The Role of Corporate Financial Constraints on the Development of the European Greentech Ecosystem

LSE MPA Capstone Project
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THE LSE TEAM

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ROADMAP

1. Introduction: Motivation & data
2. Mapping: Where are Greentech hubs located?
3. Modelling: Can access to finance explain Greentech investing?
4. Policy implications & conclusions
INTRODUCTION
MOTIVATION

- EU: 55% emission target reduction (2030), climate neutrality (2050)
- Climate financing has increased significantly but still falls short of what is necessary to catalyse green transition and fulfil policy targets

DEFINING GREENTECH

Based on Ghisetti et al. (2017)’s definition of Cleantech: “innovations that contribute to economic and environmental sustainability,” including renewable energy, green mobility, clean production, sustainable agriculture, waste and water management

SECTION 2:
Mapping the EU Greentech ecosystem

SECTION 3:
Analysing the effect of access to finance on Greentech investment in the EU
DATA

Data source: Pitchbook deal, firm, and investor databases

PitchBook®

Verticals: Cleantech, AgTech, Climate tech

- Excluding deals that do not constitute early-stage financing (Exclusion based on deal type)
  - 36,523 deals

- Excluding deals that do not constitute Greentech (Exclusion based on keywords)
  - 24,267 deals

- Cleantech deal count, EU27 2010-2020
  - 23,339 deals

Measure: Greentech deal counts (missing data problem with deal size (USD))
MAPPING THE EU GREENTECH ECOSYSTEM
MAPPING THE EU GREENTECH ECOSYSTEM

(I) Identifying the LOCATION of key Greentech hubs in the EU

(II) Analysing INVESTMENT FLOWS into EU Greentech companies

(III) Disaggregating patterns by TECHNOLOGICAL SPECIALISATION

(IV) Comparing the development of the EU ecosystem with the USA & CHINA
WHERE ARE THE EU’S MAJOR GREENTECH HUBS?

Greentech activity is **concentrated** in major urban centres

<table>
<thead>
<tr>
<th>Leading Countries</th>
<th>Leading Countries</th>
<th>Leading Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute deal counts (2010-2020)</td>
<td>Per million inhabitants (2010-2020)</td>
<td>Absolute deal counts (2010-2020)</td>
</tr>
<tr>
<td>France</td>
<td>Ireland</td>
<td>Paris</td>
</tr>
<tr>
<td></td>
<td>1,191</td>
<td>242</td>
</tr>
<tr>
<td>Germany</td>
<td>Finland</td>
<td>Berlin</td>
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<tr>
<td></td>
<td>724</td>
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<td>Netherlands</td>
<td>Sweden</td>
<td>Stockholm</td>
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<tr>
<td></td>
<td>547</td>
<td>173</td>
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<tr>
<td>Sweden</td>
<td>Luxembourg</td>
<td>Amsterdam</td>
</tr>
<tr>
<td></td>
<td>502</td>
<td>171</td>
</tr>
<tr>
<td>Spain</td>
<td>Estonia</td>
<td>Barcelona</td>
</tr>
<tr>
<td></td>
<td>433</td>
<td>139</td>
</tr>
</tbody>
</table>
GREENTECH DEALS HAVE INCREASED

Greentech deal activity has intensified in the past 11 years, both in absolute counts and as a share of total VC/PE deals.

→ Today: more than 10% of total VC/PE deals
ARE GREENTECH LEADERS ALSO LEADING IN GDP GROWTH?

More developed economies – with lower GDP growth – have higher Greentech growth, with some notable exceptions.

Stable over time – leading countries in 2020 were also leading in Greentech investment in 2010.
WHERE DO INVESTMENTS COME FROM?

