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A Chara,

Please find my submission below.

For over a decade the European Commission has been suggesting that member states create 'a level playing field for social businesses (socents) and traditional for profit business'. In particular they've suggested that state support should be one and the same. The suggestion makes economic, social and environmental sense as major international studies into socent's vs private enterprise support have shown that state funding and support for social economy business generates a higher return on investment. In France for example, a study on the survival rate of all companies after the financial crash showed that social economy businesses, particularly cooperatives, were up to twice as likely to survive major economic stresses. Similarly, research across Europe consistently points to social economy businesses employing a more diverse set of employees, expanding social mobility, having more robust environmental policies and being more responsive to social and economic needs. It can be demonstrated, on the basis of evidence, that it is more beneficial for a state to invest in social economy businesses than private enterprise.

In Ireland however, we do not have a level playing field. In an article in the Financial Times on January 15th 2024 titled "Enterprise Ireland hunts for hidden unicorns" the scale of the organisation was made clear:

- Enterprise Ireland is by far Europe's most active venture capital fund, with 42% more investments than the second largest rival, Epifrance.
- Enterprise Ireland is continuing to grow beyond its targets. With 161 investments in 2022 versus 125 in 2021.
- Enterprise Ireland had a budget of €450mn in 2022 and circa €480mn in 2023.

As a social entrepreneur who has benefitted from Enterprise Ireland funding, I believe the capacity of the organisation to achieve transformative positive social and economic transformation is currently being hindered by its inability to invest in social economy businesses.

Enterprise Ireland primarily supports Irish businesses via equity investments in companies that can demonstrate high potential to grow internationally and create employment in Ireland. High Potential Start Up investment is not provided to any company that is formed as a CLG or cooperative, thereby automatically ruling out practically all social economy enterprises in Ireland without any consideration as to their job creation potential, growth potential or any other factor apart from their legal status.

Perhaps the reasoning for this is that Enterprise Ireland operates mainly on a venture capital basis, with some of the companies it invests returning dividends to the state based on the sale, IPO or other capital event by which Enterprise Ireland can sell the equity it bought at an early stage for a much greater value. However, the data on this is not easily accessible and it is likely that the vast majority of Enterprise Ireland's funding comes from taxation and not dividends.

Regardless, if the priority is a strong & resilient indigenous economy, the evidence very strongly suggests that this funding would be better utilised by investing in social economy businesses. At a minimum HPSU funding should be made available to social economy businesses and could be catered for via the purchase of % voting rights, the introduction of the Social Return On Investment accounting methodologies.

If the Government is serious about building a robust social economy, with the resources to deliver its potential, then they must level the playing field and we must open access to HPSU funding. With respect to the social enterprise policy, in my view, this one single change would be exponentially more impactful than all other possible social enterprise policies combined.

There is currently no source of funding for social economy businesses in Ireland that comes anywhere close to the average investment amounts of €400,000 to €600,000 facilitated by Enterprise Ireland. It is wholly and utterly unrealistic to expect Ireland's social economy to thrive while it is systematically locked out of the primary source of enterprise funding in Ireland.

It is time for the Government and relevant Departments to give Enterprise Ireland the ability to invest in our social economy. Particularly as we face exponentially worsening climate crises, we need to build economic and social resilience. We should be lead by the evidence, which clearly demonstrates that social economy businesses are more resilient than their profit-orientated peers. Until and unless this situation is addressed we will not be able to say that our policy is anything other than lacklustre and ineffective.

Beir bua,
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