The growth challenge: appendix

SUMMARY OF FINDINGS BY COUNTRY

About ACCA

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This appendix provides a summary of findings by country to supplement the main report, *The Growth Challenge*, which reviews the policy environment and support structures supporting SME growth in nine countries. It draws on the Virtuous Circle of Enterprise Growth framework and builds on a series of interviews with policymakers and SME advocates.

The full report is available from **www.accaglobal.com**

The Growth Challenge was prepared for ACCA by Delta Economics.

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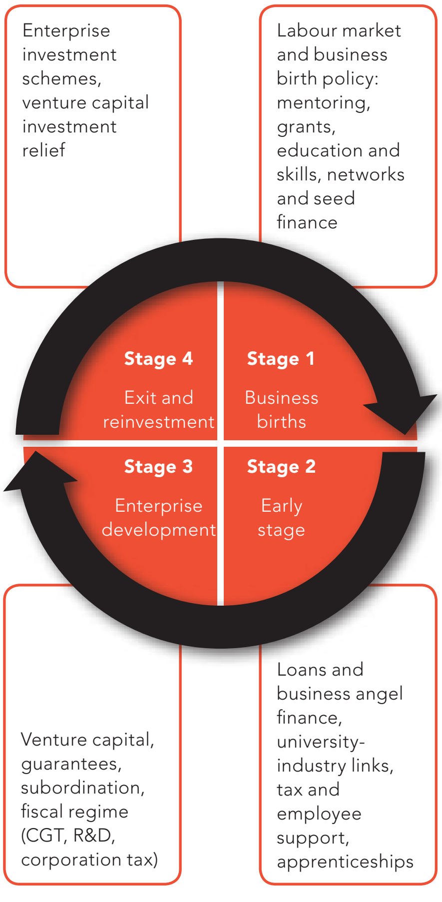
China

The Virtuous Circle of enterprise growth



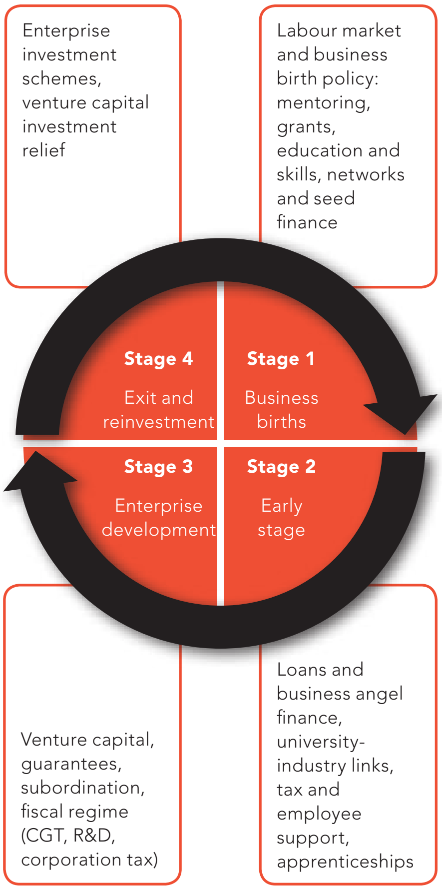
SUMMARY OF FINDINGS

The 60 million mostly privately owned small and medium-size enterprises (SMEs) account for 99% of enterprises in China, contribute 68% to exports, 58.5% to GDP, 50% to tax revenue and 80% to employment (China Association of Small and Medium Enterprises). The growth of SMEs is predicted to rise continually and give scope for a massive expansion in productivity. Of the country's bank loans, 20% are to SMEs and of those 63% were short term. Costs have been two or three times those of larger firms. The commercialisation of IP is an area the government is addressing via changes to the SME and innovation policy environment. Interviewees cite the need for easy access to professional services such as accountancy as a major area for development. The role of venture capital and business angel funding should increase and thus provide another route for SMEs to grow and further develop. Most support and information for SMEs still comes from government-funded or -sourced organisations. The need is huge and respondents have noted that although there is scope for private involvement in all areas, especially given the size of the SME sector, it is also difficult to offer alternatives. The government offers a substantial array of initiatives at stage 2 and tends to help at stage 1 through fiscal measures.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	China Banking Regulation Commission (CBRC)	Increased access to long-term finance	New rules for banks dictate that credit available to micro-companies should grow at least as fast as credit to the broader private sector, and annual volumes must not decrease.
	Securities Regulator	SME Private Placement Bond	Offers higher yields for investors than alternative investments and provides an alternative funding source for SMEs.
	Ministry of Finance	Special Funds for SMEs (five)	These sources of funding for SMEs come direct from government, but are run like venture capital funds.
	Universities and the Entrepreneurship Foundation for Graduates	Development of entrepreneurship orientation as conduit for commercialisation of science and technology	Widespread entrepreneurship training and integration of enterprise and business into other subjects.
	Central government	Workplace training, including vocational education and training (VET)	Government subsidises workplace training from secondary level, although standardisation of content is not complete.
Stage 2: Early stage	China's Research and Development programme	13 core initiatives covering, among others:, infrastructure development, research, and financial incentives, eg the Torch Programme to commercialise new technology in special high-tech zones and incubators, National High Tech Programme, Spark Programme for rural technology, Innovation Fund.	Government funding of entire projects after targeted assessment of needs. Continuous monitoring and review of initiatives.
	China Association of Development zones	Economic and Technological development zones (currently 54)	The Association aims to build up high-tech industries, attract FDI, develop export potential and enlarge regional economies.
Stage 3: Enterprise development	Government initiatives implemented by many organisations over many decades	Clusters to develop enterprise through economies of scale and shared expertise	Government facilitates infrastructural development at policy level, targeting appropriate sectors.
	Ministry of Finance	Fiscal and tax policies to assist SMEs	Increase of tax thresholds for corporate and business taxes, extending halved business income tax relief to 2015, preferential tax rate for new high-tech enterprises and some sectors businesses, also for qualifying R&D expenditure, also various tax holidays for high-tech businesses and firms in certain geographical locations (eg western China).
	Ministry of Finance	Fiscal and tax policies to assist SMEs	Favourable import tariffs for scientific and technological equipment for SMEs.
	Ministry of Finance	VAT suspension	Temporary boost to SMEs via temporary easing (August 2013 onwards) of VAT and turnover tax for qualifying SMEs.
	Venture Capital	VC funds	A growing source of finance. Two types of fund: domestic and foreign invested. Favourable government policies in central and western China may encourage investment in those areas.
	People's Bank of China	Rates control removal	Removal of fixed-rate bank charges for loans, moving towards a market-based system.
	State owned Assets Supervision and Administration Commission of the State Council (SASAC) via China Export and Credit Insurance Corporation	Export credit and credit insurance	Ensures international standards for export credit guarantees and various expected forms of insurance can be met by Chinese and foreign companies.
Stage 4: Exit and reinvestment	Ministry of Finance	Moving wealth management into more market-based system, allowing accurate financial investment and returns forecasting	De-coupling wealth management from the assumption of fixed returns and moving to asset management in a market context.
	Hong Kong Stock exchange	Open to all	High profitability requirements, very high initial market capitalisation and free float required (HK$25 million worth of securities must be made available).
	Shanghai Stock exchange	Independent, world's sixth largest, but not completely open to foreigners	High profitability requirements, very high initial market capitalisation and free float required
	Shenzen Stock exchange	Closed exchange within China	Many companies listed are subsidiaries in which the government has a stake.

France

The Virtuous Circle of enterprise growth



SUMMARY OF FINDINGS

Small and Medium-sized Enterprises (SMEs) in France account for 99.8% of all businesses, with micro enterprises comprising 93% of this total. They contribute around 56% to GDP and 42% to total exports. France also boasts a higher compound growth in the business population than other economies in this study, averaging 4.5% between 2007 and 2011. This amounts to an increase to 3.5m businesses from 2.9m in 2007.

