



EXECUTIVE SUMMARY

Bridging the Financing Gap in the European Space Sector

Alternative funding pathways in tightening markets



ESPI

European Space
Policy Institute



Report:

Title: "ESPI Report 90 - Bridging the Financing Gap in the European Space Sector: Alternative funding pathways in tightening markets - Executive Summary"

Published: March 2024

This ESPI Report is a public version of a study developed under contract with the European Space Agency's Directorate of Commercialisation, Industry and Competitiveness in 2023. The findings and recommendations expressed in the study are those of the authors and do not necessarily represent the views of ESA.

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1 THE CURRENT AND FUTURE STATE OF FINANCING IN THE EUROPEAN SPACE SECTOR

The European space industry stands at a crossroads shaped by evolving economic and financial landscapes. Over the last two decades, the industry has witnessed a shift from traditional government-heavy investments to a more dynamic ecosystem increasingly complemented by private equity, venture capital, and diverse financial instruments.

These changes, influenced by global macroeconomic conditions and policy shifts, have not only redefined investment strategies but also posed new challenges and opportunities for space ventures. **From the impact of monetary policies on high-risk investments to the roles played by space agencies and other public institutions in fostering innovation, this report offers a comprehensive overview of the financial underpinnings that drive the development of the European space sector.** In this report, ESPI delves into the intricacies of investment trends, funding mechanisms, and offers strategic recommendations informed by the current and future state of financing in the sector. The report examines alternate financial mechanisms and vehicles, beyond venture capital and established public programmes, laying out a roadmap of strategic recommendations to navigate the complexities of this evolving sector. This **Executive Summary** offers an overview of the topics covered in the Full Report available on ESPI's website.

As the space industry continues its transformation, understanding and adapting to financial and capital market dynamics is paramount for sustaining growth, innovation, and competitiveness in the sector.

1.1 Capital Flight in the European Space Sector

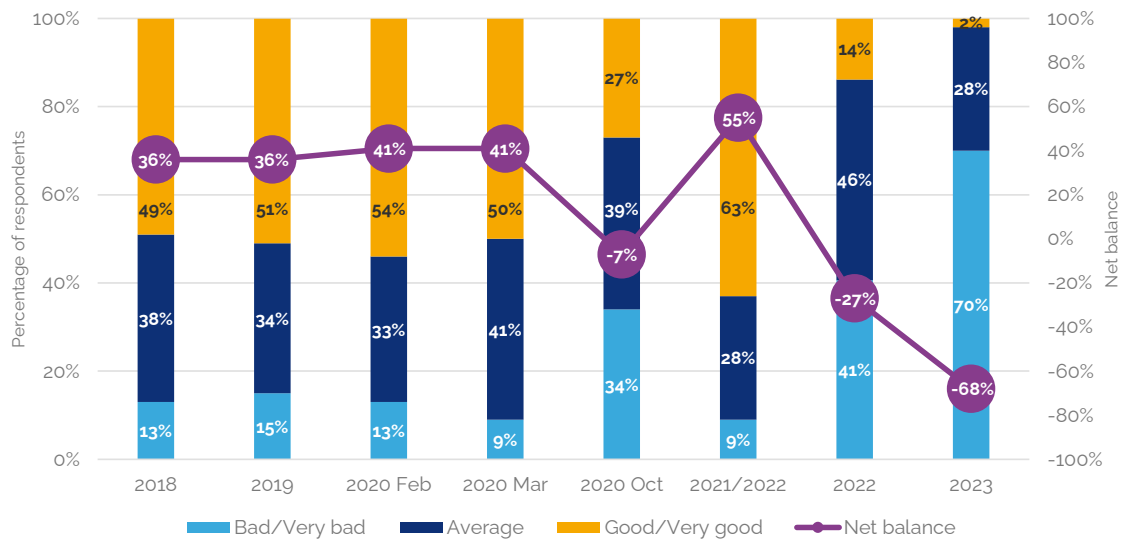


Figure 1: VCs perception of their current fundraising environment (Credit: EIB)

The space industry's investment landscape over the past two decades has been significantly influenced by global macroeconomic, geopolitical, and financial transformations. **In 2022, the macroeconomic and geopolitical environment has drastically changed**, ending the era of low interest rates. The ECB has significantly increased the central borrowing rate from an initial 0.5% in July 22', to a high of 4.5% in February 2024. Rising interest rates are prompting a shift to safer financial assets, with venture capital and private equity sectors experiencing capital outflows and a more cautious investment approach.



These factors have led to difficulties in fundraising and exits, making access to equity finance more challenging for companies in the space industry as **more than 50% of VCs surveyed by the EIF have a negative outlook on raising over the next 12 months.**

Such trends highlight the need for novel approaches and partnerships, including through the involvement of public actors to spearhead new risk & benefit sharing mechanisms adapted to the changing appetite of capital markets. Companies in the space sector might need to explore joint ventures or consolidation, thereby making their endeavours more appealing to VCs who are increasingly cautious and seeking to mitigate risks. Additionally, the current environment may provide more realistic and grounded valuations, leading to more sustainable investment strategies, driven by fundamentals underpinning long-term growth in the space sector.

