working with the EIF?”, “Has the investment strategy of your institution changed since you work with the EIF?”, “Without the EIF’s offer, would your institution have considered investing in private equity/venture capital?” and “What is your institution prior experience with regards to Pan-European private equity/venture investment?”.

**Investments (co-)invested with the 4<sup>th</sup> Pillar also help strengthen the savings and investment union, though evidence of the EIF's role in attracting and diversifying investors in the private equity and venture capital space remains mixed.** Survey responses from supported fund managers reflect varied perceptions of the EIF's role in investor diversification: 37% acknowledged that the EIF's involvement helped broaden their investor base to include categories such as insurance companies and family offices, while 27% credited the EIF's commitment with enabling access to limited partners new to the asset class. However, 21% of respondents disagreed with both statements, suggesting that the EIF's influence is not uniformly recognised across the market.

**The catalytic effect of the 4<sup>th</sup> Pillar's funds-of-funds in crowding in additional private investments at the fund level was mixed.** Survey data indicates that 43% of fund managers believe their fund would not have launched without EIF support, while 45% disagree, suggesting a mixed catalytic effect. However, nearly 60% of respondents stated that the EIF's involvement triggered additional third-party investments, indicating a crowding-in effect. These mixed results are explained by the nature of the initiative, which aims to attract investors new to the market. To do so, priority was given to investment in established funds. Such funds are considered best-in-class – with strong management teams and strong track records – and face fewer difficulties closing.

**The current methodology, which compares the EIF's contribution to total investments at the final beneficiary level, tends to overstate the catalytic effect.** While the initiative aims to mobilise private investment, particularly from new market entrants, the strategic focus is on established fund managers, who typically secure commitments with relative ease. With those more established fund managers, the EIF's contribution tends to represent a small portion of the overall fund size (12% on average), and these managers face fewer challenges in securing market commitments. Since the catalytic methodology compares the EIF's contribution to the total investments at final beneficiaries' level, this can result in inflated catalytic figures that do not necessarily reflect the EIF's influence on investor mobilisation. This is especially evident in multi-layered fund-of-funds structures, where aggregation across layers can artificially amplify the reported leverage.

**Due to the current limitations in measurement and interpretation, using the catalytic effect as a performance metric for fundraising appears impractical and may not yield meaningful insights.** The report on funds-of-funds currently presents catalytic effect figures that appear overstated and misaligned with those from other initiatives.<sup>5</sup> This emphasis on catalytic impact warrants careful scrutiny in reporting, particularly where high leverage ratios are derived from fund-of-fund structures. A more cautious approach is advisable, given the limitations in capturing genuine crowding-in effects and the tendency for overstatement inherent in the calculation methodology applied to these structures.

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<sup>5</sup> The report on funds-of-funds advised by the EIF as at 31 December 2024 states that the catalytic effects for the 4<sup>th</sup> Pillar compartments are, respectively: AMUF – Growth capital: x1 472.0; AMUF – Life Science VC: x1 009.6; AMUF – Technology VC: x1 847.3; AMUF – European Secondaries compartment: x236.8; AMUF – EPE II: x168.1; SDUF – Health: x8.9; SDUF – European Greentech: x3.9.

**Table 2: National initiatives promoting institutional investment in private equity and venture capital in Europe – examples from France, Germany Denmark and the United Kingdom**