The present research indicated that while French SMEs are efficient at stages 2 and 3 of the cycle, they are comparatively weak at stages 1 and 4. Specifically, despite a high business birth rate, a number of French firms find it hard to survive after the start-up phase. Nonetheless, those that do make it to stage 2, often medium-sized or high-potential enterprises, are well supported and can develop further. The larger businesses in France are then reluctant to reinvest in the start-ups, either owing to the risk or, as one respondent stated, because the current political and economic climate simply does not support the angel and venture capital models. This respondent pointed to a notable drop in venture capital between 2009 and 2012 as a result of the French government's increase in capital gains tax.

France's high business birth rate is impressive and can largely be attributed to the French government's successful 'Auto Entrepreneur' scheme. It was introduced in 2009 and currently has around half a million people signed up to it. It grants individuals self-employed status and seeks to assist start-ups by granting them simplified tax treatment (such as exemption from many social business taxes). Businesses are only covered under this scheme, however, as long as their turnover does not exceed a certain amount: €32,600 for services and €81,500 for goods. This offers little incentive or opportunity for growth.

Start-ups in France are largely financed by bank loans. Roughly two-thirds of funds come from private institutions such as Groupe BPCE. For highly innovative or medium-sized enterprises France's BPI (formerly OSEO) provides support, consultancy and guidance on existing private sector and public sector support, as well as loans and grants. The OSEO was established in 2005 and by 2012 it financed around 84,000 enterprises.

The level of R&D in France's SMEs is higher than the EU average; a trend the BPI expects to continue. This innovative spark is a result of excellent innovation incentives such as the Crédit Impôt Recherche (CIR); a corporate tax relief scheme that offers a 30% concession on the first €100m of R&D and 5% on any R&D expenditure. This is the highest subsidy rate for R&D in the G20.

France also has a well-established regional cluster programme. There are 22 regional governments and each one of those has its own set of grants and incentives. Normal procedure is receipt of a grant that is funded by the BPI (formerly the OSEO) together with the regional agency, the chambers of commerce and industry. They all provide guidance, consultancy and training as well as loans. This all contributes to a positive environment for innovative SMEs.

France is doing a number of things well for its SMEs. The country has strong mid-market enterprises, efficient regional clusters and effective support structures for the larger firms. Government schemes to promote start-ups have been successful but the number of business failures in France is still high. Interviewees felt that these smaller companies were left to fend for themselves with very little in the way of available external finance or mentoring. This is something France needs to rectify in order to improve its SME landscape. One suggestion was improving the link between universities and entrepreneurs by creating technology transfer and licensing offices in universities and increasing incentives for teachers to teach entrepreneurship.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Auto Entrepreneur	Government scheme to promote micro enterprises	Registration online is relatively simple. The aim of having millions more self-employed entrepreneurs at minimal effort for them has succeeded. The current government is planning to alter terms and conditions.
	Agence Pour la Création d'Entreprises (APCE)	Business start-up agency. Mechanisms for jobseekers to set up businesses through start-up advisory scheme NACRE and a support network	Support through chambers of commerce.
	Groupe BPCE	Financial support through bank loans	Private banking
	Direction générale de la compétitivité, de l'industrie et des services (DGCIS)	Part of French government; its policy is to enhance competitiveness and growth of SMEs and start-ups	DGCIS contributes to the development of enterprise policy
	Chamber of Commerce, those sections dealing with SMEs and artisans	Advice and some training for small-scale, self-employment projects andlLocal craft-oriented enterprises.	Meetings held at centres, events, online advice, access to networks and sources of funding
	Observatory of Pedagogical Practices in Entrepreneurship (OPPE)	National initiative that provides materials to universities to support entrepreneurship.	Workshops, conferences and copious academic output assessing entrepreneurship policies strategies and recommendations.
	Réseau Entreprendre	Start-up network – also offers unsecured loans	Using expertise of business leaders as volunteer mentors and advisers
Stage 2: Early stage	CERFrance	Associative network of consulting and accounting	Advice for entrepreneurs in the legal and accounting professions via 700 branches across France.
	Pôles de compétitivité	Support for the promotion and successful running of clusters in many sectors	Centres located across France acting as information hubs and providing space for businesses in order to develop partnerships and collaborative ventures at all stages
	Banque Publique d'Investment (BPI) (formerly through OSEO)	Financial support for innovative SMEs	Public status. Reports to the Ministry for Economy, Finance and Industry.
	Auto Entrepreneur	Government scheme to promote micro enterprises	Registration through the tax authorities. Applies to firms with turnover of up to €81,500 for sales, €32,600 for services.
Stage 3: Enterprise development	Crédit Impôt Recherche (CIR)	Corporate tax relief scheme	Allows 30% concession on the first €100m of R&D
	Banque Publique d'Investment (BPI)	Brings together the OSEO, CDC enterprises, the Fonds Strategique D'Investissement (FSI) and FSI regions. Its main aim is to support the development and growth of SMEs through financial support. Established by the government in 2013.	Facilitates larger-scale funding for innovation projects, development and research.
	Fonds Strategique D'Investissement (FSI)	Seen as a sovereign wealth fund to support the development SMEs in accessing finance.	Direct investment
	Private equity	One of the largest markets in Europe)	Invests in SMEs (70% of investment is in companies with fewer than 100 employees).
Stage 4: Exit and reinvestment	Stock markets: Euronext, MATIF, NYSE, Alternext Paris	Exit strategy, capitalisation for subsequent stages of growth. List, float shares to raise capital.	Collapse of Nouvelle Marché (the New Technology growth market established in the dotcom era) tended to discourage investors owing to lack of exit opportunities. Company can be listed if profitable on the NYSE and Alternext Paris.
	NYSE, Alternext Paris	List, float shares to raise capital	Company can be listed if profitable and there are no lower limits on profitability.

Germany

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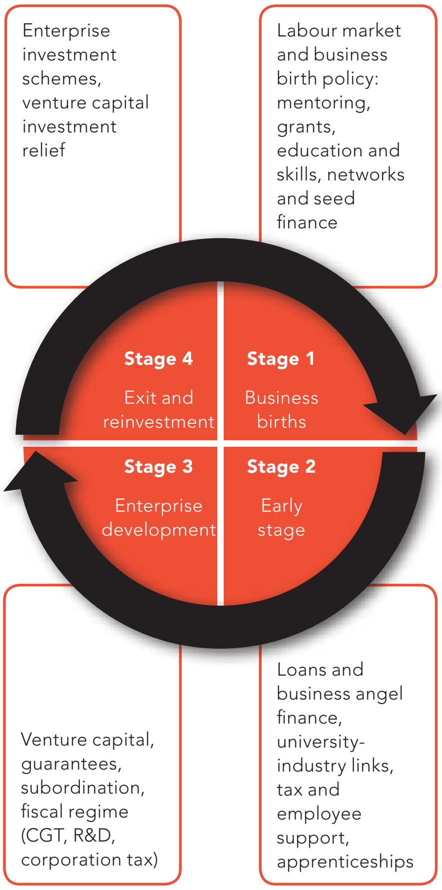

SUMMARY OF FINDINGS

German SMEs account for 99% of total businesses with a contribution to GDP of nearly 53% and to exports of 56%. Around 11% of the German population is self-employed with the total contribution to employment of SMEs being around 60.5%. Interviewees argued that there is a misconception that Germany's Mittelstand businesses were all mid-sized high-tech engineering businesses with strong export markets, but in Germany the word 'Mittelstand' simply means independent family firms and thus can be used interchangeably with 'SME'.

Nevertheless, interviewees argued that German regional banks tend to regard the Mittelstand as businesses with turnovers of €50m and above. These are commonly seen as the drivers of German innovation and exports as they are closely integrated into German manufacturing supply chains and, independently of that, are renowned for their quality and capacity to serve large production and manufacturing markets. The success of the Mittelstand, it was suggested, rests on several factors.

Germany has a dual education and training system where employers and unions share the costs of training and from which SMEs benefit directly through access to high-quality apprenticeships. Some 83% of all apprenticeships are taken up by SMEs.