1.2 Public Sources of Space Finance

In Europe, national space agencies, the European Space Agency (ESA), the European Commission and other public institutions significantly contribute to funding allocations for innovation in the space sector. Over the past years, European and national public institutions increased their financial involvement not only through public programmes but also **with direct investment deals for space ventures accounting for 16% of the total.** In addition, since 2019, public investors indirectly helped unlock around **EUR 1B in investments** with private investors by participating in their funding rounds, directly contributing **to raising EUR 289M by leading funding rounds with private investors.** Thus, understanding the distinction between directed and open innovation policies underpinning public institutional capital allocation is crucial, as each impacts stakeholders differently and has varying consequences for the ecosystem.

Directed Innovation	Mixed	Open
<p>Ariane Programme</p> <p>IRIS2</p> <p>LEO Cargo Return Service</p> <p>GALILEO</p>	<p>InCubed</p> <p>Navigation Innovation and Support Programme (NAVISP)</p> <p>Advanced Research in Telecommunications Systems (ARTES)</p>	<p>General Support Technology Programme (GSTP)</p> <p>Cassini</p> <p>Horizon Europe</p> <p>BIC Network</p> <p>InvestEU</p>

Table 1: Categorisation of European innovation programmes relevant for the space sector

Directed innovation policies: Directed policies involve a high level of state direction and aim to steer innovation toward specific outcomes. These have (once again) been viewed more favourably due to changing economic challenges and the need for rapid innovation. A prime example of large-scale directed innovation policy is NASA's Artemis Programme, which is characterized by specific objectives, substantial government funding, and resources allocated for achieving program goals, including the development of key components that will enable the programmes implementation.

Open innovation policies: These policies are rather general and flexible, creating an environment conducive to innovation without specifying particular technologies. Initiatives such as the Horizon Europe Programme or ESA's BIC Network, ultimately relying on market forces to determine successful innovations. Open innovation policies promote entrepreneurship and competition, allowing for the organic emergence of innovative ideas and technologies based on market demand.

1.3 Private Investment in the European Space Sector

Since 2019, European space startups have been raising more private capital than the previous year, with 2022 being an exceptionally strong year where **companies raised a record of over EUR 1B, up 69% compared to 2021**. Nevertheless, it seems that in 2023 the trend will not be repeated. Up until Q3 of the 2023 the European NewSpace sector already raised approximately EUR 645M. Even though it surpasses the levels of 2019 (EUR 154M), 2020 (EUR 328M), and 2021 (EUR 431M), it was not able to raise as much as in the previous year (EUR 750M), representing a decrease of around 15%.

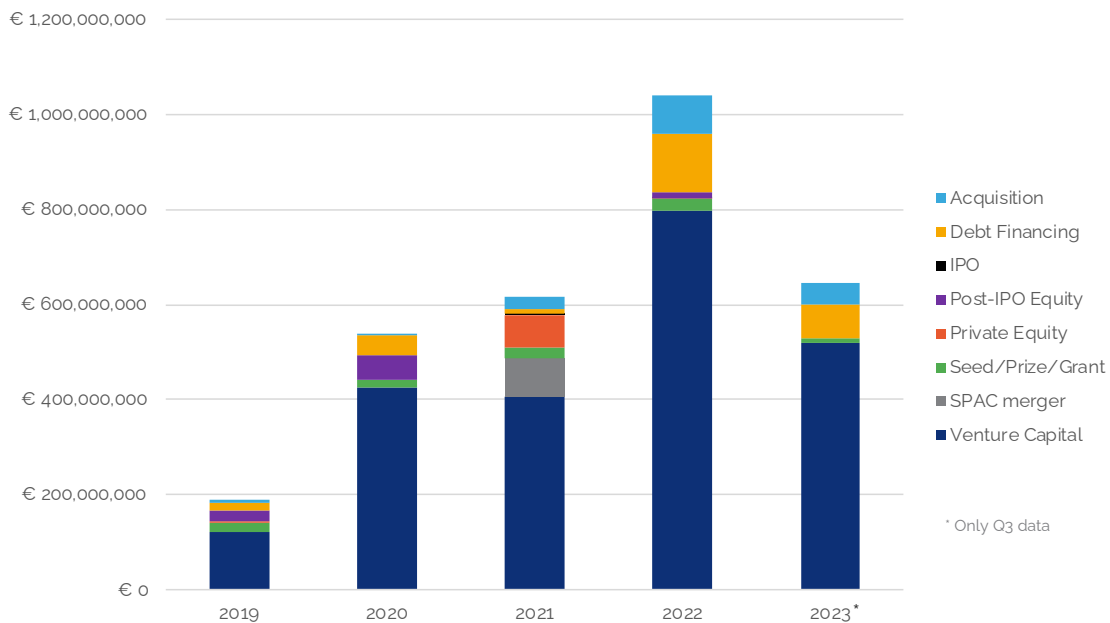


Figure 2: Investment value by deal category per year 2019-2023 in Europe

Venture capital has been the largest source of private financing for the development of the European NewSpace ecosystem, comprising approx. 76% of the total funding since 2019. **VC trends are therefore deeply connected to the funding trends in the European space sector**. When comparing investment between Q1 – Q3 of 2022 and 2023, VC saw a similar development to wider

