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The
G20 Research Group
at Trinity College at the Munk School of Global Affairs in the University of Toronto
with the
International Organisations Research Institute
at the National Research University Higher School of Economics, Moscow
present the

2014 Brisbane G20 Summit Interim Compliance Report

17 November 2014 to 1 March 2015

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“The University of Toronto ... produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit ... I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what.”

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

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2. Macroeconomics: Investment

“We are working to facilitate long-term financing from institutional investors ... particularly for small and medium-sized enterprises.”

G20 Brisbane Leaders' Communiqué

Assessment

	Lack of Compliance	Partial Compliance	Full Compliance
Argentina	-1		
Australia			+1
Brazil	-1		
Canada			+1
China			+1
France		0	
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico	-1		
Russia			+1
Saudi Arabia	-1		
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.45	

Background

At the meeting in Moscow on 15-16 February 2013, the Organisation for Economic Co-operation and Development (OECD) presented a report on the Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development. The report highlights the importance of long-term finance in satisfying long-term physical investment needs across all sectors and the high potential of institutional investors (such as pension funds and insurance companies).¹⁶⁶ At this meeting, the G20 leaders established a Study Group on Financing for Investment.

At the G20 Saint Petersburg summit in September 2013, the G20 leaders endorsed the G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors. The eight principles are (1) preconditions for long-term investment, (2) development of institutional investors and long-term savings, (3) governance of institutional investors, remuneration and asset management delegation, (4) financial regulation, valuation and tax treatment, (5) financing vehicles and support for long-term investment and collaboration among institutional investors, (6) investment restrictions, (7)

¹⁶⁶ The Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development, OECD (Paris) 2013. Date of Access: 3 April 2015. <http://www.oecd.org/daf/fin/private-pensions/G20reportLTFinancingForGrowthRussianPresidency2013.pdf>

information sharing and disclosure, and (8) financial education, awareness and consumer protection. G20 leaders called on the OECD and other interested participants to identify approaches for their implementation by the next summit.

On 15-16 November 2014, at the Brisbane Summit, the G20 leaders committed to “facilitate long-term financing from institutional investors and to encourage market sources of finance, including transparent securitisation, particularly for small and medium-sized enterprises.” The Report on Effective Approaches to Support Implementation of the G20/OECD High-Level Principles on Long-term Investment Financing by Institutional Investors was presented at the Brisbane Summit. To reflect the high priority placed on this issue by the 2014 G20 Australian presidency, the study group has been upgraded to a Working Group on Investment and Infrastructure.

Commitment Features

The commitment requires G20 members to take measures to establish conditions that are favourable for institutional investors and to support the long-term financing needs of small and medium-sized enterprises (SMEs). The commitment focuses on improving domestic investment and financing climates, with emphasis on “the voluntary implementation of the G20/OECD High-Level Principles of Long-Term Investment Financing by Institutional Investor.”

Positive actions for creating enabling conditions for institutional investors are outlined in the G20/OECD High Level Principles on Long-Term Investment Financing by Institutional Investors. The report outlines six principles: (1) preconditions for long-term investments, (2) development of institutional investors and long-term savings, (3) governance of institutional investors, remuneration and asset management delegation, (4) financial regulation, valuation and tax treatment, (5) financing vehicles and support for long-term investment and collaboration among institutional investors, and (6) information sharing and disclosure.¹⁶⁷

Positive actions for supporting the long-term financing needs of small and medium-size enterprises are also outlined in the G20/OECD report. Common effective approaches include designing flexible regulatory regimes governing institutional investors; offering an array of tailored assistance measures (e.g. expert advice, training programs and consulting); providing guarantees on loans to small businesses and/or preferential tax rates for small businesses. Innovative effective approaches include establishing a public investment fund; establishing special vehicles to provide tax concessions for registered venture capital funds; offering exemptions on capital gains on qualified small business; and simplifying the legal framework governing commercial paper.¹⁶⁸

Thus, to achieve full compliance with this commitment the G20 member must take actions to both improve market and regulatory conditions for institutional investors, including those supporting the long-term financing needs of small and medium-sized enterprises (SMEs).

¹⁶⁷ Report on Effective Approaches to Support Implementation of the G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors, OECD (Paris) 2014. Date of Access: 3 April 2015. <https://g20.org/wp-content/uploads/2014/12/7.1%20G20-OECD%20Report%20on%20Effective%20Approaches%20to%20Support%20Implementation%20of%20the%20G20-OECD%20High-Level%20Principles.pdf>

¹⁶⁸ Report on Effective Approaches to Support Implementation of the G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors, OECD (Paris) 2014. Date of Access: 3 April 2015. <https://g20.org/wp-content/uploads/2014/12/7.1%20G20-OECD%20Report%20on%20Effective%20Approaches%20to%20Support%20Implementation%20of%20the%20G20-OECD%20High-Level%20Principles.pdf>

Scoring Guidelines

-1	Member takes no steps to facilitate long-term financing from institutional investors.
0	Member takes steps to facilitate long-term financing from institutional investors that do not directly address the financial needs of SMEs.
+1	Member takes steps to facilitate long-term financing from institutional investors, including those that address SMEs financial needs.

Lead Analyst: Justice M. Durland

Argentina: -1

Argentina has not complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 3 September 2014, Argentina's Poverty Reduction Program took steps to strengthen the awareness for the policy and assistance and how it works for SMEs.¹⁶⁹ However, the program primarily targeted employment rather than access to credit for SMEs.

On 30 October 2014, Argentina's congress approved a new hydrocarbons law to establish a fresh regulatory framework intended to accelerate investment in the country's shale resources. The law aimed to simplify investment standards and streamline processes for the oil industry.¹⁷⁰

On 4 February 2015, Argentina took steps to increase foreign investment following the signing of a package of 22 agreements with Chinese leader Xi Jinping.¹⁷¹ These agreements have since then proceeded to build on previous progress made on previous restrictions placed on hydrocarbon and energy investment.

Argentina has failed to take action to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Argentina is awarded a score of -1.

Analyst: Christopher Villegas-Cbo

Australia: +1

Australia has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 8 October 2014, Australia's Export Finance and Insurance Corporation (Efic) will be refocused to increase its capacity to finance small and medium-sized businesses seeking to capitalize on global trade opportunities.¹⁷²

¹⁶⁹ Employment Plan 2014 Argentina, G20 (Cancún) December 2014. Date of Access: 15 March 2015. https://g20.org/wp-content/uploads/2014/12/g20_employment_plan_argentina-.pdf

¹⁷⁰ Why Investors Shouldn't Overlook Argentina's Energy Reforms, Oil Price 30 October 2014. Date of Access: 15 March 2015. <http://oilprice.com/Energy/General/Why-Investors-Shouldnt-Overlook-Argentinas-Energy-Reforms.html>

¹⁷¹ Argentina Moves Towards Marriage of Convenience with China, IPS News (Buenos Aires) 23 February 2015. Date of Access: 1 March 2015. <http://www.ipsnews.net/2015/02/argentina-moves-towards-marriage-of-convenience-with-china/>

¹⁷² Efics Renewed Focus on SMEs to Boost Jobs and Growth, Australian Government (Canberra) 9 October 2014. Date of Access: 15 March 2015. <http://www.efic.gov.au/news-room/latest-news/2014/october/efics-renewed-focus-on-smes-to-boost-jobs-and-growth/>

On 6 December 2014, Government Affairs and Public Policy released a report entitled “A Deregulation Plan for Australian SMEs.” This report contributes to ongoing efforts by the Australian government to make financing for SMEs more accessible.¹⁷³

On 4 February 2015, the NSW government launched Australia’s first Social Impact Investment Policy as part of a bold new approach to providing long-term social and economic benefits.¹⁷⁴

Australia has taken steps to support long-term financing particularly for SMEs. Thus, Australia is awarded a score of +1.

