

Minister Heather Humphreys T.D.
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(By email only seconsultation@drcd.gov.ie)

31 January 2024

National Social Enterprise Policy for Ireland 2024-2027 – Public Consultation Document

Dear Minister,

Thank you for the opportunity to provide views on National Social Enterprise Policy for Ireland 2024-2027.

The Irish League of Credit Unions (ILCU) is the largest representative body for Credit Unions in Ireland. Founded in 1960 with the aim of providing representation, leadership, co-operation, support and development for Credit Unions in both Republic of Ireland and Northern Ireland, the ILCU today has an affiliated membership of circa 270 Credit Unions. Membership of the ILCU is open to every Credit Union on the island of Ireland.

The Credit Union movement is built on an ethos of mutuality, volunteerism, self-help and not-for-profit philosophy. The ILCU, has a vision to lead, influence, inspire, and support the Credit Union movement to achieve all its goals – social, economic and cultural – while always respecting the individual's rights and dignity.

The activities of the ILCU include promoting the Credit Union idea and ethos; advocating with central Government on behalf of affiliated Credit Unions; maintaining a constructive working relationship with the regulatory bodies regarding Credit Union regulation and compliance; and providing a range of advisory services to Credit Unions.

Credit Unions provide a range of financial services to their members and every credit union is owned by its members — the people who save with it and borrow from it. Credit unions exist only to serve members — not to profit from their needs. Surplus income generated is returned to the members by way of a dividend and/or is directed to improved or additional services for members. Members' savings are used to fund loans to other credit-worthy members of the Credit Union. Credit Unions have a proven track record in providing superior customer service and consumer protection is a top priority for Credit Unions.

We support the development and continuation of Government Policy for Social Enterprise and to build on the success of the 1st National Policy for Social Enterprise 2019-2022. We broadly agree with the policy objectives suggested in the proposed new policy namely

- 1: Building Awareness of Social Enterprises;
- 2: Growing Social Enterprise;
- 3: Climate Action Contribution;
- 4: National and International Engagement; and
- 5: Data Collection and Social Impact Measurement.

The definition of social enterprises is closely linked to what credit unions are in that we are not for profit organisations, active in communities through Ireland and our surplus income is returned to members. The five policy objectives closely align with what credit unions do on an ongoing basis.

We would like to explore what synergies or opportunities to work together to ensure the policy is implemented and further developed.

Policy Objective 1 - Building Awareness of Social Enterprises

This Policy objective follows on from the previous strategy and will be an ongoing objective. We would suggest an approach taken by the UN Sustainable Development Goals where a holistic, whole of Government approach needs to be taken. Social Enterprises are varied in size, scale and development and as such helping raise awareness is of huge benefit.

We would query if the Department is defining Credit Unions as Social enterprises. Credit Unions in Ireland are regulated and authorised subject to the Credit Union Act of 1997 as amended. Section 6 of that Act sets out the objects of Credit Unions specifically

- a) The promotion of the accumulation of savings by its members;
- b) the creation of sources of credit for the mutual benefit of its members at a fair and reasonable rate of interest;

- c) the use and control of members' savings for their mutual benefit;
- d) the training and education of its members in the use of money; and
- e) the improvement of the well-being of the members' community.

Separately there are ten operating principles of Credit unions;

- 1) Open and voluntary membership;
- 2) Democratic control;
- 3) Limited dividends on equity capital;
- 4) Return on savings and deposits;
- 5) Return of surplus to members;
- 6) Non-discrimination in race, religion and politics;
- 7) Service to members
- 8) On-going education;
- 9) Co-operation among co-operatives; and
- 10) Social responsibility.

Policy Objective 2 - Growing Social Enterprise

Growing social enterprise is vitally important and encouraging social enterprises to pivot if necessary. We welcome the work of Rethink Ireland in this space. We believe that more can and should be done at a national level, given the myriad of supports from State Agencies such as Local Enterprise offices and Enterprise Ireland. However, these supports are not always suitable or have thresholds that Social enterprises are unable to meet. We would encourage when schemes and policies are reviewed that Social enterprises and other bodies are considered. It is important to think and act creatively and innovatively to use our social capital in the best interests of society.

Page 5 of the consultation refers to Access to Finance and this is a key area of differentiation between Credit Unions and Retail banks. One area to possibly examine is the restrictions on lending to social enterprises as set down in regulations. Credit Unions have outstanding community loans of over €18 million and would suggest a scheme should as the SBCI lending schemes where a guarantee is in place would lower the risk for financial institutions to become involve in more Social Enterprise lending.

Policy objective 3: Climate Action Contribution

Credit Unions are United Nations Sustainable Development Goal (SDG) champions and budgetary policies should be aligned with achievement of these goals. Separately and equally important is the need to ensure sustainability and Credit Unions on the island of Ireland provide a significant social dividend in their communities providing sponsorships, bursaries and funding to local communities to the value of approximately €5 million per annum.

The recently enacted Credit Union (Amendment) Act 2023, includes a requirement for Credit Unions to have an Environmental, Social and Governance Policy. The Irish League of Credit Unions has developed an ESG framework and is in the process of engaging with Credit Unions on this.

Credit Unions are at the forefront of community led development in climate action, Specifically, in Spring 2023, Donore Credit Union¹ established the Donore Area Sustainable Community (DASC) which is a registered Sustainable Energy Community (SEC). Likewise Naomh Breandan Credit Union² was at the forefront of establishing Sustainable Energy West (SEW) is a community group dedicated to playing its part in reducing greenhouse gas emissions and improving the quality of the natural environment in its local area. SEW is based in east Galway and comprises Loughrea and the surrounding communities, including towns such as Woodford and Abbey.

Policy Objective 4 - National and International Engagement

The Irish League of Credit unions is an all-Ireland body and is a member of both the World Council of Credit Unions (WOCCU) and the European Network of Credit Unions (ENCU) which serves as a platform to exchange information, ideas and strategies between countries—and speak as a unified voice on policy and regulatory matters affecting credit unions.

This gives us an unique insight into initiatives or developments in other jurisdictions around the world. It is important that Ireland's Social Enterprise policy learns from best practise in other jurisdictions and can become a thought leader in this space.

Policy Objective 5 - Data Collection and Social Impact Measurement

This is crucially important to measure, monitor and assess what policies and processes are working most effectively. The Baseline Data Collection Exercise was a positive step in the right direction. While the requirements of the European Corporate Sustainability Due Diligence Directive may be for larger firms there are lessons that can be learnt from the data collected as part of that proposal. Likewise we are continuously looking at using our data to measure our social impact. A number of Credit Unions have measured their social impact³⁴ and found that the social return was in the order of 10 times what was invested.

¹ Available at [Donore Area Sustainable Community \(donorecu.ie\)](http://donorecu.ie)

² Available at [Naomh Breandan Credit Union | SEW Strategic Plan \(naomhbreandancu.ie\)](http://naomhbreandancu.ie)

³ Available at [Donore Credit Union \(donorecu.ie\)](http://donorecu.ie)

⁴ Available at [Social Impact Report 2022 – HSSCU](#)



We welcome the opportunity to expand on these initial thoughts and we are available to discuss these items with you or your officials at any time and if your officials wish to contact



Yours sincerely

David Malone
Chief Executive Officer