Response to Draft National Social Enterprise Policy for Ireland 2019-2022

Sophie Reynolds, Independent Social Innovation Policy Expert[1]

Introduction

The Draft National Social Enterprise Policy is a timely and welcome development for social enterprise and social innovation policy in Ireland. If implemented effectively (and if properly aligned with the two inter-related policies – the *Strategy to Support the Community and Voluntary Sectors in Ireland*, and a new *National Volunteering Strategy*) the policy has the potential to strengthen and grow Ireland's social impact sector to better meet the complex societal challenges of today and tomorrow.

That said, there are some clear instances where the policy could go further in addressing the needs of social enterprises – and other types of organisations seeking to achieve social or societal objectives. For instance, the policy stops short of meeting some of the most critical needs of social enterprises – such as making a commitment to create supportive legal frameworks for them.

The policy suggestions below draw on the lessons learnt from my time at Nesta researching international best practices in public and social innovation policy, drafting and developing social innovation policies (e.g. The Lisbon Declaration of Social Innovation), and offering guidance and support to various government and international agencies (e.g. EU Policy Lab; UNDG; OECD; different national government agencies, etc.) on effective policy approaches to strengthen and grow social innovation and social enterprise.

The responses below are intended to offer practical proposals for Ireland to leapfrog ahead in its policy approach to social enterprise and social innovation, and to create a supportive and enabling environment to support the thriving and resilient community and social impact sector Ireland so badly needs and deserves.

In summary, these recommendations are as follows:

- Consider re-framing the policy as a 'National Social Innovation Policy for Ireland'. This would enable the proposed policy to better build on existing activity and the past achievements of the DRCD (e.g. Social Innovation Fund Ireland, Dormant Assets Accounts, etc.) and ensure greater policy alignment and coherence between other related and highly dependent policies (e.g. *Strategy to Support the Community and Voluntary Sectors in Ireland*, and the new *National Volunteering Strategy*)
- Recognise the true diversity of the social impact and social innovation field – which is not completely made up of not-for-profit organisations. Social enterprises are an important part of this, but currently the policy risks being too prescriptive and

excludes other important social economy organisations (e.g. cooperatives, mutual, charities) as well as other types of social businesses (e.g. BCorps) and community development organisations (e.g. Community Land Trusts)

- Clarify the vision and long-term goals of this policy and consider adopting a challenge-driven approach

1.   The framing of the policy

The overall framing of the forthcoming policy will be critical to its success. Here the policy must go further in several regards. While the report acknowledges that there is an intention to create links between this and other related policies (the *Strategy to Support the Community and Voluntary Sectors in Ireland*, and a new *National Volunteering Strategy*), the report does not specify how these policies will be well aligned in practice. Without establishing a cross-cutting strategy to bring these different policies – and objectives – together they risk being only superficially connected. Worse still, separating these policies could lead to competitiveness between different factions of Ireland's community and social impact sector (e.g. for limited funding), or could contribute to the development of a social impact field that is largely fragmented.

Fundamentally, and in line with best international practice, the final policy must foster bottom-up approaches, partnerships and collaborations between public, private and third sector organisations to tackle different societal objectives. The remit of this policy should reflect the wider mission of the Department "to promote rural and community development and to support vibrant, inclusive and sustainable communities throughout Ireland". It is therefore advisable to instead frame this policy as a 'National Social Innovation Policy for Ireland', so that the role of other social impact actors – not just social enterprises is made more manifest. This approach would also enable the Department to build on existing activity and the past achievements of the DRCD (e.g. Social Innovation Fund Ireland, the Dormant Savings Accounts inititiative, etc.).

Additionally, there are several other advantages that this re-framing would bring about:

Firstly, this approach recognises the true diversity of actors and organisations who are working to pursue various social / societal objectives. Whereas the report adopts a very narrow definition of social enterprise and assumes that they are always not-for-profit. It also excludes several important types of social economy enterprises, which are important vehicles for pursuing social or societal objectives (e.g. cooperatives, mutuals, non-profits). While the policy rightly looks to create a clear policy framework to support the development of social enterprise in Ireland, this should not come at the expense of enabling a diverse social impact field to flourish. The singling out of social enterprises above all other entity types overlooks important trends that are emerging here and internationally, such as in corporate social innovation (for instance, BCorps, Business in the Community etc.). Failing to look beyond social enterprise could seriously limit the scope and potential of the policy to achieve impact at scale.