Country	France	Germany	Denmark	United Kingdom
<b>Title</b>	<b>Tibi</b>	<b>Growth Fund</b>	<b>EIFO</b>	<b>British Patient Capital (BPC)</b>
<b>Established</b>	2020 (phase 2 launched in 2023)	2023	2023 (formed through merger of Vaekstfonden, EKF and Danish Green Investment Fund)	2018
<b>Assets under management in €</b>	Phase 1: €6.4 billion (2020-2022) Phase 2: €7 billion (2023-2026)	€1 billion (target achieved at final close)	€8.26 billion	€3.69 billion
<b>Objectives</b>	<u>Phase 1 (2020-2022)</u> : Support the growth of French tech firms to become international leaders <u>Phase 2 (2023-2026)</u> : Strengthen France’s competitive advantages (including ecosystem density, diversity and depth; increase managed capital volumes; enhance support high-ambition startups)	Strengthen the German venture capital ecosystem by enabling larger venture capital fund sizes and improving access to growth capital for startups and scale-ups	Support growth and innovation in Danish trade and industry; facilitate export and internationalisation; enable participation in global value chains and market development; accelerate the sustainable and green transition	Enable high-growth and innovative companies to access long-term financing for growth (addressing market gaps) while ensuring value for money for the UK taxpayers through positive financial returns
<b>Investors</b>	Predominantly private limited partners, comprising insurance companies, two pension funds, and strategic corporates seeking innovation opportunities (34 limited partners registered as of March 2024)	About 70% private capital from more than 20 institutional limited partners, including insurers, pension schemes, foundations, asset managers and large family offices; direct institutional limited partners participation in the fund-of-funds vehicle <u>Public anchors</u> : Federal government and KfW Capital	Primarily state-backed (under government ownership)  The venture capital/private equity focus differs from traditional models. EIFO co-invests alongside funds or corporates, frequently incorporating climate and industrial policy objectives rather than directly mobilising institutional LPs into fund-of-fund structures.	100% government funded  While there is no direct mobilisation of institutional investors into BPC itself, the program achieves indirect crowding-in of institutional LPs at the fund level (though causal linkage remains unproven)

<b>Policy framework</b>	Originated from the Tibi Report on financing the fourth industrial revolution; <sup>6</sup> robust political backing from the Presidency	Part of Germany’s Future Fund policy initiative to scale the venture capital market and improve startup financing  Features high-level political backing (from the federal government) institutionally implemented by KfW Capital, emphasising a public-private partnership model	Strong policy foundation: aligned with Denmark’s climate goals and industrial strategy  Demonstrates effective integration of industrial and climate policy objectives	Developed in response to a government review identifying a £4 billion annual funding gap, particularly acute for scale-up firms requiring over £5 million in equity, established as a £2.5 billion venture capital investment fund operating as a subsidiary of the British Business Bank
<b>Success factors/key performance indicators</b>	Limited partners propose funds for investment; all strategies must comply with the Tibi Charter	<ul style="list-style-type: none"> <li>- Rapid fundraising success (achieved €1 billion target at close)</li> <li>- Strong private investor participation (~70%)</li> <li>- Portfolio aligned with sustainable finance standards (SFDR 8/9)</li> <li>- Immediate capital deployment into ICT and Life Sciences funds</li> </ul>	<ul style="list-style-type: none"> <li>- Consolidated institutional capacity (successfully integrating export credit, growth capital and green investment expertise)</li> <li>- Established a clearer one-stop shop for state support to exporters and green projects</li> </ul>	<p>Successfully enabled larger fundraises, catalysed private capital (crowding-in), achieved faster fund closures, maintained UK focus (effectively supporting growth and R&amp;D), and demonstrated positive early evidence of value for money with measurable jobs and turnover impacts in investee companies</p> <p>Currently no evidence indicates that BPC has influenced broader institutional investor attitudes or behaviours towards venture capital as an asset class</p>

<sup>6</sup> Financing the Fourth Industrial Revolution Solving the financing grid-lock for technology companies, Philippe Tibi, July 2019.

### 3. SUCCESS IN FUTURE EIF PRIVATE SECTOR FUNDRAISING DEPENDS ON CLEARER PRIORITISATION

Over the period under review, the priorities of the 4<sup>th</sup> Pillar initiative have shifted. The three main objectives have evolved as follows:

- i. Stabilising the EIF’s funding base for carrying out its equity investments was a key driver behind the launch of the 4<sup>th</sup> Pillar initiative, which aimed to reduce the EIF’s dependency on the Commission and EIB to carry out equity activity. However, the importance of this objective has declined over the years, as annual EIF equity commitments more than doubled between 2017 and 2024 and the declining share of the Commission and EIB mandates reflected a diversification of funding sources, reducing the need for stabilisation via private capital.
- ii. From the outset, there was also the goal to expand the limited participation of European private institutional investors (insurance companies, pension funds, etc.) and sovereign wealth funds in private equity and venture capital. This involved attracting investors that had never invested in private equity and venture capital before, or never in a similar strategy, asset class or geography. This objective steadily became the main objective of the initiative, in a context of increasing importance given to the savings and investments union.<sup>7</sup>
- iii. More recently, the objective of channelling private capital to underserved high-risk segments of the European private equity and venture capital markets – for example, to close the scale-up gap through European Tech Champions Initiative fund-of-funds – gained in importance.

