

Chapter 4

Promoting start-ups in Argentina

This chapter presents an overview of public policies recently introduced in Argentina to support start-ups. It highlights the growing role of innovation policies in the country and the creation of the Ministry of Science, Technology and Productive Innovation. It then looks at specific policies to promote start-ups. Argentina offers support for the seed and start-up stages; however, financing and the regulatory framework for start-ups' expansion and acceleration are less developed. The country's sectoral technology funds and solid scientific and research base in sectors such as software, design and biotechnology are important assets whose impact on start-up creation could be strengthened.

Innovation policy in expansion

Argentina created the Ministry of Science, Technology and Productive Innovation (MINCyT) in 2007. This reflected the growing importance of innovation in Argentina's development agenda. The MINCyT is responsible for formulating innovation policies and programmes and supervising the bodies responsible for financing and implementing policies (the National Agency for the Promotion of Science and Technology [ANPCyT] and the National Scientific and Technical Research Council [CONICET]). The ministry is charged with supporting and steering scientific and technological development and productive innovation, thus contributing to shape a new production model to make the national economy more competitive. CONICET is responsible for financing and promoting scientific research and training human resources. The ANPCyT manages funds for science and technology, including the Scientific Research and Technology Fund (FONCyT) and Argentine Technology Fund (FONTAR), both set up in 1996, the Trust Fund for the Promotion of the Software Industry (FONSOFT), set up in 2004, and the Argentine Sectoral Fund (FONARSEC), set up in 2009. The Ministry of Industry, meanwhile, operates programmes through the Small and Medium-Sized Enterprise Secretariat (SePyME) to support start-ups, providing entrepreneurs with access to seed capital through non-repayable grants and business services to promote entrepreneurial skills.

Argentina has increased its budget for science, technology and innovation activities in recent years. In 2012 the MINCyT had a budget of ARS 3.70 billion (Argentine peso) (USD 732 million). Since 2003, Argentina has been increasing its investment in research and development (R&D). In 2004, investment represented 0.44% of gross domestic product (GDP); in 2011, this had risen to 0.65%, thus closing the gap to the regional leader, Brazil, which in 2010 invested 1.16% of GDP in R&D. Argentina stands out for its long history of government measures to support domestic capacities in the field of science and technology. This has helped generate research capacities in sectors such as nanotechnology, cardiology and biotechnology. For instance, Argentina was Latin America's first producer of recombinant proteins and has fourth-generation nuclear power stations and a public nuclear energy company (INVAP).

Argentina is improving the co-ordination among public policies to increase the impact of the national innovation agenda. The new initiatives include:

- Increasing the role of the Science and Technology Bureau (GACTEC) and the Inter-Institutional Council for Science and Technology (CICyT) as co-ordinating bodies.

- Making the ANPCyT responsible for the management of funds for scientific research and business innovation, thus reducing duplication of efforts and increasing the synergies among projects.
- Creating new financing mechanisms focusing on priority sectors. FONSOFT finances software production by issuing loans and grants through public competitions. FONARSEC finances R&D in priority sectors (health, social development, energy, agribusiness and the environment) and general-purpose technologies (nanotechnology, biotechnology, and information and communication technologies [ICTs]). Managing these funds requires institutional capacities to stimulate and support collaboration between the public and private sectors.
- Placing greater emphasis on the provinces as an integral part of the implementation and management of innovation policies. The government has thus identified 34 Strategic Socio-Productive Hubs (*Núcleos Socio Productivos Estratégicos*). These hubs aim to use general-purpose technologies (nanotechnology, biotechnology and ICTs) in certain production sectors to make the sector more competitive and improve the living conditions of the people in each region. New mechanisms are also being introduced to reduce the concentration of resources in the Federal Capital District. In recent years there has been an improvement in the distribution of resources with an increase in the participation by central regions of the country (ANPCyT, 2012; Chudnovsky et al., 2006 and 2007). Provincial governments, meanwhile, have been accelerating the implementation of business-development and innovation measures.