Approach: Matching first-listed investor of each deal-company observation

- Greentech leaders (countries and cities) generally also have a large investor presence
- Greentech companies receive funding predominantly from investors within the same country or region
  - Within country: 65%
  - Within city: 19%
**EUROPEAN SCALE-UP GAP:**

- Deals < 0.5 million USD constitute 40% of deals with recorded deal volume
- Fraction of investments from outside the EU increases with deal size

<table>
<thead>
<tr>
<th>Deals by investment size (million USD)</th>
<th>Deals by investment size (as % of total deals)</th>
<th>Deals with cross-border investment (%) (intra- and extra-EU)</th>
<th>Deals with investors from outside the EU (%) (extra-EU only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100</td>
<td>34.6</td>
<td>19.8</td>
</tr>
<tr>
<td>0 – 0.5</td>
<td>40.1</td>
<td>37.9</td>
<td>21.9</td>
</tr>
<tr>
<td>0.5 – 1</td>
<td>10.8</td>
<td>14.4</td>
<td>7.4</td>
</tr>
<tr>
<td>1 – 2</td>
<td>13.4</td>
<td>19.2</td>
<td>8.8</td>
</tr>
<tr>
<td>2 – 5</td>
<td>15.6</td>
<td>30.2</td>
<td>13.1</td>
</tr>
<tr>
<td>5 – 10</td>
<td>7.4</td>
<td>36.7</td>
<td>23.0</td>
</tr>
<tr>
<td>10 – 20</td>
<td>6.3</td>
<td>40.1</td>
<td>23.4</td>
</tr>
<tr>
<td>20 – 50</td>
<td>3.0</td>
<td>46.3</td>
<td>31.3</td>
</tr>
<tr>
<td>50 – 100</td>
<td>1.2</td>
<td>56.3</td>
<td>43.8</td>
</tr>
<tr>
<td>100 – 500</td>
<td>1.0</td>
<td>63.0</td>
<td>51.9</td>
</tr>
<tr>
<td>500 +</td>
<td>0.3</td>
<td>57.1</td>
<td>42.9</td>
</tr>
</tbody>
</table>

Note: 32% of observations are missing deal sizes, and 55% of observations are missing investor information. The information in the table above is based only on the sub-sample of deals for which data is available.
# Greentech Taxonomy

We developed a Greentech taxonomy based on **keywords** (inspired by existing taxonomies).

## Clean Energy Generation
- Renewable energy generation: solar, wind, geothermal, marine (hydro, wave, ocean), biomass, renewable fuels, waste-to-energy, fuel cells

## Energy Storage, Infrastructure, Efficiency
- Energy storage
- Energy management/efficiency
- Grid technology & semiconductors
- Fuel efficiency
- Construction, building, heating & lighting

## Electric Vehicles
- Electric cars
- Electric vehicle infrastructure
- Electrification of freight transportation (road, rail, maritime)

## Mobility
- Car sharing
- Urban mobility solutions
- Public transportation
- Fleet management
- Sustainable logistics

## Agriculture
- Agtech innovation
- Food systems
- Crop efficiency
- Agricultural chemicals
- Meat alternatives

## Environment
- Water
- Waste and recycling
- Land use and forestry
- Air quality
- Carbon capture

## Clean Industry
- Chemicals
- Mining
- Materials
- Clean production and manufacturing

## Others
- Energy and environmental consulting
- Other Cleantech services/products
EVOLUTION OF THE EU27 GREENTECH ECOSYSTEM


CLEANTECH 1.0 (2005)
Focus mainly on renewable energy generation, especially solar & wind.

