



The National Social Enterprise Policy in Ireland

Discussion paper

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Table of Contents

1	Brief summary	6
2	Situation in the country/region	7
3	The national strategy	9
3.1	Vision & objectives	9
3.2	Administrative and institutional set-ups	11
3.3	Consultation mechanisms/stakeholder engagement.....	12
3.4	Visibility and recognition.....	13
3.5	Monitoring and evaluation	14
4	Results	16
5	Difficulties and constraints	17
6	Success factors and transferability	18
7	References	19

1 Brief summary

In July 2019, the Government of Ireland introduced its [National Social Enterprise Policy 2019-2022](#) (referred to here as the Policy), which concluded at the end of 2022. Its introduction was seen as a watershed moment for social enterprises and afforded recognition to the sector in policymaking. The Department of Rural and Community Development (DRCD), is the government department with responsibility for its development and implementation. The DRCD is currently finalising the follow-up policy, the '[National Social Enterprise Policy 2024-2027](#)'. This new policy is expected to be introduced by the end of June 2024.

The social and solidarity economy (or social economy) is not defined in any legal or official text in Ireland. Ireland does not have one specific strategy for its 'social economy'. Instead, it is recognised in the Policy that social enterprises are part of the wider social economy. In this, 'social economy includes cooperatives, mutual societies, non-profit associations, foundations, and social enterprises. The primary objective of social economy enterprises is to serve the members and not to obtain a return on investment as traditional mainstream companies do' (*National Social Enterprise Policy for Ireland 2019-2022*, 2019). While the original 2019-2022 Policy was introduced before the [Social Economy Action Plan \(SEAP\)](#), the new Irish social enterprise policy 2024-2027 is expected to adopt the same definition.

Some statistics

In 2018, the number of non-profit organisations was 29,000 employing 290,000 people. Approximately one third of these were directly regulated as charities. In the same year, the Central Statistics Office registered a total of 290,078 enterprises employing 1,678,695 people (CSO, 2021).

As of 2022, Ireland estimated there were 4,335 social enterprises employing 84,342 people, accounting for 3.7% of the workforce. The generated income of the sector was estimated at EUR 2.34 billion in 2021 (Amárach/SERI/ILDN, 2023).

Supporting Policies & Strategies

Ireland has several policies that cover the social economy. The [Our Rural Future \(2021-2025\)](#) is the government's rural development policy. It recognises the role of social enterprises in promoting sustainable development of rural communities.

The [Sustainable, Inclusive and Empowered Communities strategy 2019-2024](#) set out to support the wider Community and Voluntary (C&V) sector. The strategy provides a general guidance for government policy in relation to community development, local development and the community and voluntary sector.

The [National Volunteering Strategy 2021-2025](#) seeks to develop vibrant communities by encouraging volunteerism. Many social enterprises rely on volunteering for delivery of services. According to the strategy, one million people aged fifteen and over volunteer in Ireland. Almost forty-five thousand volunteers work at all levels of social enterprises including at board level. There are many additional strategies including the [Whole of Government Circular Economy Strategy 2022-2023](#) launched by the Department of the Environment, Climate and Communications recognising the work of social enterprises in the circular economy. A [White Paper on Enterprise 2022-2030](#) launched by the Department of Trade Enterprise and Employment recognises social enterprises as a part of Ireland's broad enterprise policy. Regional and sector specific policies and strategies are also aligned with the government commitment to social enterprise, these will be elaborated on further on in the paper. However, the National Social Enterprise Policy 2019-2022 and its subsequent developments will be the focus.

BOX #1 – Definition of “Social economy” included in the Policy

The country has an operational definition of the term “social enterprise”:

A social enterprise is an enterprise whose objective is to achieve a social, societal or environmental impact, rather than maximising profit for its owners or shareholders. It pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting surpluses into achieving social objectives. It is governed in a fully accountable and transparent manner and is independent of the public sector. If dissolved, it should transfer its assets to another organisation with a similar mission.

