

Social Innovation Tournament

Second Edition

Budapest, 17 October 2013

Your Excellencies, Distinguished Guests, Vice-Rector, Colleagues, Ladies and Gentlemen!

On behalf of the European Investment Bank and its Institute, I am genuinely delighted and honoured to be here with you today. I could not think of a better event for one of my first visits to Hungary in my capacity as Vice-President of the EIB. This has not happened by accident.

Allow me to say a few words to introduce the European Investment Group. The EIB Group epitomizes an EU that brings concrete benefits to all of us, citizens of Europe. The EIB is both a financial institution and an EU institution. In fact we can define the EIB in two words: the “EU bank”, owned by the 28 Member States of the European Union, who share its capital. The Bank’s role as a public institution is to address market gaps and to provide loans in those situations where normal banks are unable to do so. During the current crisis, the Bank – as one of the few remaining

triple A financial institutions – is assuming an even more important role and trying to play a counter-cyclical role with about 200 billion euros in lending over three years. We are investing where others have left the markets: providing long-term financing for strategic infrastructure, for research, development and innovation, and for small and medium-sized enterprises. This is crucial to restore growth and to create job placements for young people.

I should like to set the scene with some key figures of EIB's lending in Hungary. Between 2008 and 2012 the Bank invested close to 8 billion euros in support of the Hungarian economy (EXACT FIGURE: 7,865 million euros). For example, the Bank was a financier of Diákhitel Központ, the Student Loan Company, since 2005, and since then gave loans of close to half billion to the company. The last one was already signed in 2013. Another recent operation signed by the EIB here in Hungary (EDITOR's Note: signature date of 2012) include a 45.5 million Hungarian Forintz (equivalent EUR 161.9 millions) loan to finance the Hungarian Academy of Sciences or a 400 million euros loan to provide financing for the Social Infrastructure and the Social Renewal Operational Programmes within Hungary's National Strategic Reference Framework for the EU programming period 2007-2013, complementing in this way EU grants and national resources.

And this brings me to the EIB Institute, which has developed and manages the Social Innovation Tournament. The EIB Institute, the third entity of

the Group (the second one being the European Investment Fund specialised in venture capital), was founded in 2012 to promote and support European initiatives for the common good, namely in the field of social innovation and social entrepreneurship. The Social Innovation Tournament, which we are attending here today, is the best example of this approach that I can think of.

Europe has an important history of social innovation. The Bank and the Institute can – and have an obligation to – nurture the great innovation potential that exists in Europe. The tournament is one of the ways in which the EIB and its Institute nudge Europeans to come up with innovative solutions to reduce poverty and social exclusion. The Social Innovation Tournament is about building people's capacities, leadership and confidence to find solutions to improve lives in their communities. And here in Budapest, in a city that is becoming a vibrant hub for start-up entrepreneurs and investors, it is important to specify that the projects examined by the very competent jury of experts may involve the private sector as well as non-governmental organisations, research centres and universities. The **sixteen solutions** that will be presented to you today deal with education, healthcare, the arts, labour market, and natural and urban environments, just to mention a few. It is not surprising, though, to see such a diversity of fields and solutions. There are as many fields where one can intervene as there are facets to social exclusion. The **sixteen solutions** concern not only new technologies but also new processes and new systems. What they all have in common is that they

are innovative in meeting social needs and fighting against social exclusion.

This second edition of the Social Innovation Tournament attracted a lot of interest, with over 220 applications. This shows the great potential of untapped innovation that is available in Europe. We call the participants the best innovators in Europe.

Distinguished guests, it is no coincidence that this year's final event of the Social Innovation Tournament is taking place in Budapest. Allow me to be immodest about my own city and country! As already mentioned, Budapest is becoming a European centre for innovators and incubators. But innovation in Budapest and Hungary is not completely new. Budapest already has a long tradition of innovation, and especially social innovation. Some household names are Hungarian innovations. Who in this room has not used or heard of "PREZI"? Some of the finalists are maybe even using it for their presentation today. And yes, Prezi, with more than 30 million users worldwide, was officially established in 2009 by three Hungarian co-founders: Adam Somlai-Fischer, Peter Halacsy and Peter Arvai. Time Magazine voted Prezi one of the 50 best websites in the world.¹ I could also mention others such as LogMeIn, today valued on the Nasdaq at over half a billion euros, and Indextools, founded by Marton Szöke in 2000 and sold 8 years later to Yahoo!². I know these are

¹ EDITOR'S NOTE: Prezi is cloud-based presentation software that opens up a new world between whiteboards and slides.