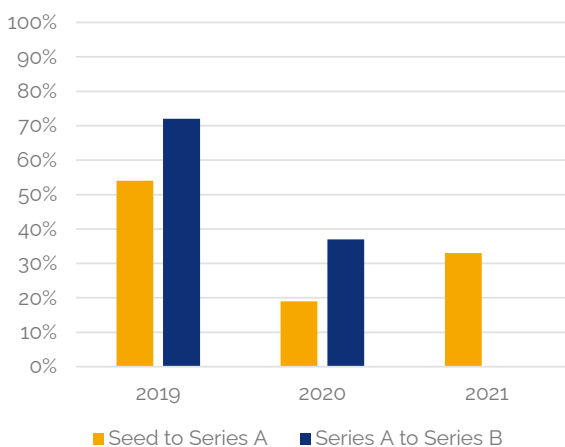


Figure 3: Graduation rates by year

trends in investments for technology companies in Europe, with an approximate 18% decrease in funding amount. At the same time, mainly since 2022, **debt financing has taken a secondary but key role in supplementing the financing needs** of European space companies, which seems to have consolidated in 2023.

Considering 'Graduation rates' or the ability for startups to move from one funding round to the next our data reveals, even though private funding increased especially after 2019, the **graduation rates decreased from the median deal time of 18 months since then**. While 54%

of the companies which raised a Seed round in 2019 managed to proceed to raise a Series A, by 2021 only 33% had managed to do so within the median deal time. Similarly, while approximately 70% of the companies who raised a Series A in 2019 managed to move on to a Series B, only just about 40% had managed to do so in 2020.

This reveals the following trend in the European space startup ecosystem; **an increasing number of startups are unable to progress to subsequent funding rounds despite the overall growth in sector investment.** This points to potential challenges in the scalability and sustainability of these startups.¹

A natural question arises for both the public and private sector: **which entity or asset class can fill in these developing funding gaps?**

2 ALTERNATIVE MECHANISMS AND INVESTMENT VEHICLES

Alternative finance instruments are (for the purpose of this report) defined a set of **structured methods for raising, managing, and deploying financial resources to fund various projects, initiatives, or activities.** Following expert interviews, survey results, and the ESPI workshop on Alternative Finance held in Paris in November 2023, the following alternative finance instruments were said to provide the highest validity for the European space sector to explore further:

2.1 Public infrastructure funds

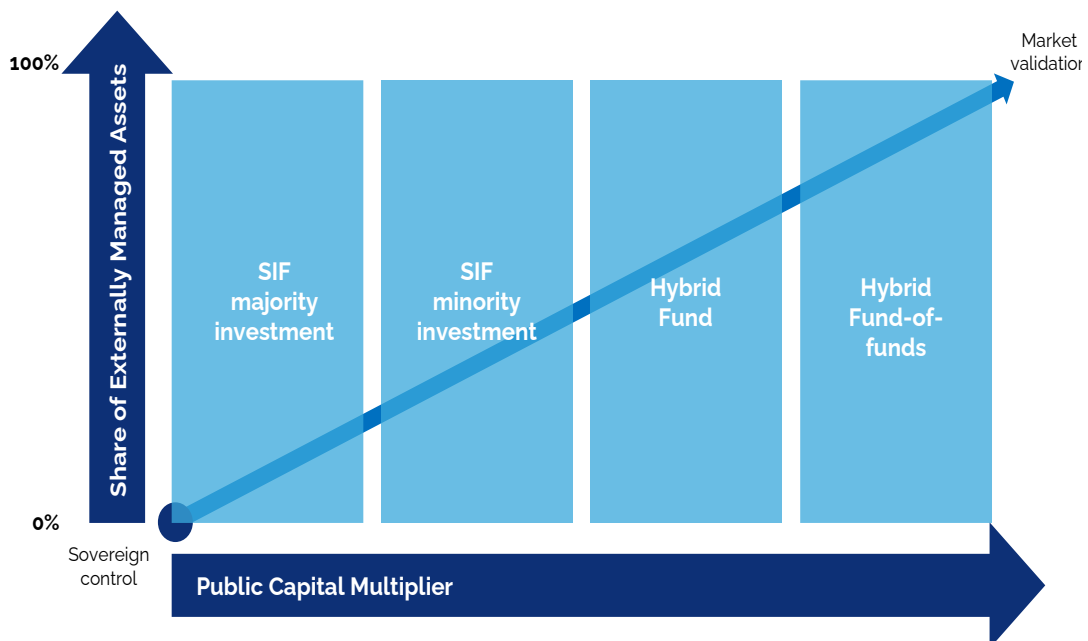


Figure 4: Strategic investment fund market multiplier. (Credit: World Bank)

Public Infrastructure Funds (PIFs) backing Public-Private Partnerships (PPPs) for space sector projects were discussed as one of the most adequate financial mechanisms to attract institutional investors. Effective resource mutualisation and cost reduction of projects within properly structured PPPs were seen to attract significant capital. Besides infrastructure funds, other public fund **examples may include:**

¹ The authors acknowledge that startups may have alternative reasons for not pursuing additional funding rounds, such as being sustained by internal revenues or turning to venture debt. However, these cases are considered exceptional and not indicative of the overall trend.