A growing interest in supporting start-ups

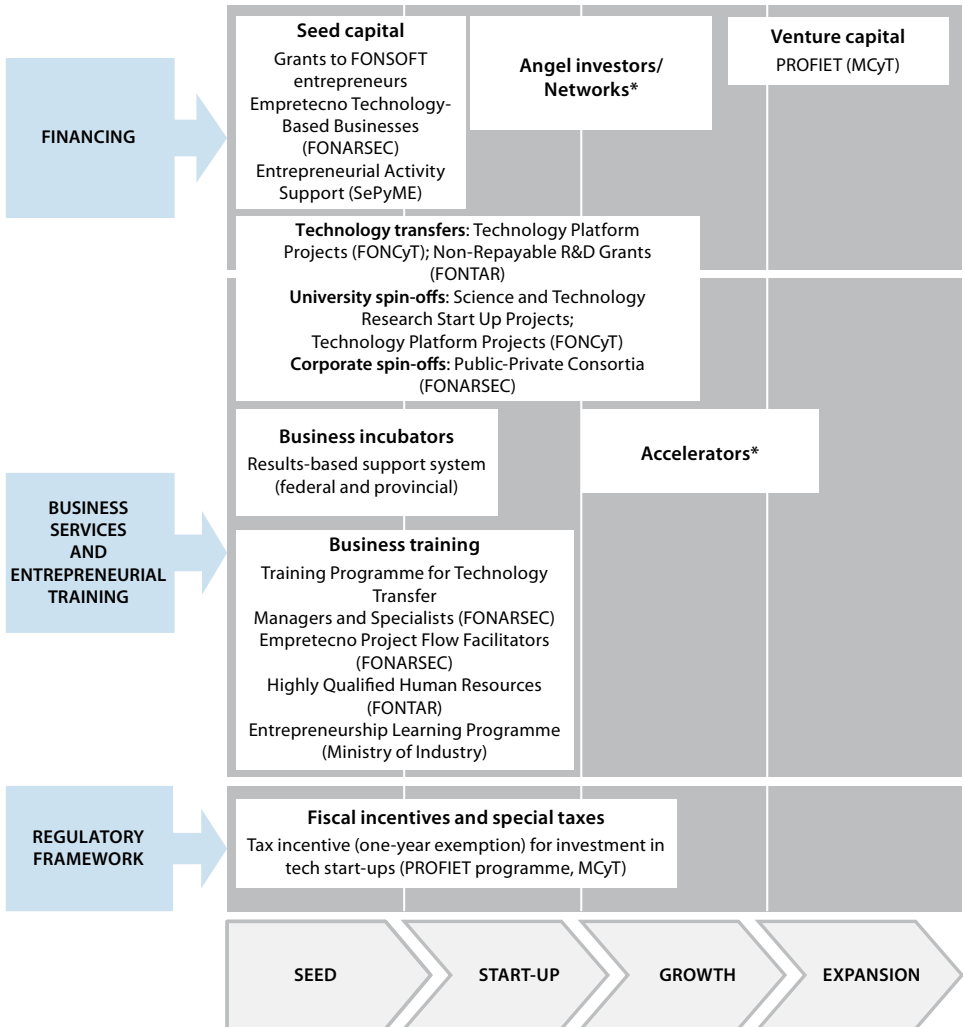
Supporting start-ups is becoming an important part of innovation policy in Argentina, in a similar vein to what is happening in other countries in the region. Argentina has technology platforms geared towards facilitating knowledge transfer and university spin-offs. However, the availability of angel-investor and venture-capital financing for companies in the development and expansion stages seems to be fairly limited, and there are not yet any public support mechanisms to spur their development.

