

<b>Indicator (definition)</b>	<b>Venture capital investments – early stage; expansion and replacement: as a percentage of GDP</b>
<b>Eurostat Unit</b>	Education, science and culture statistics
<b>Other Commission DGs</b>	DG RTD, DG ENTR
<b>European Statistical System Working Group (WG)</b>	Science, Technology and Innovation (STI) statistics
<b>Date</b>	December 2010

**1. Overall assessment of accuracy and comparability** (Description of quality grades under the following link: [http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general\\_information/quality\\_profiles/annex\\_enpdf/EN\\_1.0\\_&a=d](http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/EN_1.0_&a=d))

A     
  B     
  C     
  Indicator to be Developed

Data is collected from reliable sources applying high standards with regard to the methodology and ensuring a high degree of comparability.

## 2. Objective and relevance of the indicator:

The indicator shows the level of investment of venture capital of each country in relative terms. Data are broken down into two investment stages: early stage, and expansion and replacement.

The Commission has been actively working on the development of Venture Capital investments intra country and cross border. The competitiveness council in May 2008 stressed that creating conditions for reducing fragmentation of European venture capital across the single market can contribute to overcome the equity gap and increase the flow of early-stage capital for innovative SMEs in order to finance growth, quick market entry, exploiting new technologies and competing globally.

The Europe 2020 initiative has as objective enhancing innovation, entrepreneurship, education and skills while fully exploiting the single market. The venture capital industry can provide essential funding, and business know-how, to enable the innovation and entrepreneurship required to create a sustainable, competitive economy.

## Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

Management buyouts, management buy-ins and venture purchases of quoted shares are excluded because they are considered as later stage investments.

## 3. Data availability:

( $t_1$ : earliest reference year available;  $t_2$ : latest reference year available in December 2010)

	Member States	Candidate and Acceding Countries	US and Japan	EEA-EFTA
$t_1$	1990: DK, ES, FR, IT, NL, AT, FI, SE, UK 1991: DE 1995: BE, PT, IE, EL, PT 1998: CZ, HU, PL, SK 2000: RO 2007: BG, LU	-	1995: US	1990: NO, CH
$t_2$	2005: SK 2009: BE, BG, CZ, DK, DE, IE, EL, ES, FR, IT, LU, HU, NL, AT, PL, PT, RO, FI, SE, UK	-	2009: US	2009: NO, CH

## 4. Overall accuracy

High

Data on venture capital is provided by the European Private Equity and Venture Capital Association (EVCA). The data is based on the European

Private Equity Survey of all private equity and venture capital companies. The survey covers 27 countries regarding fundraising, investment and divestment activity. It also offers a pan-European overview comprising data collected from more than 1,100 private equity firms, presenting in-depth trend analysis including syndication, captivity, investment stages, industry sectors and many more.

Data are broken down in two investment stages:

1) *early stage* (financing provided to research, access and develop an initial concept before a business has reached the start-up phase; and financing provided for product development and initial marketing, manufacturing, and sales) and

2) *expansion and replacement* (financing provided for the growth and expansion of a company which is breaking even or trading profitably; and purchase of existing shares in a company from another private equity investment organisation or from another shareholder(s) and it includes refinancing of bank debt.

Data for the US are based on data from National Venture Capital Association (NVCA).

GDP data are regularly transmitted in the framework of the transmission programme associated to Annex B of ESA 95 (European System of Accounts), this transmission programme has been updated by Regulation (EC) N° 1392/2007 of the European Parliament and of the Council. Countries compile GDP according to standard international rules (ESA 95/SNA 93 – with some exceptions). At the European level, accuracy of GDP is regularly monitored in the framework of the GNI (Gross National Income) Committee and technical aspects are regularly analysed in several working groups and technical committees.

Restricted   
(sources, errors,  
methodology, etc.)

#### 5. Comparability across countries

High  To gather the VCI statistics, EVCA applies the series of rules in order to guarantee the quality and comparability of data. Data collected via standard questionnaires are reviewed according to a systematic series of quality control checks. This involved the scrutinising each questionnaire for legibility, correctness of computations and reasonableness of replies. Comparability across countries is ensured by the application of the legal framework represented by the European System of Accounts (ESA 95) and the System of National Accounts (SNA 93). Comparability of GDP for EU countries is regularly monitored in the context of the work of the Gross National Income (GNI) Committee. In addition, international harmonisation of techniques and, to some extent, compilation tools is ensured by the work of the national accounts working groups (Eurostat, OECD, UN). Comparability across countries of the population figures is ensured by application of the same concept (ESA 95) across countries.

Restricted

#### 6. Comparability over time

High  Data on venture capital is comparable over time as the methodology of compiling the venture capital data used by EVCA was kept stable over time. ESA 95 requires coherent long time series for GDP which are produced by most of the EU Member States. In some countries, methodological breaks can affect time series (normally on a temporary basis). Backward calculations of time series are provided to ensure full time coherence in a case of methodological changes. Comparability of the population figures over time is ensured by

application of the same concept (ESA 95) over time.

Restricted



**7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)**

**8. Contribution to the coherence of the set/potential to qualify for an integrated policy analysis**

**Relevant European legislation:**

EP/Council Decision No 1608/2003 concerning the production and development of Community statistics on science and technology

Commission Regulation No 753/2004 as regards statistics on science and technology determine the production and development of statistics on high-technology industries and knowledge-based services (in particular with regard to activities, products, contribution to the whole economy, etc.).