Strategic investment funds (SIFs): Instruments designed to bolster local economies by encouraging high private sector engagement through direct investments.

The Luxembourg Future Fund (LFF)

The Luxembourg Future Fund (LFF) represents a strategic initiative to bolster Luxembourg's economy through innovation and diversification. The first phase, LFF1, was a EUR 150 million fund established by the European Investment Fund (EIF) and the Société Nationale de Crédit et Investissement (SNCI), with contributions of EUR 120M and EUR 30M respectively, with the aim to attract venture capital fund managers and innovative businesses to Luxembourg.

LFF2, with up to EUR 200M from EIF and SNCI, aims to continue supporting innovative projects in Luxembourg, expanding its investment scope to include funds and businesses already established in the country and offering hybrid debt-equity investments targeting more mature companies.

Sovereign wealth funds (SWFs): State-owned investment vehicles, often funded by surpluses from commodities or foreign exchange earnings. These funds primarily aim to secure long-term returns, serving both economic stabilisation and intergenerational wealth preservation for the nation.

Future Fund's Direct Investment in Rocket Lab

In November 2018, Rocket Lab received a significant investment boost of USD 140M, led by Australia's Future Fund. A substantial portion of the investment, approximately one-sixth, was allocated for the expansion of Rocket Lab's launch facilities in New Zealand. This includes the development of second and third launchpads at the Mahia facility, highlighting its strategic importance as noted by Rocket Lab executive, Adam Spice.

2.2 Venture debt

An increasingly leveraged financial instrument in the space industry primarily serving venture-backed companies yet to achieve positive cash flows or lacking hard assets for collateral. Venture debt bridges the funding gap for mid-sized companies in growth stages between equity rounds. A form of mezzanine financing venture debt tackles the concerns of entrepreneurs and equity dilution.

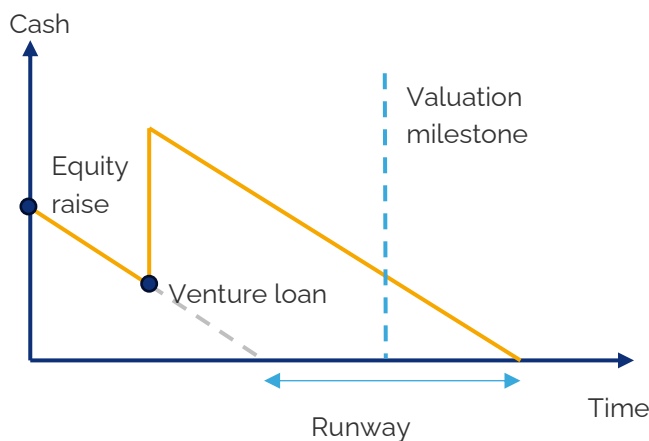


Figure 5: Venture debt runway extension.

The Alternative Finance Workshop revealed: NewSpace ventures, face challenges like undercapitalisation due to uncertain customer bases. With a shift towards a more cautious investment climate, venture debt offerings from the private sector have contracted, though they remain competitive against private debt in stable markets. Careful consideration is advised to ensure venture debt's role in supporting the financial continuum and follow-on investments.



2.3 Export credit agencies (ECAs)

These institutions offer a path conducive to attracting foreign demand and revenue, providing financing (and insurance) to support exports and international business ventures. ECAs can have a positive impact on liquidity, especially relevant for up-front funding required for system development, and expanding the addressable market.

While not novel to the space sector, there is renewed interest in increased ECA involvement; announced in Q3 2023, the Vice Chair of the Export-Import Bank of the United States (EXIM) Judith Pryor, stated that the institution is working on a USD 5B pipeline of space financing, with about USD 1.3 B likely to come to fruition within a year and another USD 4 B a bit further down the line.

Boeing / Inmarsat ECA loan

On May 12, 2011, the **Ex-Im Bank announced it was providing USD 700M as a long-term direct loan to finance the sale of satellites by Boeing Space and Intelligence Systems (US) to Inmarsat (UK).** The Bank's support helped Boeing Space and Intelligence Systems win the contract over competition backed by a foreign export-credit agency.

To receive an export financing loan such as this, ECAs mandate a comprehensive collateral security package. This package encompasses a mortgage on the financed asset, lease assignments, receivables, stock pledges in SPVs, and various supplementary agreements. These requirements ensure a secure financial base for the investments made. Furthermore, in cases of questionable creditworthiness, guarantees from related, creditworthy parties are sought, enhancing the security of the investment.

2.4 Development bank schemes

The value of involving development banks (alongside their venture capital arms) is long-term, patient capital, at favourable conditions, that is well-suited for capital-intensive industries like the upstream space sector. Support can include non-financial, technical support with assurances from the highest levels of government. To make development banks matter, preferential financing must be considered a strategic priority of the political entity providing direction to the development bank. In terms of financing, these banks can either directly fund projects or utilise the EU's 'investment platforms,' which include special purpose vehicles (SPVs), contract-based co-financing arrangements, or risk-sharing agreements – for example National Development Banks (NDBs) play a crucial role as implementing partners of the InvestEU programme.