A final consideration concerns the profitability of 4<sup>th</sup> Pillar activity: While the [EIF Statutes](#) contain an overall remuneration objective (Article 24), the 4<sup>th</sup> Pillar initiative is the only EIF activity with a direct profitability key performance indicator.<sup>8</sup>

**There is an inherent tension between the objectives of the 4<sup>th</sup> Pillar initiative—building a stable, recurring investor base; educating new investors; channelling private capital to underserved segments—because they require fundamentally different fundraising and engagement strategies.** Building a stable funding base means securing large, long-term commitments from experienced institutional investors. By contrast, educating new entrants involves outreach to smaller, less experienced investors who may only commit small amounts and not reinvest. And channelling private capital to underserved high-risk segments of the European private equity and venture capital markets requires attracting large tickets, and is perceived as too risky for new entrants.

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<sup>7</sup> The savings and investments union (SIU), launched in 2025, is the successor to the banking union and capital markets union, building on their foundations to deepen financial integration across the EU. It shifts the focus towards mobilising long-term private investment, especially to support innovation, digitalisation, and the green transition.

<sup>8</sup> Article 24 – Remuneration of the Fund – The level of remuneration or other income sought by the Fund in connection with its activities pursuant to these Statutes shall be determined in such a way so as to reflect the risks incurred, to cover the operating expenses, to establish reserves commensurate with the said risks and to generate an appropriate return on its resources.

**Table 3: Implications for fundraising and investment strategy of evolving 4<sup>th</sup> Pillar objectives**

<b>OBJECTIVES</b>	<b>IMPLICATION FOR FUNDRAISING</b>	<b>IMPLICATION FOR INVESTMENT STRATEGY</b>
Stabilising the EIF’s funding base for carrying out its equity investments	Requires mobilising overall high volumes to be relevant	Offer investment options across a wide range of investment stages and risk profiles
Expanding the currently limited participation of European private institutional investors (insurance companies, pension funds, etc.) and sovereign wealth funds in private equity and venture capital	Higher likelihood of small ticket size, with volume erosion once new entrants graduate	Offer investors the lower end of the risk spectrum among private equity/venture capital (established managers, top performing)
Channelling private capital to underserved high-risk segments of the European private equity and venture capital markets	Narrowing the scale-up gap requires overall large tickets	Offer investors riskier investments in private equity/venture capital (operational and strategic challenges)

*Source: EIB Group Evaluation division.*

**Trying to pursue these objectives with a single approach has led to an overly broad and unfocused target group, rendering fundraising less efficient and preventing the development of a consistent investor base over time.**

- i. With a priority assigned to stabilising EIF’s funding base, the strategy should have focused on securing commitments from large institutional investors. This would have required the fundraising to focus on establishing relationships with major pension funds, insurers, and other high-volume institutions.
- ii. Alternatively, with a priority assigned to expanding the number of new entrants into the asset class, the strategy should have emphasised outreach, education, and engagement with smaller pension funds across various European regions, using a more pragmatic, hands-on approach.
- iii. In practice, the initiative did not clearly prioritise between these objectives. Most investors were first-time participants who may not reinvest or graduate to invest independently in future rounds, and the volumes raised were insufficient to smooth funding over time. Analysis of the 4th Pillar customer relationship management tool confirms that the target group remained broad, with insufficient segmentation or narrowing applied.

**Box 2: The 2023 strategic review set out six revised objectives, each with a measurable key performance indicator to guide future activities**

1. **Mobilise private capital investment into European private equity/venture capital:** At least 60% of investors should be new to the strategy offered by EIF.
2. **Provide a stable contribution to the EIF's funding base:** Target between €400 million and €500 million per annum in fundraising from institutional investors.
3. **Contribute to EU policy objectives:** Maintain a combined average public policy goals score above 7.0 across all products.
4. **Offer a diversified, pan-European portfolio:** Maintain a rolling offering of around three funds-of-funds and develop around two separately managed accounts each year.
5. **Ensure financial viability:** Achieve annual profitability from 2024 onwards, with a cost/income ratio in line with the EIF average.
6. **Seek complementarity with EIF, EIB, and Commission activities:** Ensure that at least two-thirds of funds invested in by the 4<sup>th</sup> Pillar are co-invested with another EIF mandate.