Secondly, not only is social innovation broader than social enterprise. For instance, social innovation is not only a matter for the social economy - it can and should be embedded in the public sector, the private sector, in new technologies and in the work of civil society.[2]

but very importantly given the Department's remit, it recognises the contribution of civil society, non-state actors and local communities can each play in addressing challenges that

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[2] Read more at: Reynolds, S., Gabriel, M., & Heales, C. (2016). Social innovation policy in Europe: where next? Social Innovation Community. Online:
https://media.nesta.org.uk/documents/social_innovation_policy_in_europe_-_where_next.pdf

matter to them, such as climate change or rural isolation. As such this opens up an important dimension of social innovation policy which is currently absent in the report: it recognises that citizens and communities should be empowered to play a more active role in determining their political, social and economic interests and objectives, and in shaping social and economic development trajectories. As such, social innovation policy asks that we re-think the relationships between state and citizens, and to innovate governance models. In so doing it opens up opportunities for a more relational, participatory mode of governance and policymaking.

Thirdly, by framing Ireland's social impact sector as a 'social innovation ecosystem' the policy would create greater coherence and clearer pathways to scale. For example, our experience in the Social Innovation Community project was that many community activists and civic action groups consider setting up a social enterprise or community organisation (e.g. a Community Land Trust) when looking to sustain and scale their impact. While acknowledging that these different stakeholders have distinctive needs and ambitions, and all may not want to scale, the wider support system should be clearly joined up, offering clear pathways to scale for those community actors who wish to do so. Critically, such an approach must acknowledge the distinctiveness but also the interdependencies of these different stakeholder groups.

2. **The vision and long-term objectives of the policy**

The policy would benefit from clarifying what its longer-term objectives and vision are. It seems that the implicit objective of the policy is for the development of 'more social enterprise'. However, the policy could be made far more visionary, strategic and coherent if it was clearer about its own longer-term societal objectives.

The Department for Justice and Equality's Social Enterprise strategy is a good example of how social enterprise can be effectively channelled towards achieving particular social objectives. Rather than simply working to raise awareness of social enterprise in a general sense (as the report seems to suggest), there is value in adopting a challenge-driven approach to tackling societal challenges, aligning social innovation and social enterprise with departmental or cross-departmental priorities that are seen as most urgent in the 2019 – 2022 period – and beyond. By making use of social innovation policy principles (which I have previously outlined here), this policy could help catalyse social and community-led innovation by working with different stakeholders (e.g. coordinating with other departments, target beneficiaries, community groups, charities, social enterprises, private sector actors) to co-define priority societal challenges and to develop solutions that better respond to them.

Several public agencies are already employing such strategies with considerable success. For example, the U.S. Agency for International Development (USAID)[3] launched a challenge prize 'Fighting Ebola: A Grand Challenge for Development' to find solutions to deal with the inadequate protective garments healthcare workers were forced to wear while treating infected patients. One of the winning innovations a better designed Ebola protective suit - brought together an unlikely team of engineers, students, public health workers, a healthcare not-for-profit and a wedding gown designer to create a prototype at Johns Hopkins University in the US. The improved suit was later licensed and brought to market in 2016.

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[33] The challenge prize was run in partnership with the White House Office of Science and Technology Policy, the Centers for Disease Control and Prevention, and the U.S. Department of Defense.

This story underlines a basic tenet of social innovation – effective solutions to the most complex challenges we face may come from very unlikely places and partnerships. This also a cautionary tale against being too prescriptive about the kinds of organisations that we assume can contribute to achieving societal impact.

Elsewhere others are experimenting with challenge-based approaches too, such as Barcelona City's [Challenge-based procurement model](#), or Vinnova's [Challenge Driven Innovation programme](#). Similarly, Marianna Mazzucato has had a big influence in contributing to a more societally-focused model of European research and innovation policy when she argued for more [Mission-led innovation](#) (which will likely have a big impact in the post-2021 programming period).

3. Other recommendations

While reframing the policy as a 'National Social Innovation Policy for Ireland' and adopting a more challenge-based approach to help operationalise the policy are both key to overall success of the policy, there are other recommendations which, even within the narrower scope of the current policy could help it have a bigger impact.

I. **Establish a cross-service National Social Innovation Action Plan –** Building on this challenge-driven approach, a cross-service National Social Innovation Action Plan should be introduced with involvement from representatives of different departments. (The development of this plan could be an initial task of the Implementation Group.) The action plan should be challenge-focused in approach and look at complex and priority societal challenges of national interest that require multi stakeholder collaboration and involvement from social economy and civil society actors to tackle (e.g. climate change, the challenges of an ageing population, migrant integration, etc.). In developing this, public officials should be encouraged to make better use of social innovation policy approaches (e.g co-designing strategies with social enterprises and end users).