The role of development finance institutions (DFIs) in supporting the space industry

DFIs are increasingly recognising the importance of space technology and systems, not just as domains of advanced technological development and scientific exploration, but as vital tools for achieving development objectives. Numerous DFIs have actively supported space initiatives whether through direct financing or indirect, non-financial support:

- **International Finance Corporation (IFC):** A World Bank Group member, the IFC invested USD 20M in Planet Labs in 2015. This U.S. startup deploys small satellites for purposes like disaster response, agriculture, and urban planning.
- **African Development Bank (AFDB):** In 2007, the AFDB backed the first pan-African satellite with a USD 50M loan, contributing to the total USD 380M project cost.

- **Asian Development Bank (ADB):** ADB collaborates with entities like JAXA, the U.S. Department of Defence, and ESA, using space technology for its projects. It also publishes a dedicated space sector report.
- **Nordic Investment Bank:** Approved a EUR 12M loan to the Swedish Space Corporation, highlighting the benefits of enhanced launch capabilities and educational advancements.
- **Development Bank of Wales:** Supported Space Forge with a GBP 250K equity investment through the 'Wales Technology Seed Fund.' Space Forge raised an additional GBP 600K from other sources.
- **BPIFrance:** As part of the 'Investing for the Future' initiative, this national investment bank focused on developing France's aerospace industry, including equipment for LEO constellations and valorisation of space sector data.

2.5 Asset-backed financing

Asset-backed financing or asset backed securities (ABS) can be considered an option for capital infusion. The feasibility of asset-backed financing in the European space sector is uncertain, given the limited number of valuable and easily transferrable assets. However, exploring alternatives like **Sukuk Loans** which can back intangible assets such as spectrum rights from satellites in distress, presents a potential avenue, particularly during launch bottlenecks.

Leases as a source of assets for ABS

Asset recycling, traditionally used for infrastructure like toll roads or airports, can also fund space technology. Governments might privatise or lease out space assets (ground stations, launch facilities, satellites) to the private sector, generating revenue for the government. This revenue can be repackaged into ABS as a form of financial product to attract additional capital.

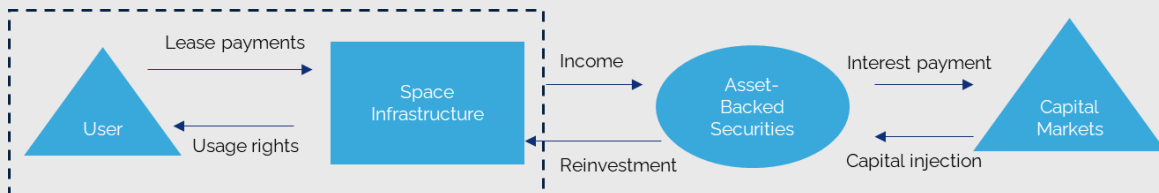


Figure 6: Leased infrastructure as ABS

2.6 Family offices

Family offices invest in private equity, venture capital, hedge funds, and real estate. Their risk appetite varies, with some focusing on lower-risk sectors like satellite communication and others engaging in high-risk ventures like space tourism. The space industry's potential for high returns in the long run is a key attraction as it synergises with the top verticals for FO-backed investments being **Software-as-a-Service (SaaS), FinTech, AI & Machine Learning, Technology Media and Telecom (TMT), and Mobile.**

Investment drivers and barriers

- **Drivers:** Technological advancements, portfolio diversification, global connectivity, and sustainability align with FOs' investment strategies.



- **Barriers:** High capital requirements and technical and regulatory complexities are challenges in space investments. FOs generally seek pre-IPO investments with a defined exit strategy.