Analyst: Jose Isla

Brazil: -1

Brazil has not complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 17 February 2015, Brazilian minister of communication, Mr. Ricardo Berzoini announced the creation of synergies between the public and private sector regarding broadband, he said with the intention to “create an environment where companies can invest larger sums of money and get medium and long-term paybacks.”¹⁷⁵

On 24 February 2015, Moody’s cut the rating of Petrobras, a semi-public multinational energy corporation, to Ba2, two levels below investment grade, reflecting concerns over ongoing corruption scandals and liquidity pressures. This downgrade is a red flag, since most large institutional investors are only able to put money into investment grade securities.¹⁷⁶

On 26 February 2015, the Presidential Palace announced an immediate squeeze on federal spending until the end of April, which effects government work projects such as the Belo Monte hydroelectric dam.¹⁷⁷

Brazil has taken no actions to facilitate long-term investment from institutional investors, particularly for SMEs. Thus, Brazil is awarded a score of -1.

Analyst: Jose Isla

Canada: +1

Canada has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

¹⁷³ Deregulation Plan for Australian SMEs, Australian Government Affairs and Public Policy (Canberra) December 2014. Date of Access: 15 March 2015. <http://business.nab.com.au/wp-content/uploads/2014/12/nabs-deregulation-plan-for-australian-smes-december-2014-pdf.pdf>

¹⁷⁴ NSW Delivers Australia’s First Social Impact Investment Policy, Media Release, Australian Government (Canberra) 4 February 2015. Date of Access: 15 March 2015. <https://www.nsw.gov.au/media-releases-premier/nsw-delivers-australias-first-social-impact-investment-policy>

¹⁷⁵ Brazilian government promises major broadband investment, ZD Net 17 February 2015. Date of Access: February 26, 2015. <http://www.zdnet.com/article/brazilian-government-promises-major-broadband-investment/>

¹⁷⁶ Investment atmosphere in Brazil touched by scandal, Bloomberg 24 February 2015. Date of Access: February 26, 2015. <http://www.bloomberg.com/news/articles/2015-02-25/petrobras-downgraded-to-junk-by-moody-s-amid-graft-probe>

¹⁷⁷ Brazil Government Starts Making Cuts, Raise Taxes, Forbes 27 February 2015. Date of Access: 15 March 2015. <http://www.forbes.com/sites/kenrapoza/2015/02/27/brazil-government-starts-making-cuts-raises-taxes/>

On 18 November 2014, Canadian Finance Minister Joe Oliver announced the government of Canada's investment in Kensington Venture Fund as the next step in the government of Canada's Venture Capital Action Plan (VCAP). The government of Canada would contribute CAD53 million alongside CAD107 million from institutional, corporate, and individual investors.¹⁷⁸

On 22 January 2015, Prime Minister Stephen Harper announced the Canadian government's intent to make changes to the Canada Small Business Financing Program to allow more small businesses to apply and will make larger loans available for small business to purchase or improve their land or building.¹⁷⁹

On 30 January 2015, Statistics Canada announced that a comprehensive survey on small and medium-sized enterprises (SMEs) would be released in fall 2015. This survey would provide concrete data in identifying the needs of SMEs and ultimately in "improving the financing and growth of SMEs" in Canada.¹⁸⁰

On 3 February 2015, a spokesperson for Canada's minister of transport confirmed that the government of Canada was leading a major public-private partnership in the construction of the new USD3.65 billion bridge between Windsor and Detroit.¹⁸¹

On 6 February 2015, the government of Canada publicly promoted Canada's stable investment climate. It highlighted that Canada's overall tax on new business investment was the lowest of all G7 members at 17%. This tax rate also fell below the OECD average of 20.2%.¹⁸²

In the 2015-2016 fiscal year, Canada's Small Business Job Credit will take effect. This measure will apply to "EI premiums paid by small businesses" and is "expected to save small employers more than [CAD]550 million over 2015 and 2016."¹⁸³

During the compliance period, Canada has taken steps to facilitate long-term financing particularly for SMEs. Thus, Canada is awarded a score of +1.

Analyst: Elise Belzil

China: +1

China has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 8 November 2014, President Xi announced the establishment of the Silk Road Fund endowed with USD40 billion, jointly sponsored by official foreign exchange reserves, China Investment

¹⁷⁸ Government of Canada Helps to Create Jobs and Growth With Investment in New Venture Capital Fund of Funds, Department of Finance, Government of Canada (Ottawa) 18 November 2014. Date of Access: 10 March 2015.

<http://www.fin.gc.ca/n14/14-163-eng.asp>

¹⁷⁹ <http://www.pm.gc.ca/eng/news/2015/01/22/pm-announces-improved-access-financing-canadian-small-businesses>

¹⁸⁰ Survey on Financing and Growth of Small and Medium Enterprises, Statistics Canada (Ottawa) 30 January 2015. Date of Access: 28 February 2015. <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2941>

¹⁸¹ US, Canada will tap private sector funds to build customs plaza, The Wall Street Journal (New York) 3 February 2015. Date of Access: 28 February 2015. <http://www.wsj.com/articles/u-s-canada-will-tap-private-sector-funds-to-build-customs-plaza-1423014158>.

¹⁸² Why Invest in Canada?, The Canadian Trade Commissioner Service (Ottawa) 6 February 2015. Date of Access: 28 February 2015. <http://www.international.gc.ca/investors-investisseurs/avantage-avantage/avantage-avantage.aspx?lang=eng>.

¹⁸³ Backgrounder: The Small Business Job Credit, Department of Finance (Ottawa) 11 September 2014. Date of Access: 28 February 2015. http://www.fin.gc.ca/n14/data/14-120_1-eng.asp.

Corporation, the Export-Import Bank of China, and the China Development Bank. The fund will make medium- and long-term investment in the fields of infrastructure, resource development, and industrial and financial cooperation with a focus on providing financing and investment services along the Silk Road Economic Belt and the 21st Century Maritime Silk Road.¹⁸⁴

On 11 December 2014, leaders in China concluded the three-day Central Economic Work Conference.¹⁸⁵ The conference recognized the importance of emerging industries, service industry, and small and micro businesses.¹⁸⁶

On 23 January 2015, the People's Bank of China (PBC) released the "Notice on Improving the Policy on Credit Policy Supporting Central Bank Lending to Support the Lending to the Agricultural Sector, Rural Areas and Farmers, and Small and Micro Enterprises." The purpose of the notice is to "improve the terms and conditions of agro-supporting and small and micro enterprises supporting central bank lending, to clarify the quantitative and interest rate standards of financial institutions providing agricultural-related and small and micro enterprise loans with funds provided by agro-supporting and small and micro enterprises supporting central bank loans, and to enhance assessment and monitoring of the effect of central bank lending."¹⁸⁷ As a result, the quota of credit policy supporting central bank lending is increased by RMB30 billion for small and micro enterprise financing.¹⁸⁸

On 5 February 2015, the PBC announced a decision to cut the renminbi deposit required reserve ratio for financial institutions by 0.5%. In addition, the PBC cut the reserve ratio for city commercial banks and non-country level rural commercial banks that have met the reduction by an additional 0.5% and cut the required reserve ratio for the Agricultural Development Bank of China by 4%, which will—in part—enhance the capacity of financial institutions to support small and micro enterprises.¹⁸⁹

On 25 February 2015, the State Council extended tax break policies to micro and small businesses. From 2015 to 2017, the annual taxable income threshold for companies eligible for 50% corporate tax cuts will increase from RMB100,000 to RMB200,000. In addition, the council levied the taxes on investment earnings from non-monetary assets in stages, rather than a one-off collection. Finally, the

¹⁸⁴ The Silk Road Fund Enters into Operation, People's Bank of China (Beijing) 26 February 2015. Date of Access: 1 March 2015.

http://www.pbc.gov.cn/publish/english/955/2015/20150226140450640788553/20150226140450640788553_.html.