CLEANTECH 2.0 (2014)
Shift in technological focus to products that are more compatible with the VC model, diversification across Cleantech areas.
CLEAN ENERGY IN THE EU27

- Energy generation: 32%
- Efficiency, infrastructure and storage: 28%

- Most prevalent in large cities and hubs
- Dispersion observable mainly in Central European countries

SOLAR  44% of CEG
WIND  21% of CEG

→ no clear patterns of regional specialisation
CLEAN ENERGY IN THE EU27

- Energy generation: **32%**
- Efficiency, infrastructure and storage: **28%**

* EU27: Energy-related deals are the most frequent
* Most prevalent in large cities and hubs
* Dispersion observable mainly in Central European countries

**SOLAR** 44% of CEG

**WIND** 21% of CEG

→ no clear patterns of regional specialisation
CLUSTERING BY GREENTECH TECHNOLOGY

Agriculture & environment:
- Geographically dispersed

EV & mobility:
- Clustered around major hubs
- Very limited in Eastern European economies
GREENTECH PATTERNS: USA

- 2010-2020: **10,979 deals**
- High Greentech activity in California, Massachusetts, New York, Texas, and Colorado
- **SAN FRANCISCO** outperforms most EU-27 countries
- Importance of well-developed US VC/PE INFRASTRUCTURE
GREENTECH PATTERNS: CHINA

- **RAPID GROWTH**: 1,285 Greentech deals (2010-2020), compared to 70 recorded deals in the decade prior

- Greentech activity concentrated in **METROPOLITAN HUBS** e.g., Beijing (346), Shanghai (205), and Shenzhen (164)

- **CONCERN**: UNDERESTIMATING Greentech activity in China
GLOBAL PATTERNS IN GREENTECH INVESTING

The USA leads across all fields in absolute counts, while we observe more variation for relative shares (proportion of total Greentech activity in a country or region).
EV production and mobility are **dynamic fields**, with EU27 emerging as a mobility leader in 2020.
THE EFFECT OF ACCESS TO FINANCE
**LITERATURE: WHAT DETERMINES GREENTECH INVESTMENT?**

We reviewed the literature on determinants of Greentech investing across multiple regions.

### CHALLENGES TO ACCESSING FINANCE

- Greentech SMEs face challenges in accessing **traditional financing** due to market failure (Owen et al., 2021)
- Colombo and Grilli (2007) argue that equity is the most suitable form of external capital for Greentech SMEs
- Greentech SMEs struggle to access VC and PE funding as well due to an unfavourable **risk-return balance** (Bocken, 2015) driven by a range of factors (e.g. absence of good networks, informational asymmetry, technological risks, liability of newness, etc.)

#### MACRO-LEVEL FACTORS

<table>
<thead>
<tr>
<th>GREENTECH POLICY ENVIRONMENT</th>
<th>INSTITUTIONAL ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green regulations, e.g., carbon taxes, government spending &amp; subsidies, e.g., tax rebates, FITs, FF subsidies (Ang et al. 2017; Polzin, 2017)</td>
<td>Regulatory and government quality, level of corruption, rule of law, political stability (Grilli et al., 2019)</td>
</tr>
</tbody>
</table>

#### MACRO-ECONOMIC ENVIRONMENT

| Price of non-renewable energy, e.g., oil (Cumming et al., 2016) | Degree of innovation support predicts VC activity (Schertler, 2003) |
| Inadequate banking system (Ang et al., 2017) | Tertiary education (Eyraud et al., 2013) |

| GDP, Population | Government spending & subsidies, e.g., tax rebates, FITs, FF subsidies (Ang et al. 2017; Polzin, 2017) | Green regulations, e.g., carbon taxes, government spending & subsidies, e.g., tax rebates, FITs, FF subsidies (Ang et al. 2017; Polzin, 2017) | Regulatory and government quality, level of corruption, rule of law, political stability (Grilli et al., 2019) |
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#### ENTREPRENEURIAL ENVIRONMENT

- Degree of innovation support predicts VC activity (Schertler, 2003)
- Tertiary education (Eyraud et al., 2013)
RESEARCH QUESTION:

What is the impact of access to finance on Greentech investments in the EU27?

