



Irish Rural Link
Nasc Tuaithe na hÉireann

Submission to the new National Policy on Social Enterprise

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Contact

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Rialtas na hÉireann
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Overview

Irish Rural Link (IRL) is the national network of rural community groups, representing over 600 groups and thousands of individuals committed to socially, environmentally and economically sustainable rural communities.

We welcome the opportunity to make a submission to the new National Social Enterprise Policy for Ireland 2024-2027 and have our views and recommendations considered to ensure social enterprise and the social economy become a more integral part of the overall economy.

The National Social Enterprise Policy Ireland 2019-2022 defined social enterprise as,

“an enterprise whose objective is to achieve a social, societal or environmental impact, rather than maximising profit for its owners or shareholders.”

However, there is still some confusion and lack of awareness and knowledge around what is a social enterprise, especially among the general population. The new Social Enterprise Policy must develop measures to increase the awareness of social enterprises, the value they bring to local communities and society but also put supports in place for social enterprises to grow and encourage the start-up of new enterprises.

In 2021, there were 4,335 social enterprises in Ireland with an estimated generated income of €2.34bn. (OECD,2023). Social enterprises work across a range of different sectors; childcare, health and social care, youth services, older people services, community infrastructure, transport, housing, catering, training and education and in the past number of years; environment – recycling, upcycling and circular economy. As climate change remains high on government’s agenda, there is more opportunity for social enterprises to develop and grow within this sector.

Social enterprises are important employment providers, especially in rural areas. While over half of social enterprises are micro-enterprises, they account for 3.7% of the total Irish workforce, with women representing more than two-thirds of social enterprise workers. (OECD, 2023).

Social enterprises face many challenges. IRL hosted the Western Region Stakeholder event as part of the wider consultation for the new Social Enterprise Policy. Many of the social enterprises and community groups who attended on the day faced many of the same challenges. They rely on volunteers to help deliver the service or goods they provide. However, the biggest challenge for social enterprises is access to finance. The majority of social enterprises, if any, cannot access finance from main retail banks but have to rely on grants and government funding which is usually on an annual basis. Applying for annual funding or one-off grants creates extra administrative work and costs to social enterprises who do not always have the time, capacity or skills to do this work.

Social Enterprises fall under the remit of the wider Social Economy recognised as being required by the European Commission who adopted a new [action plan on the social economy](#) 2021 – 2030. The EU action plan aims to

- create the right framework conditions for the social economy to thrive.
- open up opportunities (including access to finance) and support for capacity building.
- enhance recognition of the social economy and its potential.

IRL recently took part in a study visit to the region of Navarre, Spain as part of the [Social Enterprise Exchange](#) Just Transition project. The region has developed a strong social economy engaging all relevant stakeholders and putting in place the infrastructure needed to support social enterprises to develop and grow. The region has a Minister for social economy. Her department works closely with other government departments, government agencies, academia, financial institutions and social enterprises themselves. The visit highlighted the importance of collaborative working but also the gaps in infrastructure for the social economy in Ireland that is now needed for social enterprises to thrive.

The new Social Enterprise Policy is now an opportunity to include measures to develop and strengthen the social economy.

Recommendations

Building Awareness of Social Enterprises

There is still a lack of understanding of what social enterprise is among the wider population but also among some government departments and agencies, educators and other stakeholders. It is important that there is a clear understanding of social enterprises and the business model they follow so that more people and more stakeholders can better engage with them.

Awareness Raising Campaign

An awareness raising campaign of social enterprises, the business approach they take and the impact they have on local communities and wider society should be undertaken. Social enterprises often do not have the budget to advertise or market their service or product. The campaign could support social enterprises in highlighting their work and how they support the local community. It would also help general public better understand social enterprise and make more conscious decisions when choosing a product or service if they are aware that it is supporting employment in the community and/or creating employment for marginalised groups of people.

Promotion of Social Enterprise in Schools and Third Level Institutes

Promoting social economy and social enterprise in schools and third level institutes should be a priority in the new Policy. Incorporating social enterprise into the Transition Year programme and engaging local social enterprises where students can volunteer or complete work experience should be encouraged. Including social enterprise in career days for 5th and 6th year students and promoting it as a career choice should also be included.

Third level institutes have a role to play in the promotion of social enterprises. Increasing the number of courses specifically on social enterprises as well as broadening business courses to include social enterprises is important and there is an opportunity now to do this. Social enterprises must be invited to attend career fairs, showcase their work but also highlight the different careers available and can be created within social enterprise across different disciplines. During the study visit to Navarre we saw the value of a regional co-ordinating body (ANEL) collaborating with the University of Pamplona to establish a degree programme in social economy, which will enhance the body's capacity to develop, promote and grow social enterprises within the region.

Social Enterprise Mark

While Social Impact Ireland have developed a Social Enterprise Mark in Ireland, this is still in pilot stage. The lack of a mark, label or certification for social enterprises was raised at the Western region stakeholder event and was seen as a disadvantage for them. Such a mark would give social enterprises more presence in the market and would help consumers identify the products or services they are using is from a social enterprise. Such a mark could coincide

with the awareness raising campaign and encourage people to look out for the mark, similar to that for Quality Irish mark.