**Although they reflect some of the 4<sup>th</sup> Pillar's objectives, the current key performance indicators mirror the tension between those objectives, and lack the precision and realism needed to guide the initiative.** The strategic review of 2023 set new key performance indicators to steer and monitor 4<sup>th</sup> Pillar activity. While they reflect some of the initiative's objectives, they have proven overly ambitious or unfit to steer activities:

- a. Key performance indicator #2 sets an annual fundraising target of €400 million – a level never reached since the initiative was launched. This over-ambitious target contradicts the review's own acknowledgement that initial expectations were too high, and future goals should be more realistic.
- b. Key performance indicator #5, which sets a profitability objective to be achieved by December 2024, has also not been met. Moreover, the absence of detailed cost and income data in reporting makes it difficult to track progress or assess financial viability. This lack of transparency further undermines the indicator's usefulness as a management tool.
- c. Other key performance indicators reflect outcomes that are too easily met: For instance, #3 measures the aggregated public policy goals score for 4<sup>th</sup> Pillar products, and #6 tracks co-investment activity with other EIF mandates – both of which are expected by design and offer limited insight into performance or strategic direction.

These key performance indicators did not resolve the tension between objectives and reflect a lack of prioritisation. The fundraising target calls for high annual volumes, yet attracting new entrants typically results in smaller ticket sizes. Additionally, the profitability key performance indicator does not account for the need for initial substantial (potentially resource-intensive) engagement.

## 4. OPERATIONAL ADJUSTMENTS ARE NEEDED FOR MORE EFFECTIVE FUNDRAISING

**The 4<sup>th</sup> Pillar has been a valuable learning experience for the EIF in navigating private investor engagement.**

Fundraising from private investors takes time, effort and “shoe leather” – it is rarely cost-effective, especially for early funds, and usually requires upfront investment. Therefore, while the initiative did not fully achieve its intended targets, it enabled the EIF to enter into private fundraising activity, gain insights through interactions with private investors across Europe, and understand the organisational and operational adjustments needed to succeed.

**The EIF has effectively leveraged its long-standing experience, strong due diligence and investment capacity as a key market differentiator to attract private financing.**

The EIF’s strong capacity in investment selection, due diligence and follow-up is recognised as its key strength as a fund manager. To complement strong investment processes, the 4<sup>th</sup> Pillar initiative also triggered the implementation of a deal allocation policy in 2018. In response to market expectations and to ensure all mandators (including funding providers from private sectors) are treated fairly, this policy brought elements that benefited the EIF as a whole, beyond 4<sup>th</sup> Pillar activity. The EIF also strengthened its legal expertise to meet market standards. These elements all reinforce trust in EIF’s strong investment capacity.

**However, establishing oneself as a key player in the fundraising market requires sustained engagement and a demonstration of long-term reliability.**

Fundraising inherently demands substantial investment in order to build credibility, achieve clear market positioning, and foster robust, long-term relationships with stakeholders. Engagement fell short at various steps of fundraising process, due to (i) the absence of market assessment, (ii) a lack of sufficient and continuous support and (iii) weak customer relationship management.

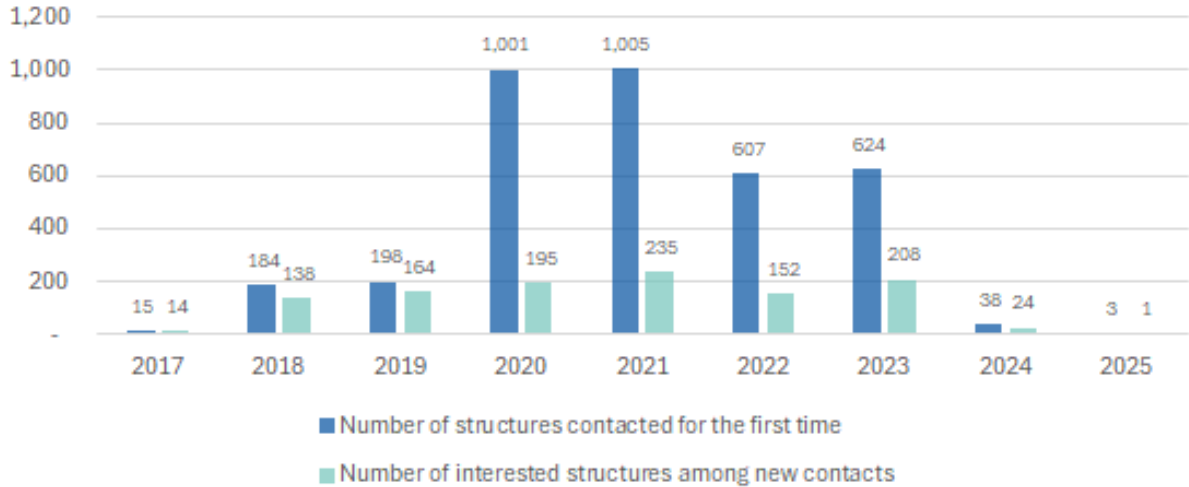
**Prior to the launch of new compartments, no comprehensive market assessment had been performed, hampering fundraising and compartment closure.**