The range of social enterprises in Ireland is broad, and has been summarised as:

- work integration social enterprises (WISEs), which support disadvantaged people to prepare for and participate in the labour market;
- enterprise development social enterprises which support the creation of other enterprises (e.g. through providing office space and facilities);
- ‘deficit demand’ social enterprises which seek to meet demand for goods and services within a community where there is insufficient demand for the operation of a regular market due to inherent economic and social disadvantage or low density of population;
- environmental social enterprises which focus on environmental sustainability and reuse through the circular economy; and
- social enterprises contracted with the public sector to deliver public services in disadvantaged areas and communities.

From the National Social Enterprise Policy 2019-2022.

2 Situation in the country/region

History of Social Economy and Social Enterprise

Ireland has a long history of social enterprise and social economy organisations. Ireland's oldest functioning charity was established in 1790 when a group of Dublin businessmen formed the Sick and Indigent Roomkeepers Society to provide services for the city's poor (The Wheel, 2022). In 2018, there were 29,000 non-profit organisations in Ireland. Credit Unions in Ireland have approximately 3.5 million members with over EUR 20 billion in assets since their formation in 1958 (CSO, 2021). However, many organisations that are considered to be part of the social economy, often do not identify with the term ‘social economy’.

Social enterprise, as a term, came about in popular discourse in the 1990s (O'Shaughnessy & O'Hara, 2016). Social enterprises were seen as effective vehicles to create jobs and sustain disadvantaged communities. In early 2000 the social economy was defined as the part of the economy, which is between the private and public sectors, engaging in economic activity to meet social objectives (FÁS, 2000). Social enterprises were identified as one type of enterprise within this part of the economy. (NESC, 2023)

Social Enterprise Recognition

After the economic collapse and unemployment crisis beginning in 2008, the Irish government commissioned a report on the potential for social enterprise to create jobs. In

2013, Forfás¹ identified areas where social enterprises could play a meaningful role. It began with setting up an inter-departmental group on the social economy in 2013, following a recommendation by Forfás (Forfás, 2013). The group comprised of the Departments of Environment, Community and Local Government; Social Protection; Agriculture, Food and the Marine; Health; Arts, Heritage and the Gaeltacht; and Jobs, Enterprise and Innovation. The establishment of the inter-departmental group was seen as an important step towards the creation of a conducive ecosystem for social enterprises, especially if it would foster collaboration with social economy organisations (NESC, 2023).

At the time (2013), Forfás estimated that the social enterprise sector employed between 25,000 and 33,000 people in over 1,400 social enterprises, with a total income of around EUR 1.4 billion. The [2014 Action Plan for Jobs](#) included a commitment to develop the social enterprise sector, including: developing a policy for the sector; strengthening the capacity of the sector; addressing procurement policy; reviewing funding and finance; develop leadership capacity; harnessing community support; and governance.

Department of Rural and Community Development

In 2017, when the Department of Rural and Community Development (DRCD) was formed, its mission was “to promote rural and community development and to support vibrant, inclusive and sustainable communities throughout Ireland”.

BOX #2 Ireland’s national/regional context

There are several regional and county level strategies in place. The Republic of Ireland is made up of twenty-six counties. Generally, each of these counties has a local economic and community development plan that spans 3-5 years. Inclusion of supportive social enterprise language is rare, but this is starting to change.

Some counties have implemented their own social enterprise strategy including, among others, the Louth-, Mayo-, Dun Laoghaire-Rathdown County Council. These strategies align with the Policy. Further examples of local and regional plans include the Dublin **City Council’s** [Local Economic and Community Plan 2016](#) and the Western Development Commission’s strategy on ‘Developing a Social Innovation Region in the West of Ireland’.