OUTCOME VARIABLES

Greentech deal counts

EXPLANATORY VARIABLES

PROXIES for access to finance

CONTROLS

• Greentech policy environment
• Institutional environment
• Macro-economic environment
• Entrepreneurial environment

MODEL

POISSON QML
YEAR & COUNTRY FIXED EFFECTS
ROBUST, CLUSTERED SE
FOUR HYPOTHESES

We study access to finance through 4 dimensions and formulate the following hypotheses:

1. **H1 EARLY-STAGE INVESTMENT ENVIRONMENT**
   - VC/PE deal count excl. Greentech (lagged by one year)

2. **H2 EXIT ENVIRONMENT**
   - M&A deal count (lagged by one year)
   - IPO deal count (lagged by one year)

3. **H3 PERCEPTIONS OF ACCESS TO FINANCE**
   - SMEs unwilling to apply for **bank loans** (%)
   - SMEs unwilling to apply for **credit lines** (%)
   - SMEs reporting no financing obstacles (%)

4. **H4 AVAILABILITY & COST OF ALTERNATIVE FINANCING**
   - SMEs using **bank loans** (%)
   - SMEs using **credit lines** (%)
   - Bank non-performing loans (% of total gross loans)
   - Domestic **credit** to private sector (% of GDP)
   - Long-term interest rates
BASELINE MODEL: CONTROLS

**BASELINE MODEL**

**GREENTECH POLICY ENVIRONMENT**
- Environment tax revenues

**MACRO-ECONOMIC ENVIRONMENT**
- GDP (ln)
- Population (ln)

**ENTREPRENEURIAL ENVIRONMENT**
- R&D expenditure
- Patent applications
- Tertiary education rates

**INSTITUTIONAL ENVIRONMENT**
- Regulation quality
- Rule of law
- Government effectiveness

**FINDINGS**

- **Patent applications** are *positively* correlated with Greentech deal counts
  - +1k patents $\iff$ +13.5% deals

- **Tertiary education** rates are *negatively* correlated with Greentech deal counts
  - +1% attainment $\iff$ -3.57% deals

- Other variables are *not statistically significant*
MODELS 1-3: NON-SIGNIFICANT RESULTS

VARIABLES

MODEL 1

$H_1$ EARLY-STAGE INVESTMENT ENVIRONMENT

- VC/PE deal count excl. Greentech (lagged by one year)

MODEL 2

$H_2$ EXIT ENVIRONMENT

- M&A deal count (lagged by one year)
- IPO deal count (lagged by one year)

MODEL 3

$H_3$ PERCEPTIONS OF ACCESS TO FINANCE

- SMEs willingness to request bank loans (%)
- SMEs willingness to request credit lines (%)
- SMEs reporting no financing obstacles (%)

FINDINGS

Results are not statistically significant
MODEL 4: AVAILABILITY AND COST OF ALTERNATIVE FINANCING

**VARIABLES**

- SMEs using bank loans (%)
- SMEs using credit lines (%)
- Bank non-performing loans (% of total gross loans)
- Domestic credit to private sector (% of GDP)
- Long term interest rates

**FINDINGS**

- **Nonperforming loans** are *positively* correlated with Greentech deal counts, +1% non-performance $\rightarrow$ +3.4% deals
- **Use of credit lines** is *positively* correlated with Greentech deal counts, +1% credit line use $\rightarrow$ +0.79% deals
- **Other variables** are *not statistically significant*
POLICY IMPLICATIONS & CONCLUSION
POLICY IMPLICATIONS

“This investment will support the decarbonisation of Europe's economy, paving the way to climate neutrality in 2050, and reinforcing European technological leadership on a global scale.”

