

**The ICE Questionnaire on Policies relating to the Demand for and  
Supply of Risk Capital**

**Policy Questionnaire  
(draft version)**

## **Background**

In October 2006, the International Consortium on Entrepreneurship (ICE) decided to prepare an international project on risk capital policies and data.

The overall project aims at improving our understanding of risk capital markets and the demand and supply of risk capital. Firstly, it strives at investigating and comparing the nature of the public risk capital policies implemented in the consortium countries (the policy track). Secondly, the project will provide an overview of available data and definitions on risk capital across countries (the data track).

This particular survey is part of investigating the nature of governments' risk capital policies (the policy track).

## **Purpose**

More specifically, this policy questionnaire aims at the following:

- a) Collecting information and best practice about the risk capital policies implemented by governments across the ICE countries.
- b) Exploring to what extent the policy efforts have been oriented towards increasing only/both the demand or supply of risk capital.
- c) Measuring numbers of implemented public policies and initiatives and the costs related to implementing the policies.
- d) Creating a sound understanding of the policy environment in the country, prior to conducting a national policy study based on personal interviews with policymakers and stakeholders.

## **Output**

The responses to this questionnaire will be used to develop a risk capital policy mapping showing in what areas ICE member countries have applied policies to increase risk capital.

The information from the questionnaire is being combined with information from other sources in order to obtain the best possible picture. Other sources of information include available EVCA/national risk capital data and personal interviews with national policymakers and stakeholders. The final results will be presented in a national policy report for each ICE member country.

Lastly, the final conclusions from all the ICE countries will be presented in an ICE Risk Capital Policy Handbook and will be available for all ICE members.

## **Target group**

The questionnaire should be filled out by national government officials with knowledge of government risk capital and entrepreneurship policies.

For countries such as Canada and the US, where risk capital policies are likely to exist on both national and regional levels, government officials from both levels should answer the questionnaire. In this case, it is recommended that the regional government official represents a progressive risk capital region.

## **Guidelines for Respondents**

The questionnaire is designed according to the 5 policy categories, which are identified in the Investment Policy Model including investment opportunities, culture, incentives, capital and abilities. Each of these categories is expected to influence either the demand or supply of capital or both at the same time (see the document “The Investment Policy Model Guide” for further explanation).

All questions are related to what the governments are offering in terms of policies, schemes, programmes, and incentives etc in order to strengthen the risk capital market.

First, the respondents are asked about the national government’s policy objectives. Then, whenever the respondent confirms the existence of policy objectives in certain areas, the respondent is asked to list the applied policies, programmes or incentives and the year of implementation for each.

No answers are more correct than others. However, a thorough list with policies, programme or incentives will ease the further work. For some of the areas, more specific questions are made regarding the design of certain policy instruments.

For further information, please contact the national ICE member in the Ministry or project leader Glenda Napier on email: [gna@ebst.dk](mailto:gna@ebst.dk), telephone 0045 35 46 63 48. Respondents are kindly asked to return the questionnaire to the sender of this questionnaire.

## **Terminology**

- Policy objectives refer to any formal statements aimed at addressing a certain policy area.
- Programmes refer to all kinds of initiatives, incentives, policies which have been implemented within a certain field. It does not necessarily refer to a full policy package, but include single initiatives as well as broader policies.
- Risk capital is understood as a source of capital provided by private or public risk capital investors to entrepreneurial firms in seed, start-up or expansion stages (pre-IPO stages). Risk capital does not include sources of debt financing.