The ANPCyT, the Ministry of Industry's SePyME and some provincial governments provide support to create start-ups in Argentina. One such mechanism is Impulsar EBT, which combines various consultancy and financing lines geared towards: *i*) supporting start-ups (for example, through the Empretecno Technology-Based Business Start-Up instrument); *ii*) promoting project development (the Empretecno-FFP instrument is geared towards making private and public-private entities act as project flow facilitators to help form technology-based firms); *iii*) modernising equipment (through the Infrastructure and Technological Equipment Projects [PRIETEC] instrument); and *iv*) protecting intellectual property and innovative results (through non-refundable grants, patents and technology consultancies in intellectual property management). Impulsar EBT is geared more towards supporting early-stage and start-up phases, while other instruments, such as FONARSEC's Training Programme for Technology Transfer Managers and Specialists (*Programa de Formación de Gerentes y Vinculadores Tecnológicos*) and FONTAR's Highly Qualified Human Resources programme (*Recursos Humanos Altamente Calificados*), are geared towards the growth and expansion stages (see Figure 4.1).

In Argentina there are three main funds providing seed capital. FONARSEC covers 75% of a project's cost, up to a maximum of USD 532 000, through the Empretecno programme. In 2011, the ANPCyT helped start 27 companies through the programme, injecting a total of USD 10.4 million (ANPCyT, 2011). Since 2011, these grants are managed through project flow facilitators (FFPs). These FFPs are accredited bodies (mainly business incubators) that operate as intermediaries and second-tier financiers. They receive support and resources from the ANPCyT based on performance and the scope of their results. Initially they receive 5% of the budget assigned to the project they are supporting; subsequently they receive a further payment if they obtain additional angel-investor or venture-capital financing and/or financing from commercial banks. FONSOFT provides a non-repayable grant covering up to 50% of the project's total cost for a maximum of USD 57 000 for firms that are less than two years old that provide software and information technology services. In 2011 the programme financed 202 projects for a total of USD 5.2 million. In the software sector there are also private funds. One example is the private-equity and acceleration fund NXTP Labs, which invests up to USD 25 000 per enterprise in exchange for a 2-10% minority stake in the company.¹

The Ministry of Industry's SePyME also provides seed capital to cover up to 85% of business start-up costs, up to a maximum of USD 23 000, through the Entrepreneurial Activity Support programme (PACC Entrepreneurs).

Figure 4.1. Argentina: Targeted policy tools to promote start-ups, 2012



Note: * To date there are no direct support mechanisms for innovative entrepreneurs through angel investors or business accelerators.

Source: Based on official information from Argentina and interviews with experts and policy makers.

Financing for the expansion stages of start-ups is still quite limited. The Programme for the Development of Entrepreneurial Investment in Technology (PROFIET) was introduced in 2009,² and operations began in late 2012. The programme was introduced in response to the lack of financing in the growth and expansion stages of start-ups. It also provides tax incentives (up to 50% of the total investment) for investors who finance start-ups. There is no direct public support for angel investors in Argentina. The private sector is also advancing slowly, with just one private network, the IG Business Angels Club, which is linked to the *Universidad Austral's* IAE Business School. This network of 60 investors injects between USD 100 000 and USD 300 000 in projects with high growth potential.

The ANPCyT manages several programmes to support the development of entrepreneurial skills. FONTAR's Highly Qualified Human Resources programme, for instance, provides technology-based firms with financing for hiring human resources specialising in R&D. FONARSEC, meanwhile, uses its Training Programme for Technology Transfer Managers and Specialists to support educational institutions that provide training for professionals who establish linkages between R&D centres and the production sector. Beneficiaries receive a grant covering 50% of the total cost of the project for four years, which must be spent on hiring teachers, awarding grants and developing exchange networks or similar items. The Ministry of Industry SePyME manages the Entrepreneurship Learning Programme (*Programa Aprendiendo a Emprender*), which provides free classroom and distance courses and workshops to 18- to 35-year-olds. The programme provides basic training in undertaking projects, identifying business opportunities and obtaining financing. Some provinces and cities have recently prioritised supporting start-ups as a tool to boost local development and create new jobs (see Box 4.1).