– European Commission EVP Frans Timmermans

SUPPORT GREENTECH CLUSTERS

DEVELOP INVESTING ENVIRONMENT
SUPPORTING GREENTECH CLUSTERS

STRENGTHEN EXISTING CLUSTERS

• Build on strong existing network and agglomeration effects to develop world-leading clusters

• Increase support of EV and mobility sectors

• Support momentum observed in the Baltic region

DEVELOPING NEW CLUSTERS

• Foster the development of Greentech clusters in high-GDP growth countries and those where Greentech VC/PE investment is high

• Target agriculture and environment technological fields as potential entry points

BUILDING A EUROPEAN SYSTEM OF INNOVATION

• Foster an innovative environment to attract investors with more promising investment targets (e.g., patents)

• Leverage regional specialisations through knowledge sharing and productivity task forces

FOSTER NETWORKS

ADEQUATE FINANCING
DEVELOPING INVESTING ENVIRONMENT

BUILD MORE CONDUCIVE INVESTING ENVIRONMENTS

VC/PE WITHIN THE BROADER FINANCING INFRASTRUCTURE

Cultivate conducive financing environment

• VC/PE is a complement to traditional finance
• Facilitate access to VC/PE as a substitute to debt

LACK OF INVESTOR PRESENCE

• Build up investor presence in countries that are currently lagging in Greentech investment

SCALE-UP FUNDING GAP

• Increase capacity for scale-up funding, without crowding out extra-EU financing
• Offer larger equity tickets
Deeper understanding of:

- Deal size determinants
- Firm-level characteristics
- Direct comparisons between overall VC/PE investing and Greentech in particular

Different financing approaches other than traditional equity and debt:

- Blended finance
- Role of government-driven funding, especially when conducting international comparisons (e.g. China)

Impact of recent events on Greentech investments:

- European Green Deal
- Impact of COVID-19 on financing in EU27
- Push to decrease foreign energy dependency
THANK YOU
Q&A

Gabrielle de Haan Montes
Felina Lottner
Henry Milander

Xianxing Pan
Chloe Tian
OVER-TIME TRENDS IN EU27

EU-27: CleanTech Deals (per million inhabitants)
CONVERGENCE OR DIVERGENCE?

Convergence or Divergence?
2010-2020

Avg Greentech Deal Count Growth Rate vs Raw Number of Deals, 2010-2020

Avg. Greentech Growth Rate
- 95% Confidence Interval
Fitted Linear Regression
<table>
<thead>
<tr>
<th>Variable</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome Variable</strong></td>
<td></td>
</tr>
<tr>
<td>Greentech deal count</td>
<td>Pitchbook</td>
</tr>
<tr>
<td><strong>Explanatory Variables (Access to Finance)</strong></td>
<td></td>
</tr>
<tr>
<td>Long term interest rates (%)</td>
<td>European Central Bank</td>
</tr>
<tr>
<td>Alternative financing - SMEs using bank loans (%)</td>
<td>European Commission - SAFE Survey</td>
</tr>
<tr>
<td>Alternative financing - SMEs using credit lines (%)</td>
<td>European Commission - SAFE Survey</td>
</tr>
<tr>
<td>Alternative financing - Bank non-performing loans (% of total gross loans)</td>
<td>World Bank – World Development Indicators</td>
</tr>
<tr>
<td>Alternative financing - Domestic credit to private sector (% of GDP)</td>
<td>World Bank – World Development Indicators</td>
</tr>
<tr>
<td>Perception - SMEs willingness to bank loans (%)</td>
<td>European Commission - SAFE Survey</td>
</tr>
<tr>
<td>Perception - SMEs willingness to credit lines (%)</td>
<td>European Commission - SAFE Survey</td>
</tr>
<tr>
<td>Perception - SMEs without financing obstacles (%)</td>
<td>European Commission - SAFE Survey</td>
</tr>
<tr>
<td>Exit environment - M&amp;A deal count (in hundreds, lagged by one year)</td>
<td>Pitchbook</td>
</tr>
<tr>
<td>Exit environment - IPO deal count (lagged by one year)</td>
<td>Pitchbook</td>
</tr>
<tr>
<td>Overall VC/PE environment - VC/PE deal count excl. Greentech (in hundreds, lagged by one year)</td>
<td>Pitchbook</td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
<td></td>
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<tr>
<td>Macroeconomic environment - Natural logarithm of GDP</td>
<td>World Bank – World Development Indicators</td>
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<td>Institutional environment - Regulatory quality</td>
<td>Worldwide Governance Indicators</td>
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<td>Institutional environment - Rule of law</td>
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<tr>
<td>Institutional environment - Government effectiveness</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial environment - Patent applications submitted to the European Patent Office (in thousands)</td>
<td>Eurostat</td>
</tr>
<tr>
<td>Entrepreneurial environment - R&amp;D spending (% of GDP)</td>
<td>World Bank – World Development Indicators</td>
</tr>
<tr>
<td>Entrepreneurial environment - Tertiary education rate (%)</td>
<td>World Bank – World Development Indicators</td>
</tr>
<tr>
<td>Green policy environment - Environmentally related tax revenues (% of GDP)</td>
<td>Eurostat</td>
</tr>
</tbody>
</table>
# MODEL SPECIFICATION