The evaluation found that market assessment was insufficient: Compartment strategies were primarily driven by policy priorities of the time but were not supported by market needs assessment. Business cases lacked quantification of suitable investment opportunities and did not demonstrate how the proposed strategy would access these opportunities or position itself within the competitive landscape. This contributed to compartments being launched with overly ambitious fundraising targets, making fundraising difficult. Even though pre-marketing and marketing standards were not harmonised across Member States until 2021, the market could have been tested before launching a new strategy. The EU’s Cross-Border Distribution of Investment Funds Regulation now presents a valuable opportunity to reinforce market assessment practices and ensure future launches are better aligned with actual market demand.

**Fundraising lacked sufficient, continuous and adequate support and human resources.**

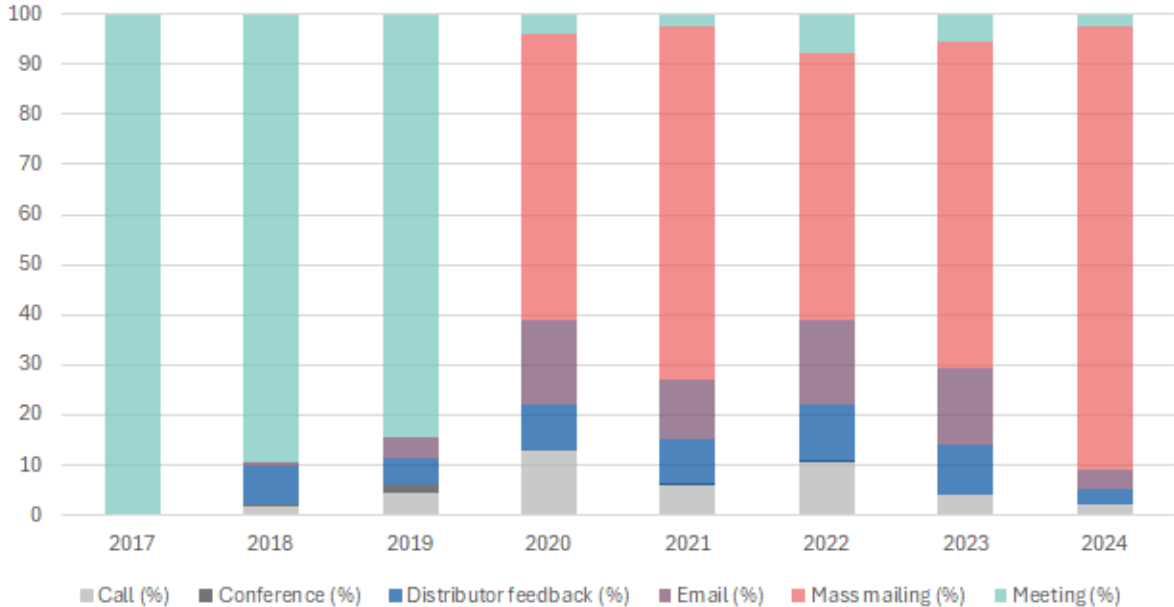
While private players raised funds through their executive management and national initiatives benefited from strong political engagement, the 4<sup>th</sup> Pillar initiative received limited high-level backing or sustained senior commitment over the years. Its initial successes were heavily driven by the EIF’s management. However, this was not sustained over time, which hampered the fundraising process. Lacking engagement from senior professionals, the team of investor relationship managers could not efficiently progress with sourcing, follow-ups and coordination with investors. Finally, there was no dedicated customer relationship management analyst managing the investor pipeline, dashboards and conversion analytics. Analysis from the 4<sup>th</sup> Pillar’s customer relationship management database shows an increased effort to reach out to new clients, in particular in 2020 (see [Figure 5](#)). Nonetheless, the outreach tools drawn upon became less and less targeted (use of large volumes of emails and mass emails, as seen in [Figure 6](#)).