The financial system is supportive; in particular the KfW (the Kreditanstalt für Wiederaufbau – the German Bank for Reconstruction and Development established after the Second World War under the Marshall plan) provides forms of grants, loan guarantees and venture-capital co-investment to ensure that there is a funding escalator throughout the process of enterprise growth, accessed through local savings banks, then regional banks. Even though SMEs in Germany are primarily funded from their own investments, argued one interviewee, they do work with regional banks as they grow, to access both advice and finance.

The innovation system has a structure for linking small and medium-sized businesses to research through applied science research institutions such as the Fraunhofer and units attached to German universities, which are 90% funded by private sector organisations called An-Institutes. Increasingly, these research centres are also linked to sources of capital.

The system of chambers of commerce provides networking and export advice to all businesses. Every business, irrespective of size, is required to register with the local chamber of commerce and immediately has access to the rest of the system that supports enterprise growth.

Despite the strengths of the German Mittelstand structures, the country is regularly berated by entrepreneurship surveys for its weak performance. The EY Entrepreneurship Barometer (2013) ranked it 14th among G20 countries for finance, 7th for enterprise culture, tax and regulation and education and training and 10th for coordinated support. . The Global Entrepreneurship Monitor finds that it has a rate of total early-stage entrepreneurial activity of 5% which is low compared with 9% in the UK, for example. Even practitioners within Germany argued that the country's smallest businesses are not necessarily innovative and that levels of innovation tend to increase with size; and one interviewee argued that German SMEs' contribution to GVA is just 54% and therefore lower than the contribution in France or Spain.'

Clearly, then, it is the larger businesses within the German Mittelstand that are the drivers. As one interviewee commented, 'The concept of the Mittelstand is incredibly important right now and the challenge is to work out how to take more start-ups through to become Mittelstand businesses as the rest of the world understands the concept'.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Kreditanstalt für Wiederaufbau	Guaranteed start-up loans to businesses less than three years old; KfW guarantees 80% of the loan with the local bank taking 20% of the risk	Competitive loans based on business plan and commercial assessment by savings bank or cooperative bank for up to €100,000, of which 30% can be for working capital; 11% of SMEs are financed through subsidised loans. Loan interest rate fixed for period of loan (up to 10 years).
	Ministry for Work and Social Affairs	2003–6 'Ich AG' were grants to promote self-employment/enterprise under the Hartz V labour market reforms implemented as part of Gerhard Schröder's Agenda 2010. These have been replaced by competitive grants	Grants for self-employment subject to business plan
	Ministry for Economics and Technology	Gründerland Deutschland: competition for top five competitive regions for start-ups, innovation and growth.	Regional Development initiative to promote the top performing regions in Germany; replaced Innoregio (for the new German states) and Bioregio (to promote biotechnology). This was tapered government finance to support regional development through high-tech/ high-growth clusters.
	Ministry for Economics and Technology/KfW	High-tech Gründerfonds	For companies less than 12 months old, short-term finance (for less than 18 months) for seed capital in limited liability companies; supported by mentoring and coaching
	Applied research system: Fraunhofer, Steinbeis centres and An-Institutes; Steinbeis also provide enterprise education through the Steinbeis Foundation	Applied research and entrepreneurship centres linking scientific research with enterprise and business training, finance and regional development networks. Funding depends on closeness to market: Steinbeis and AN-institutes are centred on commercialisation and therefore predominantly funded by the private sector while Fraunhofer is funded on a regional, federal and private sector level in one-third ratios.	Project-by-project innovation to commercialisation programmes to develop specific technologies or commercialisation ideas. Centred on the individual idea or technology, it brings together small businesses, larger businesses and academics.
	Tax system	Business tax and VAT	Business tax is determined in the same way as income tax, subject to certain expense adjustments. A personal exemption of €24,500 is granted to individuals and partnerships. The taxpayer is entitled to a credit calculated as 3.8 times the basic amount for municipal business tax. There is no VAT liability and no filing of returns if the total of supplies made in the previous year did not exceed €17,500 and the total in the current year will not exceed €50,000.
	Patenting system in universities	Since 2002, restructuring of patenting law away from individual scientist to university	University takes share of professorial patenting to encourage university spin-outs rather than individually led consultancy projects.
Stage 2: Early stage	Kreditanstalt fuer Wiederaufbau/ Bundesministerium fuer Wirtschaft und Technologie	Equity finance for small innovative companies in partnership with lead investor (venture capital firms, business angels and corporate venturing); for companies that have been established for up to 10 years	Up to 50% co-investment alongside a lead investor who provides technological and management support directly through KfW.
	Fraunhofer Institutes	Part-funded by private sector and part-funded by federal and regional governments	Competitive projects to link large and small businesses together in the development of commercially viable research.
	Finance Ministry	Corporation tax	Corporate income tax at 15% with an additional 5.5% of profits charged as a local solidarity tax. Local trade tax generally varies between 7% and 17.15%. Local trade tax is not deductible as a business expense.
Stage 3: Enterprise development	Kreditanstalt für Wiederaufbau	Works with regional banks and equity investment firms to provide growth finance supporting innovation commercialisation, restructuring or broadening the equity base for companies with up to €50m turnover.	Guarantees on loans or investments of up to €1.25m; favourable refinancing interest rate for the private sector investor for up to 10 years in eastern Germany and up to 13 years in Berlin.
	German Venture Capital Association	Private sector but with support from KfW; this combination makes Germany the third largest VC market in Europe.	76% of all venture capital is in later-stage investments.
Stage 4: Exit and reinvestment	Deutsche Börse	Main exit within Germany for private equity.	Since collapse of Neuer Markt, exit is predominantly to US or UK technology exchanges, Euronext or Deutsche Börse
	German Finance Ministry	Capital Gains Tax	Germany has a 25% flat-rate income tax, with a 5.5% solidarity surcharge on that rate. For businesses and investors, there is a 40% tax exemption, making 60% of such income taxable.

India

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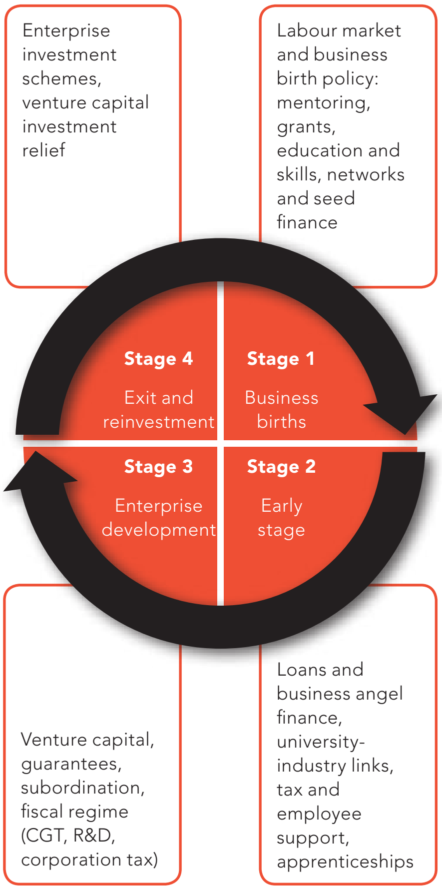

