

Venture capital investments

Key facts

- In 2015, venture capital investments in the United States amounted to USD 59.7 billion and accounted for 85% of total venture capital investments in the OECD. Venture capital investments in Europe amounted to USD 4.2 billion.
- In the majority of countries, venture capital represents a very small percentage of GDP, often less than 0.05%. The two major exceptions are Israel and the United States, where the venture capital industry is more mature and represents 0.38% and 0.33% of GDP, respectively.
- Venture capital investments collapsed in nearly all countries at the height of the crisis and remain below pre-crisis levels in most countries. By contrast, in Hungary, the United States and South Africa, the recovery has been strong, with 2015 levels nearly twice those of 2007.

Relevance

Venture capital is a form of equity financing particularly relevant for young companies with innovation and growth potential but untested business models and no track record; it replaces and/or complements traditional bank finance. The development of the venture capital industry is considered an important framework condition to stimulate innovative entrepreneurship.

Comparability

There are no standard international definitions of either venture capital or the breakdown of venture capital investments by stage of development. In addition, the methodology for data collection differs across countries.

Definitions

Venture capital is a subset of private equity (i.e. equity capital provided to enterprises not quoted on a stock market) and refers to equity investments made to support the pre-launch, launch and early stage development phases of a business (Source: Invest Europe, formerly European Private Equity and Venture Capital Association – EVCA).

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Data on venture capital are drawn mainly from national or regional venture capital associations that produce them, in some cases with the support of commercial data providers, except for Australia, where the Australian Bureau of Statistics collects and publishes statistics on venture capital.

The statistics presented correspond to the aggregation of investment data according to the location of the portfolio companies, regardless of the location of the private equity firms. Exceptions are Australia, Korea and Japan where data refer to the location of the investing venture capital firms.

Data for Israel refer only to venture capital-backed high-tech companies. Data for Australia and New Zealand refer to the fiscal year.

In the *OECD Entrepreneurship Financing Database* venture capital is made up of the sum of *early stage* (including pre-seed, seed, start-up and other early stage) and *later stage* venture capital. As there are no harmonised definitions of venture capital stages across venture capital associations and other data providers, original data have been re-aggregated to fit the OECD classification of venture capital by stages. Korea, New Zealand, the Russian Federation and South Africa do not provide breakdowns of venture capital by stage that would allow meaningful international comparisons.

Table C.2 (Annex C) shows the correspondence between original data and OECD harmonised data for venture capital investments by stage.

Source

OECD Entrepreneurship Financing Database.

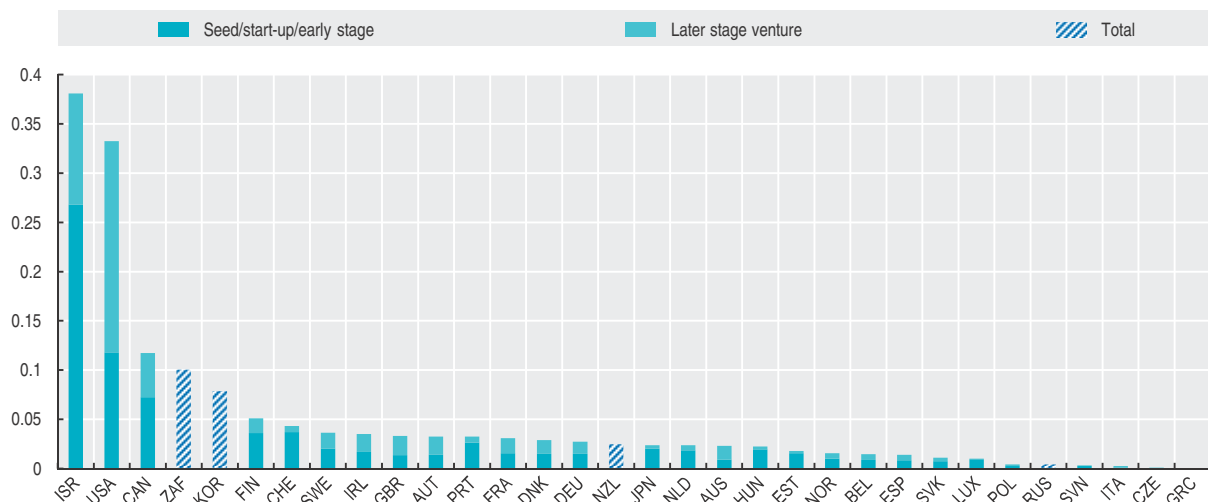
Further reading

OECD (2016), *Financing SMEs and Entrepreneurs 2016: An OECD Scoreboard*, OECD Publishing, Paris, http://dx.doi.org/10.1787/fin_sme_ent-2016-en.