**Figure 5: Outreach efforts with 4<sup>th</sup> Pillar investors and potential investors per year**



Source: Customer relationship management tool data.

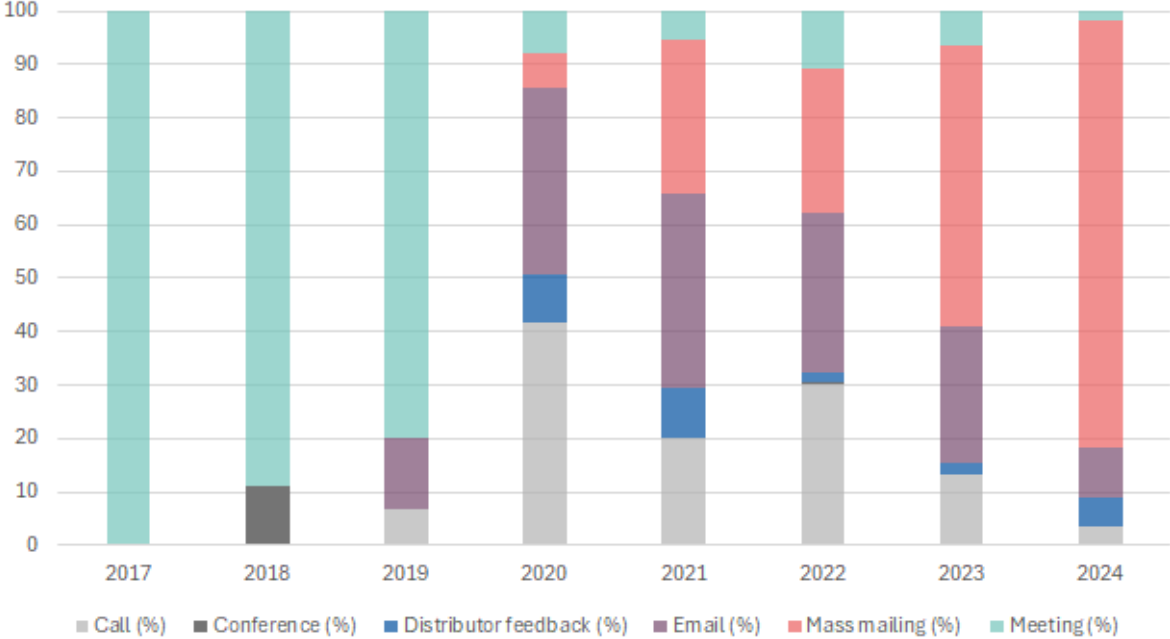
**Figure 6: Outreach efforts with 4<sup>th</sup> Pillar investors and potential investors by means of communication**



Note: % of all contacts recorded in the customer relationship management database. For example, in 2020, 57% of contacts with investors and potential investors were made via mass email.  
 Source: Customer relationship management tool data.

**The EIF’s investor relationship management suffered from inefficiencies.** The 2023 strategic review already highlighted the need for clearer processes and better client engagement. While the EIF remained highly committed during fundraising and onboarding, communication with investors was sub-optimal over the rest of the fund’s lifetime. Maintaining strong, long-term relationships with limited partners; sustaining an image of responsiveness; and providing investor services are key in building a strong fundraising reputation. However, beyond regular reporting, the EIF only engaged in limited events to maintain communication channels with existing investors (see Figure 7). In addition, fundraising promises and unrealistic projections that have gone unmet have damaged the EIF’s reputation among some investors.

**Figure 7: Outreach efforts with 4<sup>th</sup> Pillar investors by means of communication**



*Note: % of all contacts recorded in the customer relationship management database. For example, in 2020, 6.5% of contacts with the investors were made via mass email. Source: Customer relationship management tool data.*

**Inconsistent follow-up with prospects have hindered fundraising performance.** Both internal reviews and external interviews point to persistent inefficiencies in client handling and relationship management. Stakeholders also highlighted the importance of regular, high-quality reporting and the need to streamline onboarding and administrative processes to match market standards.