SUMMARY OF FINDINGS

India's 48 million SMEs contribute 17% of the country's GDP and employ almost 40% of the workforce. In contrast, micro-businesses, with fewer than 10 workers, make up 95% of all businesses. SMEs are seen as having poor productivity with low take-up rates of new technology, low capital investment and no incentive to upgrade skills or invest in training. Interviewees cite a lack of suitable and affordable finance as well as appropriate managerial training, mentoring or advice as being major factors in preventing the creation or retention of greater numbers of successful enterprises. Prospective Venture Capital investors estimate that 95% of entrepreneurs fail, which is not surprising with the country's high nascent entrepreneurship rate. Incubation centres have better success rates but still generally have lower success rates than international competitors (35% compared with an international benchmark of 60%). SME access to technology and knowledge transfer is still at an early stage of development, even though ICT companies are a success story (16% annual growth between 2008 and 2013). Accessing accurate knowledge about the market, how to position an SME's own market research, and evaluating impacts are cited as key issues. Very few VC funds target investments of less than US$500,000, and interviewees argued that this was forcing an extension of the scope of micro-finance in funding risk capital in the country. India is at a low ranking of 134 /189 for ease of doing business. SMEs have widespread presence across India in both urban and rural environments, giving potential balanced regional and equitable growth. The further development of trade credit and efficient invoice payment systems such as factoring and access to appropriate accounting procedures are seen as vital for an SME's cash flow and allowing for growth.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Ministry of Micro, Small and Medium-sized Enterprises (MSME)	Credit Guarantee Scheme for Micro and Small Enterprises (GCMSE)	The Ministry works in coordination with the state governments, industry associations, banks and other key research and technology institutions. It provides collateral-free credit to small businesses so as to reward innovation and enterprise.
	MSME	Credit Link Capital Subsidy Scheme for Technology Up-gradation	Provides credit for technology upgrading.
	MSME	Mini Tools Room -– provision of tool room facilities and skills development to support MSMEs	,Provided via Entrepreneurship Development Programme (EDP) and Training Centre Schemes (via national training institutes, eg NIESBUD, NIESET, SEPTI).
	MSME	Market Development Assistance Scheme for Micro and SMEs	Financial assistance for potential exporters recruited via trade fairs
	National Innovation Council, universities, industry, institutions	Act as a focus for identifying scope for integrating innovation into areas of economic activity, including SMEs	Cluster Innovation Centres (CICs)
	Small Industries Development Bank of India (SIDBI)	Promotion, financing and development of industry in the SME sectors	Bank tie ups and 150 of 388 SME clusters, bills finance schemes, micro credits, marketing and promotion material
	Small Industries Development Bank of India (SIDBI)	SIDBI Foundation for Micro Credit	Provides direct bulk loans to microfinance institutions for allocation to MMSEs
	Government of India and Small Industries Development Bank of India (SIDBI)	Credit Guarantee Fund Trust for Small Industries	Guarantee scheme
	Small Industries Development Bank of India (SIDBI) and GOI	SME Fund – low interest rates	Direct assistance through SIDBI offices
Stage 2: Early stage	National Innovation Council	Innovation Fund	Fund of funds
	Technology Development Board	Loans at preferential rates	Targeted at development of indigenous technologies
	Enterprise Education Development Project India	Interactive web portal	Research and entrepreneurship training for unemployed youth provided online
	Indian School of Business	Social entrepreneurship education and training with strong focus on social entrepreneurship as a method of solving social problems	
Stage 3: Enterprise development	SIDBI Venture Capital ltd	Venture capital funding	SIDBI Venture Capital is developing the VC sector to facilitate additional funds for the SME sector, co-funding as standard
	SME Ratings Agency (SMERA) with Dun and Bradstreet	Credit rating	Allows credit ratings of SMEs to inform lending decisions
	Venture capital sector	Ranking for VC sector rose from 25/64 to 13/90, raised US$16.285m	Exit routes currently restricted by economic downturn
Stage 4: Exit and reinvestment	Companies Act 2013	Stricter regulation of fund raising via public deposits	Better governance and greater transparency leading to more trust in public deposits and perhaps greater amounts invested
	Bombay Stock Exchange	Aimed at smaller, less capitalised companies	
	National Stock Exchange	Aimed at larger, more highly capitalised companies	
	Indian government	Zero Capital Gains Tax on shares sold through stock exchanges	Department of Revenue – sHowever, a ecurities transactions tax is still payable, at 0.017% to 0.125% of total sale price

Nigeria

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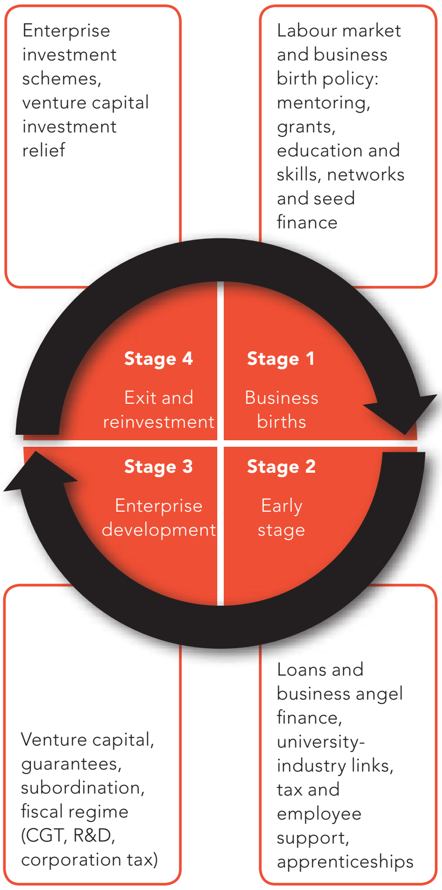


SUMMARY OF FINDINGS

Despite Nigeria's recent rapid growth rates, there is a general perception that SMEs have been underperforming for the entire decade to 2013. They employ 75% of the workforce but contribute only 10% of GDP. Oil and gas are the country's main revenue streams, with combined exports worth over US$90bn in 2012. GDP expansion has been on an increasing trajectory. For a country that soon expects to become Africa's largest economy, there is still a perceived lack of opportunities and support for small business. There was a definite sense of this in the interviews, with respondents claiming that an SME culture was not yet entrenched in Nigeria's burgeoning economy. FDI was in full flow, multinationals were opening offices in Lagos, but core structures such as basic skills training and finance for small business growth were not yet in place. Nonetheless, one interviewee stated: 'Nigeria has cleared up its banking system following the [2008] financial crisis, which is an incredible achievement, and is making significant progress towards a more supportive business environment'. Respondents claimed that the state was much more willing to import products than to look to local industry for equivalents or alternatives. One example was the importing of IT software from India rather than developing the same product domestically.

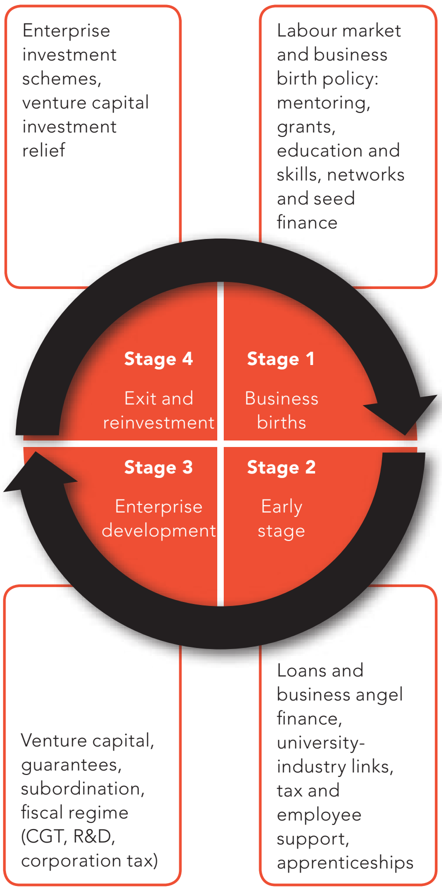
The absence of a comprehensive patent system was a further disincentive. University research was portrayed as simply an accumulation of publications, rather than being driven by products or policy.