II. **Take steps to address Ireland's unfavourable legal frameworks for community and social actors -** Social innovators have expressed a need to have legal frameworks that better meet their needs. Ireland should follow the example of other national governments who have already taken steps to do this. Examples of this include establishing the Community Interest Company (CIC) model in the UK, while in France the Loi Economie sociale et solidaire (ESS 2014) brought about a number of different commercial frameworks for social or solidarity-based businesses. Any legal frameworks developed should look to achieve flexibility (to reflect the diversity of organisations and how they work), should not assume organisations will only employ non-commercial strategies to achieve their objectives, and should be done in consultation with a diversity of organisation types to ensure the core challenges they face are effectively tackled. Furthermore, there is a need to explore how this policy can support communities to take control of local assets, which has been proven to create clear benefits elsewhere such as [demonstrable neighbourhood revitalization and increasing communities' capacities to further their own interests](#). Accordingly, there is a need to assess which legal frameworks can support community development and community-run asset sharing initiatives, such as [Community Land Trusts](#) or Community Development Corporations here in Ireland.

III. **Broaden our definition of innovation in Ireland to strengthen its societal dimension** – Social economy enterprises – which includes social enterprises – employ 11

million people – or about 6% of the EU's workforce.[4] By some accounts this figure is expected to grow. Considering these enterprises achieve and go further than many of benefits created by traditional enterprises, support for social enterprises should therefore be considered a core part of Ireland's commercial and innovation strategy. Steps should also be taken to broaden the definition of innovation adopted by the Department for Business, Enterprise and Innovation and Enterprise Ireland to strengthen its societal dimension. Furthermore, efforts should be taken to ensure that policies are harmonised and, where appropriate, that similar benefits that are provided to traditional commercial companies are extended to social enterprises and social economy enterprises (e.g. ensuring that social enterprises, many of whom are seeking to develop innovative social solutions, can access innovation vouchers – which are currently only available to limited companies).[5]

IV. **Make capacity building, training and supports widely available to social enterprises and other social innovation actors –** There is a need to make capacity-building, leadership training, technical assistance and investment more widely available so that social economy, social innovators, citizens, communities and civil society can play a bigger role in devising strategies to tackle issues or achieve goals that matter to them. Following from the example of the Scottish Government's Investing in Communities Fund, more should be done to empower communities and others to create local plans and proposals in collaboration with partners, and to create an investment framework capable of developing local assets, services and projects that respond to the needs of the people in those communities.[6] Alongside this, Local Enterprise Offices and Local Authorities should play a stronger role in offering incubation and acceleration support to social economy and social enterprise organisations.

V. **Make social innovation education and training available for public policymakers and civil servants** – Although the establishment of SIFI indicates that social innovation has high-level political support here in Ireland, a common challenge cited by many social innovation and social enterprise actors is that public officials don't understand them, don't know how to support them, or don't see themselves as a customer of their goods or services. Education and training is therefore needed to ensure that public officials (including senior leadership and commissioners) see the important role they can play in growing the social impact market by buying social, but also that are incentivised and empowered to find new ways to support citizens, civil society and others to play a bigger role in addressing challenges that matter to them (e.g. through participatory budgeting, or through co-production of services).

VI. **Improve public procurement for social enterprise and social innovation:** Public procurement is a key market for social enterprise and social economy organisations, is additionally supported by the EU's 2014 public procurement directive which asks public authorities to consider social value in their procurement decisions. Research carried out by SIC for the Lisbon Declaration found that small and social organisations are particularly disadvantaged when it comes to accessing public contracts (these contracts are too cumbersome). On the one hand, public commissioners do not always recognise the important role they play in helping small, social businesses to grow. On the other, many civil servants have spoken of the difficulties they face in trying to use public procurement to pursue social and environmental objectives. Training should be provided to public officials and commissioners (at national, city and local levels) to introduce them to good practices

[4] https://ec.europa.eu/growth/sectors/social-economy_en
[5] https://www.enterprise-ireland.com/en/funding-supports/Company/HPSU-Funding/Innovation-Voucher-FAQs.pdf
[6] https://www.gov.scot/policies/community-empowerment/empowering-communities-fund/

and strategies to make it easier to involve small and social actors in tendering and commissioning processes (e.g. breaking larger contracts in smaller subcontracts, awareness raising on buying social, and allowing bidding consortia – with the goal of enabling smaller social innovation organisations partner with bigger organisations who can absorb some of the risk and administrative burden of larger public contracts). Furthermore, inspiration should be drawn from leading international practices for improving public procurement for social innovation, such as co-location programmes like Startups in Residence – which scaled from the U.S. to Netherlands.

VII. **Raise awareness by sponsoring a "50 new radicals" type initiative** (as is done annually by Nesta-The Observer to help raise awareness of some of the new and interesting initiatives being set up to tackle a whole host of societal challenges). This should be done in partnership with key intermediaries and advocacy networks.