

Executive summary

This report seeks to support Denmark in implementing initiatives to strengthen its green entrepreneurship ecosystem. Lessons are identified and future policy actions are proposed based on an examination of international policy practices for supporting green entrepreneurship, with a particular focus on the approaches used in three case study countries (Canada, Germany and Israel) that are each recognised as leaders in this area and have similar framework conditions to Denmark.

The case for green entrepreneurship

Combatting climate change is of critical importance to maintaining well-being and standards of living across the world in a sustainable manner. Green entrepreneurship can help develop and propagate new technologies, create new markets and drive change in the business sector. Stimulating green entrepreneurship is therefore an important lever that governments can use to drive the transition to a more sustainable economy.

Green entrepreneurship is a term used widely in academic and policy literature but there has yet to be a convergence on a clear definition. This creates difficulties for governments in targeting policy actions. Based on previous OECD work and building on related concepts of cleantech, greentech and climate tech used in Canada, Germany and Israel, this report defines green entrepreneurship as the development and deployment by new start-ups of green products, services and processes, i.e. those that either:

- reduce or prevent any type of environmental damage; or
- emit less pollution and waste, and/or are more resource-efficient than equivalent normal products, services and processes that have the same result. Their primary use, however, is not one of environmental protection.

Using public policy to stimulate and support green entrepreneurship

Governments in OECD countries have introduced a wide range of policies and schemes to stimulate and support green entrepreneurship in recent years. These include measures that directly support green entrepreneurs by, for example, providing dedicated financial instruments and networks or offering training, incubator and accelerator programmes, as well as broader measures that indirectly support green entrepreneurs by building demand for green solutions. These broader measures include creating and expanding green markets (e.g. public procurement) and regulatory changes (e.g. energy efficiency standards), along with high-level political commitments that signal the need to change the way that societies operate to mitigate the risks of climate change. The latter can accelerate changes in business practices and shift consumers' preferences and expectations, adding to existing social pressures for more sustainable products and production processes.

Denmark has numerous programmes and policy measures in place to directly support green entrepreneurs. These include the Danish Export and Investment Fund and Innovation Fund Denmark, which are important sources of funding for green entrepreneurs. Furthermore, the national cluster organisations are helping to embed green entrepreneurs within networks of businesses, researchers,

investors and potential customers, while the six regional business hubs enhance entrepreneurs' access to business support services. The demand for green solutions in Denmark is bolstered by national and European Union-level legislation as well as high levels of public concern about environmental challenges.

The policy approaches and experiences in the case study countries reveal a number of lessons for Denmark. Among these is the need to adopt an integrated governance model, since policies to support green entrepreneurship are initiated by national and sub-national governments and are often launched in partnership with private sector actors. This approach can be seen in Israel, where programmes often involve collaboration between the Israel Innovation Authority, government ministries and the private sector. It is also important for governments to provide a “whole business” approach to supporting green entrepreneurship, since green entrepreneurs need support in a variety of areas including from managing intellectual property to obtaining finance. An example of this can be found in Canada, where the Business Development Bank of Canada utilises a segment-based approach that provides tailored support to entrepreneurs depending on the businesses' size and growth trajectory. Furthermore, the governments in the case study countries take a strong role in helping green entrepreneurs to develop strategic partnerships to commercialise new technologies and practices.

The path forward for Denmark

Denmark has strong foundations for establishing itself as a green entrepreneurship hub. It has set one of the world's most ambitious climate agendas and has moved faster and further than most OECD countries in decarbonising its economy. Support for green entrepreneurship is also strong in Denmark, with an excellent research base and conducive policy framework. Despite this, green entrepreneurs face many obstacles, particularly in scaling up, due to factors such as insufficient access to finance and small domestic markets. Priority actions for strengthening green entrepreneurship policy are:

1. *Develop a unified green entrepreneurship strategy.* Many diverse actors – national and local government, private sector and non-government organisations – support green entrepreneurship in Denmark. However, each operates independently with a distinct set of priorities and objectives, which limits the degree of co-ordination and coherence across green entrepreneurship policies and programmes. A unified strategy would help ensure that relevant entities are working towards common objectives and provide guidance to the many actors for whom green entrepreneurship support is only one of many activities. The Pan-Canadian Framework on Clean Growth and Climate Change can be a model. A core element would be to include a green entrepreneurship data strategy to monitor progress and inform future policy development.
2. *Introduce a one-stop shop for green entrepreneurship support.* Denmark's six regional hubs, together with the *Virksomhedsguiden* portal, operate as a one-stop shop for entrepreneurs and SMEs. There is a clear demand for these services, with the portal receiving 1.1 million website visits in 2021. These services could go further in signposting green entrepreneurship support, making a clear distinction between developing new green solutions and implementing existing green solutions. A good starting point would therefore be to create a dedicated page for green entrepreneurs on the *Virksomhedsguiden* portal that targets entrepreneurs with innovative green solutions looking to bring these ideas to market.
3. *Increase support for specialised incubators and accelerators that build on local advantages.* Business incubators and accelerators play an important role in stimulating the emergence and growth of new enterprises. It will be important to introduce more dedicated programmes for green entrepreneurs within existing incubators and accelerators such as Beyond Beta's Energy Incubator, making sure to build on areas where Denmark has a comparative advantage such as offshore wind and energy efficiency technologies. Inspiration could be drawn from Israel's approach to creating theme-based incubators by selecting and funding private organisations to manage the incubators through a competitive tender process.



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Building a Hub for Green Entrepreneurship in Denmark

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