If there are areas that show a way forward for Nigerian SMEs, they are those in which growth strategies have been more organic and less headline catching. SMEDAN, the flagship SME support structure in Nigeria, gives mainly small grants but is widely regarded as reliable and honest, two qualities seen as vital in the Nigerian economy. An example of a replicable success story has been the Otigba IT cluster located outside Lagos. In the face of increasingly fierce international competition and limited municipal support, companies have formed strong cooperative links, fostering developments in skills and innovations. The development of appropriate managerial skills is seen as a particular need.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Small and Medium Enterprises Development Agency of Nigeria, (SMEDAN) – government agency	Promotes and supports SMEs via grants and all resources required for their development. The key government operator for SME policy initiatives.	'One stop shop' accessible online and via six regional offices. Lacks accurate data to ascertain SME requirements.
	University – Industry links	Knowledge transfer, specialising in science, technology and innovation. Fund escalator service needed.	Via science parks, six of which are to be built in the six geopolitical zones. Respondents stated need for fund to commercialise research.
	Private companies	Innovation centres	Tailored around SMEs' needs, with skills development based on those needs. Links with private companies, eg IBM due to open innovation centre in 2014.
	Networking bodies	Various professional organisations	Interviewees cited need for a personal contact and poor of basic communication needed to develop links.
	Universities and colleges.	Business-related qualifications	Only provided by a few university departments or dedicated business schools, eg ESUT, Lagos Business School.
	Local churches	Micro-finance provision	Providing micro-funding for a congregation's business development, for growth of business within the community. Seen as providing a supply of funding where larger institutions have not met the demand.
	Growing Businesses Foundation (GBF)	Provides capacity building, access to markets and finance.	Targets SMEs and micro-businesses. It has operations in more than 2,300 communities across 34 Nigerian states and links with over 6,000 local institutions, including cooperatives, microfinance institutions, banks and other rural financial intermediaries.
	Nigerian Federal Ministry of Education, Nigerian Educational Research and Development Council, United Nations Industrial Development Organisation.	Entrepreneurship education	Secondary schools curriculum integrates enterprise education into 34 trade subjects.
	Bank of Industry, Nigerian Export-Import Bank and the African Development Bank	Have signed two agreements for the provision of two sovereign-guaranteed multi-tranche lines of credit with the Bank of Industry (BOI) and the Nigerian Export-Import Bank (NEXIM).	The programmes are designed to support export-orientated SMEs, boost job creation and diversify the economy. A US$500 million line of credit was approved for the BOI, while a US$200m line of credit was extended to NEXIM.
Stage 2: Early stage	Nigerian government	Patent system	Plans set up in 2005/6 were not followed through. Inefficient patenting system does not allow full development of ideas or offering commensurate financial gain or protection.
Stage 3: Enterprise development	Venture Capital Association of Nigeria (VCAN).	Provision of private sector funding for development of businesses.	Directly investing private funds into suitable businesses to allow growth and enhanced profitability. Often cited as being an increasingly important source of funds for growth.
	Nigerian government	Tax incentives to promote investments	Tax relief for R & D, 'Pioneer status' tax breaks, local materials tax concessions, large labour force concessions, investment guarantees and protection, export-oriented companies.
Stage 4: Exit and reinvestment	Private equity investors, eg Shell, Diamond Bank, GroFin, Aspire	Equity investment	Collapse of SME Equity Investment Scheme (SMEIS) and private placements not fully replaced. Market still developing with current interest in ICT, science and technology.
	Nigerian government	Research and development tax relief	Government research is currently recommending provision of tax incentives to industrial sectors to promote R & D to achieve government's vision 2020.

Singapore

The Virtuous Circle of enterprise growth



SUMMARY OF FINDINGS

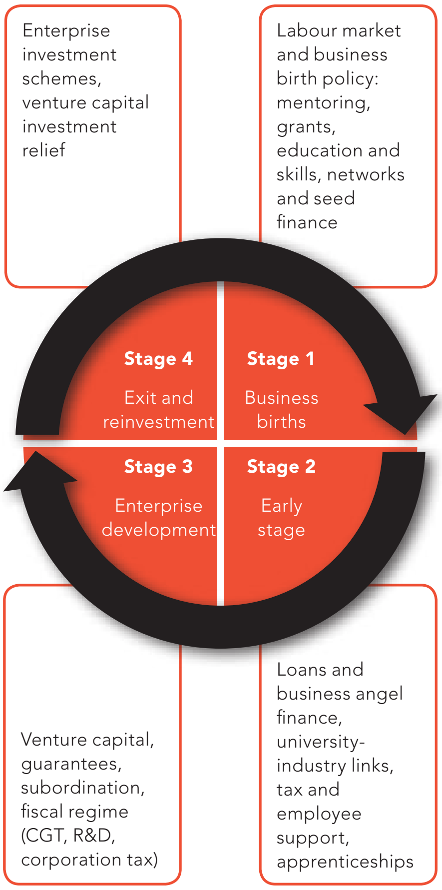
SMEs comprise 99% of all businesses in Singapore, employ more than half the workforce and contribute more than 40% of total GDP. The rate of start-up entrepreneurial activity is very high and is currently the second highest in the world. To qualify for Singaporean government-assisted schemes, an SME must have at least 30% local equity, have limited assets, with a threshold of S$15m; and employ fewer than 200 people (for service companies). The government is aware that the key needs of SMEs are start-up financing and then equity finance to compete globally. The government is very active in nurturing and supporting SMEs and in promoting Singapore as a trading partner and destination for business through its Economic Development Board, SPRING Singapore and IE Singapore. Evidence suggests, however, that although the rate of SME set-ups is high, many non-entrepreneurs still cite lack of skills, education and training as a core reason why they too will not go into business for themselves (GEM 2012). This has implications for government-led access to entrepreneurship programmes, although the general culture for starting up a business is very positive.

Singapore ranks number one in the world for ease of doing business. It is particularly strong in the ICT, biomedical, creative, environmental and technology sectors. It has access to regional markets and is seen as a core base for multinationals. It has excellent public broadband capacity, is a hub for social media, hosts many cloud facilities, and is seen as a core ICT world leader. It has a comprehensive IP system, ranked as number one in Asia for IP protection laws, has low rates of Income, Corporation, VAT-equivalent and Capital Gains taxes and is therefore seen as a top destination for foreign investment capital and business location.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	SPRING Singapore	Government agency for enterprise development	Through five departments; Enterprise Capabilities, Enterprise Promotion, Industry Development, Quality and Standards, Corporate Development.
	SPRING Singapore	The Workfare Training Support scheme complements the Workfare Income Supplement Scheme, which rewards work by providing more income, and the Central Provident Fund – plan for older citizens – savings to Singaporean workers when they work and stay employed.	The Workfare Training Support scheme encourages older citizens to upgrade their skills through training so they may improve their employability and even earn more.
	Action Community for Entrepreneurship (ACE)	Making grants	Government funding to personal funding by the entrepreneur is in the ratio of 7:3..
	Business associations: Action Community for Entrepreneurship, Association of Small and Medium Enterprises, Singapore Business Federation, Singapore National Employers Federation	Business associations	Provide opportunities for networking, skills upgrading, access to finance options online and via office presence.
	Enterprise Development Centres	To promote best practice	One-stop shop for SMEs and aspiring entrepreneurs, providing access to expertise, to products and services in centres across Singapore.
	EnterpriseOne	To provide comprehensive information, services and guides	One-stop site for SMEs as major source of information for all SME-related matters via various portals.
	Regional Development Centres	To assist foreign entrepreneurs to establish businesses	The centres provide access to services, links and networks.
	National University of Singapore (NUS)	To run a start-up challenge competition (Start-Up@ Singapore)	Provides a showcase for ideas to become businesses through competition (10,000 applicants in 14 years).
	Singapore universities and colleges	To run enterprise schemes and entrepreneurship education	Most offer entrepreneurship courses or include enterprise as a subject in business courses. Widespread inclusion of practical enterprise information.
	Government Assistance Schemes, SPRING SEEDS	Start-up enterprise scheme (SEEDS)	Equity financing into SMEs; government co-invests with third-party investors, matched funding up to S$1m.
	Government Assistance Schemes	Business Angel Fund Scheme (BAFS)	Equity financing into SMEs; government co-invests with business angels, matched funding up to S$1.5m.
	Government Assistance Schemes	Business Incubator Schemes: NRF Technology Incubator scheme, iJam micro Funding, Incubator Development Program, Fast Tech Scheme, Debt financing schemes a) Loan insurance b) Micro loan program c) Local enterprise Finance scheme Disruptive business model Ideas (IDEAS)	NRF Technology Incubator scheme co-funds with venture capitalists up to S$10m, matched funding iJam micro funding for media company development Incubator support costs of up to 70% subsidised Fast Tech up to 85% funding in environmental and water sectors Loan Insurance schemes (LIS against default risks, Micro Loan Programme (MLP) in upgrading equipment, Local Enterprise Finance Scheme (LEFS) provides low interest rates for equipment) Up to 85% co-funding through IDEAS
	National Framework for Innovation and Enterprise (NFIE)	Government support policy	Government department funds academic Research and Development initiatives.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 2: Early stage	Transition Support System for Businesses	SMEs can get government aid via the Wage Credit Scheme, part of the three-year transition support package to share gains with Singaporean workers	No application required – automatically paid via tax system.
	Transition Support System for Businesses	Productivity and Innovation Credit Bonus (PIC) one-for-one government-matched funding for three years	No application required – automatically paid via tax system.
	Transition Support System for Businesses, PIC scheme	IP in licensing, costs deductible to obtain IP up to S$400,000	Provided through the Transition Support System processes.
	SME Credit Bureau	Database of creditworthiness	Tool allowing evaluation of SMEs as part of financial assessment processes.
	Economic Development Board (EDB)	Investor support	Provides advice and information for investors as part of its remit to create pro-business environment.
	International Enterprise Singapore (IES)	Facilitates foreign investment	Works with Singaporean companies to facilitate foreign investment.
Stage 3: Enterprise development	Inland Revenue Authority of Singapore	Fiscal regime	Administered through the tax regime. Zero Capital Gains Tax, low corporation tax thresholds, no tax on share dividends, no tax on foreign sourced income, no VAT equivalent except 7% Goods and Services tax, low personal tax rates; tax reliefs and incentives target enterprise
	Inland Revenue Authority of Singapore	Tax exemption for start-ups	Full and generously tapered tax exemption on qualifying criteria for SMEs; 0% first S$100,000, 8.5% next S$200,000
	Inland Revenue Authority of Singapore	Four tax relief schemes aimed at start-ups and SMEs: a) Development and Expansion Incentive (equipment) b) Investment Allowance (plant investments) c) Pioneer Incentive Scheme (improving sector standards) d) Productivity and innovation Credit (benefits innovative practices).	Administered through tax regime
	Accounting and Corporate Regulatory Authority (ACRA)	Oversees regulation	ACRA provides information to government on business structures, compliance efficiency, corporate governance for policy consideration
Stage 4: Exit and reinvestment	Singapore Exchange	Enables companies to access the capital markets	Qualifying threshold of S$10m
	SPRING Singapore	Enterprise Investment Incentive Scheme (EIIS)	Administered through the tax regime: reinvestment can attract up to S$3m of losses against taxable income