## Regression Model Fitting

<table>
<thead>
<tr>
<th>Outcome Variable</th>
<th>Specification</th>
<th>#</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greentech deal count</td>
<td>$F_{\text{linear}}$ (Controls)</td>
<td>(0)</td>
<td>Baseline</td>
</tr>
<tr>
<td></td>
<td>$F_{\text{linear}}$ (Overall VCPE Env Measure$_{\text{lagged}}$, Controls)</td>
<td>(1)</td>
<td>Overall VC/PE environment</td>
</tr>
<tr>
<td></td>
<td>$F_{\text{linear}}$ (Exit Environment$_{\text{lagged}}$, Controls)</td>
<td>(2)</td>
<td>VC/PE exit environment</td>
</tr>
<tr>
<td></td>
<td>$F_{\text{linear}}$ (SMEs Perception Measures, Controls)</td>
<td>(3)</td>
<td>SMEs’ perceptions on financing</td>
</tr>
<tr>
<td></td>
<td>$F_{\text{linear}}$ (LTIR, Alternative Financing Measures, Controls)</td>
<td>(4)</td>
<td>Financing situations SMEs face directly</td>
</tr>
<tr>
<td></td>
<td>$F_{\text{linear}}$ (Access to finance proxies, Controls)</td>
<td>(5)</td>
<td>All access to finance proxies</td>
</tr>
</tbody>
</table>

## Other Considerations

- **Fixed Effects**: Country and year
- **SE**: Robust, country clustering
- **Functional Form**: Log-linear

---

**Outcome variable as counts**

- **OLS**: Preferred model due to robustness to misspecification errors, use of fixed effects
- **Poisson QLM**: Outcome variable as counts
**RESULTS TABLE**

### Control variables
- Patent applications is positively correlated with Greentech deal counts, significant with a 99% confidence
- Tertiary education rate is negatively correlated with Greentech deal counts, significant with a 99% confidence

### Access to finance
- Nonperforming loans are positively correlated with Greentech deal counts, significant with a 99% confidence
- Use of credit lines is positively correlated with Greentech deal counts, significant with a 95% confidence

All other variables produce statistically insignificant results.