¹⁸⁵ Highlights of China's Central Economic Work Conference, Xinhua Net News 11 December 2014. Date of Access: 1 March 2014. http://news.xinhuanet.com/english/china/2014-12/11/c_133848763.htm.

¹⁸⁶ 9 Interpretations of China's Central Economic Work Conference in 2014, CCTV.com 12 December 2014. Date of Access: 1 March 2015. <http://english.cntv.cn/2014/12/12/ARTI1418377771846609.shtml>.

¹⁸⁷ The PBC Increases Quota of Credit Policy Supporting Central Bank Lending to Support Agro-Supporting Loans and Lending to Small and Micro Enterprises, People's Bank of China (Beijing) 23 January 2015. Date of Access: 1 March 2015.

http://www.pbc.gov.cn/publish/english/955/2015/20150123152427002639977/20150123152427002639977_.html.

¹⁸⁸ The PBC Increases Quota of Credit Policy Supporting Central Bank Lending to Support Agro-Supporting Loans and Lending to Small and Micro Enterprises, People's Bank of China (Beijing) 23 January 2015. Date of Access: 1 March 2015.

http://www.pbc.gov.cn/publish/english/955/2015/20150123152427002639977/20150123152427002639977_.html.

¹⁸⁹ PBC Decides to Cut Required Reserve Ratio for All Financial Institutions and to Provide Targeted Required Reserve Ratio Cut for Selected Institutions, People's Bank of China (Beijing) 5 February 2015. Date of Access: 1 March 2015.

http://www.pbc.gov.cn/publish/english/955/2015/20150205151908946265667/20150205151908946265667_.html.

unemployment insurance rate will be reduced from 3% to 2%, which will potentially save more than RMB40 billion for businesses and employees annually.¹⁹⁰

On 28 February 2015, the PBC cut the loan interest rate and the deposit interest rate to 5.35% and 2.5% respectively.¹⁹¹ This followed the cuts on 22 November 2014, which reduced RMB benchmark loan interest rate from 6% to 5.6% and cut deposit interest rate for financial institutions from 3% to 2.75%.¹⁹² These interest rate cuts sought to “lower social financing costs and provide a modest monetary environment to facilitate economic restructuring.”¹⁹³

China has taken measures to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, China is awarded a score of +1.

Analyst: Wenjie (Shirley) Wu

France: 0

France has partially complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 24 October 2014, the government published a report entitled “Effort Financier de L’État en Faveur des Petites et Moyennes Entreprises” attached to the 2015 Budget Bill. The report commented on the state of SME financing in France.¹⁹⁴

In January 2015, President François Hollande announced a plan to “lower taxes and spur employment.” This series of tax cuts for businesses is called the “Responsibility Pact.”¹⁹⁵ In the pact, President Hollande promised to “ease payroll taxes by up to [EUR]40 billion by 2017 if businesses would hire more workers.”¹⁹⁶

On 19 February 2015, French Prime Minister Manuel Valls pushed through a new pro-business bill through parliament, by decree. This bill aims to “free up France’s stringent labour rules to invigorate hiring and investment.”¹⁹⁷ The bill also includes over “200 deregulatory measures.”¹⁹⁸

¹⁹⁰ China pledges stronger fiscal policy to address slowdown, CCTV.com 25 February 2015. Date of Access: 1 March 2015. <http://english.cntv.cn/2015/02/25/ARTI1424872073420990.shtml>.

¹⁹¹ China cuts interest rates to lower financing costs, CCTV.com 28 February 2015. Date of Access: 1 March 2015. <http://english.cntv.cn/2015/02/28/ARTI1425122192578487.shtml>.

¹⁹² PBC Decides to Cut RMB Benchmark Loan and Deposit Interest Rates and Expand Interest Rate Floating Range, the People’s Bank of China 22 November 2014. Date of Access: 1 March 2015. http://www.pbc.gov.cn/image_public/UserFiles/english/upload/File/PBCDecidestoCutRMBBenchmarkLoanandDepositRates.pdf.

¹⁹³ China cuts interest rates to lower financing costs, CCTV.com 28 February 2015. Date of Access: 1 March 2015. <http://english.cntv.cn/2015/02/28/ARTI1425122192578487.shtml>.

¹⁹⁴ Effort Financier de L’état en Faveur des Petites et Moyennes Entreprises, Government of France (Paris) 2015. Date of Access: 15 March 2015. http://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2015/pap/pdf/jaunes/jaune2015_PME.pdf

¹⁹⁵ Boost for France as jobless figures fall, The Local (Paris) 26 February 2015. Date of Access: 28 February 2015. <http://www.thelocal.fr/20150226/boost-for-france-as-jobless-figures-fall>.

¹⁹⁶ French Government survives no confidence vote, France 24 (Paris) 20 February 2015. Date of Access: 28 February 2015. <http://www.france24.com/en/20150219-valls-macron-france-economic-reform-no-confidence-vote-national-assembly/>.

¹⁹⁷ French PM forces pro-business bill through Parliament, France 24 (Paris) 19 February 2015. Date of Access: 28 February 2015. <http://www.france24.com/en/20150217-france-macron-bill-pro-business/>.

France has taken actions to facilitate long-term financing from institutional investors, but not particularly for SMEs. Thus, France is awarded a score of 0.

Analyst: Elise Belzil

Germany: +1

Germany has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 11 November 2014, the German government announced reductions in bureaucratic influence for small to medium-sized enterprises in their Annual Financial Report. Their 21 initiatives included change on “tax and accounting law, on relief for start-ups and young entrepreneurs, and on reducing obligations to provide statistics and information ... [and] the principle of ‘one in, one out’ by 30 June 2015, so that in future any new regulations are balanced by a pruning of the same amount of bureaucracy.”¹⁹⁹

On 25 November 2014, Germany hosted the first European Family Business Summit.²⁰⁰ The Summit focused on “global challenges faced by companies in Germany and Europe.”²⁰¹ The Stability and Growth Pact fell within this focus, and it stressed growth through “sound budgetary management when pro-competitive structural reforms are carried out.”²⁰²

On 25 November 2014, German Chancellor Angela Merkel referred to funds set aside in the German budget for new investments, specifying EUR7 billion at the moment with EUR10 billion euros added by the end of 2018.²⁰³

On 17 December 2014, Germany proposed 58 projects worth EUR89 billion euros for infrastructure projects in “digital infrastructure, energy, transport, social infrastructure, and the environment.”²⁰⁴ Germany has consistently referred to investment in digital infrastructure as a form of investment for

¹⁹⁸ Events throw France’s Hollande a lifebuoy, BBC News (Paris) 14 February 2015. Date of Access: 28 February 2015. <http://www.bbc.com/news/blogs-eu-31461815>.

¹⁹⁹ 2015 Annual Economic Report: Investing in Germany and Europe’s future, Federal Ministry of Economic Affairs and Energy (Berlin) 28 January 2015. Date of Access: 16 February 2015.