- Risk capital investment refers to investment made by private individuals (families, founders or friends or business angels) or funds, public funds or institutional pension funds or insurance firms in entrepreneurial firms.
- The demand for risk capital is understood as entrepreneurial firms in pre-seed, seed or expansion stages, which seek risk capital investors.
- The supply of risk capital refers to private and public sources of risk capital, including private individuals (business angels), private or public funds or institutional investors such as pension and insurance funds.
- Risk capital investor refers to private and public sources of risk capital, including private individuals (business angels), private or public funds or institutional investors such as pension and insurance funds.
- Entrepreneurial firms refer to young companies in seed, start-up or expansion stages. They are not listed on stock markets.
- Seed stage refers to the start until end of product development. The product/service is developed, patents requirements are completed and market surveys and team recruitment are key activities. The funds at this stage predominantly come from the entrepreneurs, their family and friends. Only few business angels or informal investors invest in this phase due to the high risks and uncertainty.
- Start-up stage refers to the period in which the product can be launched. The entrepreneurs are ready to commence their product/service and investment are required in follow-up product introduction by doing marketing activities, producing more products to be sold, and hiring more people. Since the medium risk is still embedded, hence it is difficult to get the fund supported by formal capital institutions. Thus in this stage, the funds is still mainly provided by informal investors/business angels.
- Expansion refers to a period with growth in sales, but not yet profit. The company has gained some orders and starts to expand its current situation. There has been inflow money, but not yet a profit. The fund needed for this stage is used to increase the working capital since production is higher because the demand is increasing and the product/service is more widely known. As business has looked promising, due to the prospect of the market and the product, venture capitalists may take a hand as well as commercial banks. And informal investors also still support in this stage.
- Definitions of high-growth firms differ between countries. In this study, high-growth firms refer to firms with high growth rates in employment, sales, turnover or market shares. The important thing is not the definition, but to what extent the government has a focus on high-growth potentials.

# The Policy Questionnaire

## Investment Opportunities

Policies and programmes aimed at increasing the demand for risk capital

<b>1. High-Growth Firms</b>				
Is there a stated policy objective within your government to increase the number of high-growth firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
<b>2. Knowledge Intensive Sectors</b>				
Is there a stated policy objective within your government to increase the number of new firms in knowledge intensive sectors such as ICT, biotechnology, energy, life science or environment?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				

Is there a stated policy objective within your government to increase the flows of risk capital investment to knowledge intensive sectors such as ICT, biotechnology, energy, life science or environment?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
<b>3. Commercialisation of Public R&amp;D</b>				
Is there a stated policy objective within your government to commercialise public research and development (R&D) through start-up firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>A fiscal incentive for cooperation between start-ups and universities is an example of a programme.</i>				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
Is there a stated policy objective within your government to increase the flows of risk capital investment to commercialise public R&D activities?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				

What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
<b>4. Investment Readiness</b>				
Is there a stated policy objective within your government to strengthen the quality and relevance of entrepreneurial firms' business plans?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>Investment Readiness Course is an example of a programme.</i>				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
<b>5. Matchmaking</b>				
Is there a stated policy objective within your government to facilitate the flow of information on businesses with good ideas and investment opportunities to risk capital investors?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>Business Angel Networks or diverse matchmaking places for entrepreneurs and investors are examples of programmes.</i>				

What is the direct public cost for each programme?	
Key results on any evaluation of the programme	

### Investment Incentives

Policies and programmes aimed at increasing both demand and supply of risk capital.

<b>6. Public Guarantee Schemes</b>				
Is there a stated policy objective within your government to provide the demand or supply of risk capital with guarantee schemes?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What types of firms can benefit from the guarantee scheme (for instance industries, sizes, stages, or firms with patents)?				
What types of investors can benefit from the guarantee scheme (for instance private persons, banks or funds)?				
What is the maximum guarantee offered (please list amount or %)?				
How many guarantees have been given to firms in 2005, 2004, 2003?				
What is the direct public cost for the scheme?				
Key results on any evaluation of the programme				