Argentina has weaknesses in terms of developing business angel networks and its venture-capital industry. At 0.01% of GDP, its venture-capital industry is one of the least developed in Latin America as a percentage of its economy (LAVCA, 2012). The greatest obstacles to improving the venture capital industry include the lack of an adequate regulatory framework for the venture-capital and private-equity industry, a complex tax system for investments and venture-capital funds, and restrictions on local institutional investors wishing to invest in the funds.

The ANPCyT also manages support programmes for technology transfer and commercial exploitation of R&D. FONTAR's Non-Repayable R&D Grants Programme and FONCyT's Technology Platform Projects provide non-repayable grants to companies, including start-ups, to hire groups of researchers and experts to help develop their business. FONCyT finances the

Start-Up Science and Technology Research Projects programme, which since 2005 has promoted the commercial exploitation of R&D results and technology-based start-ups as spin-offs of R&D centres and universities. The programme finances projects for up to USD 85 000 for three years. Projects are submitted by teams consisting of researchers and public and private R&D centres wishing to become entrepreneurs. According to estimates by Kantis and Federico (2012), the programme has funded 58 projects since 2005 for a total of USD 4 million.

Box 4.1. Promoting local start-up hubs: The City of Buenos Aires.

Since the mid 2000s, the government of the City of Buenos Aires has invested in promoting start-ups locally through its Undersecretariat for Economic Development (SSDE).

The **Buenos Aires Emprende** (BAE) programme was launched in 2008 to facilitate the development of innovative firms with high growth potential. It provides funding to entrepreneurs located in the Autonomous City of Buenos Aires who set up businesses that have been operating for less than two years. The programme provides seed-capital co-financing for up to 40% of a project's total cost in non-repayable grants (up to a maximum of USD 15 000) and financing for tutoring and capacity-building services for 12 months. Beneficiaries receive financing through agencies certified by the city government to act as intermediaries. The intermediary agencies provide tutoring and technical-support services and manage non-repayable grants, delivering them to each beneficiary. In 2012, the programme had 14 sponsoring agencies, including Endeavor Argentina, FUNDES Argentina, the Institute of Science and Technology Enterprises (IECyT), the University of Buenos Aires Faculty of Economics, the association Emprear and Polo IT Buenos Aires. Between 2008 and 2011 a total of 291 projects were submitted, of which 171 were selected to receive support. According to the evaluation by Cristini and Bermúdez (2012), the programme increases the likelihood of participating entrepreneurs to be successful and experience sales growth.

The **Entrepreneur Development Programme** was introduced by the SSDE in 2009. This programme aims to promote the development of a local business culture. The programme has a larger scope than BAE as it is not only focused on innovative or high growth potential firms. It operates through non-governmental organisations accredited to provide training, technical support, guidance and linkages with potential investors. The programme offers courses and workshops for entrepreneurs. As of 2012, more than 8 000 entrepreneurs have taken part in the programme's activities and more than 50 business plans have been completed (Kantis, 2012).

Source: Based on official data and interviews conducted in Argentina with experts and policy makers.

FONARSEC finances technological public-private consortia to develop cutting-edge solutions in areas with a high potential impact on the competitiveness of the industry. In 2013 it invested nearly USD 34 million in financing 13 projects undertaken by technology-based firms (ANPCyT, 2012).

Box 4.2. Technology-based biotech start-ups in Argentina: PharmADN and BioSidus

Argentina has a highly developed biotech sector. The country has good research capacities and various companies have become major players in the sector throughout Latin America. Some spin-offs have been generated from large corporations or research projects.