<http://www.bmwi.de/English/Redaktion/Pdf/jahreswirtschaftsbericht-2015-englische-zusammenfassung,property=pdf,bereich=bmwi2012,sprache=en,rwb=true.pdf>

²⁰⁰ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Date of Access: 16 February 2015.

http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁰¹ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Date of Access: 16 February 2015.

http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁰² Investing in Germany, The Federal Government (Berlin) 25 November 2014. Date of Access: 16 February 2015.

http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁰³ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Date of Access: 16 February 2015.

http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁰⁴ Investment fund to come, The Federal Government (Berlin) 19 December 2014. Date of Access: 16 February 2015.

<http://www.bundesregierung.de/Content/EN/Reiseberichte/2014/2014-12-17-er-bruessel-dezember.html?nn=709674>

the operation of small to medium-sized enterprises,²⁰⁵ emphasizing the importance of the Digital Agenda 2014-2017 as an initiative to further investment opportunities.²⁰⁶

On 15 February 2015, the Ministry for Economic Affairs and Energy announced plans to establish funds from public-private partnerships in which cross-community construction projects could be bundled.”²⁰⁷ According to Transport Minister Alexander Dobrindt, “We want a state organisation that can make use of private financing. Public-private construction partnerships are more economic...projects in the magnitude of EUR15 billion.”²⁰⁸

During the compliance period, Germany has taken actions to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Germany is awarded a score of +1.

Analyst: Eimi Harris

India: +1

India has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 28 February 2015, in the Union Budget, the Indian government and the Ministry of Finance have created the “Make in India” initiative; which is allocating INR20,000 to the SME sector (up from the INR10,000 in 2014).²⁰⁹ The initiative eases regulations so that it is easy for people to invest and become involved in the SME industry as well as providing access to cheap credit, use of technology and a stringent policy framework.²¹⁰

On 1 March 2015, the Indian government announced it would set up the Micro Units Development Refinance Agency Bank “to finance the setting up of small and micro units and thereby encourage entrepreneurship among SC/STs [scheduled castes/scheduled tribes] and OBCs [other backward classes].”²¹¹ The bank would have a corpus of INR20,000 and a credit guarantee corpus of INR3,000.

²⁰⁵ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Date of Access: 16 February 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁰⁶ 2015 Annual Economic Report: Investing in Germany and Europe’s future, Federal Ministry of Economic Affairs and Energy (Berlin) 28 January 2015. Date of Access: 16 February 2015. <http://www.bmwi.de/English/Redaktion/Pdf/jahreswirtschaftsbericht-2015-englische-zusammenfassung,property=pdf,bereich=bmwi2012,sprache=en,rwb=true.pdf>

²⁰⁷ Germany eyes part-privatization for infrastructure projects - paper, Euronews (Berlin) 15 February 2015. Date of Access: 16 February 2015. <http://www.euronews.com/business-newswires/2939756-germany-eyes-part-privatisation-for-infrastructure-projects-paper/>

²⁰⁸ Germany eyes part-privatization for infrastructure projects - paper, Euronews (Berlin) 15 February 2015. Date of Access: 16 February 2015. <http://www.euronews.com/business-newswires/2939756-germany-eyes-part-privatisation-for-infrastructure-projects-paper/>

²⁰⁹ Government allocates 20,000 Rupees to SMC sector, Money Control (New Delhi) 28 February 2015. Date of Access: 28 February 2015. http://www.moneycontrol.com/news/economy/union-budget-2015-govt-allocates-rs-20000-cr-to-boost-smes-via-mudra-bank_1315834.html

²¹⁰ Micro, Small and Medium Enterprises, Reserve Bank of India (New Delhi) 26 September 2013. Date of Access: 27 February 2015. <http://www.rbi.org.in/commonman/english/scripts/FAQs.aspx?Id=966>

²¹¹ Banking on Mudra for SMEs, The Financial Express (New Delhi) 1 March 2015. Date of Access: 10 March 2015. <http://indianexpress.com/article/business/budget/banking-on-mudra-for-smes/>

India has taken action to facilitate long-term financing particularly for SMEs. Thus, India is awarded a score of +1.

Analyst: Lukas Weese

Indonesia: 0

Indonesia has partially complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 17 November 2014, Indonesian President Joko Widodo announced plans to raise the government-subsidized petrol price by more than 30%. Subsidies for imported fuel currently cost 13% of the government's budget. Widodo said that savings from cutting the petrol subsidy could be spent on key infrastructure projects such as roads and ports.²¹²

On 21 November 2014, President Joko Widodo announced plans to change the body of the Investment Coordinating Board (BKPM) to improve and facilitate services for investors to invest more in Indonesia.²¹³

On 7 December 2014, Indonesian President Joko Widodo outlined general plans to lower the country's investment barriers and streamline the bureaucracy. Widodo said he had directed government officials to investigate, on a case-by-case basis, incentives such as offers of tax holidays to attract investment.²¹⁴

On 15 January 2015, Indonesia's Investment and Coordinating Board piloted a one-stop business licensing service to reducing administrative burdens and simplifying bureaucratic procedures.²¹⁵

Indonesia has taken measures to facilitate long-term financing from institutional investors, but not particularly for SMEs. Thus, Indonesia is awarded a score of 0.

Analyst: James Flynn

Italy: +1

Italy has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 14 October 2014, a *Deutsche Bank Research* found that SME financing has increased, especially for micro enterprises.²¹⁶ Italy has created financial instruments such as minibonds, which pool together SME bonds and sell them into capital markets.²¹⁷

²¹² Joko Widodo raises Indonesia's subsidised petrol price, Financial Times 17 November 2014. Date of Access: 26 February 2015. <http://www.ft.com/cms/s/0/f8b84820-6e73-11e4-afe5-00144feabdc0.html>

²¹³ Jokowi Akan Rombak Total BKPM, CNN Indonesia (Jakarta) 21 November 2014. Date of Access: 10 March 2015. <http://www.cnnindonesia.com/ekonomi/20141121065740-92-12908/jokowi-akan-rombak-total-bkpm/>

²¹⁴ Indonesian President Joko Widodo Pledges to Cut Investment Barriers, Wall Street Journal 7 December 2014. Date of Access: 26 February 2015. <http://www.wsj.com/articles/indonesian-leader-joko-widodo-pledges-to-cut-investment-barriers-1417988251#livefyre-comment>

²¹⁵ Indonesia Looks to Foreign Investment to Boost Economy, ASEAN Briefing 19 January 2015. Date of Access: 26 February 2015. <http://www.aseanbriefing.com/news/2015/01/19/indonesia-looks-foreign-investment-boost-economy.html>

²¹⁶ SME Financing in the Euro Area, Deutsche Bank Research (Frankfurt) 14 October 2014. Date of Access: February 25, 2015. https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000344173/SME+financing+in+the+euro+area%3A+New+solutions+to+an+old+problem.PDF

On 7 January 2015, reports indicated that guaranteed credit and support to innovative small- and medium-sized businesses were going to be the two pillars of the government's new economic growth plan. The bill will include the new reforms of the state's SME Guarantee Fund. The reforms included a packet of deregulation and aid for competitive small business, specific regulations about alternative sources of funding, and a review of the rules aimed to attract foreign capital.²¹⁸

On 9 February 2015, the Italian Economy Minister Pier Carlo Padoan called for Europe to take bolder steps in "boosting investment and [taking] policy steps that encourage private sector spending particularly in infrastructure."²¹⁹

On 12 February 2015, the Italian government amended a measure that allowed listed companies to introduce "loyalty shares." The amendment stated that companies must have a two-thirds majority to introduce the mechanism, the result being that minority investors are more likely to get a say. This is a positive sign for institutional investors.²²⁰

Italy has taken action to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Italy is awarded a score of +1.

