

**Opening remarks by Prof. Danuta Hübner, Commissioner for Regional Policy**  
**At the working dinner on Funding Strategies for Social Innovation,**  
**Brussels, 19 January 2009**

Ladies and Gentlemen,

Welcome to this evening's working dinner on Funding Strategies for Social Innovation. Our objective this evening is foster debate on social innovation in Community policies and explore to what extent the current instruments for supporting social innovation are effective in terms of responding to social needs and challenges.

**Social Innovation and the Lisbon Strategy:**

The revised Lisbon Strategy states that "knowledge and innovation are the beating heart of European growth" and that Europe needs to remove obstacles to – and provide incentives for – technological and eco-innovations in order to improve the quality of work and life and to generate jobs and growth. That is why in 2009, the biggest share of the EU budget will go into research, innovation, employment and regional development programmes, in other words, to help Europe prepare for the future.

As Commissioner Spidla said in his speech earlier today, the European Union is as engaged as ever in facing the new social challenges, in the first instance through the New Social Agenda. Social innovation exists to allow us to increase our response to social needs.

The firm emphasis on activating knowledge, boosting education and promoting innovation in the revised Lisbon Strategy not only holds good for technological innovations but is also equally relevant to social innovations, that is to say, changes in organisational values, structures and processes, and in linkages between institutions.

**Social innovation and technological innovation – common success factors:**

While technological innovation leads to new or improved products, processes and services which give the innovating firm a comparative advantage in the market, social innovation aims to implement alternative approaches or practices to achieve social and political goals.

However, some success factors are common to both types of innovation:

- Successful innovations are led by people with an entrepreneurial spirit, who have a vision and are willing to take risks;
- They are orientated towards satisfying the needs of the users;

- They are underpinned by sound management that seeks to incorporate relevant competencies and interests of the various players involved;
- They monitor relevant developments systematically across national borders with a view to harnessing new ideas and avoiding duplication of work and blind alleys; and,
- They are organised to generate advantages in terms of cost effectiveness, quality and additional features.

These success factors should be taken into account in the design of funding strategies for social innovations. Only well-designed innovation schemes have the capacity to contribute to both the modernisation of the economy and the reform of employment and social inclusion policies and actions.

**So, turning now to our debate this evening: there are five questions which seem to raise themselves on this issue:**

- 1. What are the financial needs for successful social innovation at the different stages of the social innovation life cycle?*
- 2. How can finance be structured so that it encourages rather than discourages risk?*
- 3. What investments need to be made to develop and nurture social infrastructure that enables and facilitates social innovations?*
- 4. How can the work of social entrepreneurs be acknowledged and disseminated?*
- 5. What needs to change in the financing of innovation so that more new ideas go from being projects into the mainstream?*

**To start our consideration of these questions and the issues they raise, I am delighted to introduce to you Mr Carlos da Silva Costa.** Carlos is the Vice-president of the European Investment Bank with responsibility for financing operations in Spain, Portugal, Belgium, Luxembourg, Asia and Latin America. His professional career, which spans academia, economic research, European integration and banking, provides a range of pertinent perspectives for him to bring to this debate.

Thank you. Carlos, the floor is yours.