BioSidus is a pioneering biotech company specialising in producing biosimilars of recombinant proteins. The firm is a spin-off of the Sidus pharmaceutical group and today ranks as the industry leader in Argentina. Since its first products were launched in 1990, it has sold more than 60 million units in emerging markets and more than 75% of its income comes from exports (figures refer to 2008). The company controls 85% of the Argentine market and 50% of the Latin American market in terms of sales of erythropoietin (EPO), a hormone that increases the number of red cells in the blood and has become one of the most widely sold biopharmaceuticals in the world. BioSidus has gone on to generate spin-offs of its own. In the early 1990s, BioSidus researchers founded the company Genergen, which along with Laboratorios Pablo Cassará established the company PC-GEN in 1995. PC-GEN helped found Rhein Americana to develop the recombinant vaccine for hepatitis B. Other firms in the chain of BioSidus spin-offs include Zelltek, the Amega Biotech Group, Immunotech, Incubatech and Protech Pharma.

PharmADN is another good example of a spin-off firm resulting from a research project. It was founded by researchers with academic experience as a result of innovations generated by a public-private R&D consortium that benefited from the ANPCyT's Sectoral Funds instrument. PharmaADN produces monoclonal antibodies for treating cancers including breast, lung and colorectal, as well as autoimmune diseases such as rheumatoid arthritis. It now operates as part of a consortium with the University of Quilmes, the Argentine National Institute of Industrial Technology and a major foreign firm. The co-operation with the foreign firm is essential for acquiring new know-how that was unavailable in the domestic market. PharmaADN's experience has proved it can produce monoclonal antibodies in Argentina while complying with the international pharmaceutical industry's quality standards.

Source: Interviews with specialists, business founders and Gutman and Lavarello (2011).

In Argentina, thanks to the critical mass of industrial and research capabilities in areas such as biotechnology, there are opportunities for spin-offs from large companies or large research projects (see Box 4.2). In this sense, the projects carried out within the framework of the Sectoral Funds financing could help start-ups to emerge. However, start-ups wishing to expand are limited by their lack of access to financing and a complex regulatory framework.

Nevertheless, Argentina's regulatory framework still poses major barriers for the emergence and development of start-ups. Starting a business requires many procedures, takes a long time and is expensive.³ Argentina is ranked 154th out of 185 countries for "starting a business", below the Latin American average (World Bank, 2012). The government is trying to overcome these problems by introducing fiscal reforms – through the PROFIET programme – that provide incentives to promote investment in start-ups.

Main challenges ahead

Argentina has a lively entrepreneurial landscape that, in some sectors, has good linkages with R&D, science and technology. Although the shortage of financing in the expansion stages (angel investors and venture-capital) and the rigidities of the regulatory framework still limit the development of start-ups, the government's new policies aim to overcome these barriers. Argentina's main challenges include strengthening young people's entrepreneurial skills, fostering linkages between enterprise and academia, raising a capital industry that is able to finance projects in their various stages, especially growth and expansion, and developing a regulatory framework that better supports enterprise. The MINCyT's policies aim to strengthen and expand the Impulsar EBT programme so it can broaden the coverage of its instruments, and to scale up support in the expansion stages to increase the number of innovative entrepreneurs in the market.

Meanwhile, to boost priority sectors such as biotechnology, agribusiness and pharmaceuticals, the authorities need to be able to certify compliance with international quality standards. They also need to create incentives to overcome the gap between the requirements of market and scientific research times. Public-private consortia are a good solution to achieve the right balance between the specificities of scientific research and market needs. Innovation policies ought therefore to aim not only to incubate and support innovation processes but also to generate industrial platforms in priority sectors,

thus fostering the development of a dynamic business environment with specialised competences and boosting capacities for research and productive application. The Sectoral Funds and the Technology Platform Projects that Argentina has recently introduced contribute to these efforts.

Notes

1. Table 4.A1.2 in the Annex to this chapter shows some of the main private initiatives to support start-ups in Argentina.
2. Argentina has at least 11 private venture-capital funds. Some of these funds focus on early stages, such as the Pymar Fund, managed by AX Ventures. Others, such as the Aconcagua Ventures fund, also focus on early-stage high-tech companies, but invest throughout Latin America, not just in Argentina. The fund managed by Módena focuses on early-stage financing of small and medium-sized firms with high growth potential in sectors linked to e-commerce, software and financial services, among others.
3. Setting up a business requires 14 procedures, an average of 26 days and a cost of 74.3% of per capita income (World Bank, 2013).