<b>7. Public co-investment Schemes</b>				
Is there a stated policy objective within your government to provide risk capital investors with public co-investment schemes?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What types of firms can benefit from the co-investment scheme (for instance industries, sizes or firms with patents)?				
What types of investors can benefit from the co-investment scheme (for instance private persons, banks or funds)?				
In what stages of business development (seed, start-up and expansion) is the scheme applied?				
How much risk capital was provided by the co-investment scheme alone in 2005, 2004 and 2003?				
How much risk capital did other co-investors invest through the co-investment scheme in 2005, 2004, 2003?				
What is the direct public cost for the scheme?				
Key results on any evaluation of the programme				
<b>8. Taxation</b>				
Is there a stated policy objective within your government to provide any form of tax or other fiscal incentives to encourage risk capital investment in entrepreneurial firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes				

and years of implementation.  <i>Favourable taxation for capital gain, capital losses or inheritance designed to encourage private or institutional investment in entrepreneurial firms could be examples of programmes.</i>				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
<b>9. Administrative Burdens</b>				
Which, if any, administrative burdens exist related to risk capital investment in entrepreneurial firms in your country?				
Is there a stated policy objective within your government to limit the administrative burdens related to risk capital investment in entrepreneurial firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				

### **Investment Culture**

Policies and programmes aimed at increasing both the demand and supply of risk capital

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<b>10. Investment Values</b>				
Is there a stated policy objective within your government to strengthen the investment spirit, drive and culture among entrepreneurs or risk capital investors?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>Investment campaigns, schemes to demonstrate the benefits of external investment and investment awards could be examples of programmes.</i>				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				

### **Investment Capital**

Policies and programmes aimed at enhancing the quantity and diversity among suppliers of risk capital

<b>11. Personal wealth</b>				
Is there a stated policy objective within your government to encourage private individuals (business angels etc) to invest their private fortune in entrepreneurial firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes (other than taxation) and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				

<b>12. Private Funds</b>				
Is there a stated policy objective within your government to encourage private or institutional funds to invest risk capital in entrepreneurial firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes (other than taxation) and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
<b>13. Public Funds</b>				
Is there a stated policy objective within your government to establish public investment funds (such as 100% governmental funds, governmental sponsored venture capital funds or public pension funds) investing in entrepreneurial firms?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What is the direct public cost for each programme?				
Key results on any evaluation of the programme				
For the governmental investment fund, how much risk capital does it have under management?				
How much capital has the public				

investment fund invested so far?				
Of the total number of firms invested in by all private and public funds and institutional investors, how many % did the public investment fund invest in for 2005, 2004, 2003?				
What types of firms does the public investment fund invest in (for instance industries, sizes, stages, or firms with patents)?				
<b>14. Regulation</b>				
Is there a stated policy objective within your government to regulate national or foreign risk capital investors?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>Restrictions on pension funds' risk capital activity or geographical restrictions for national funds to invest outside your country could be examples of programmes.</i>				
What is the total public cost for each programme?				
Key results on any evaluation of the programme				
<b>15. Internationalisation of Markets</b>				
Is there a stated policy objective within your government to attract international foreign investors to invest risk capital in entrepreneurial firms within your country?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				

What is the total public cost for each programme?				
Key results on any evaluation of the programme				
<b>16. Exit Opportunities</b>				
Is there a stated policy objective within your government to strengthen investor's opportunities for exits such as IPO?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.				
What is the total public cost for each programme?				
Key results on any evaluation of the programme				

### Investment Abilities

Policies and programmes aimed at strengthening the supply of risk capital

<b>17. Human Capital</b>				
Is there a stated policy objective within your government to strengthen risk capital investors' professional abilities to invest?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>Investor training courses could be an example of a programme.</i>				
What is the total public cost for each programme?				
Key results on any evaluation of the programme				

<b>18. Social Capital</b>				
Is there a stated policy objective within your government to strengthen risk capital investors' networking opportunities?	Yes	No (but under consideration)	No (but used to have)	No (never)
If yes, please list the types of programmes and years of implementation.  <i>Access to networks or associations, strictly for investors, could be examples of programmes.</i>				
What is the total public cost for each programme?				
Key results on any evaluation of the programme				

### Other

What reasons has your government used to legitimate its intervention on the risk capital market?
Is there generally an integrated approach between the mix of policies and programmes in your country?
Please list other policies, programmes or incentives relating to the demand for or/and supply of risk capital, which have been applied in your country and not covered in the questionnaire.

Other comments

**We thank you for your time and efforts!**

Respondent's name

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(If more than one, please list all names of responding persons)

Organisation(s)

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Country and Region

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