**Securing anchor investors would have helped the 4<sup>th</sup> Pillar initiative establish a more predictable and resilient investor base.** The strategic review of 2023 underscored the critical role of anchor investors in building a stable and credible fundraising base. Anchor investors can provide early commitments that signal confidence in a fund, helping to attract additional investors and accelerate fundraising momentum. Their involvement not only boosts credibility but also contributes to scale and continuity, which are essential for stabilising the EIF’s equity funding base. Without such anchors, fundraising efforts faced fragmentation and slower execution, particularly when targeting newer or smaller investors who were more cautious or less familiar with the asset class.

**The changes required to achieve the initiative’s objectives are not fully consistent with seeking short-term profitability.** Key performance indicator #5, which set a profitability target for December 2024, has not been met and reflects unrealistic expectations. It fails to account for the significant ramp-up costs necessary to establish and scale the initiative effectively. Building investor relationships and developing tailored solutions require substantial upfront investment, making immediate profitability difficult. The current key performance indicator framework thus overlooks the structural trade-off between long-term strategy and short-term financial returns.

## 5. CONCLUSIONS AND RECOMMENDATIONS

**The 4<sup>th</sup> Pillar marked an initial move by the EIF to draw private institutional investors into the European private equity and venture capital markets.** The 4<sup>th</sup> Pillar was conceived in response to both internal and external pressures to diversify the EIF's funding base and mobilise private capital for the EU economy. It is widely seen as a valuable but challenging experiment in crowding in new types of investors, particularly those lacking the scale or expertise to access pan-European private equity independently. Ultimately, the 4<sup>th</sup> Pillar initiative did, in fact, help mobilise institutional capital into the EU private equity and venture capital ecosystem, particularly by attracting new and risk-averse investors and supporting policy objectives such as the savings and investments union.

**However, to date, it has been too small in scale to meaningfully deliver on its own objectives.** Despite its initial promise, the 4<sup>th</sup> Pillar initiative failed to attract and retain private sector funding at a meaningful scale, raising €1.089 billion over the evaluation period – far below its ambitious targets. Early momentum, driven by Italian investors, quickly waned, and subsequent compartments consistently underperformed against revised goals. As a result, the initiative did not significantly stabilise the EIF's funding base, which instead benefited from diversified public mandates and alternative sources. While the 4<sup>th</sup> Pillar contributed modestly to investor diversification and supported the EU private equity ecosystem, its catalytic effect was mixed and often overstated due to methodological limitations. Overall, the initiative's effect on reducing reliance on the Commission and EIB resources and crowding in private capital remained limited.

The growing need to mobilise institutional private investment into European venture capital underscores the strategic relevance of the 4<sup>th</sup> Pillar initiative. Since the initiative was launched, the need to further increase institutional private investment into European venture capital has become paramount. The experience accrued from the 4<sup>th</sup> Pillar initiative since 2017 should enable the EIF to become an important driver for increasing private investor participation in European venture capital.

**Any future fundraising effort by the EIF targeting private investors will require substantial adjustments to the 4<sup>th</sup> Pillar approach.** The EIF has leveraged its long-standing experience, strong due diligence and investment capacity as a key market differentiator to attract private financing. However, to deliver clear value to both investors and the broader European Union ecosystem in changing market conditions, the EIF needs to acknowledge that private sector fundraising is a distinct and still emerging activity for it and as such it should:

### RECOMMENDATION 1:

**Reassert the distinct objectives of the 4<sup>th</sup> Pillar, then tailor fundraising strategies to each one.**

Under the 4<sup>th</sup> Pillar, the EIF pursued evolving priorities: initially, stabilising the funding base was predominant; subsequently, the emphasis shifted to increasing the limited exposure of European private institutional investors to private equity and venture capital, and then to channelling private capital to underserved high-risk segments of the European private equity and venture capital markets. Pursuing all objectives through a single, uniform approach has proven ineffective. The evaluation concluded that stabilising the EIF's funding base is no longer relevant, while the two remaining objectives – broadening institutional investor participation and directing capital to high-risk, underserved segments – are relevant but require distinct, tailored strategies.