Annex 4.A1. Policy tools to promote start-ups in Argentina

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012

a. Financing

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|---|--|---|--|
| Grants to FONSOFT-ANPCyT entrepreneurs (introduced in 2005) | Promote an entrepreneurial culture in the software and IT services sector, help set up new commercial enterprises in the sector and strengthen existing eligible firms | Individual persons, sole traders and companies that are less than 24 months old | ARS 270 000 (USD 57 000) grant Grant for up to 50% of the project's total cost To finance: <ul style="list-style-type: none"> • Hiring staff • Technical support • A proportion of the entrepreneur's salary |

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012 (continued)

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|---|--|--|--|
| <p>FONARSEC-ANPCyT Empretecno-EBT (introduced in 2009)</p> | <p>Foster the development of new technology-based start-ups This instrument is part of the ANPCyT's IMPULSAR EBT programme, which aims to generate technology-based start-ups</p> | <p>Individual people with a proven capacity in developing science, technology and innovation research; public and private institutions involved in science and technology; and companies in the production sector Since October 2011, beneficiaries must use a FONARSEC-approved project flow facilitator</p> | <p>Maximum financing: ARS 2.5 million (USD 532 000) Grants may not exceed 75% of the project's total cost; the beneficiary must provide at least 25% To finance:</p> <ul style="list-style-type: none"> • Consultancy and studies on the viability of the technology-related business opportunity • Strengthening intellectual property • Purchasing proof-of-concept services • Activities and supplies for developing prototypes and other R&D activities • Attending international fairs and other important events for the project |
| <p>PACC Entrepreneurs SePyME (Ministry of Industry)</p> | <p>Stimulate start-ups that contribute to creating value added, increasing the scale of production, creating jobs, industrialising regional economies and using technological innovations and/or R&D</p> | <p>Entrepreneurs who have a business plan and start-ups that made their first invoiced sale less than two years ago whose business activity is eligible for the programme. Projects that are not innovative or do not aim to generate value added or employment are excluded, particularly financial intermediation services, insurance services and other professional services</p> | <p>Reimbursement of 85% of business start-up costs, up to a maximum of ARS 110 000 (approximately USD 23 000)</p> |

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012 (continued)

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|--|---|---|---|
| PROFIET MCyT (introduced in 2009) | Promote venture-capital investment for technology-based start-ups or existing companies' R&D projects | <ul style="list-style-type: none"> • Investors willing to assume part of the risk of implementing an innovative firm's business plan • Operators willing to co-ordinate investments in companies by managing trust funds as a suitable contractual framework for working towards the objectives • Entrepreneurs willing to start and develop high-tech companies • Agencies and institutions keen to participate in a joint action programme to tackle specific problems requiring innovative solutions | <p>To finance:</p> <ul style="list-style-type: none"> • Direct investment of public funds to acquire stakes in start-ups • Loans and grants for key players in the system whose <p>Tax incentives:</p> <ul style="list-style-type: none"> • Tax benefits for investment in start-ups that are part of the programme <p>Results to date:</p> <p>The regulatory procedures for the programme to begin operating were completed in 2011. A Ministerial Order authorised four companies to operate in the PROFIET programme: Zeller S.A., Leco Technology Trust S.A., Capital para Pymes S.A. and BMR Mandatos y Negocios S.A. These companies must propose innovative projects to investors, who must decide in which projects they wish to invest</p> <p>In 2012, Bioceres S.A. presented a project called Development of Drought and Salinity Tolerant Crops, which was evaluated and approved. A number of projects are also being put together for submission to PROFIET</p> |