OECD (2015), *New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264240957-en>.

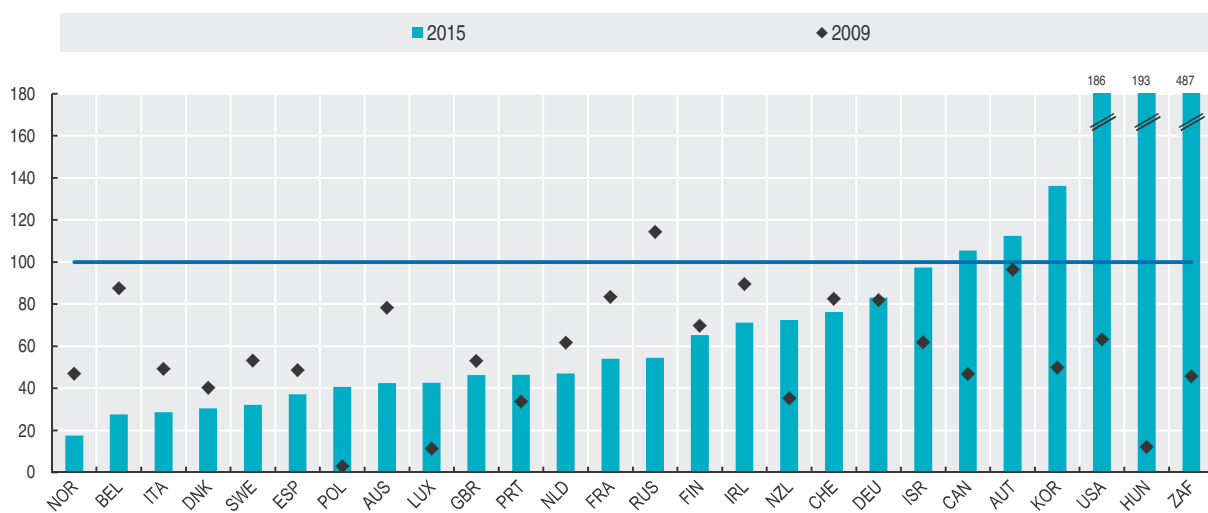
Wilson, K.E. (2015), “Policy Lessons from Financing Innovative Firms”, *OECD Science, Technology and Industry Policy Papers*, No. 24, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5js03z8zrh9p-en>.

Figure 8.1. **Venture capital investments as a percentage of GDP**
Percentage, 2015, or latest available year



StatLink <http://dx.doi.org/10.1787/888933404662>

Figure 8.2. **Trends in venture capital investments**
Index 2007=100

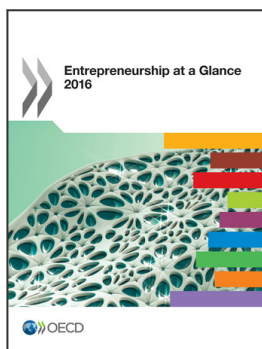


StatLink <http://dx.doi.org/10.1787/888933404677>

Table 8.1. **Venture capital investments**
Million US dollars, 2015, or latest available year

Greece	0.00	Norway	62.20	Switzerland	289.29
Slovenia	1.50	Portugal	65.08	South Africa (2014)	352.72
Czech Republic	1.85	Belgium	68.30	France	757.86
Estonia	4.12	Ireland	84.03	Germany	928.47
Luxembourg	5.94	Denmark	86.34	United Kingdom	951.93
Slovak Republic	9.91	Finland	118.19	Korea	1 087.46
Poland	21.72	Austria	122.87	Japan (2014)	1 105.29
Hungary	27.67	Spain	173.55	Israel (2014)	1 165.00
New Zealand	43.59	Netherlands	180.50	Canada	1 825.63
Italy	51.33	Sweden	180.84	Total Europe	4 220.13
Russian Federation	59.00	Australia	288.49	United States	59 698.50

StatLink <http://dx.doi.org/10.1787/888933404685>



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