

Speech, Minister of Growth and Business, Ole Sohn

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Key note speaker in session 2: "*How to design an appropriate financial framework for social entrepreneurship in the European Union*"

I would like to thank the Commission and especially Commissioner Michel Barnier for inviting me today.

I think it is important to place social and responsible business high on the European agenda.

A Social Europe is part of the answer to the economic challenges we face in Europe at the moment because the global crisis is present to us all.

We are facing a number of global challenges at the same time. Climate change. Poverty. The transition to a green economy and the creation of growth.

We must find a way out of the crisis, which creates jobs and growth all across the EU. As policy-makers, we must create a framework that supports European companies in moving towards new growth.

Getting the economy back on track will be of benefit for everyone in the EU and in the world.

For 20 years the Single Market has been Europe's main driver for growth. It still is.

As upcoming President for the Council with responsibility for the single market, I will do my utmost to support the Single Market Act in order to kick-start growth in Europe.

We will build on the efforts of the Polish Presidency and push the 12 prioritised initiatives in the Single Market Act as far as we can during our Presidency.

This includes the initiatives which we will discuss today on social business.

Because social business and entrepreneurs will also gain from a better functioning single market.

Social business initiatives can help create jobs that broadly utilise all the skills and resources we have in Europe.

At the same time people get a job and a meaningful everyday life. We need that.

One way to support social business is to reform and modernise the public procurement rules. We will give this reform priority during the Danish EU Presidency.

How we can use public procurement in a more intelligent manner is important. It is important that the rules make this possible and support the intention of governments, and give the people who buy on behalf of the public sector the necessary flexibility.

In the coming negotiations on the public procurement rules it will be important to create better possibilities for taking into account overall societal objectives and promote innovation.

In general we must find new ways to cooperate and form partnerships across the public sector, business, organisations and social entrepreneurs, if we want to create sustainable growth in Europe.

There is a large potential in developing partnerships between the public sector and private operators in this area.

Social businesses can provide innovative solutions within welfare technology, social services and the health area throughout Europe.

In Denmark we have seen partnerships between the public and private sector in the field of elderly care with very positive results.

We see that such partnerships create lower prices, modernised solutions and more satisfied users. I am sure there are many partnerships like that throughout Europe. We need to learn from each other to stimulate innovation and growth in society.

Another way to support social business is a targeted public advisory system to social business.

Let me give an example.

We have in Denmark created a StartupWheel through a public-private partnership.

It is a toolkit for decision making and action planning for social entrepreneurs as well as everyone else who is considering starting up a new business.

Social entrepreneurs have a great understanding of social issues. They have high social involvement and innovative thinking.

But, many of them have no experiences with starting and running a business. That is why they often need help in developing a sustainable business plan.

That is why we plan to create a StartupWheel targeted at social business and social entrepreneurs in Denmark. It supports the growth potential and takes into account the special needs that apply to exactly this kind of business.

Hopefully, it will help develop sustainable business plan for the social entrepreneurs. In this way we hope to get more social business entrepreneurs and make the existing ones grow further.

We have seen some amazing social entrepreneurs in Denmark.

Let me give an example.

In Denmark a company called *The Specialists* was established in 1999.

The majority of the 50 employees are autistics. They use their special abilities to test software and solve IT tasks for private and public clients.

A father created the company.

He had a son who was diagnosed with infantile autism. The boy was destined to a life without many possibilities.

His father believed he was gifted and had special abilities, because he had an extraordinary memory and a fantastic eye for detail.

Driven by the mission to secure his son a good future, he created *The Specialists*.

The Specialists is today owned by the Specialist People Foundation. Their purpose is to create 1 million jobs worldwide for this type of specialists.

The Specialists had a turnover of more than 2 million EURO in 2008.

This example shows me the full potential of human resources and competences.

Business like that in Europe creates growth and gives a meaningful life for many whose future otherwise might be jobless and without many possibilities.

Guidance and business advice to these kinds of companies makes a difference.

Let me turn to a third way to support social business.

Corporate Social Responsibility, CSR.

The idea of CSR is that the interest of business can not be separated from that of society in general.

Business can not blossom if society is in an unhealthy state, just as society can not blossom if business is in an unhealthy state.

CSR can improve business innovation, access to capital and help strengthening a company's brand.

It can reduce the negative impact on climate, create a more inclusive labour market and give rise to a more effective and innovative cooperation between public and private actors.

CSR supports responsible business and sustainable growth. But it also calls for a greater level of transparency.

That is why we support the Commission's efforts to enhance transparency.

And that is why the Commission's revision of the accounting directives will be a priority during the Danish Presidency.

We think a modern and transparent set of accounting rules will support responsible business.

In Denmark large companies, listed companies and public limited companies are obliged by law to report on their social responsibility. The same goes for institutional investors, unit trusts and listed financial institutions.

These rules have put CSR on the agenda. 87% of large Danish companies have chosen to account for CSR in their annual reports. To me this shows that regulation on CSR reporting can have a positive impact both from a societal and business perspective.

Besides flexible procurement rules, well functioning public advisory and CSR access to capital is top of mind for everyone who want to restore growth.

It is also top mind for me. Access to capital is important for all entrepreneurs and businesses in Europe.

Entrepreneurs face a number of challenges in terms of access to capital, marketing and professionalisation.

In that regard it does not matter whether they are social entrepreneurs or not.

I see many possibilities in guiding, supporting and encouraging social business in Europe to be better prepared to raise capital. We hope that the Commission's upcoming proposal on venture capital can assist in this regard. We will give priority to initiatives that support growth in Europe.

I find that providing financial support should not be restricted to one type of entrepreneurs. Social business should be able to operate on the market on an equal footing with companies.

But I see possibilities in providing support to the development of innovation initiatives, new tools and new methods in social businesses.

We support initiatives like that in Denmark in order to support innovation in society and ensure growth for the future.

That is why we welcome the discussion in the EU of possible solutions to designing an appropriate financial framework for social entrepreneurship in the EU.

I am sure we will have fruitful discussions in the Council and with the European Parliament in our efforts to come up with solutions in this area.

I think it is important to continue to explore the possibilities of micro-credits in the EU and I agree with the Commission that we must improve our knowledge of the legal and institutional environment for micro credits in the EU. The promotion and development of micro-credits must be done in a flexible way in order to fit the concrete challenges in different member states.

We hope during the Danish Presidency that we can advance negotiations on the Commission's proposal on Social Change and Innovation as far as possible.

Access to capital for social entrepreneurs can also be a possibility through the EU Cohesion Policy.

All these different initiatives can enhance social entrepreneur's access to capital.

But access to capital is important for all business and we must ensure a sound financial framework for social entrepreneurs and every other entrepreneur in the EU.

It is not an easy task. But I look forward to the discussions here today on the many different ways to unlock the potential of social entrepreneurs in the EU.

And as upcoming President of the Council I am committed to do my part. We will do our utmost to progress initiatives that can ensure innovation and growth in Europe.

Thank you.