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012 (continued)

b. Business services and entrepreneurial training

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|---|---|--|---|
| FONARSEC-ANPCyT GTec Training Programme for Technology Transfer Managers and Specialists (introduced in 2009) | Promote the training of technology-transfer managers and specialists Foster the training of professionals to facilitate and create linkages between academia and the production sector, identifying demands, facilitating technological opportunities, promoting business-innovation processes and translating solutions for the socio-productive sector | Public and private university institutions and institutions included in the Public Registry of Research Centres and Higher Vocational Training Centres | Grant of up to ARS 750 000 (USD 160 000) a year for each eligible proposal Maximum contribution per proposal: ARS 3 million (USD 637 000) over four years Grant for up to 50% of the project's total cost To finance: <ul style="list-style-type: none"> • Hiring teachers • Scholarships • Developing exchange-programme networks with other universities • Non-repayable financial support for student grants and minor equipment • Internships Results to date: Members 17 chambers of commerce 3 professional boards 21 companies 2 co-operatives 19 government bodies 4 foundations 6 associations Total students registered: 414 |

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012 (continued)

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|--|--|--|--|
| FONCyT- ANPCyT PICT Start Up (introduced in 2005) | Promote the commercial exploitation of public research centres' and universities' R&D results by founding technology-based start-ups | Research projects developed by the research teams of public and private non-profit institutions that aim to create the conditions for technology-based start-ups | Up to ARS 400 000 (USD 85 000) (First year: up to ARS 150 000; second year: up to ARS 125 000; third year: up to ARS 125 000) To finance: <ul style="list-style-type: none"> • Supplies • Books, journals, etc. • Publication of project results • Specialist technical services • Travel and other expenses • Equipment |
| FONCyT- ANPCyT Technology Platform Projects (PPLs) | Encourage the forming of units with cutting-edge technology and highly specialised staff devoted to providing the advanced science and technology products and services needed by leading research groups and technology-based start-ups | These highly competitive centres providing leading technology services are formed through vertical integration among R&D groups, at least one of which has positioned itself at the forefront of knowledge in the platform's specific domain | 31 projects approved in 2011, receiving a total of ARS 31.7 million |

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012 (continued)

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|--|--|---|---|
| FONARSEC-ANPCyT Empretecno- FFP (project flow facilitators) (introduced in 2011) | <p>Promote a new landscape that creates better conditions for developing technology-based start-ups</p> <p>Foster technology-based start-ups by setting up a registry of project flow facilitators</p> <p>This instrument is part of the ANPCyT's IMPULSAR EBT programme, which aims to generate technology-based start-ups</p> <p>Project flow facilitators offer financing and assistance to technology-based start-ups included in the Empretecno-EBT programme</p> | <p>Registration as project flow facilitators is open to public, private and mixed legal entities devoted to developing, managing, promoting and transferring science and technology research under a public-private consortium formed through a public instrument</p> | <p>Benefits for project flow facilitators</p> <p>a) Basic compensation for services provided by project flow facilitators: the ANPCyT will refund, against invoice, 5% of executed costs for the support plan approved for each technology-based start-up</p> <p>b) Success Fee: paid to the facilitator by each technology-based start-up that successfully raises private equity (investment from venture capital, an angel investor or a commercial bank), with the project flow facilitator receiving up to 15% of the investment obtained by the start-up</p> |
| FONTAR-ANPCyT ANR I+D (CP) | <p>Create or strengthen a company R&D unit by incorporating researchers or research equipment</p> | <p>Firms with annual revenue no greater than the equivalent in Argentine pesos of USD 30 million, and technology-based start-ups</p> | <p>A grant to cover 50% of salaries of additional staff hired for R&D and to cover the cost of equipment not exceeding 30% of the project's total cost, for up to the equivalent in Argentine pesos of USD 200 000</p> <p>Results of the 2012 programme:</p> <p>Seven projects approved, receiving a total of ARS 5.3 million</p> |

Table 4.A1.1. Argentina: Targeted policy tools to promote start-ups, 2012 (continued)

