



COMMUNITY LOAN FINANCE

FOUNDED 1996



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

Submission from Clann Credo

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About Clann Credo

Established in 1997, Clann Credo is a national community development and social finance lending organisation. A registered charity, our mission is to enable organisations to deliver high social impact projects and services in their communities. We do this by lending affordable social finance and providing advice to social enterprises, community groups and charities throughout Ireland.

We are the largest lender of social finance in Ireland. Since our inception, we have loaned over €172m to over 2,200 community projects.

We offer market-led affordable social finance products, including bridging loans, term loans, and working capital. With over 700 active customers and a €50.2m loan book (December 2023), this strong and increasing demand for our social finance reflects the ambition of community groups to identify and implement solutions which deliver social impact in local communities. In December 2022, 62% of Clann Credo's lending served communities scoring below average on the Pobal Deprivation Index.

Clann Credo's social finance lending also enables public policy underpinning social enterprise growth. In 2023, Clann Credo's lending to social enterprises and community groups totalled €33.6m, of which €18.3m was specifically to enable groups (via bridging loans) to avail of grant aid such as LEADER, Sports Capital, Clár, SEAI and other public funds. Without affordable social finance, community groups and social enterprises will be unable to cashflow projects resulting in critical service provision being significantly curtailed and delayed. As such, affordable social finance is a key enabler of the Government's ambition to achieve a more equitable society.

Clann Credo calls on the Government to implement the following three measures to support social enterprise development.

1. Allocate funding for affordable social finance lending to support and grow a thriving social enterprise sector in Ireland.

Clann Credo welcomes the significant public investment to date focusing on promoting the contribution social enterprises make to achieving a more accessible and fairer society. We also recognise the range of measures in place to support social enterprise at an operational level. Viable social enterprises are underpinned by a robust finance model which typically comprises a blend of social finance, grant aid, donations/fundraising, and income. Clann Credo is calling on the Government to allocate funding under the Dormant Funds Account for affordable social finance lending to social enterprises.

2. Pilot programme for social enterprises to access affordable social finance for working capital.

Typically, the development of social enterprises requires two broad finance streams: capital expenditure and working capital. Social enterprises can experience challenges with working capital, particularly at the start-up and growth stages. Social finance is a proven flexible and community-focused solution to working capital requirements for social enterprises. To achieve a thriving social enterprise sector in Ireland, Clann Credo calls on the Government to invest in a working capital loan scheme designed for social enterprises. Clann Credo is strategically positioned in the community and voluntary sector to work with the Department to design and pilot an affordable working capital loan scheme targeting social enterprises for development and growth.

3. Mandate of grant aid to the lender for all public grant aid programmes.

In circumstances where a bridging loan is issued and repayment of the loan is on receipt of grant aid, Clann Credo requests that the payment of the grant aid be mandated to the lender (such as Clann Credo). This arrangement is currently in place for some grant aid programmes but not all. By expanding the mandating of grant aid to all grant aid programmes, the lender has an additional risk mitigant against default and as such, would be more comfortable lending to higher risk (and corresponding higher social impact) applications from social enterprises.

The Clann Credo senior management team is available to meet with Department officials to further discuss the above proposals.

Mary Lawlor
Chief Executive Officer
31.01.23