² EDITOR'S NOTE: IndexTools tracks consumer clicks when a visitor loads a WEB page that contains IndexTools' tracking script. The script gathers data about the web page and visitor and forwards the information to a data centre, which processes and archives the data.

all examples of software companies. Allow me then to add an example in the arts that is very close to my heart: the Budapest Festival Orchestra. The Orchestra was formed in 1983 by Iván Fischer and Zoltán Kocsis, and has established itself as one of the ten leading orchestras in the world. Why am I mentioning it here? Because it is a great example of a new business model for classical orchestras and because the innovative spirit, when it's present, is pervasive. It touches the arts, it touches the economy, it touches the social sector. All these are role models; they are needed to inspire the new generation. And so is Hand-in-Scan, last year's winner, which is also based here in Budapest and to which I wish the best of success. I have mentioned several Hungarian examples. Let me now share with you a couple of examples from elsewhere in the region. Let me start with Ivona, a multi-lingual speech synthesis system developed by a Polish IT company IVONA Software. established in 2001 by Łukasz Osowski and Michał Kaszczuk, fellow graduates of the Gdańsk University of Technology, with the name of IVO software, Ivona was acquired by Amazon beginning of this year for its Kindle product range.³ And Incidentally the Bank has financed this project along the structural fund grant with the Polish Government. Another example that comes to mind, this one from the Czech Republic, is Futurelytics, a customer analysis software company, started in 2012 by having its developers participating in the prestigious European seed fund "Seedcamp" held in Budapest. This last example just goes to prove that Budapest is becoming a regional hub.

³ <http://www.ivona.com/en/news/amazoncom-announces-acquisition-of-ivona-software/>

I would also like to take this opportunity to thank the Budapest University of Technology and Economics, which is hosting us here today. Dear Vice Rector László Vajta, many thanks for your words of welcome this morning! I would also like to thank Demola Budapest, and in particular Bacsa László Bacsa, without whom this event would not have been possible. I would also like to thank the European Entrepreneurship Foundation and in particular its CEO, Peter Zábóji. EEF helped to select the 16 finalists here, and organised the two mentoring workshops.

A special word of thanks and encouragement to the jury members, which I must say, from the quality of projects I have seen, have a daunting task ahead of them today. And last but not least, a big thank you to the EIB Institute, which launched this initiative last year for the first time, and whose action is growing in importance very much in line with and supportive of the EIB's mission of investing in Europe's entrepreneurs and competitiveness. Support for innovation is crucial for long-term growth and social cohesion in the EU, and concerted action by all players is needed at the local, regional, national and European level.

Innovation is at the heart our economic strategy, so **a final word to the 16 finalists.** Not all of you will get a prize. But you are already winners, of this I am convinced. You are a great example of the innovation potential that exists in Europe. So let me give you my warmest congratulations and

wish you the best of luck not only here today but in widely spreading the benefits of your innovation to a great number of people.

Dear guests, I am deeply honoured that you have accepted our invitation to be here. Looking at a full room with so many distinguished guests confirms that social innovation is very important for all of us.

Let me give the floor to M. Nicolas Hazard, who will be your moderator for the day. Nicolas is currently Vice-Chairman of Groupe SOS, a Europe's leading social enterprise with more than 10 000 employees and a turnover of over GBP 750m and Chairman of Comptoir de l'Innovation, a company which invests in, supports and promotes the development of social enterprises around the world. Nicolas worked as an advisor to L'Unione, with Romano Prodi, former President of the European Commission and President of the Italian Council.

Without further ado I wish you all a great and productive day!