The Virtuous Circle of enterprise growth



SUMMARY OF FINDINGS

There are 5.6 million small businesses in South Africa, which create 11.6m employment opportunities. Yet South Africa's SMEs contribute a relatively small percentage towards the country's GDP. This is because of the size of typical South African SMEs. According to the Finscope 2010 study, the SME sector has an estimated 6m small businesses and nearly 5.6m business owners. Two in three owners are the sole operators of their businesses and just 300,000 companies have five or more employees. South Africa's total early-stage entrepreneurial activity (TEA) rate – the percentage of adults involved in firms younger than three-and-a-half years – rose from 7.3% in 2012 to 10.6% in 2013. Given that South Africa has the highest youth unemployment rate among medium-income countries, with current unemployment among 15–24 year olds running at 48.2% compared with a 25% national average (citypress 16 June 2013) it is not surprising that many young South Africans see self-employment as the only option. It is likely that many of these are 'necessity' businesses, rather than companies on a high-growth trajectory.

There has not been a history of setting up and developing a business for the majority of South Africans and there is also a legacy of structural problems, with labour hiring and firing practices often cited as being too restrictive. Yet South African companies are more likely to have invested in R&D (47%) than counterparts in Germany or the US, for example (22% and 41%, respectively).

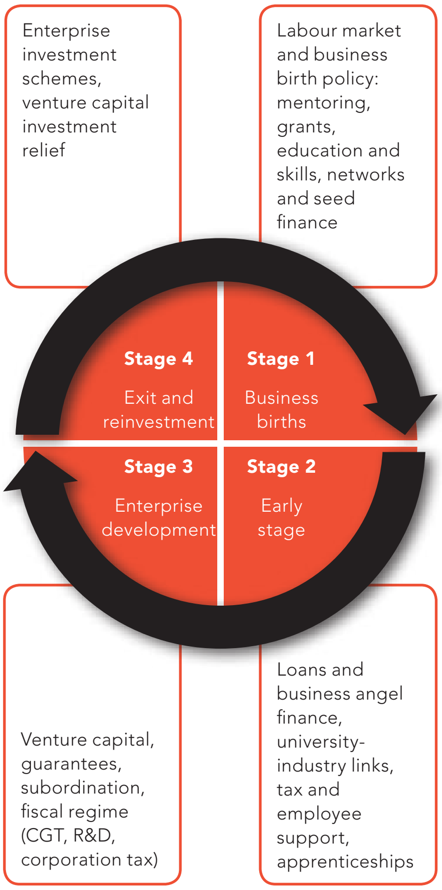
As the recent ACCA–Delta report based on survey data demonstrated, South African high-growth businesses have the second highest turnover globally,, at US$4.01 million (only China is higher at US$4.13 million) as well as one of the fastest growth rates (ACCA–Delta 2012). Contradictions abound. There was little consensus among interviewees. Some pointed out that infrastructure is of a relatively high standard. They have a case. In comparison with the rest of Africa, roads, airports, energy provision and IT are all more sophisticated. The legal system is well established and so setting up a business can be reasonably straightforward. Others were much more critical, however, looking outside Africa for their benchmarks. Government initiatives attracted particular opprobrium and it is easy to see why. In a recent mentoring scheme, according to one interviewee, 94% of business mentors had no business experience. The CEOs of the National Youth Development Agency, an organisation aimed at assisting young people with finance and business development, were suspended amid accusations of financial misconduct. For the very small or micro-firms that dominate the business landscape, access to finance is extremely limited. Bank loans are only available if applicants have collateral. There are few alternative sources. The Industrial Development Corporation, for example, invests only in very high-value start-ups. Angel capital is largely restricted to informal, word-of-mouth networks. This means firms have to use their owners' funds, or look to friends or family for support and investment.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Lawyers and relevant administrators.	To provide assistance in setting up a company.	Owing to a long history of thorough legal practices, it is relatively easy to set up a business. Ease of doing business ranking is 41/189 (2013).
	Public sector organisations, eg Sector Education and Training Authority (SETA).	To provide skills training.	At designated locations in large population centres across South Africa.
	Private sector financial advisers acting with private sector collaboration, eg Go Finance Brokers via the government's SETA.	To provide financial advice.	Private sector applications.
	Business Engage	To provide networking, mentoring, training, collaboration and general entrepreneurship development and support. Advice on funding sources for women in particular.	Private sector SME assistance.
	Universities	To hold networking events	All provide various networking events for students and staff to mix with other entrepreneurs and business people.
	Youth Business International (YBI) (Prince of Wales International Business Leaders Forums, and Accenture)	Network of programmes helping disadvantaged youths become entrepreneurs by providing business mentoring and access to loans.	Private sector and not-for-profit collaboration via the YBI organisation.
	Khula Enterprise Finance, South African government, DTI. Independent agency of the Department of trade and Industry. Also see IDC.	To provide mentoring; has a Credit Guarantee Scheme to allow SME finance from banks, runs an Emerging Entrepreneur scheme, Business Loans for Financial intermediaries, Seed loans for Financial intermediaries and Cooperatives Grants Scheme for equipment or support.	Via the DTI programmes, of the same name.
	Small Enterprise Finance Agency (SEFA) Also see IDC.	To foster the establishment, survival and growth of SMEs and contribute towards poverty alleviation and job creation, eg over R737m (US$80.5m) to more than 15,000 micro and small businesses to create at least 18,000 jobs.	By providing access to funding for 'survivalist or lifestyle' businesses, and SMEs: directly, via credit guarantees, by supporting intermediaries, helping to develop affordable financial products.
	Small Enterprise Foundation (SEF), a non- governmental organisation.	Provision of microcredit facility and savings advice to facilitate independent alleviation of poverty through supporting business initiatives, eg Tshomisano for women.	Located in rural and poor urban areas where trained staff communicate and interact directly with those the SEF is trying to help.
	National Youth Development Agency (NYDA) Also see IDC.	Recently shifted emphasis from finance of Youth to education and skills. Changed from loan provision to grant provision.	
	Industrial Development Corporation (IDC) supporting the SEFA and NYDA.	IDC backing for schemes run by SEFA and NYDA to allow access to finance for young entrepreneurs at the start up stage.	Open access.
	Cape IT initiative. Example of a hub to develop and retain IT and applications at all sizes of company.	To develop hubs and clusters with training and collaboration, and to facilitate funding.	Runs non-profit hubs and encourages clustering of people and companies'
	Department of Trade and Industry, Small Enterprise Development Agency (SEDA)	To operate incubators, especially for small enterprises, incorporating international best practice.	Nine new incubators launched in 2012, total across South Africa now 44.
	South African Institute for Entrepreneurship (SAIE)	To develop innovative materials for entrepreneurs, trains educators to convey business skills.	In-school support via entrepreneurship educators