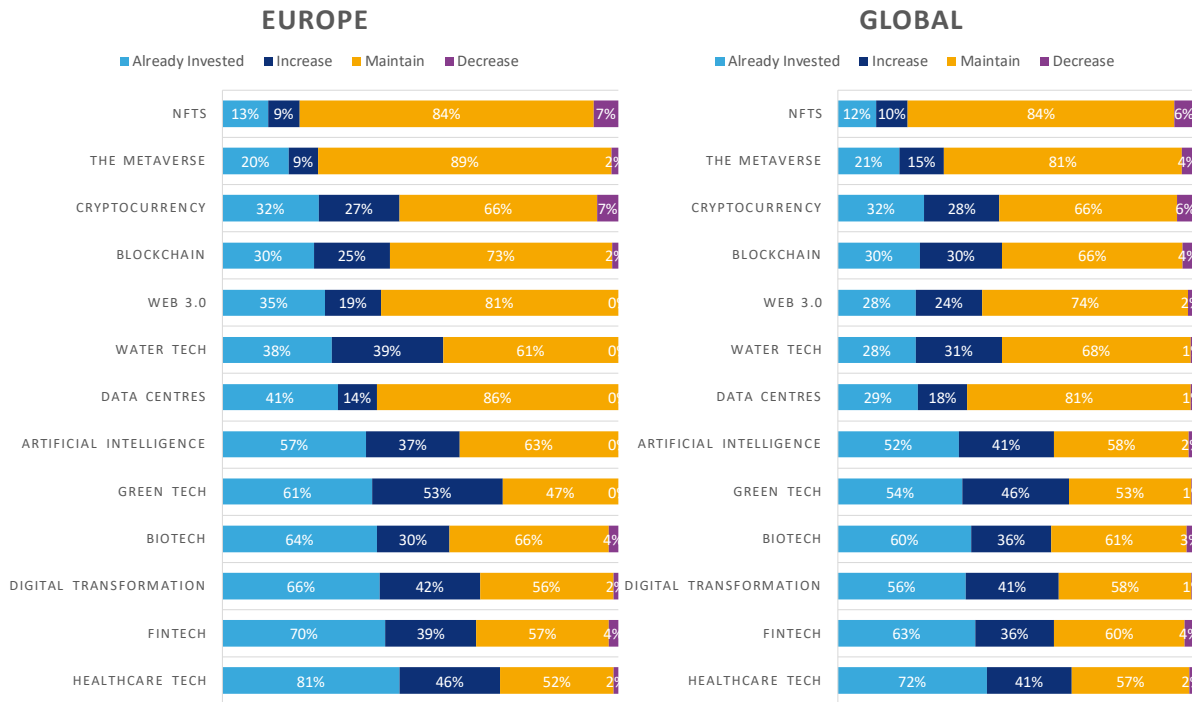


Figure 7: Family offices with investments in identified technologies and their intention to increase, maintain, or decrease allocation in the next 12 months (Credit: Campden Wealth).

2.7 Impact investing and philanthropic ventures

Venture philanthropy combines elements of impact investment, venture capital finance, and business management to achieve philanthropic goals. **Venture philanthropy could involve investing in space-related ventures with a clear societal or environmental impact, using methods and techniques from venture capital.** This can include providing funding, expertise, and other resources to support innovative space technologies and projects that have the potential to address significant challenges on Earth, such as **climate monitoring or disaster management**, or pursuing aspirational goals of humanity in exploration and science, while also fostering the development of the space industry in Europe.

Growth of sustainable investment strategies

Impact Europe, one of the largest European philanthropic venture networks, argues that **funds of funds play a crucial role in developing and enhancing impact investing markets.** They contribute by directing financial resources and fostering essential skills. However, they represent only one component of the broader impact ecosystem, with a need for diverse investors to support impact organisations at various stages. **Collaborative opportunities with other capital providers, policymakers, intermediaries, and corporations remain untapped.**

To illustrate the size of this opportunity, a snapshot of the impact investing market size as of 2022 through a GIIN survey revealed USD 1.164T in assets under management (AUM):

Strategy	2020	2018	2016	Growth (%) ²	CAGR (%)
Impact/community investing	352	444	248	42	9
Positive/best-in-class screening	1384	1842	818	69	14
Sustainability-themed investing	1948	1018	276	605	63
Norms-based screening	4140	4679	6195	-33	-10
Corporate engagement and shareholder action	10504	9835	8385	25	6
Negative/exclusionary screening	15030	19771	15064	0	0
ESG integration	25195	17544	10353	143	25 ³

Table 2: Global growth of sustainable investing strategies 2016-2020., in Billion USD. (Credit: GIIN)

3 RECOMMENDATIONS TO THE EUROPEAN SPACE SECTOR

The European space sector is undergoing a pivotal transition set against a backdrop of changing macroeconomic and geopolitical landscapes that challenge the traditional mix of public and private funding, and necessitates a re-evaluation of investment strategies.

3.1 Challenges and limitations:

Reliance on venture capital: VC has been crucial in driving early-stage innovation but faces sustainability issues due to economic changes like the end of low interest rates and rising inflation.

VC Limitations: Venture capital often overlooks projects with longer development times or uncertain commercial viability, common in space initiatives, despite their potential strategic value.

Public funding constraints: Public funding is stable but subject to fiscal policy and general policy priorities, which can fluctuate with political changes as experienced in times of writing.

3.2 Recommendations to European policymakers



As Europe's space sector confronts a transformative phase, marked by evolving capital markets, macroeconomic shifts, and geopolitical dynamics, it is imperative to reassess the established blend of public and private funding mechanisms. To sustain and enhance innovation within this sector, ESPI recommends:

- 1. Focus efforts on investor relations and strengthen community engagement. This involves a dedicated Investor Relations strategy** that includes personalised management, structured dialogues between Limited Partners and Member States, and tapping into new investor communities like family offices, and venture philanthropy.
- 2. Continue innovation in financial mechanisms and capacity building within space agencies across Europe to better understand and engage with financial markets and private investors.** In this context, ESPI commits to further explore financial mechanisms

² Growth in the period 2016 – 2020.

³ GSI Alliance. 2020. "Global sustainable investment review 2020," *GSI Alliance* (Link).



such as Public-Private Partnerships (PPPs), Public Infrastructure Funds (PIFs), Export Credit Agencies, and National Development Banks. The aim is to identify investor constraints and ensure alignment with Environmental, Social, and Governance (ESG) goals across various investor types like family offices, pension funds, foundations, and corporates.

