

Table S1. The factors influencing VC supply, demand and total market activity.

| Metacategory | Group | Factor | Driver | Drivers influence on | | |
|--|--|---|--|----------------------|----------------------|----------|
| | | | | Supply | Demand | Matching |
| Factors related to actors of VC market | Factors related to VC firms | Total amount of available capital from VC firms | | | | |
| | | | High amount of total VC | | ↑ | |
| | | Number of VC firms | High competition between VC firms in a particular stage | Varied influence | Negligible influence | |
| | | | Existence of VC firms in all stages | ↑ | ↑ | ↑ |
| | | Characteristics of VC firms | Existence of local VC firms | ↑ | ↑ | ↑ |
| | | | Existence of foreign VC firms in a market | ↑ | ↑ | |
| | | | Publicly co-financed VC firms | ↑ | ↑ | |
| | | | Decreasing influence on returns | | | |
| | | | Decreasing influence on added value | | | |
| | | | Private VC firms | ↑ | ↑ | |
| | | | High reputation | | ↑ | ↑ |
| | | | Experienced VC firms | ↑ | ↑ | |
| | | | Substantial added value from VC firms | | ↑ | ↑ |
| | | | High investment returns of VC firms | ↑ | | |
| | | | Successful growth of VC firms' portfolio companies | | ↑ | ↑ |
| | Factors related to investors in VC funds | Base of institutional investors | Diversified and robust institutional investor base | ↑ | | |
| | | Private entrepreneurs | Successful entrepreneurs from prior generations | ↑ | | |
| | Factors related to entrepreneurs | The number of entrepreneurs seeking for VC | High amount of entrepreneurs seeking for VC | ↑ | | |
| | | Entrepreneur's characteristics | General awareness about VC | | ↑ | ↑ |
| | | | Understanding the added value from VC | | ↑ | ↑ |
| | | | High risk tolerance and partnership acceptance and trust | | ↑ | |
| | | | Gender – male | | ↑ | ↑ |

| | | | | | | |
|-------------|---------------------|--|---|---|------------------|---|
| Environment | Legal environment | General legal environment | High net worth of entrepreneurs | | ↑ | ↑ |
| | | | Previous experience in the entrepreneurship | | | ↑ |
| | | | Technical or MBA education | | ↑ | ↑ |
| | | Legal environment for LPs | Internationally harmonized and stable regulation for securities, bancruptcy, labor and tax | ↑ | ↑ | |
| | | | Flexible policies regarding risk evaluation and broad limits for investments in VC funds | ↑ | | |
| | | | Tax application on LPs not VC fund level | ↑ | | |
| | | Legal environment for VC funds | Broad limits of VC funds (size of the investment; geography; focus; life span of the fund; risk profile) | ↑ | ↑ | ↑ |
| | | Legal environment for entrepreneurs | Entrepreneur friendly tax application and little administrative burden for starting a business | | ↑ | |
| | | Legal environment for particular kind of investments | Government policies and regulations beneficial for particular kind of investments (i.e. clentech; sustainability) | | ↑ | |
| | Government policies | General | Programmes encouraging entrepreneurship | | ↑ | |
| | | | Raising awareness about financial instruments | | ↑ | |
| | | | Support for Technology Transfer and RD | | ↑ | |
| | | | Outsourcing public services | | ↑ | |
| | | For VC funds | Providing public funding for VC funds | ↑ | | |
| | | | Raising awareness about VC | | ↑ | |
| | | | Alternative IPO and listing regulation for SMEs with less stringent standards | ↑ | | |
| | | | Similarity between domestic and foreign policy | ↑ | | |
| | Infrastructure | General infrastructure | Developed infrastructure | ↑ | ↑ | |
| | | | High development of IC industry | ↑ | ↑ | |
| | | Research facilities | Existing and available research facilities | | ↑ | |
| | | Local Universities | Existence of local technical universities | | ↑ | |
| | | Capital market | Capital market providing exit possibilities | ↑ | ↑ | |
| | | | Absence of other available capital | | Varied influence | ↑ |

| | | | | | | |
|------------------|----------------------------|---|--|---|---|---|
| | | | Possibility to get additional funding for next rounds/further growth | ↑ | | |
| | | | Low transaction costs | ↑ | | ↑ |
| | | | Lack of other high yield investment for LPs options | ↑ | | |
| | | Domestic VC ecosystem | Developed ecosystem with consultants and business angels | ↑ | ↑ | ↑ |
| | Envinronment for inovation | Technology innovations | High level of technology innovation | ↑ | | ↑ |
| | | Demand for new products | High level of demand for new products | ↑ | | ↑ |
| | | Demand for particular products/technologies | High level of demand for particular products/technologies | | ↑ | |
| | | State R&D expenses | High level of state R&D expenses | | | ↑ |
| | Resources | Human resources | High diversity of economically active persons (nationality, gender) | | ↑ | |
| | | | High unemployment | | ↑ | |
| | | | High student rate | ↑ | | |
| | | | Availability of technically skilled entrepreneurs and personel | | ↑ | |
| | | | Availability of economically competent individuals | | ↑ | |
| | Macroeconomic conditions | | High GDP and export | ↑ | ↑ | ↑ |
| Embedded factors | Geografical location | | Close location to core economical regions | ↑ | ↑ | |
| | | | Close location to countries with a high VC activity | ↑ | | |
| | Social norms | Attitude to risk, uncertainty, cooperation, trust | High level of risk and uncertainty toleration, tendency to cooperation and trust | ↑ | ↑ | ↑ |