<table>
<thead>
<tr>
<th>Greentech deal count, poisson</th>
<th>(0)</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In GDP</td>
<td>-0.176</td>
<td>-0.207</td>
<td>-0.116</td>
<td>0.137</td>
<td>0.741</td>
<td>0.728</td>
</tr>
<tr>
<td>(0.828)</td>
<td>(0.821)</td>
<td>(0.773)</td>
<td>(0.659)</td>
<td>(0.855)</td>
<td>(0.762)</td>
<td></td>
</tr>
<tr>
<td>(3.087)</td>
<td>(3.022)</td>
<td>(3.129)</td>
<td>(2.702)</td>
<td>(3.526)</td>
<td>(3.681)</td>
<td></td>
</tr>
<tr>
<td>Regulatory Quality</td>
<td>-0.118</td>
<td>-0.103</td>
<td>-0.107</td>
<td>0.0396</td>
<td>0.145</td>
<td>0.15</td>
</tr>
<tr>
<td>(0.296)</td>
<td>(0.292)</td>
<td>(0.288)</td>
<td>(0.267)</td>
<td>(0.241)</td>
<td>(0.233)</td>
<td></td>
</tr>
<tr>
<td>Rule of Law</td>
<td>0.603</td>
<td>0.622</td>
<td>0.596</td>
<td>0.42</td>
<td>0.292</td>
<td>0.342</td>
</tr>
<tr>
<td>(0.340)</td>
<td>(0.358)</td>
<td>(0.356)</td>
<td>(0.357)</td>
<td>(0.372)</td>
<td>(0.385)</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>0.259</td>
<td>0.262</td>
<td>0.263</td>
<td>0.157</td>
<td>0.105</td>
<td>0.0752</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>(0.241)</td>
<td>(0.312)</td>
<td>(0.306)</td>
<td>(0.281)</td>
<td>(0.283)</td>
<td></td>
</tr>
<tr>
<td>R&amp;D expenditure</td>
<td>0.23</td>
<td>0.21</td>
<td>0.226</td>
<td>0.161</td>
<td>0.201</td>
<td>0.158</td>
</tr>
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<td>(0.166)</td>
<td>(0.145)</td>
<td>(0.173)</td>
<td>(0.151)</td>
<td>(0.116)</td>
<td>(0.132)</td>
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<td>Patent applications (K)</td>
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<td><strong>0.146</strong></td>
<td><strong>0.134</strong></td>
<td><strong>0.162</strong></td>
<td><strong>0.180</strong></td>
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<td>(0.044)</td>
<td>(0.040)</td>
<td>(0.045)</td>
<td>(0.031)</td>
<td>(0.039)</td>
<td>(0.041)</td>
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<td>Tertiary education rate</td>
<td>-0.0357***</td>
<td>-0.0473**</td>
<td>-0.0373**</td>
<td>-0.0449**</td>
<td>-0.0584***</td>
<td>-0.0651***</td>
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<tr>
<td>(0.011)</td>
<td>(0.013)</td>
<td>(0.012)</td>
<td>(0.016)</td>
<td>(0.015)</td>
<td>(0.019)</td>
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<td>Environmental tax revenues</td>
<td>-0.285</td>
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<td>0.264</td>
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<tr>
<td>(0.222)</td>
<td>(0.187)</td>
<td>(0.219)</td>
<td>(0.166)</td>
<td>(0.154)</td>
<td>(0.192)</td>
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<td>VC/PE Deal Count (H, lagged)</td>
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<td>-0.00193</td>
<td>0.00644</td>
<td>(0.014)</td>
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<td>(0.024)</td>
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<tr>
<td>IPO Deal Count (H, lagged)</td>
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<td>0.00213</td>
<td>(0.002)</td>
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<td>SMEs’ Willingness for Bank Loans</td>
<td>0.0248</td>
<td>-0.00395</td>
<td>(0.015)</td>
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<td>0.00474</td>
<td>(0.013)</td>
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<td>SMEs with No Financing Obstacles</td>
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<td>-0.00603</td>
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<td>0.0486</td>
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<td>(0.012)</td>
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<td>Bank Loans</td>
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<td>0.00699</td>
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<td>SMEs that used Bank Loans</td>
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<td>0.00959</td>
<td>(0.003)</td>
<td>(0.004)</td>
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<tr>
<td>SMEs that used Credit Lines</td>
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<td><strong>0.00791</strong></td>
<td>(0.003)</td>
<td>(0.004)</td>
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<td>(0.005)</td>
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Standard errors clustered in country level in parentheses. * p<0.05, ** p<0.01, *** p<0.001