- 3. Develop a standardized approach for engaging with strategic corporate investors**, such as large corporations with a venture arm, building clear communication channels and procedures for collaboration across different industry verticals. Aim to clarify the use of space services and demonstrate their value to potential customers in enhancing cost efficiency, economic output or ESG ratings across different non-space industry verticals. In turn, these industry verticals will themselves indicate investment opportunities informed by growth opportunities and market impact.
- 4. Translate the sectors various scales such as Technology Readiness Level (TRL), into investment pathways.** These readiness levels are crucial for risk management, decision-making, and communication, offering a common language and standardized criteria for stakeholders. ESPI suggest that a multidisciplinary expert group be formed to explore relevant approaches to leverage them in view of de-risking investment.
- 5. Establish a directed technology fund for the European space sector, focusing on critical technologies and closer alignment with strategic priorities of European Member States.** While questions related to governance and risk & benefit sharing remain, such a fund would pool resources from public and private investors, including corporate investments, private capital markets, and public funds. Involving downstream industry players that shape its investment strategy, ensuring alignment with their specific needs, as well as de-risk private capital markets investment.

3.3 Recommendations to the investor community



The European space sector presents a unique opportunity amidst its current transition influenced by changes in capital markets, macroeconomic conditions, and geopolitical factors. Compared to other more mature sectors, space in its growth phase, and the public actors within, provide a foundation of innovation and strategic focus, upon which private actors can build and bring their own, commercial objectives. For investors looking to navigate this landscape, we suggest:



- 1. Diversifying investment portfolios** through alternative financial structures that complement traditional venture capital, thereby mitigating risks associated with economic downturns and longer project timelines.
- 2. Engaging in blended Strategic Investment Funds (SIFs) and Public-Private Partnerships (PPPs)**, which offer a stable avenue for 'patient' capital investment, benefiting from governmental support and long-term commitments.
- 3. Provide follow-on equity investments to ventures supported by Export Credit Agencies (ECAs)** to ensure continued European success in export markets, in addition to long-term loans and guarantees provided.



4. **Fostering strong relations** within the community and **with strategic industrial investors** to benefit from equity participation in space technologies used or targeted by European industry champions. To do so, investors (including entities beyond venture capital funds) should initiate and support collaborative research analysing market opportunities and ESG impact in different vertical segments.⁴ This will inform and improve investment decisions, which is especially important to larger asset managers with increased scrutiny over their deployment of capital.
5. Advocating for and **supporting the formation of a comprehensive investment plan** and a **strategic advisory body** within the sector to ensure focused investments in key technological areas, mirroring successful models like the U.S. Department of Defence's Office of Strategic Capital (OSC) that coordinate long-term policy priorities and private investment.

Both policy makers and investors are crucial in steering the European space sector towards sustainable growth and innovation, by adapting to new financial realities and capitalizing on emerging opportunities.

DEVELOPMENTS SINCE WRITING THIS REPORT

In-keeping with the theme of alternative financing and investment mechanisms used in the European space sector, since pre-publication of the report in December 2023, ESPI has tracked an increasing amount of non-VC deals and developments. The following is a selection of such deals and developments:

The European Investment Bank strengthens its position as space infrastructure financier.

On the 18th of December 2023, the European Investment Bank (EIB) and the Walloon Region in Belgium have signed a Memorandum of Understanding (MoU) to enhance the region's space industry, particularly focusing on Earth observation and reusable launch vehicles. This partnership aims to support local government efforts in developing the space sector, **marking the EIB's first such agreement with a European Union region**. Wallonia has recently invested in projects to strengthen its space industry, with ambitions to become a European space sector leader.

With turnovers growing to over EUR 350 M over the last two decades, and Belgium's aerospace cluster Skywin, counting nearly 50 companies, research centres, and academies from the space sector as its members, the EIB continues to seek opportunities to support the space industry more broadly to boost Europe's competitiveness on the global stage.

The EIB has earmarked around 2.3 billion euros for projects in Belgium in 2022, **In this report we emphasise the positioning of Multi-lateral and National Development Banks for increased space sector investment and thus how these funds may be allocated**. We discuss how development banks either directly fund projects or utilise the EU's 'investment platforms,' which include special purpose vehicles (SPVs), contract-based co-financing arrangements, or risk-sharing agreements. These platforms are instrumental in mobilising capital for investment projects.

⁴ The recent study "*Assessment of Space-Enabled Applications in the Automotive Sector*" published by ESA, Einstein Industries Ventures, Porsche Consulting and Acitoflux serves as a good example that could be further expanded.

Recovery and Resilience Facility (RRF) funds continue to support the sector.

On the 26th of January 2024, the Spanish government allocated a €40.5 million loan to PLD Space for the development of the Miura 5 launcher, signifying a strategic move towards enhancing Spain's capabilities in the space industry. Scheduled for a maiden flight in 2025 and commercial operations beginning in 2026, the Centre for Technological Development and Innovation (CDTI)'s pre-commercial public purchasing instrument requires that the full amount be repaid via payment of royalties over the first 10 years of the commercial operation of Miura 5.

In this report we identified how the RRF with its €723B in loans and grants, is pivotal for Member States, especially those with limited budget flexibility, to invest in innovation within the space sector. **By 2022, nearly half of the Member States mentioned space-related actions in their RRF plans**, including both traditional space nations like France, Italy, and Spain, and newer actors such as Poland and Portugal.