Dublin City Council

Dublin City Council introduced language supporting social enterprises in its [Local Economic and Community Plan 2016](#). This included: ‘Develop the ecosystem of start-ups, social enterprise, micro-business and small business in the city economy’. Also, **the** Dublin City Council introduced a Social Enterprise Committee with a broad range of stakeholders. Additionally, the Local Enterprise Office (LEO) in Dublin supports social enterprise in several ways:

- Training: Access to all appropriate training provided by the LEO
- Mentoring: Available mentorship from the LEO panel
- Grants/ Finance: Appropriate grants and finance are made available
- Dublin City Social Enterprise Awards: The scheme affords social enterprises

Source: Dublin City Local Economic and Community Plan 2016-2021

¹ Forfás was Ireland’s policy advisory board for enterprise, trade, science, technology and innovation. It provided independent and rigorous research, advice and support in the areas of enterprise and science policy to the Government of Ireland. Forfás was abolished in 2013. (Collins, S. 2013)

Western Development Commission

The Western Development Commission (WDC) is a statutory body that was established in 1997 to promote social and economic development in the Western Region of Ireland (the counties of Donegal, Leitrim, Sligo, Mayo, Roscommon, Galway and Clare). In 2022, the WDC published its strategy called 'Developing a Social Innovation Region in the West of Ireland.' The Strategy broadly referenced the Policy and was built on many of the objectives with a focus on how to make it successful for the region. The strategy was focused on supporting the following goals:

- Produce a heatmap to quantify the size and reach of social enterprise across the WDC region.
- Create a regional social innovation hub and develop a regional incubator/accelerator programme to grow and scale social enterprises.
- Work with other agencies to explore alternative forms of finance, including the development of a social investment market and a crowdfunding platform for social enterprises.
- Develop a Flagship Social Enterprise to demonstrate the potential and impact of social enterprise that can be scaled and replicated.

Source: *Developing a Social Innovation Region in the West of Ireland 2022*.

3 The national strategy

3.1 Vision & objectives

The vision for the [National Social Enterprise Policy 2019-2022](#) was to 'create an enabling environment for social enterprise in Ireland to grow and contribute to Ireland's social and economic progress'. It was hoped that the Policy objectives would unlock the potential for social enterprises to succeed in addressing social and environmental challenges; contribute to the revitalisation of local communities throughout the country; and support many of the most vulnerable in society. The Policy focused on three objectives:



The Policy is based around 3 Objectives:

Policy Objective 1:

Building Awareness of Social Enterprise

Policy Objective 2:

Growing and Strengthening Social Enterprise

Policy Objective 3:

Achieving Better Policy Alignment

Figure 1 National Social Enterprise Policy for Ireland 2019-2022

The Policy also recognised that the DRCD alone would not be able to implement much change on its own. And so, the Policy outlines areas where relevant stakeholders would be asked to play an active role.

Building Awareness of Social Enterprise

Social enterprise as a term was poorly understood before the policy was introduced. One of the first objectives of the Policy was to provide a working definition (see Box 1). The definition covered the main mechanisms of how a social enterprise would operate to be readily identifiable. This was a major step forward for social enterprises. However, there were some issues with the definition. The definition does not specify any specific legal form. It is widely accepted that the definition fits with the European interpretation of the term and will not be readily updated.

The Policy aimed to provide better visibility to the term “social enterprises’ and encouraged the close cooperation with social enterprise stakeholders to develop an awareness strategy to raise the profile of social enterprises in Ireland. This also included working with stakeholders to identify and disseminate best practice examples of social enterprises and increase public understanding of their contribution to society and the economy. The DRCD committed to holding an annual Social Enterprise Conference for all stakeholders to provide networking opportunities, disseminate information, share best practices, and inform policy implementation and future policy development.

The Policy also aimed to develop social enterprise through education at all levels. Notified stakeholders included schools, higher education institutions and social economy support organisations amongst others. The Policy also aimed to fund support organisations to develop skills within social enterprises.

Growing and Strengthening Social Enterprise

Social enterprises received some support before the launch of the Policy. However, this support was disjointed and needed consistency, with a focus on quality and relevancy. Through research and consultation, it was confirmed that social enterprises needed increased access to business support, including sales and marketing, finance and business development, leadership and governance upskilling and increased access to mentorship and training. The Policy set out to compile and make available information on the various business supports available to social enterprises, along with details of the providers of those supports and identify any gaps which may exist in business supports available to social enterprises and work to address those gaps. The Policy aimed to provide improved access to advice and support to assist social enterprises and social entrepreneurs - including through standard Local Enterprise Office services where appropriate - to develop their business proposals. Bespoke training for social enterprises in areas such as business planning, mentoring, leadership, governance, capacity building, financial planning and digital innovation was envisaged, to help them improve their business potential, as well as leadership and governance skills.

