

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

# Financing Innovative Development

*Comparative Review of the  
Experiences of UNECE Countries  
in Early-Stage Financing*



**UNITED NATIONS**

United Nations Economic Commission for Europe

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## **FOREWORD**

Innovation is widely recognized as a main driver for economic growth and a powerful force to create the conditions for sustainable development, addressing various environmental and social challenges. Innovative activities, however, face particular difficulties in raising finance. Effective support to innovation requires more than additional resources. It demands the presence of specialized financial intermediaries that are able to provide not only money but also managerial and technical expertise. The emergence and growth of a financing infrastructure for early-stage support of innovative enterprises is a complex process, depending on many enabling conditions and requiring efficient allocation and recycling of capital. The development of national venture capital industries has often received government support as a component of general innovation policies. Well-targeted public interventions play an important role in shaping a vibrant venture capital industry.

These issues feature prominently in the Programme of Work of the UNECE Subprogramme on Economic Cooperation and Integration. This *Comparative Review* was compiled in accordance with the Programme of Work of the UNECE Committee on Economic Cooperation and Integration (CECI) for 2007-2008 under the theme “Promoting an enabling environment for efficient financial intermediation in support of innovative development”.

The *Comparative Review* focuses on the provision of early-stage equity financing to innovative technology-based enterprises with a view to identifying policy options and recommendations to facilitate the access of these enterprises to early finance. The UNECE region includes countries at very different levels of their innovative capability, which is reflected in the various degrees of maturity of the venture capital industry and the scope of the policy initiatives adopted in this area. This *Comparative Review* makes a contribution to transnational learning, that is to say, the transfer of good experiences and best practices across the whole UNECE region. In particular, in accordance with CECI mandate, it aims to facilitate the ongoing policy efforts on financing innovative enterprises in the catch-up economies of the region by promoting a better understanding of the international experiences. I hope that this publication will be useful for all stakeholders involved in early-stage financing of innovative firms as well as for policymakers in their efforts to promote innovative development in their countries.



Marek Belka  
Executive Secretary  
United Nations Economic Commission for Europe

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A leading substantive contribution to the *Review* by **Dimo Dimov**, Assistant Professor of Management, University of Connecticut, is gratefully acknowledged.

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