For the two existing objectives (and any future ones), the EIF should consider whether each calls for its own distinct approach, with specific parameters. These could include tailored strategies for engaging distinct investor profiles, expected ticket sizes, target risk-return ranges, product scope and SMART KPIs (key performance indicators that are specific, measurable, achievable, relevant and time-bound).

When setting targets aligned with these objectives, it is crucial to account for the EIF's distinctive position compared to private sector providers. While its European public mandate is a strategic advantage, it also entails a more complex governance structure, stringent compliance obligations and additional legal requirements, all of which influence operational flexibility and timelines. These features, while ensuring accountability and stability, may hamper its agility, and may not align with the expectations of all private investors. In addition, achievable fundraising targets, although they might initially appear modest, should be expected to grow as the EIF builds its track record as a fund manager.

#### **RECOMMENDATION 2:**

**Ensure sustainable institutional commitment to private sector fundraising by securing the support of senior leadership, demonstrated through visible and active participation in investor relations.**

The EIF should recognise that fundraising requires substantial time, effort and sustained long-term engagement. Building credibility, securing anchor investors and fostering long-term relationships require both sustained engagement in building human and institutional capacity, and the involvement of senior management. Limited partners commit first and foremost to individuals they trust, which means that senior management must remain highly visible and accountable throughout the process. The participation of senior management in fundraising has not always been sufficient to support the EIF's ambitions.

With the support of a dedicated team (covering process management, content development, data oversight and compliance), senior EIF management should be actively involved in fundraising throughout the process, in order to build credibility, strengthen investor confidence and demonstrate the EIF's long-term commitment.

#### **RECOMMENDATION 3:**

**Before launching new compartment strategies, perform rigorous pre-market assessments to validate market needs and competitive positioning.**

The EIF fundraising process should include a requirement to carry out rigorous market assessment before fundraising from private investors. Mandate development should be informed by a solid analysis of market needs. This exercise should include:

- exploratory discussions with market participants about investor preferences, taking compliance and pre-marketing regulations into account;
- assessment of investment opportunities in target markets, and robust financial modelling to validate strategy coherence and return expectations;
- thorough competitive landscape analysis demonstrating market gaps and the EIF's competitive advantages.

#### **RECOMMENDATION 4:**

**Establish a robust investor relations strategy with dedicated fundraising capabilities and continuous relationship management.**

The EIF has successfully capitalised on its extensive experience, rigorous due diligence, and robust investment capacity to position itself as a credible partner for private financing. Yet, becoming a recognised player in the fundraising landscape demands ongoing and sustained commitment, and a proven track record of reliability.

The EIF should consolidate the investor relations function into a lean but robust approach that drives process discipline, quality and data integrity. This builds on:

- **Investor relationship management** that efficiently manages sourcing, follows-up and coordinates with investors, avoiding the current bottlenecks that hinder timely engagement.
- High **visibility** to reinforce market confidence, demonstrate accessibility of the fund's leadership throughout its lifecycle, and ensure a smooth transition for investor communications from initial engagement to the post-investment phases, fostering continuity and long-term trust.
- A robust **customer relationship management tool** – not only to monitor pipeline progress and conversion rates, but also to capture the reasons behind stalled or declined commitments (mandate mismatch; governance issues; environmental, social and governance requirements; etc.). These insights should inform strategic adjustments and communication, creating a feedback loop for continuous improvement.

The organisational structure of 4<sup>th</sup> Pillar initiative was recently revised. It is still too early to fully assess the impact of these changes. The transition is fresh, and measurable outcomes are still emerging. However, early signs point to positive developments, notably the successful closure of the European Private Equity II and the Green Private Credit compartments.

## **THE EVALUATION DIVISION OF THE EIB GROUP**

The Evaluation Division of the EIB Group conducts independent evaluations of the EIB Group's activities. It assesses the relevance and performance of these activities in relation to their objectives and the evolving operating environment. It also helps the EIB Group draw lessons on how to continuously improve its work, thereby contributing to a culture of learning and evidence-based decision-making.

Evaluation reports are available from the EIB website: <https://www.eib.org/evaluation>



# THE EIF'S 4<sup>TH</sup> PILLAR INITIATIVE TO ATTRACT PRIVATE FUNDING

**AN INDEPENDENT EVALUATION**

FEBRUARY 2026



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