Ensuring funding and managing financing has always been challenging for social enterprises. The Policy set out to help social enterprises better identify and access funding and finance schemes at all levels including national and European. The Policy intended to help identify and fill the gaps of prestart-up, start-up and established social enterprises, that all need specific funding types and sources. The Policy aimed to review all forms of finance including best practice international models in the hope that new financial products may influence social enterprise development.

Social enterprises rely on the general market to sell products and services. However, many gaps were identified in achieving this. The Policy set out to support capacity-building for

social enterprises in relation to procurement processes through workshops and training. It also set out to identify opportunities for social enterprises in the business-to-business supply-chain and in public procurement. All of this would need coordination and contributions from stakeholders. The DRCD hoped that the Social Considerations Advisory Group would help policy makers to better understand how procurement can be used to facilitate the advancement of social policy objectives within appropriate and structured public procurement guidelines.

The most common legal form for social enterprises is the Company Limited by Guarantee (CLG) (Amárach Research/SERI/ILDN, 2023). Policy set out to analyse the existing legal frameworks and assess the need for the development of a new legal company type.

Achieving Better Policy Alignment

The third objective of the Policy focused on the alignment of policies both nationally and internationally. The DRCD stressed that the need for the National Social Enterprise Policy 2019-2022 was one of many policies that the Government were developing that affected the social economy. It was also recognised that social enterprise was a growing sector globally. The Policy referred to the UN Sustainable Development Goals (SDGs), the development of EU policy through the EU Commission, the British-Irish Chamber and the work of the OECD forming this objective. Indeed, many of the Policy measures focused on better connections across government departments and through relevant international organisations.

One of the areas holding social enterprise back from its potential, was the lack of information and data about the sector. The final Policy measures were put in place to ensure that there was improved data collection on the number and size of social enterprises. It was also envisaged that data would be collected on the impact of social enterprises.

3.2 Administrative and institutional set-ups

The strategic objectives of the DRCD were: the advancement of the economic and social development of both rural and urban communities and enabling communities disadvantaged by location or social issues to reach their full potential. The government assigned policy responsibility to the DRCD to develop social enterprise.

When the DRCD set about developing a strategy for social enterprises, they focused on the following issues: the potential for growth and the benefits this growth could bring to Irish society; the importance of access to finance for social enterprises; the importance of capacity-building and business supports for social enterprises; the need for leadership and good governance within social enterprises; the benefits of enhanced networking/collaboration; and the need for better measurement and awareness of the impacts of social enterprises.

The DRCD instituted a Social Enterprise Unit consisting of a small number of civil servants that worked solely on the Policy. There were always 4 to 5 civil servant employees that developed, managed and coordinated the Policy and associated measures. Social enterprise stakeholders appreciated the relatively accessible Unit who broadly made themselves available to the sector. Having a reliable contact in government with sole responsibility marked a significant change up to that point.

Having a central point of contact within the government can have a substantial influence in policy discussions and government business. Having paid government employees with a sole purpose can lead to both major and minor impacts.

A minor impact would be the DRCD placing information about social enterprise on the government website or being able to attend meetings with the European Commission. A

major impact was the advocacy for funding social enterprise and rapid responses to major changes when needed. When the COVID-19 pandemic broke out in 2020, the DRCD were able to develop a 'COVID-19 Regeneration Scheme for Social Enterprise 2021'.

It is important to note that the Social Enterprise Unit is more commonly referred to as the Department of Rural and Community Development (DRCD) within the sector.