Analyst: Lukas Weese

Japan: +1

Japan has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 31 October 2014, the Government Pension Investment Fund (GPIF) announced policy changes designed to boost domestic investment and improve returns. Specifically, the GPIF reduced the basic asset allocation target for domestic bonds from 60% to 35% and increased the domestic stocks allocation from 12% to 25%. In addition, the allocation to foreign bonds and foreign stocks has increased to 15% and 25% respectively.

On 9 January 2015, the Prime Minister's cabinet endorsed a JPY3.12 trillion package to revive domestic demand. Of this package, JPY247.1 billion will be used to support farmers, small firms and transport companies.²²¹

On 4 February 2015, the Ministry of Economy, Trade and Industry (METI) developed guidelines for small and medium-sized service businesses to improve the productivity. The guidelines outline eight

²¹⁷ Italian SMEs bypass banks with securitization product, Reuters (New York) 9 July 2014. Date of Access: February 25, 2015. <http://www.reuters.com/article/2014/07/09/idUSL6N0PJ47920140709>

²¹⁸ A preview of the new "industrial compact" for SMEs, Italy 24 (Rome) 7 January 2015. Date of Access: 15 March 2015.

<http://www.italy24.ilsole24ore.com/art/government-policies/2015-01-06/cabinet-ready-to-introduce-new-guaranteed-credit-to-support-smes-growth--125620.php?uuiid=ABC9kQZC>

²¹⁹ Italy's Padoan says Europe should be bolder in boosting investments, Reuters Canada 12 February 2015. Date of Access: 15 March 2015.

<http://ca.reuters.com/article/topNews/idCAKBN0LDOTE20150209>

²²⁰ Italian government backtracks loyalty shares, Campden FB 12 February 2015. Date of Access: 15 March 2015.

<http://www.campdenfb.com/article/italian-government-back-tracks-loyalty-shares>

²²¹ Cabinet rubber stamps JPY3.12 trillion extra budget, the Japan Times (Tokyo) 10 January 2015. Date of Access: 1 March 2015. http://www.japantimes.co.jp/news/2015/01/10/business/economy-business/cabinet-rubber-stamps-%C2%A53-12-trillion-extra-budget/#.VPPHf_nF9sj.

approaches for value-creation and innovation, as well as two approaches for improving efficiency. In addition, SMEs that follow these guidelines are eligible for financial support from METI.²²²

Japan has taken steps to support long-term financing from institution investors by reforming the GPIF and particularly for SMEs through numerous initiatives. Thus, Japan is awarded a score of +1.

Analyst: Wenjie (Shirley) Wu

Korea: +1

Korea has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 17 November 2014, the Financial Supervisory Service (FSS) announced a new lending model for SMEs based on long-term relationships from 24 November 2014 onwards. The model “involves extending long-term loans, making equity investment and offering consulting services based on the general assessment of qualitative information” related to SMEs’ operations by banks, and would be pushed for adoption by banks by the FSS.²²³

On 22 December 2014, the Ministry of Finance unveiled its strategic policy plans for 2015, centred on structural reforms to improve Korea’s economy. These included policies to permit creation of large investment funds; reform financial regulation; reform foreign exchange rules; strengthen shareholder rights and raise dividend payments; establish a KRW30 trillion investment scheme and expand research and development tax breaks for SMEs; reduce unfair trading practices that discourage foreign investment; and build SME competitiveness through incentives and tax benefits.²²⁴

On 28 December 2014, the government announced removal of “114 administrative rules cited by local companies for hindering businesses,” with all changes to be completed within the first half of 2015 in order to spur business development.²²⁵

On 4 January 2015, the government announced it would provide a two-year extension for the existing tax deduction for companies purchasing industrial land, or newly establishing or expanding industrial plants in order to encourage companies to expand and spur investment.²²⁶

²²² METI has Developed Guidelines for Small and Medium-sized Service Businesses to Improve the Productivity, Ministry of Economy, Trade and Industry (Tokyo) 4 February 2015. Date of Access: 1 March 2015.
http://www.meti.go.jp/english/press/2015/0204_01.html.

²²³ Relationship-Based Lending to SMEs, Financial Supervisory Service (Seoul) 17 November 2014. Date of Access: 28 February 2015.
<http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1416187369095&num=914&color=green>

²²⁴ 2015 economic policy - gist, Yonhap News Agency (Seoul) 22 December 2014. Date of Access: 28 February 2015.
<http://english.yonhapnews.co.kr/business/2014/12/19/17/0502000000AEN20141219000900320F.html>

²²⁵ Gov't to ax red tape hampering businesses, Invest Korea (Seoul) 31 December 2014. Date of Access: 28 February 2015.
http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=412310003&sort_num=1643&l_unit=90202&m_unit=&s_unit=

²²⁶ 2-Yr Extension for Tax Deduction on Industrial Complexes, Invest Korea (Seoul) 15 January 2015. Date of Access: 28 February 2015.
http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=501150007&sort_num=1655&l_unit=90202&m_unit=&s_unit=

On 7 January 2015, President Park Geun-hye reaffirmed the government's previously stated commitment to reform Korea's past export-oriented economic model based on large conglomerates. In addition to public sector reforms and policies targeting innovation, the government aims to target SMEs to boost growth and domestic demand, "[pledging] particular support to five integral services sectors—namely health and medical care, tourism, finance, education and software."²²⁷

On 19 January 2015, the government announced it would invest KRW100 trillion in new growth industries, providing technology financing through the establishment of 'finance zones' for creative economy innovation centres to support innovative start-ups and SMEs nationwide.²²⁸

On 28 January 2015, the government-run Korean Development Bank (KDB) announced plans to extend KRW63 trillion to domestic companies in 2015 to foster investment and to support the government's stimulus drive and economic policies. KRW34.9 trillion will support SMEs, with an additional KRW10.5 trillion of the total planned to support financing of venture firms and start-ups. In addition, KDB aims to invest KRW15 trillion to spur investment in (long-term) major infrastructure projects, as well as technology companies "with high growth potential."²²⁹

On 29 January 2015, the Ministry of Oceans and Fisheries announced the 2015 plan to "expand financial investment in core infrastructure, including (shipping) ports and fishing ports," by investing KRW1.3 trillion in port infrastructure facilities. As well, the ministry plans to "attract private investment of KRW3 trillion for offshore plants and ship repair by 2020."²³⁰

Korea has made efforts to facilitate long-term financing by improving market and regulatory conditions for institutional investors and spurring investment opportunities, particularly for SMEs. Thus, Korea is awarded a score of +1.

Analyst: Adam Barrett

Mexico: -1

Mexico has failed to comply with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 2 December 2014, the Business Coordinating Council (CCE) proposed that the federal government take steps to accelerate economic recovery, since Mexico's economic growth has been moderate.²³¹

²²⁷ Government emphasizes role of private sector in GDP growth, Economist Intelligence Unit (London) 14 January 2015. Date of Access: 28 February 2015.

<http://country.eiu.com/article.aspx?articleid=721424056&Country=South%20Korea&topic=Economy>

²²⁸ Govt. Invests KRW 100 Tn in New Growth Industries, Invest Korea (Seoul) 19 January 2015. Date of Access: 28 February 2015.

http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=501190002&sort_num=1658&l_unit=90202&m_unit=&s_unit=

²²⁹ State-run lender KDB eyes 63 tln won in financing for local firms this year, Yonhap News Agency (Seoul) 28 January 2015. Date of Access: 27 February 2015.