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|---|---|---|---|
| FONAR- ANPCyT Highly Qualified Human Resources | Integrate highly qualified human resources into companies to strengthen their scientific and technological capacities | Existing firms that produce goods and services, and start-ups based on competitive technology that have the necessary technical, administrative and financial capacity to incorporate highly qualified human resources and provide them with the potential to develop and grow in the company | <p>The funds cover:</p> <ul style="list-style-type: none"> Part of the salaries of staff hired by companies to join or set up their research, development and innovation departments or to carry out other tasks needed by the firm that justify hiring highly qualified human resources Nine projects in 2011, receiving a total of ARS 2.8 million |

c. Regulatory framework

| Instrument/ Programme | Objectives | Beneficiary | Additional information |
|--|--|-------------|------------------------|
| Tax incentive for investment associated with the MCyT PROFIET programme | Tax benefits in recognition of investment in start-ups that are part of the MCyT PROFIET programme | | |

Source: Based on official data and interviews with experts.

Table 4.A1.2. Private initiatives to promote start-ups in Argentina, 2012

| Initiative | Objectives | Beneficiary | Additional information |
|------------------------------|---|---|--|
| NXTP Labs | Support start-up acceleration through seed capital, training and access to infrastructure and other support services | Entrepreneurs in the Internet industry | Investment of up to USD 25 000 in seed capital (USD 10 000 per start-up and USD 5 000 per founding partner, for up to three partners) in exchange for a minority share (5-10%) |
| IG Business Angels Club | Independent group of 28 qualified investors aiming to provide its partners with opportunities to invest in start-ups with high growth potential and thus obtain excellent financial returns | Focus on companies in the early stages and the start-up and growth stages in various sectors: technology, telecommunications, services, Internet, media, entertainment, agribusiness, energy, consumer goods, manufacturing and logistics | Seed-capital investments from USD 50 000 to USD 300 000 Expected return rate of 35%; exit strategy: strategic sale Participation on the board; active participation if required by the management To date the club has invested in nine start-ups |
| Wayra Argentina (Telefónica) | ICT business acceleration Calls for applications are issued twice a year | The beneficiary must be part of an entrepreneurial team and must have an innovation, business idea, solution, design or project that fills a need in the area of technologies or any other digital field in a web or mobile environment | USD 30 000 to USD 70 000 during the first six months, depending on the project's evaluation in terms of level of maturity and need for investment Wayra then continues working with the most attractive proposals among those selected, helping them obtain private (financing rounds) or public (grants) financing through its network of angel investors, mentors and partners. It also provides support in obtaining new funds, both from private (financing rounds) and public (grants and subsidies) sources In the last session 1 123 projects were submitted, of which eight were chosen Successful applicants may apply for the MINCYT FONARSEC programme |

Table 4.A1.2. Private initiatives to promote start-ups in Argentina, 2012 (continued)

| Initiative | Objectives | Beneficiary | Additional information |
|--|---|--|---|
| AX-Ventures PYMAR Fund (introduced in 2008) | Supply the need for financing among innovative, technology-intensive Argentine SMEs with growth potential that struggle to obtain long-term financing. The fund receives contributions from FEC, the Multilateral Investment Fund of the Inter-American Development Bank (MIF-IDB), COFIDES (Spanish Development Financing Company), the Andean Development Corporation (CAF) and private Argentine investors | Between 5 and 12 small companies with up to 100 employees and annual sales of up to USD 5 million operating in sectors in which Argentina has relative advantages, such as IT services, tourism, biotechnology, medical equipment and services, outsourcing, multimedia content, opportunities in specific product lines in the food industry, and metal mechanics | Capital budget: USD 22 million Investment in each company of between USD 500 000 and USD 3 million |
| Innovation Capital Forum | Support businesses seeking investors, provide advice in the different stages of a production process and provide effective management tools | Small businesses and entrepreneurs of small firms carrying out proposals involving some form of innovation | <ul style="list-style-type: none"> • Advice on the business plan and guidance on presentations to investors • Participation in meetings that enable entrepreneurs to present their projects to investors • Support for public tenders for financing issued by various public and private entities, and training at the various stages of starting and growing a business |

Source: Based on official data and interviews with experts.

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