3.3 Consultation mechanisms/stakeholder engagement

The DRCD set out to involve as wide of a spectrum of opinion as it could in the development of the National Social Enterprise Policy 2019-2022. A variety of sources had already been developed and had laid the foundations of where the Policy should begin. However, input from relevant stakeholders would be crucial in the successful outcome of the Policy and so all relevant parties were encouraged to take part in the process. The DRCD undertook a series of engagements with stakeholders not long after the department was formed in 2017. The DRCD began to engage through interviews and roundtable discussions to begin shaping the outlines of the Policy. A public survey was released in 2018 to collect broad feedback. In late 2018, a draft of the Policy was made available for public consultation. Many organisations took this opportunity to make submissions before the release of the final document and DRCD received 114 submissions (DRCD, 2019). The final Policy was released in July 2019.

The Policy also contained references to each measure indicating the relevant stakeholders that might be involved in those actions. Identified stakeholders include: relevant government departments, social enterprise stakeholders, Office of Government Procurement, Local Enterprise Offices etc.

During the implementation of the Policy, the DRCD instituted a Policy Implementation Group with relevant stakeholders. Action 25 of the Policy was to 'Establish a National Social Enterprise Policy Implementation Group' (NSEPIG), chaired by the DRCD, with representation from other relevant Government Departments and Public Bodies, and social enterprise stakeholders'. The DRCD sought expressions of interest through an open call. The terms of reference for the group aimed to have a balance of representation from relevant government departments and public bodies, and social enterprise stakeholders. The purpose of the group was to be advisory in nature. Interested stakeholders applied to the DRCD to join the newly constituted group. The final composition of the panel included a representative from each of the following:

- Department of Rural and Community Development (Chair),
- Department of A Taoiseach (Irish Prime Minister),
- Department of Business,
- Enterprise and Innovation, Department of Justice and Equality,
- Department of Communications, Climate Action and Environment,
- County and City Management Association (CCMA),
- Pobal²,
- Social Enterprise Task Force nominee (x 2),
- Social Enterprise C&V Pillar nominee (x 2),
- Social Enterprise Stakeholder (x 2), and
- A Higher Education Institution.

It was intended for the NSEPIG to meet 3 times a year with additional meetings for any subgroups that might have formed. The NSEPIG eventually met 9 times in total as a full

² Pobal works on behalf of the government to support communities and local agencies toward achieving social inclusion and development. It allocated EUR 1.189 billion in 2023 from several government departments to predominantly support the social economy sector. <https://www.pobal.ie>

committee. One of the roles of the Group was to monitor the overall implementation of the Policy. The Group also provided feedback, guidance and advice to the Department in relation to the implementation of the Policy, as well as early warning regarding potential obstacles in delivery of the Policy (National Social Enterprise Policy Implementation Group, 2019).

3.4 Visibility and recognition

Awareness Raising Initiative for Social Enterprise

A key objective of the strategy focused on building awareness of social enterprise. The measures were broad and required involvement from many stakeholders to action. The National Social Enterprise Policy Implementation Group (NSEPIG) formed a subgroup to develop these measures. Members of the committee were put forward and self-nominated to form the subgroup. The subgroup created a [Social Enterprise Awareness-Raising Strategy 2021](#) with help from an external consultancy partner.

The Strategy focused on;

- providing a common language and communications approach for social enterprise;
- fostering a common understanding of the value of social enterprise; and
- collectively empowering social enterprises to have a voice and a role in raising awareness of social enterprise.

The Strategy provided a shared understanding around what is a social enterprise and what benefits it brings to society and the economy. The Strategy also identified key stakeholders, how they need to be influenced and what actions were needed to best influence them. Crucially, the document outlined a timeline and where resources might be spent to make the biggest impact. On the launch of the Strategy, the DRCD allocated EUR 500,000 to encourage social enterprises and social enterprise stakeholders to promote social enterprise. This initiative was called the [Awareness Raising Initiative for Social Enterprises](#) programme (ARISE programme). In the first call, strand one encouraged social enterprises to apply for funds up to EUR 10,000 while strand two made EUR 50,000 available for funding applications. A second call for funding was made a few months later providing additional money. The ARISE programme was managed through the organisation Pobal. Examples of the ARISE programme include EUR 10,000 to Siel Bleu Ireland to offer exercise supports for people in residential and day care centres and EUR 37,370 to Irish Social Enterprise Network to run the #BuySocialIRL campaign, encouraging mainstream businesses to purchase from social enterprises.