<http://english.yonhapnews.co.kr/news/2015/01/28/63/0200000000AEN20150128005100320F.html>

²³⁰ Govt. Expands Private Investment in Port Infrastructure Facilities, Invest Korea (Seoul) 4 February 2015. Date of Access: 28 February 2015.

http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=502040004&sort_num=1670&l_unit=90202&m_unit=&s_unit=

²³¹ Proyecto reformador requiere políticas de corto plazo: CCE, Eleconomista 2 December 2014. Date of Access: 15 March 2014. <http://eleconomista.com.mx/industrias/2014/12/02/proyecto-reformador-requiere-politicas-corto-plazo-cce>

On 25 February 2015, the parliamentary group in the Congress of Deputies presented a draft resolution to the debate on the State of the Nation that urges the government to continue to improve and diversify funding channels for enterprises, especially for SMEs.²³²

Mexico has failed to take action to facilitate long-term investment from institutional investors, particularly for SMEs. Thus, Mexico is awarded a score of -1.

Analyst: Christopher Villegas-Cho

Russia: +1

Russia has fully complied with the commitment on investment.

On 25 March 2015, Russian Prime Minister Dmitry Medvedev ordered to introduce a draft law on special tax regimes for small business to the State Duma. The law is aimed at stimulating the development of small and medium-sized enterprises (SMEs) by reducing financial and administrative costs through establishing special tax regimes at the level of regions and municipalities.²³³

On 28 March 2015, Medvedev signed an executive order on allocation of subsidies to the regions to support small and medium business in 2015. Subsidies of RUB16.9 billion will be granted to the subjects of the Russian Federation to facilitate the creation of new and support of existing innovative SMEs.²³⁴

On 28 April 2015, Russian President Vladimir Putin instructed the government to draft an executive order on the creation of a single institution responsible for the development of SMEs in Russia on the basis of the Agency for Credit Guarantees and Russian Bank for Small and Medium Business Support. The new institution will “provide financial, legal, methodological and other support to small and medium-sized businesses.”²³⁵

During the compliance period Russia has taken steps to facilitate long-term financing from institutional investors that address SMEs’ financial needs. Thus, it is awarded a score of +1.

Analyst: Andrey Shelepon

Saudi Arabia: -1

Saudi Arabia has not complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 25 February 2015, Bloomberg reported lending under Saudi Arabia’s SME Loan Guarantee Program, known as Kafalah, plunged 76% to SAR572 million last year as banks tightened rules

²³² Debate nación. el pp pide al gobierno mejorar la financiación a pymes y hacer más flexible el acceso al crédito 15 February 2015. Date of Access: 15 March 2015.

<http://www.eleconomista.es/economia/noticias/6506473/02/15/Debate-nacion-el-pp-pide-al-gobierno-mejorar-la-financiacion-a-pymes-y-hacer-mas-flexible-el-acceso-al-credito.html#.Kku8mYOiWImY7eF>

²³³ A draft law on special tax regimes for small business was introduced to the State Duma, Federal Web Portal for Small and Medium Sized Enterprises 27 March 2015. Access date: 14 May 2015.

<http://en.smb.gov.ru/sme/news/260.html>.

²³⁴ Government of the Russian Federation allocated nearly 17 billion rubles to support small business, Federal Web Portal for Small and Medium Sized Enterprises 3 April 2015. Access date: 14 May 2015.

<http://en.smb.gov.ru/sme/news/262.html>.

²³⁵ Instructions following State Council meeting, President of Russia 28 April 2015. Access date: 14 May 2015.

<http://en.kremlin.ru/events/state-council/49354>.

(according to data from the Saudi Industrial Development Fund). Al-Hazmi, co-founder of Riyadh-based Supply & Logistics Solutions stated that “banks are not lending to any start-ups without providing annual financial statements audited by licensed entities in Saudi Arabia” The current arrangement makes it difficult for small and medium enterprises to receive public financing.²³⁶

Saudi Arabia has not taken action to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Saudi Arabia is awarded a score of -1.

Analyst: Mason Nowak

South Africa: 0

South Africa has partially complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 4 November 2014, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the 12th report on G20 policy and investment-related measures. This report covered the period between 16 May 2014 and 15 October 2014. South Africa did not report investment policy measures related or unrelated to foreign direct investment during this period.²³⁷

On 10 February 2015, Mineral Resource Minister Ngoako Ramatlhodi announced that South Africa is committed to expanding its mining industry. “South Africa is ready for investment,” Ramatlhodi told the conference. “We are leaving no stone unturned in providing a stable environment for investment.”²³⁸

On 13 February 2015, President Jacob Zuma delivered the State of the Nation Address. Zuma said, “To prevent corruption and promote ethical governance, in December I signed into law the Public Administration and Management Act which among others prohibits public servants from doing business with the State.” Zuma said government has in place seven anti-corruption institutions and 17 pieces of legislation that are intended to combat corruption.²³⁹

On 25 February 2015, South African Finance Minister Nhlanhla Nene told Parliament during his 2015 budget speech that a new tax regime has been proposed for businesses with a turnover below ZAR1 million a year. Qualifying businesses with a turnover of less than ZAR335,000 a year will pay no tax. The maximum tax rate has also been reduced from 6% to 3%.²⁴⁰

South Africa has taken actions to facilitate long-term financing from institutional investors, but not particularly for SMEs. Thus, South Africa is awarded a score of 0.

²³⁶ Saudi Banks Pull Welcome Mat From Startups Seeking Loans, Bloomberg, 25 February 2015. Date of Access: 28 February 2015. <http://www.bloomberg.com/news/articles/2015-02-26/saudi-banks-pull-welcome-mat-for-smes-seeking-loans-arab-credit>

²³⁷ UNCTAD-OECD Twelfth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 4 November 2014, Access Date: 20 February 2015. http://unctad.org/en/PublicationsLibrary/unctad_oecd2014d12_en.pdf

²³⁸ South Africa is ready for investment, says Ramatlhodi, South Africa Info (Cape Town) 10 February 2015. Date of Access: 20 February 2015. <http://www.southafrica.info/news/mining-indaba-100215.htm#VPILUUI-A6U>

²³⁹ We will move forward, Zuma tells South Africa, South Africa Info (Cape Town) 13 February 2015. Date of Access: 20 February 2015. <http://www.southafrica.info/news/sona-130215.htm#VPILbpl-A6U#ixzz3T4TeKqdh>

²⁴⁰ Budget 2015: People’s Guide, National Treasury (Cape Town) 25 February 2015. Date of Access: 26 February 2015. <http://www.treasury.gov.za/documents/national%20budget/2015/guides/2015%20People's%20Guide%20-%20English.pdf>

Turkey: +1

Turkey has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

Between 15-16 December 2014, Turkey hosted the European Business Angels Investment Forum, organized by the European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN).²⁴¹ The Forum brings together SMEs, private institutions and government bodies to discuss SMEs' access to funds.

On 30 January 2015, Prime Minister Ahmet Davutoğlu announced initiatives to support SMEs, including the provision of TRY150,000 to each business to help expand overseas. Additionally, the Turkish SME Development Agency (KOSGEB) will increase incentives for research and development for SMEs by 50%.²⁴²

During the compliance period, Turkey took actions to facilitate long-term financing particularly for SMEs. Thus, Turkey is awarded a score of +1.