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 2: Early stage	Venture capital associations (SAVCA, AVCA). Rarely invest at the 'seed' end of the market. Fewer than 10 VC funds in the country.	To invest in growing businesses	Members invest private funds into suitable businesses to allow growth and enhanced profitability. Often cited as being an increasingly important source of funds for growth.
	Business angel networks	Investment in start-up, seed funding.	There are main networks seeking opportunities with businesses looking for funding. AngelHub (pools funding, expertise and networks from a range of early-stage Angel investors), Mzanzi Gold (an angel network that connects angel investors with high-potential entrepreneurs), Angel Investment Network (an online platform that connects entrepreneurs seeking funding with angel investors) and Google Umbono (tech incubator focusing on high-growth ventures with global markets in mind).
	Government and the Banking Association of South Africa	Encourages member banks to provide services to a broad spectrum of the population; and catalyses change and transformation.	Currently, just 13 banks operate in the SME space in an industry that consists of 19 registered banks. They encourage entrepreneurship, employment opportunities and innovation while providing support with finance, tax planning, subsidies, guarantees, and information.
	Africa Innovation Centre, sponsored by IBM.	To provide an enablement facility for ICT skills development.	Two major centres physically located in South Africa.
	Science and technology parks – Five science parks	To develop networks, links, help to develop and act as hubs for science and technology throughout South Africa.	By acting as hubs and facilitating clustering of technology and technology companies with the concomitant benefits.
Stage 3: Enterprise development	Industrial Development Corporation (IDC).	To run finance for industrial development projects, promoting collaboration across industries, eg large-scale renewable energy projects.	IDC provides large-scale finance.
	Business Partners Limited – a specialist risk-finance company for SMEs	To invest in lifestyle businesses, and smaller service-sector companies.	Public and privately backed with 20% government, 80% private money.
	Tax system	Sectoral tax breaks depending on conditions extant at the time	To reduce the tax burden on micro enterprises. There has also been consideration on replacing the graduated tax structure for small business corporations with a refundable tax compliance credit.
	Ntsika, government organisation	Non-financial support for training, networking	
	The Department of Trade and Industry - Small, Medium, Micro Enterprises (SMME)	To promote small business via Small Medium Manufacturing Development Programme (SMMDP). Grants for establishment, output incentives, new equipment.	Working with local and foreign firms to facilitate employment creation, and allowing financial incentives for foreign investment.
	South African government	Special Economic Zones	These new incentive schemes encourage increased investment in South Africa in order to encourage the development of the manufacturing industries. Support systems will include incentives, business support services, streamlined approval processes and infrastructure.
	South African government	Regional Incentives to prioritise sectoral development according to strengths or needs.	
Stage 4: Exit and reinvestment	South African Revenue Service	Tax allowance incentives to facilitate investment in new manufacturing and training.	Investment in new manufacturing and training is deductible from tax liabilities.
	South African Revenue Service	Black Business Supplier Development Programme promoting competitiveness and the growth of small enterprises in general.	Grant to allow cost sharing.
	South African Revenue Service	Various sector-based initiatives: manufacturing, tourism, critical infrastructure, films, clothing and textiles.	Tax allowance incentives.

United Kingdom

The Virtuous Circle of enterprise growth



SUMMARY OF FINDINGS

The UK shares a similar SME landscape to the rest of the EU, with 99% of all businesses classified as small or medium-sized enterprises. Of these, 95% are categorised as micro enterprises, of which 75% are sole traders (Young 2013). The majority of SMEs are involved in industries such as business services, computing, pharmaceuticals, motor vehicles, or machinery. Entrepreneurial activity in the UK is widespread and, indeed, the UK leads the European Union's top economies in terms of entrepreneurship, with a TEA of 7.1% (Total early-stage Entrepreneurial Activity) – a rate significantly higher than that of France and Germany.

The UK support structures for entrepreneurship and enterprise, argued interviewees, are well developed at stage 1 (business births) of the cycle and at stages 3 (enterprise development) and 4 (exit and reinvestment). The key gap appears to be in ensuring that the growth process between stages 1 and 2 (early stage) and stages 2 and 3 is properly supported and particular concerns about this have arisen since the post-2010 austerity measures have started to affect local, regional and national levels of funding.

For example, one respondent felt that that the Regional Development Agencies, which had driven regional enterprise development and growth up to 2010, had started to create some momentum but that the Local Enterprise Partnerships introduced in their place had not been as successful in defining their role or ensuring that money could be targeted effectively at entrepreneurs themselves. There was a generally expressed concern about the localisation of enterprise policy because local authorities, in particular, did not have a definite focus on business growth, and the lack of transparency in allocation of funding meant that there was some confusion as to whether or not resources were reaching entrepreneurs. In the words of one entrepreneur, 'If you are a business owner and looking to grow, it is hard to know what services are available'.

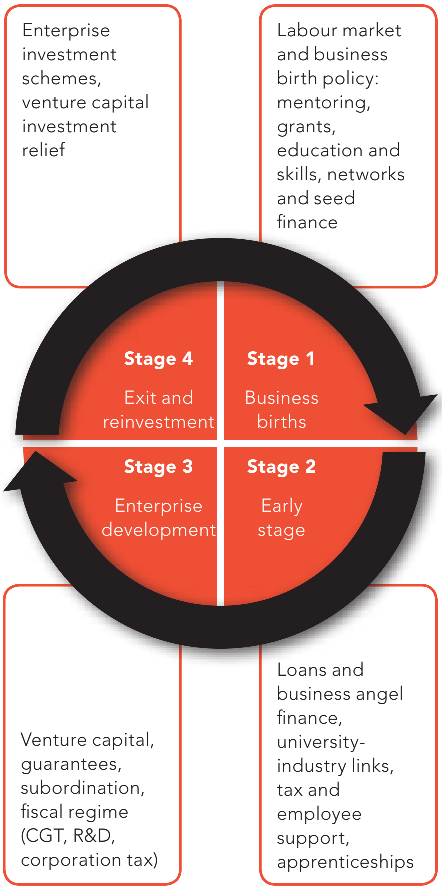
This was a particular issue, argued one interviewee, because many entrepreneurs do not seek financing through loans from banks. Many businesses when they set up are 'life-style' businesses and do not require funding – less than 30% of entrepreneurs look for a start-up loan. In an environment where banks are now allocating and approving loans (even those supported through the Enterprise Finance Guarantees) on the basis of credit scoring, the bias is towards businesses that are long-established and with long track-records.