Recognition of Legal Frameworks

The definition of social enterprise outlined by the DRCD in the Policy does not address the issue of legal form. The Policy definition focuses on the mechanics of how a social enterprise operates but excludes identifying specific legal types. The DRCD undertook [Research on Legal Form for Social Enterprises](#) (Lalor & Doyle, 2021) and investigated the needs for a specific social enterprise legal form and the attitudes towards creating one. The report found that while there might be an appetite for a legal structure, social enterprises must first explore the full use of the existing legal structures available. The most common company type for social enterprise in Ireland was a Company Limited by Guarantee. The legislation for cooperatives was poorly understood and needed to be updated before widespread adoption was likely. Social enterprises also often registered as charities under the Charities Act 2009. While there were many reasons for this, a key one was that being identified as a charity often limited the social enterprise to trade effectively.

Social Enterprise Legal Status

Social enterprise labels are not widely used in Ireland. There are few labels that identify social enterprises in Ireland, and even fewer that would cover all existing self-identifying

social enterprises. One such label is the Social Enterprise Mark CIC based in the United Kingdom. The label is an internationally recognised social enterprise identifier. The label demonstrates that a social enterprise has achieved the identifier, meeting the criteria as set out by the UK accrediting body. The label was introduced in Ireland through Social Impact Ireland, as a way for social enterprises to gain better recognition. Only a few social enterprises signed up to receive the label since its introduction. Social Impact Ireland has ceased trading, and the use of labels is not being encouraged or demanded by the sector. There is a role for labels and designations. With the increase in recognition of community benefit clauses and impact measurement in social enterprise procurement, there will be a growing need to investigate their use.

Access to Support

Social enterprises face difficulties in trying to gain access to supports which private enterprises regularly benefit from. The Policy brought attention to this issue and stakeholders such as the Local Enterprise Offices and Enterprise Ireland have been made aware of their issues. It is still difficult to gain full support from these entities, but some progress is being made.

3.5 Monitoring and evaluation

Annual Progress Reports

The DRCD has published annual updates to the Policy as it progressed. These progress reports were made publicly available on the DRCD website. The reports showed how each measure was progressing. The reports were first presented at each National Social Enterprise Policy Implementation (NSEPIG) meeting so that the members of the group could get regular updates and reviews. This group acted as a monitor for the DRCD and the Policy implementation.

The objectives outlined in the Policy were often measured through a mix of outputs and outcomes. Outputs would rely on the number of times that a committee had met, or the number of research or consultancy reports commissioned. Outcomes focused on the results of those actions. For example, the measure for legal forms required research to be conducted by an external consultancy. This measure was met on the completion of the research and the resulting outcome, which required no further progress to be initiated at this time.

Awareness Raising Initiative for Social Enterprise

The subgroup formed under NSEPIG to develop an Awareness Raising Strategy raised the point of measurement in their own Awareness-Raising Strategy 2021. Group members had debated the use of broad national polls to gauge understanding of the term social enterprise before and after campaigns were implemented. While this was discussed, it was felt that a national poll was not the best fit for this strategy and therefore smaller and more inclusive outputs were implemented.

OECD

The main monitoring and evaluation mechanism employed by the DRCD was the review completed by the OECD. Boosting social entrepreneurship and [Social Enterprise Development in Ireland; In-depth review \(2023\)](#) was launched and published at the National Social Enterprise Conference in November 2023. The review conducted desktop research and interviewed over sixty stakeholders in an effort to fully assess the impact of the Policy. The OECD gave commendations and recommendations to the Policy and outlined a path forward for a future policy. Indeed, the next policy draws heavily on the outcomes of the report and will contain many of its recommendations and measures.