Analyst: Eimi Harris

United Kingdom: +1

The United Kingdom has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 21 November 2014, the UK hosted the UK Investment Summit 2014, an international summit in Wales bringing together global investors, business leaders, and senior government officials to showcase UK investment opportunities.²⁴³

On 2 December 2014, the Bank of England and Her Majesty's Treasury jointly announced a one-year extension for the ongoing Funding for Lending Scheme, which subsidizes lending to SMEs by institutional lenders. The scheme supports inexpensive lending to SMEs by offsetting the costs of lending and further incentivizes lending by allowing participants to draw GBP5 for every GBP1 lent to SMEs for business development.²⁴⁴

On 3 December 2014, HM Treasury unveiled the Autumn Statement, a comprehensive statement of the implementation of existing economic policies and an outline of planned policies. The statement indicated that the government had success in past policies, including the reduction of tax and regulatory burdens for businesses, increased infrastructure investment and attracting investment to the UK. The statement indicated planned policies to work with the private sector on its National Infrastructure Plan 2014 for long-term infrastructure investment; extend the doubling of the Small

²⁴¹ European Business Angels Investment Forum to be held in Turkey this year, Daily Sabah (Istanbul) 15 December 2014. Date of Access: 28 February 2015. <http://www.dailysabah.com/money/2014/12/15/european-business-angels-investment-forum-to-be-held-in-turkey-this-year>

²⁴² Government issues five pieces of good news to SMEs, Daily Sabah (Istanbul) 30 January 2015. Date of Access: 28 February 2015. <http://www.dailysabah.com/money/2015/01/30/govt-issues-five-pieces-of-good-news-to-smes>

²⁴³ UK Investment Summit Wales 2014, UK Trade & Investment (London) 21 November 2014. Date of Access: 27 February 2015. <https://www.gov.uk/government/news/uk-investment-summit-2014>

²⁴⁴ Funding for Lending Scheme: Bank of England and HM Treasury announce extension, HM Treasury (London) 2 December 2014. Date of Access: 27 February 2015. <https://www.gov.uk/government/news/funding-for-lending-scheme-bank-of-england-and-hm-treasury-announce-extension>

Business (Tax) Rate Relief program to April 2016; support venture capital through the GBP400 million British Business Bank Enterprise Capital Funds Programme; and take measures to improve access to finance (particularly for SMEs) and encourage innovative financial products.²⁴⁵ While this only outlines intended, not implemented, policies so far it reflects a commitment for the government to make pro-investment policies.

On 10 February 2015, Prime Minister David Cameron announced the “Help to Grow” pilot scheme by the British Business Bank. The GBP100 million scheme aims to allow fast-growing SMEs realize their potential by providing growth financing through private sector delivery partners.²⁴⁶

On 12 February 2015, the Infrastructure Act became law. The act includes various provisions targeting infrastructure investment in the UK, including the creation of Highways England, a government-owned company for roadway development with long-term funding, and programs to give local people the right to buy a stake in renewable energy projects, and reducing regulation for nationally significant infrastructure projects to boost investment.

On 18 February 2015, Trade Minister Lord Livingston announced that the government would sign five-year contracts with private, locally based providers to deliver export support to businesses to enable more businesses to export, in particular SMEs.²⁴⁷

On 25 February 2015, the government announced achievement of the goal to direct 25% of procurement spending to SMEs, reaching 26.1% or GBP11.4 billion.

On 26 February 2015, the Public Procurement Regulations 2015 came into force as law, enacting policies making government procurement more transparent and accessible, particularly for SMEs.^{248,249}

The UK has made efforts to facilitate long-term financing by improving market and regulatory conditions for institutional investors, particularly for SMEs. Thus, the UK is awarded a score of +1.

Analyst: Adam Barrett

United States: +1

The United States has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 18 November 2014, the Obama administration announced registration opened for the 2015 SelectUSA Investment Summit, to take place from 23-25 March 2015. The summit aims to “bring

²⁴⁵ Autumn Statement: documents, HM Treasury (London) 3 December 2014. Date of Access: 27 February 2015. <https://www.gov.uk/government/publications/autumn-statement-documents>

²⁴⁶ Prime Minister announces British Business Bank ‘HELP TO GROW’ scheme, British Business Bank (London) 10 February 2015. Date of Access: 27 February 2015. <http://british-business-bank.co.uk/prime-minister-announces-british-business-bank-help-to-grow-scheme/>

²⁴⁷ Long term export support confirmed for small and medium sized firms, UK Trade & Investment (London) 18 February 2015. Date of Access: 27 February 2015. <https://www.gov.uk/government/news/long-term-export-support-confirmed-for-small-and-medium-sized-firms>

²⁴⁸ Government spends £11.4 billion with SMEs, Cabinet Office (London) 25 February 2015. Date of Access: 27 February 2015. <https://www.gov.uk/government/news/government-spends-114-billion-with-smes>

²⁴⁹ Procurement Policy Note 03/15: reforms to make public procurement more accessible to SMEs, Cabinet Office (London) 18 February 2015. Date of Access: 27 February 2015. <https://www.gov.uk/government/publications/procurement-policy-note-0315-reforms-to-make-public-procurement-more-accessible-to-smes>

together investors from all over the world, economic development organizations from every corner of the United States, high-level government officials, and others ... to facilitate investment in the United States.”²⁵⁰

On 16 January 2015, the Obama administration announced an expansion of the Build America Investment Initiative to increase long-term infrastructure investment in the US. The expansion includes: the creation of a new Water Finance Center at the Environmental Protection Agency, a new Rural Opportunity Investment Initiative run through the Department of Agriculture, the creation of Qualified Public Infrastructure Bonds to leverage private capital, the creation of various infrastructure projects by the Department of Transportation, and steps to attract investment through the SelectUSA investment program.²⁵¹

On 27 January 2015, the Small Business Administration (SBA) announced that its Impact Investment Fund of the Small Business Investment Company (SBIC) program had tripled over the past year. The SBA “began 2014 with two Impact SBICs managing USD182 million and ended the year with six Impact SBICs collectively managing between USD442 million and USD572 million in total assets depending on the amount of credit guarantees approved and employed.” Moreover, by making the Impact Investment Fund a permanent feature of the SBIC program in the latter part of the year and by lifting existing restrictions on member institutions and membership requirements, it became more effective.²⁵²

On 2 February 2015, the Department of the Treasury released its Tax Revenue Proposals for Fiscal Year 2016, which included various provisions aimed at: simplifying the Tax Code and reducing evasion, providing tax relief and simplification for small businesses, providing incentives in areas such as manufacturing and research, providing incentives for investment in infrastructure, and improving and streamlining tax administration.²⁵³

On 3 February 2015, the SBA expanded its American Supplier Initiative, announcing ‘matchmaking events’ to provide small businesses with tools and resources to allow them to connect with federal and commercial supply chain opportunities. The initiative aims to address four areas in which SMEs often need help to become suppliers in the private sector: “access to mentorship and counselling services, increased market and revenue opportunities, ready sources of capital to fund their growth, and a highly skilled workforce.”²⁵⁴

²⁵⁰ U.S. Commerce Secretary Penny Pritzker Opens Registration For 2015 SelectUSA Investment Summit, Small Business Administration - Department of Commerce (Washington) 18 November 2014. Date of Access: 27 February 2015. <http://www.commerce.gov/news/press-releases/2014/11/18/us-commerce-secretary-penny-pritzker-opens-registration-2015-selectus>

