



*European Economic and Social Committee
The President*

**Intervention of Staffan Nilsson, President of the European
Economic and Social Committee (EESC)**

at the conference

"Social entrepreneurship & social economy:

**Developing a European ecosystem to unlock social
innovation, growth and jobs"**

Brussels, 18 November 2011

Seul le texte prononcé fait foi

Check Against Delivery

It is a great pleasure for me to be here with all of you this morning and a great honour to have been invited to discuss the role of entrepreneurship and social innovation with high level panellists.

The EESC has been mobilised for a long time to conciliate economic development and social cohesion. Therefore, the Committee fully supports the creation of new business models where societal concerns are taking precedence over the exclusive objective of financial profit.

I would like to thank Michel Barnier and the DG Markt for having invited the EESC to deliver an opinion on this issue. Our Rapporteur

Ariane Rodert is also here today. The opinion was adopted last October.

We need to bridge the gap between concepts that have been around for a long time and seem irreconcilable. On the one hand there is business, enterprise, profit-seeking and markets; and on the hand there is 'doing good', charity and 'society'. These two sets of concepts have so often been seen as fundamentally different, antagonistic and opposed. But they are not!

As a Swedish, I am a very pragmatic person. These concepts are complementing each other and both create long term growth!

My main message will be the following:

Developing social enterprises is a smart response to the crisis in Europe:

- Because Europe is facing a demographic challenge, with an ageing population and with more and more welfare and social needs.
- Because, in order to answer these needs we need to create new skills and new jobs.
- Because, social business is a great potential for job creation, for self entrepreneurship, for creating and developing SMEs.
- Because European way to develop social business is an opportunity to take part to what Muhammad Yunus already implemented with the micro-credit initiative: an economic NICHE based on entrepreneurship and ethic ideas. →Social

business is kind of a European "Apple" concept for going back to growth...It is, for me, like an Iphone: simple, smart, useful...and source of profit for the EU!

- And, because social business is a key to reconcile the need for growth and job creation AND protecting the most vulnerable in this time of a deep crisis.

Social business is reconciliation between social Europe and competitive Europe.

Let us plant the seeds of societal concern in each entrepreneurial action because social innovation is critical to global sustainability today!

The term 'social entrepreneur' may be new. But these people have always been with us, even if we did not call them by such a label. ... Like business entrepreneurs, they combine creativity with pragmatic skills to bring new ideas and services into reality.

Entrepreneurial skills should be developed to promote social innovation. Let me use the term 'Social Silicon Valleys' to describe possible future places that will mobilise resources to tackle social problems in ways that are comparable to the investments in technology. But it will require major changes amongst governments, foundations, civic organisations and businesses.

I would like to focus on 3 keys for social entrepreneurship to succeed:
- education and dedicated program (1) – trust and visibility (2) and last financial support (3).

- (1) Developing entrepreneurship for social innovation must be promoting specially-developed support programmes. Initiatives involving "hubs" that provide business support, work places and mentoring have proven effective during the start-up phase. Special emphasis should be placed on investment readiness programmes.

We also need to support the next generation of social entrepreneurs in formal, informal and non-formal learning. I fully support the development of social entrepreneurship education in universities. We must foster innovative social transformation through education, research, and collaboration. Let's stimulate each idea, support each creative project keeping in minds those ironic words from Mark Twain *"They didn't know that it was impossible so they did it!"*

- (2) Trust and visibility: we cannot create social enterprises without giving them more visibility and recognition as a vital sector in society.

If we wouldn't have trusted Steve Jobs or Bill Gates, who could say where we would be in computers industry? Well, let's now trust "new Steve Jobs" in the social enterprise sector!

The central importance to the success of social entrepreneurs must be their ability to assemble a strong team and develop and sustain a strong organization to make their vision a reality. Let's give them tools to succeed!

In order to stimulate such kind of entrepreneurship, **why not considering a European social enterprise "label"** which would increase awareness and recognition of those companies?

- (3) Finance and investment: money is a key question for an entrepreneur.

An enterprise cannot function without financial support. We know there has been a major banking crisis and it has affected flows of capital, especially to SMEs. Social enterprises have been caught up in that liquidity problem too.

A social enterprise needs different kinds of financing instruments. The emergence of intermediaries specifically aimed at social enterprises should also be considered. These play a key role in bringing social enterprises and investors together, providing information on and furnishing capital and offering advice and support.

The EESC invites the Commission to pay attention to the emergence of different types of public social investment within the financial sector or innovative instruments such as "social innovation bonds".

Imagine a world where your broker recommends a stock empowering disable people or purchase a bond where you can earn a financial

return while you support the education of Europe under-privileged youth!

The economic outlook that we face is very difficult. We are confronted with the negative effects of an ongoing global re-assessment of risks. It is therefore our responsibility to rebuild confidence and trust in the Union as a whole. We must support social entrepreneurship to promote innovation.

Francis Fukuyama once said *'One of the most important lessons we can learn from an examination of economic life is that a nation's well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society.'*

Social enterprises can contribute to that trust. Yes, we need wealth creation and economic growth for the future but not without solidarity and better quality of life for its citizens!

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