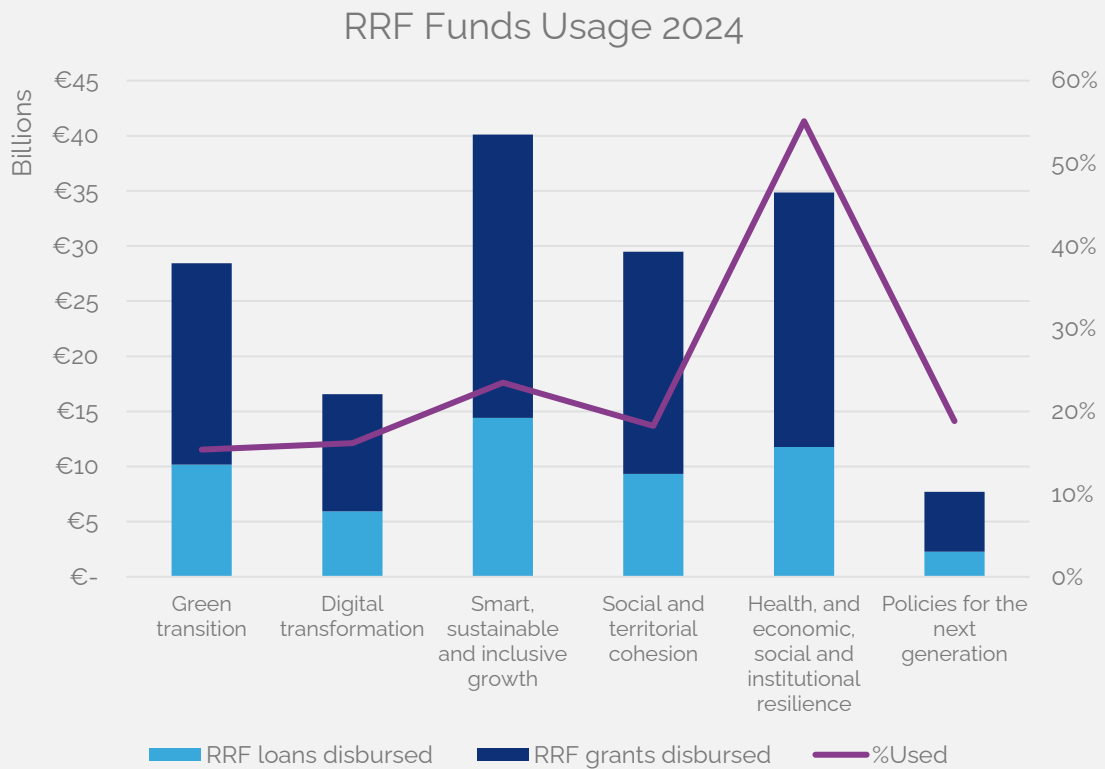


Figure 8: RRF fund disbursement. (Source: ESPI, EC)

With first deployment in 2021 and the final foreseen in 2027, total usage of RRF funding today amounts to 31%, broken down into 43% of grants deployed and 21% of loans. Health, and economic, social and institutional resilience used up 55% of the pillars allocated funding while all other segments barely break 20% in terms of allocated funds used.

Corporate Venture Capital (CVC) sees value in space applications.

On the 13th of February 2024 satellite connectivity startup Skylo Technologies raised USD 37 million equity round for its Series C with backers from 4 CVCs out of 6 participating investment firms. Skylo Technologies provides Internet of Things (IoT) connectivity to machines, sensors, and devices. Leveraging the cellular narrowband Internet of Things (NB-IoT) protocol for satellite communications, Skylo's network can be leveraged across sectors such as agriculture, logistics, railways, and disaster management and utilises Deutsche Telekom as prime partner.

In this report ESPI described how corporations' investment through in-house venture capital funds provide exposure to innovative startups that align with their strategic interests. Equity participation of early-stage innovations is typically intended to either be of service to the parent company directly or improve the bottom line by increasing customer value with eventual acquisition and integration into the core business.

The participation of CVCs in the space sector sends a strong and positive signal.

Venture Capital Firm	Owner
Samsung Catalyst Fund	Samsung Electronics
Next 47	Siemens
Intel Capital	Intel Corporation
BMW i Ventures	BMW Group

Table 3: Corporate venture capital firms participating in Skylo's series C

OneWeb Gen 2 constellation to utilise export credit agencies for efficient financing.

On the 16th of February 2024 Eutelsat announced a 30% reduction in the capital expenditure for the OneWeb Gen 2 network, from an estimated EUR 4 billion to EUR 2.8, attributing the reduction to phased investment and new technology utilization. Crucially, Eutelsat plans to finance two-thirds of this project through low-cost **export-credit financing from agencies in India, Britain, and France**, highlighting a resurfacing trend of ECAs supporting high-tech and space-related exports.

In this report, ESPI established the reinvigorated role of ECAs. The involvement of India's ECGC Ltd., Bpifrance in France, and UK Export Finance represents this trend in space sector financing.

- **ECGC Ltd.:** The support from ECGC Ltd. for satellite launches is a notable example of an ECA venturing into space sector financing. This diversification underscores ECGC's adaptability and willingness to back high-risk, high-reward projects, expanding the scope of export credit guarantees to include space-related exports.
- **Bpifrance and UK Export Finance:** Bpifrance owns 13.6% of Eutelsat Group equity while the UK government owns 10.9%, the ECA's involvement is indicative of a coordinated international effort to support the space industry.



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