Interviewees did point to the strength of the UK's culture of public–private partnership in providing enterprise support. The Grant Thornton Growth Accelerator programme, although not widely known or publicised to start-ups, was seen as a very strong example of how advisers can support entrepreneurs as they grow, through coaching and mentoring. Similarly, enterprise education, promoted through the National Council for Enterprise Education, was regarded positively. Schemes such as the HSBC apprenticeships in conjunction with the Prince's Trust, which promote skills in disadvantaged areas, also help to build a pro-business culture.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Department for Business Innovation and Skills (BIS) + Grant Thornton, Pera Foundation, Oxford Innovation and Winning Pitch (Public–private partnership (PPP))	To provide enterprise coaches and mentors to growing businesses: the 'Growth Accelerator'	Subsidised coaching and mentoring for SMEs with more than 10 employees or growth potential of 20% over next three years provided through the private sector but with an average of £7,500 per SME contributed by government (SME also contributes from £600, depending on size, and is entitled to seven days of advice over 18 months)
	National Enterprise Network/Business Gateway/Northern Ireland Business Information/Business Wales	Online source of information for start-up and growing businesses.	Signposting to finance provision, apprenticeships, tax and regulation support.
	Job Centre plus	New Enterprise Allowance	Scheme to support unemployed individuals who want to set up a business, administered through loans and mentoring.
	Flying Start	Online support for students and graduates to start a business	Mentoring and networking support online; access to events.
	National Centre for Enterprise in Education	PPP supported predominantly since 2004 by Capital for Enterprise programme.	Promotion of enterprise education; networking and awards
	Higher Education Funding Council for England (HEFCE)	Higher Education Innovation Funds	HEFCE provides up to £250k to support university–industry links; now in its fifth phase
Stage 2: Early stage	Technology Strategy Board	To establish knowledge transfer partnerships	Government grant to universities for SMEs to access expertise of academics. SMEs pay one-third of the cost.
	Business angel networks: Private sector regional networks: Cambridge, Oxford, Glasgow, Edinburgh and London are especially strong	To provide private funding for business	Link university spin-outs with consortium or syndicated finance around specific technologies.
	BIS	Regional Growth Funds	Resources provided through local agencies to help SMEs protect jobs, build on innovation or develop businesses. Funding competitive and variable.
	British Business Bank	To supply enterprise finance guarantees	75% of commercial loans to small business guaranteed by government. Qualification criteria entirely commercial – SME will not qualify if it cannot achieve a high score on the automated credit scoring systems used by banks; SME liable for 100% of loan if it goes into administration; lending within EU State Aid rules.
	Technology Strategy Board	Grants for R&D	£10,000–£1,000,000,000 grants available on competitive tender to support R&D commercialisation
Stage 3: Enterprise development	Business Growth Fund	Collaborative £2.5bn Fund between HSBC, Lloyds, RBS, Barclays and Standard Chartered to plug equity gap	Provides £2m–£10m equity investments in high growth businesses
	Venture Capital market	VC funds	Largest in Europe for high growth businesses
	Entrepreneurs tax relief	Tax relief on sale of shares to encourage access to growth finance	An entrepreneur with 10% or more of the shares of a business and who is an employee or director of the business is taxed at 10% on capital gains for amounts up to £10m.
	HMRC	R&D tax credit	Tax relief on R&D expenditure for loss-making high-tech business marketing new original/ innovative product
Stage 4: Exit and reinvestment	HMRC	Enterprise Investment Scheme to encourage angel investment	Investor is entitled to 30% of cost of full-risk shares set against his/her income tax liability up to £1m; CGT relief if shares held for more than three years
	HMRC	Venture Capital Trust investment tax relief	Income tax relief on 30% of share subscription and Capital Gains Tax relief on disposal
	High Growth alternative stock market	AIM	Provides strong IPO market exit to venture capital and business angel investors.

United States

The Virtuous Circle of enterprise growth



SUMMARY OF FINDINGS

US SMEs account for 99.7% of total businesses with a contribution to GDP of 45% and to exports of 33%. According to the GEM Consortium, in 2013 the nascent entrepreneurial rate for the US was 9.2% of the working age population, considerably above the World average of 7.8%. Nonetheless, the rate of discontinuation of business in 2013 was 3.8%, slightly above the World average. A positive business births to deaths ratio is a result of a highly efficient SME cycle geared towards nurturing the start-ups at birth and ensuring that appropriate structures are in place to help them grow.

Interviewees were positive about the support structures in place for start-ups at stages 1 (business births) and 2 (early stage). A number of respondents mentioned the plethora of mentoring schemes, strong links with universities, and good access to finance. Although interviewees did stress that banks would not often lend to start-ups and grants were also hard come by, this is offset by a culture of venture capital, business angels, and crowd funding which helps to foster a thriving business environment. The consensus is that important small to mid-sized businesses take precedence and that investors are very much willing to support these opportunities from an early stage.

Interviewees highlighted the strong regional cluster programmes. These local business clusters are effective at creating links between incipient groups and established companies. They employ 80m people, while trade clusters (those that provide goods and services across the country) provide jobs for another 30m. Innovation is crucial, with over 80,000 patents being issued in 2010. The emphasis on local and often informal collaboration and skill sharing captures the spirit of small business in the US today.

Stage of cycle	Owner	Policy measure or intervention	Policy administration
Stage 1: Business births	Small Business Administration (SBA)	To provide online one-stop shop to signpost to finance sources for start-ups.	Public sector.
	SBA	Micro-loan programme to provide loans of up to US$50,000, plus technical assistance.	Provided through not-for-profit financial intermediaries. Eligibility set by intermediary and may require some collateral.
	SBA	Runs Start Up America, a public sector networking initiative.	Operated through the private sector and chaired by AOL to connect entrepreneurs to their regions.
	Small Business Innovation Research (SBIR)	Makes research commercialisation grant at start-up phase: grants of up to US$150,000 to cover six months of costs, to establish the technical feasibility and commercialisation potential.	Competitive tender.
	Service Corporation of Retired Executives (SCORE)	Runs mentoring schemes and workshops to augment work of not-for-profits, such as SCORE.	Funded by the SBA. Provided through local government advisory and development centres.
	Small Business Development Centre (SBDC).	Technical assistance to encourage business growth at a regional level, specific focus on job creation.	Part-funded by SBA plus private sector and local government and federal states.
	Global Entrepreneurship Program /US State Department	Provision of assistance, insight, networks and experience from established entrepreneurs with track records to spur entrepreneurship globally.	Provided through public /private partnerships.
	Foundations and alumni, eg Kauffman Foundation, Microsoft BizSpark	Strong entrepreneurial culture around universities, funding available for good ideas, subsidised software.	Provided through the private /not for profit sector.
	Public–private partnerships	Teach and build on enterprise education within the curriculum. Concentrations of schools, colleges and technology in regional clusters eg Silicon Valley / Alley and Route 128	Provided through schools and universities.
Stage 2: Early stage	Small Business Innovation Research (SBIR).	Research commercialisation grant at early-stage growth phase, grant of up to US$1m for total costs over two years.	
	Small Business Administration (SBA).	Small business loans guaranteed by the SBA.	Administered through lending partners /financial intermediaries.
Stage 3: Enterprise development	Small Business Innovation Research (SBIR).	Federal agencies required to purchase 25% of R & D intensive supply chain from SBIR-supported small businesses. Commercialisation and procurement support	Competitive tender.
	Small Business Administration (SBA).	Venture Capital programme provided through private sector financial intermediaries, eg venture capital funds and private equity. Can be debt or equity. SBIC supplements private sector capital raised from private investors – gives government guarantee.	Provided through the Small Business Investment Company (SBIC).
	The US Inland Revenue Service (IRS)	Research and Experimentation Tax Credit, running since 1981. Aimed at basic research for companies established since 1983 or with less than three years of qualifying research expenditure.	Tax credit claimed against costs incurred in development of qualified research.
	Internal Review Code of IRS	Non-refundable investment tax credit, dollar for dollar. For government priority schemes providing a public good, eg energy, small business.	Tax credit, claimed via IRS procedure.
Stage 4: Exit and reinvestment	US Federal state owned. Approximately half the Federal states currently participate.	State-level tax incentives to encourage angel investment. All sectors. Each state has its own level of tax reliefs.	Administered through the tax system.
	IRS.	Capital Gains Tax. Assets held for more than one year are taxed at a lower rate to encourage retention of money in the system. Stock held by angel and venture capital investors for five years attracts 100% Capital Gains Tax exemption.	Administered through the tax system.

POL-TP-TGC-APPENDIX

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