

Venture capital investments

Key findings

- In 2016, venture capital investments in the United States amounted to USD 66.6 billion and accounted for 86% of total venture capital investments in the OECD. Venture capital investments in Europe amounted to USD 4.7 billion.
- In the majority of OECD countries, venture capital constitutes 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, representing more than 0.35% of GDP.
- From 2010 to 2016 venture capital investments evolved differently across countries: in Ireland, Korea, Poland and the United States, venture capital investments more than doubled. By contrast, in Australia, Norway, Portugal and the Russian Federation, the level of venture capital investments was 50% lower in 2016 than in 2010.

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 or complements traditional bank finance. The development of the venture capital industry is considered an important framework condition to stimulate innovative entrepreneurship.

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).

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

Comparability

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

Data on venture capital are drawn from national or regional venture capital associations that produce them, in some cases with the support of market research organisations, 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, Japan, and Korea 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 the United States include also venture capital investments done by other investors alongside venture capital firms, but exclude investment deals that are 100% financed by corporations, and/or business angels. Data for Australia, Japan and New Zealand refer to the fiscal year. Data for Europe includes only venture capital investments (seed, start-up and later stage) by formal fund managers including private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds or rescue/turnaround funds; investments by business angels, incubators, infrastructure funds, real estate funds, distress debt funds, primary funds-of-funds or secondary funds-of-funds are excluded; the investment amount only captures the equity amount that is invested by formal fund managers and not the value of the entire financing round. Growth capital or buyout investments in current or formerly venture capital-backed companies are also not included.

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.

Annex C presents the list of data sources by country; Table C.2 shows the correspondences between original data and OECD harmonised data for venture capital investments by stage.

Source

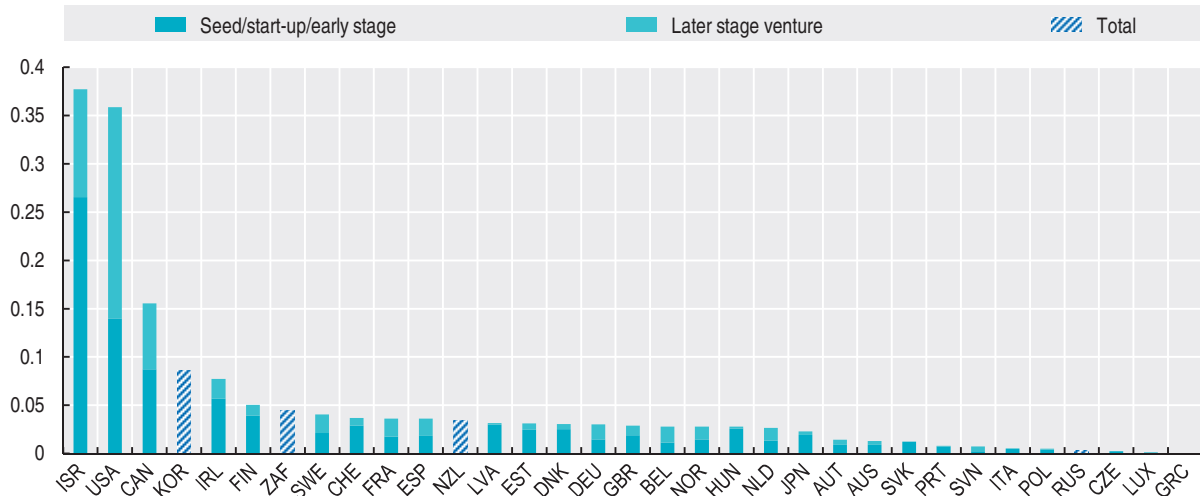
OECD *Entrepreneurship Financing Database*.

Further reading

OECD (2017), *Financing SMEs and Entrepreneurs 2017: An OECD Scoreboard*, OECD Publishing, Paris, http://dx.doi.org/10.1787/fin_sme_ent-2017-en.

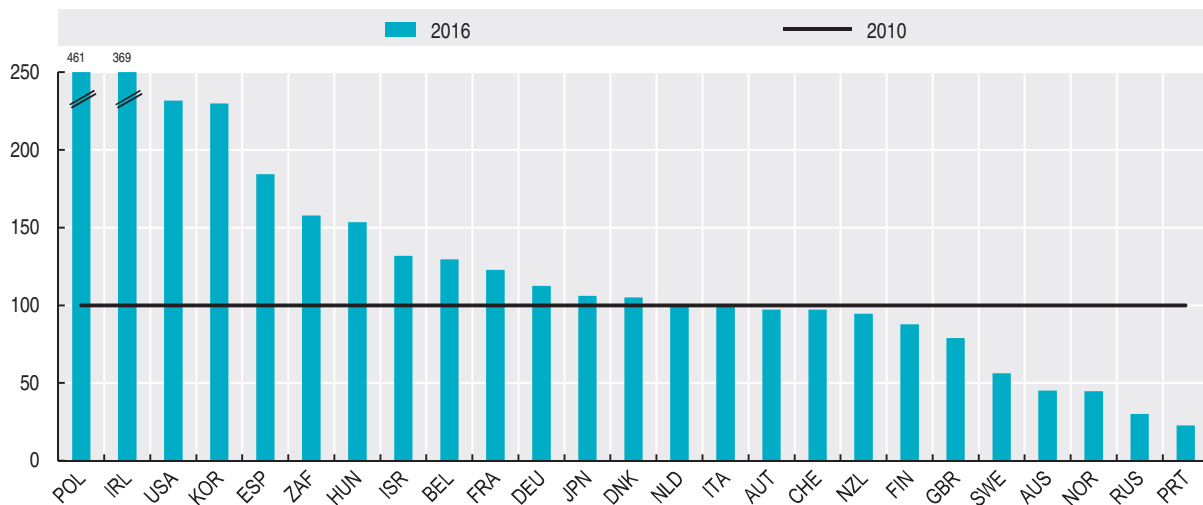
OECD (2015), *New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264240957-en>.

Figure 7.1. **Venture capital investments as a percentage of GDP**
Percentage, 2016, or latest available year



StatLink <http://dx.doi.org/10.1787/888933564766>

Figure 7.2. **Trends in venture capital investments**
Index 2010 = 100



StatLink <http://dx.doi.org/10.1787/888933564785>

Table 7.1. **Venture capital investments**
Million US dollars, 2016, or latest available year

Greece	0.00	New Zealand	64.25	Spain	446.52
Luxembourg	0.79	Denmark	93.87	United Kingdom	761.36
Slovenia	3.28	Italy	96.84	France	894.22
Czech Republic	4.65	Norway	103.00	Germany	1051.38
Estonia	7.20	Finland	119.65	Israel (2014)	1165.00
Latvia	8.73	South Africa	129.61	Korea	1212.22
Slovak Republic	11.03	Belgium	130.73	Japan	1367.77
Portugal	16.71	Australia	165.77	Canada	2377.40
Poland	23.71	Netherlands	204.10	Total Europe	4744.81
Hungary	34.57	Sweden	206.61	United States	66626.56
Russian Federation	46.00	Ireland	226.94		
Austria	55.87	Switzerland	243.04		

StatLink <http://dx.doi.org/10.1787/888933565070>



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