²⁵¹ FACT SHEET: Increasing Investment in U.S. Roads, Ports and Drinking Water Systems Through Innovative Financing, White House Office of the Press Secretary (Washington) 16 January 2015. Date of Access: 27 February 2015. <http://www.whitehouse.gov/the-press-office/2015/01/16/fact-sheet-increasing-investment-us-roads-ports-and-drinking-water-systems>

²⁵² Impact Investment Fund Grows Threefold, Small Business Administration - Department of Commerce (Washington) 27 January 2015. Date of Access: 27 February 2015. <https://www.sba.gov/content/impact-investment-fund-grows-threefold>

²⁵³ FACT SHEET: Administration's FY2016 Budget Tax Proposals, Department of the Treasury (Washington) 2 February 2015. Date of Access: 27 February 2015. <http://www.treasury.gov/press-center/press-releases/Pages/jl9754.aspx>

²⁵⁴ SBA Announces Expansion of American Supplier Initiative with Matchmaking Events to be held throughout 2015, Small Business Administration - Department of Commerce (Washington) 3 February 2015. Date of Access: 27 February 2015. <https://www.sba.gov/content/sba-announces-expansion-american-supplier-initiative-matchmaking-events-be-held-throughout>

On 11 February 2015, the SBA launched the Leveraging Information and Networks to Access Capital initiative to pair SMEs with appropriate, interested private sector lenders using a free online ‘matchmaking’ system.²⁵⁵

On 23 February 2015, SBA Administrator Maria Contreras-Sweet concluded Memorandums of Understanding with both the National Association of Federal Credit Unions and the National Credit Union Administration to expand lending and access to capital for SMEs by expanding SBA small dollar loans and increasing awareness of such loan programs available through credit unions.^{256,257}

On 24 February 2015, the National Institute of Standards and Technology of the Department of Commerce awarded new cooperative agreements to ten non-profit universities and organizations to manage new Hollings Manufacturing Extension Partnerships (MEP) centres. MEP centres operate as public-private partnerships, channelling federal funding to small and mid-size manufacturers to support growth and innovation, and helping firms “create and retain jobs, increase profits, and save time and money.” This follows the announcement by NIDS in August 2014 to provide awards in these ten states as “the first step in a multi-year effort to update MEP’s funding structure to better match resources with needs.”²⁵⁸

On 19 December 2014, the SBA announced its launch of the 2015 Emerging Leaders Initiative in 48 cities nationwide. The initiative provides business mentorship to upcoming small business leaders, and has trained more than 2,400 promising small business owners in the past.²⁵⁹

The US has maintained its past commitments to programs for facilitating long-term investment, particularly for SMEs, such as the State Small Business Credit Initiative (SSBCI) which extends federal funds to programs that leverage private lending to help finance creditworthy, underfunded small businesses and manufacturers.²⁶⁰

The US has made efforts to facilitate long-term financing by improving market and regulatory conditions for institutional investors and by spurring investment opportunities through means such as public-private partnerships. The US has also made efforts to support long-term financing particularly for SMEs. Thus, the US is awarded a score of +1.

Analyst: Adam Barrett

²⁵⁵ SBA Launches Online Matchmaking for Small Business Loans, Small Business Administration - Department of Commerce (Washington) 11 February 2015. Date of Access: 26 February 2015. <https://www.sba.gov/blogs/sba-launches-online-matchmaking-small-business-loans>

²⁵⁶ SBA and NAFCU Partner to Help Entrepreneurs Gain Access to Capital, Small Business Administration - Department of Commerce (Washington) 23 February 2015. Date of Access: 27 February 2015. <https://www.sba.gov/content/sba-and-nafcu-partner-help-entrepreneurs-gain-access-capital>

²⁵⁷ SBA Partners with NCUA to Expand Small Business Lending Through Credit Unions, Small Business Administration - Department of Commerce (Washington) 23 February 2015. Date of Access: 27 February 2015. <https://www.sba.gov/content/sba-partners-ncua-expand-small-business-lending-through-credit-unions>

²⁵⁸ Commerce's NIST Awards \$26 Million to Support Manufacturing in 10 States, Department of Commerce (Washington) 24 February 2015. Date of Access: 27 February 2015.

<http://www.commerce.gov/blog/2015/02/24/commerces-nist-awards-26-million-support-manufacturing-10-states>

²⁵⁹ SBA Launches 2015 Emerging Leaders Initiative, Small Business Administration - Department of Commerce (Washington) 19 December 2014. Date of Access: 27 February 2015. <https://www.sba.gov/content/sba-launches-2015-emerging-leaders-initiative>

²⁶⁰ State Small Business Credit Initiative (SSBCI), Department of the Treasury (Washington) 5 November 2014. Date of Access: 27 February 2015. <http://www.treasury.gov/resource-center/sb-programs/Pages/ssbci.aspx>

European Union: +1

The European Union has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 25 November 2014, the European Commission unveiled the mechanism for its EUR315 billion investment plan, the Investment Plan for Europe, which is set to launch in September 2015. A EUR21 billion European Fund for Strategic Investments fund is projected to generate EUR240 billion for long-term investments and EUR75 billion for small and medium enterprises between 2015 and 2017.²⁶¹ The fund, which will unlock private and public investment, will provide financing for higher risk strategic projects. The project also includes plans for an assistance program to help direct investment and a roadmap that will remove regulatory bottlenecks and financial barriers.²⁶²

On 18 December 2014, the European Council emphasized calls for a new European Fund for Strategic Investments (EFSI) in the EIB Group with the aim to mobilize EU315 billion in new investments between 2015 and 2017.²⁶³

On 17 February 2015, the Board of Governors of the European Investment Bank decided to allow SMEs across Europe to benefit from the first funds from the EFSI. In addition, the EIB Board of Governors will allow for the pre-financing of SME projects linked to the Investment Plan for Europe before the summer, which will cover the risk of transactions with intermediaries providing additional finance to SMEs and small mid-caps until the main EFSI is in place.²⁶⁴

On 18 February 2015, the European Commission launched the creation of a single market for capital its 28 members, thereby removing barriers to cross-border investments, facilitating financing for SMEs, and encouraging investment from around the world. The European Commission stated in a press release, “the Capital Markets Union aims to break down the barriers that are blocking cross-border investments in the EU and preventing businesses from getting access to finance.”²⁶⁵

The European Union has taken measures to facilitate long-term financing particularly for small and medium enterprises. Thus, the European Union is awarded a score of +1.

Analyst: James Flynn

²⁶¹ Juncker's €315bn investment plan unveiled: fifteenfold leverage and solidarity for the south, European Commission (Brussels) November 26 2014. Date of Access: 26 February 2015. <http://www.euractiv.com/sections/eu-priorities-2020/junckers-eu315bn-investment-plan-unveiled-fifteenfold-leverage-and>

²⁶² EU launches Investment Offensive to boost jobs and growth, European Commission (Brussels) 26 November 2014. Date of Access: 26 February 2015. http://europa.eu/rapid/press-release_IP-14-2128_en.htm

²⁶³ European Council Cover Note, European Council (Brussels) 18 December 2014. Date of Access: 10 March 2015. <http://data.consilium.europa.eu/doc/document/ST-237-2014-INIT/en/pdf>

²⁶⁴ Investment Plan: Green light for SME financing before the summer, European Commission (Brussels) 17 February 2015. Date of Access: 10 March 2015. http://europa.eu/rapid/press-release_IP-15-4441_en.htm

²⁶⁵ Unlocking Funding for Europe's Growth – European Commission consults on Capital Markets Union, European Commission 18 February 2015. Date of Access: 18 April 2015. http://europa.eu/rapid/press-release_IP-15-4433_en.htm