Growing Social Enterprise

While the new Social Enterprise Policy must set out measures to grow social enterprise, it must also set out measures to grow the social economy and develop the infrastructure and supports needed for social enterprises to thrive.

Access to Finance and Funding

Access to core funding is one of the major challenges for social enterprises. There is a lot of ad-hoc funding that social enterprises have to apply for with a lot of time taken up with writing applications, submitting reports and reaching KPIs. If Social Enterprise is to succeed more reliable and permanent funding source must be put in place.

IRL had proposed and continue to advocate for an alternative banking system in the form of Local Public Bank or community banking. Based on the German Sparkassen model, the proposal recommended a nationwide network of 8 to 10 Local Public Banks independently managed but with an identical business model working under identical management principles. The banks would follow a specific business model that is different from traditional commercial banking. Earnings would partly be retained to strengthen their capital base and partly distributed to social projects, also surpluses will be partly distributed to social funds to benefit the local community.

The *Programme for Government 2020: Our Shared Future* which stated:

“Enable the Credit Union movement to grow as a key provider of community banking in the country”.

Part of the success of the social economy in Navarre is the involvement of cooperative banks in lending to social enterprises. They have access to finance similar to that of a normal enterprise.

It is now important to explore the role credit unions can play in lending to social enterprises. Also, micro-finance Ireland can play a role in financing start-ups similar to the role they play for micro enterprises.

Regional Structures

IRL support the Social Enterprise Exchange call for the establishment of regional structures and regional co-ordinating bodies. These would promote, grow and measure the impact of social enterprises in that particular region. The co-ordinating body would bring all the actors together and work with local authorities to make regional applications for social enterprises. Regional Co-Ordinating bodies would allow better access to European funding. According to [REVES](#) network, Ireland draws down the least amount of European Funding within the EU per capita, because we are not organised regionally. Even within Ireland, the Dublin region

accounts for a disproportionate amount of the funds drawn down, creating an urban-rural divide. This could be attributed to Dublin having the only regional body supporting social enterprises in Ireland.

Role of Local Enterprise Offices

Local Enterprise Offices have a role to support business development in each county. While they can support social enterprises if involved in manufacturing, they could play a greater role in the support they provide to them.

Public and Private Sector Procurement

Procurement officers need to be better education on social enterprises and changes to the current form of public procurement need to happen. Looking beyond price and cost and how does the tender application support local suppliers, social enterprises and environmental impact must be implemented.

Granting a social enterprise a contract under private sector procurement can be mutually beneficial with the private enterprise meeting some of their CSR obligations.

Climate Action Contribution

Social Enterprises are already involved in the environmental sector with many best practice examples in the recycling, upcycling and circular economy. However, there is scope for more development of social enterprises in this sector.

There is an opportunity to engage young people and students in social enterprises involved in addressing climate change. Third level institutes can play a key role working with social enterprises to develop innovative solutions that contribute to climate action. IRL would see the Midlands region of the country where social enterprise can play a key role in the just transition and in production of renewable energy, restoration and conservation of peatlands and supporting the move away from fossil fuels.

National and International Engagement

As social enterprise and the social economy develops it will be more important to engage with stakeholders at local, regional, national and international level. The development of Regional Coordinating Bodies can help facilitate such engagement. Bringing together stakeholders as well as social enterprises at a regional level can help identify gaps in supports but also signpost enterprises to where support is available. It also gives social enterprises a platform to speak with others and share ideas and knowledge.

Learnings from other countries can be very valuable not only for the social enterprise themselves but for policy makers and support agencies working in or involved in the social economy. Again, it can help identify what gaps there are in Ireland's delivery of social enterprise but also learn from experiences as well as sharing its own experience.

Establishing networks and encouraging social enterprises and support services to engage with these networks should be explored as part of the new Policy.

Data Collection and Social Impact Measurement

IRL welcome the development of a baseline data collection exercise by the Dept. of Rural and Community Development. This now needs to be built upon and development of a robust database must be a priority of the new Policy.

Breaking down official employment figures to include the number employed in social enterprises should be explored and if this is something the CSO could include in their publications.

Having a robust database will be important to provide the correct supports and identify gaps in social enterprise. Mapping of Social Enterprises is also an important measure that IRL would recommend be included as part of an action plan for the new Policy. Western Development Commission have mapped Social Enterprise in its region. This is a role that could be undertaken by Regional Co-ordinating bodies. It needs to be a live platform that can be easily added to as the number of social enterprises grow.

Conclusion

Irish Rural Link believes Social Enterprise already plays a key role in the delivery of services in rural areas. It now sees it as also being a key driver in delivering sustainable, digital, green communities and creating jobs in the climate and emerging sectors.

The new Social Enterprise Policy is an opportune time to strengthen the foundations for social enterprise and the social economy to thrive. The government must now be committed to putting the necessary infrastructure and supports in place to create a strong social economy where social enterprises can develop and grow. Engagement and collaborative working will be needed to ensure the full implementation of the new Policy.

Irish Rural Link the Organisation

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 600 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities

'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'