BOX #3 Funding the strategy:

The DRCD financed the strategy through department funds. In anticipation of the Development of the Policy, the DRCD allocated funds received from the Department of Finance to develop and implement the strategy. A EUR 2 million per annum Social Enterprise Measure was established by the DRCD in 2017 through the Dormant Accounts Fund (DAF). A EUR 1.6 million Social Enterprise Development (SED) Fund was co-financed by the Dormant Accounts Fund and established by Social Innovation Fund Ireland in the same year. This SED Fund was aimed at supporting the scale-up of social enterprises.

The DAF was established in 2001 by the Dormant Accounts Act. Unclaimed funds that are left in dormant bank accounts are pooled to create a large fund to finance measures that address economic, social and educational disadvantages or support persons with disabilities. Since 2020, the DRCD has used the DAF to finance many social enterprise measures. These schemes include the Social Enterprise Small Capital Grant Scheme, Social Enterprise Start-up Scheme, Awareness Raising Initiative for Social Enterprises (ARISE) and Training and Mentoring Scheme. In March 2023, the DRCD announced EUR 2.3 million in DAF funding to support social enterprises, with EUR 1.4 million to support 19 organisations under the Scaling-up Scheme for Social Enterprise initiative. The total amount allocated under the Social Enterprise Measure of the DAF is around EUR 12 million.

Source: Department of Rural and Community Development, 2022.

Box #4: Main policy measures within the strategy related to access to markets, State aid and Data & Impact**Access to Markets**

- Support capacity-building for social enterprises in relation to procurement processes through workshops and training.
- Work with stakeholders to identify how to improve opportunities for social enterprises in the business-to-business supply-chain and in public procurement.
- Through the Social Considerations Advisory Group, help policy makers to better understand how procurement can be used to facilitate the advancement of social policy objectives within appropriate and structured public procurement guidelines.

State Aid

- Explore the scope for improving alignment of funding schemes across Government Departments, where appropriate, to support the objectives of social enterprises, whilst avoiding any displacement of existing supports for Community and Voluntary organisations.

Data and Impact

- Improve data collection relating to the extent of social enterprise in Ireland and the areas in which social enterprises operate.
- Develop mechanisms to measure the social and economic impact of social enterprises across the full spectrum of social enterprise.

Source : National Social Enterprise Policy 2019-2022

Access to Finance

With an increased focus on finance and funding for the sector, several initiatives have explored new finance mechanisms. One of those projects was the 'Financing Social Enterprise in Ireland – Models of Impact Investing & Readiness' project cofounded by

the EU programme for Employment and Social Innovation (EaSI). The project was a consortium of Community Finance Ireland, Dublin City University and Rethink Ireland supported by the Irish Social Enterprise Network. The result of the two-year project was a 'Hybrid Social Finance Loan' aimed at start-up social enterprises that are first-time borrowers. The loan would provide a combination of a repayable loan, a non-repayable loan and business support for up to 20 social enterprises in total through two open calls. The Department of Rural and Community Development has committed EUR 890,000 for this. In addition, Community Finance Ireland provided approximately EUR 500,000 in repayable loans.

Source : *SocialFinance.ie*

4 Results

The Policy was developed on three core pillars; building awareness of social enterprise; growing and strengthening social enterprise; and achieving better policy alignment. Each of the social enterprise measures outlined in the policy had been met at the conclusion of the term of the Policy. All twenty-six actions had results. This is backed up by the review undertaken by the OECD launched in 2023. The [Boosting Social Entrepreneurship and Social Enterprise Development in Ireland: In-depth policy review 2023](#) assessed the Policy by analysing; strengths; challenges; and recommendations.

Building Awareness of Social Enterprise

Since the introduction of the Policy, EUR 12 million has been allocated to social enterprises and social enterprise stakeholders. Over EUR 500,000 has been allocated towards social enterprise awareness initiatives alone. It is likely that this money would not have been made available if the mechanisms to allocate this money had not been implemented under the Policy. In addition, the DRCD have convened the stakeholders annually through their National Social Enterprise Conference held on the third Thursday of November each year. This is on the same day as the internationally recognised 'National Social Enterprise Day'. For example, in November 2021, 400 stakeholders attended 'The Future of Social Enterprise in a Changing Ireland' (*National Social Enterprise Conference event 2021, 2022*). This has helped collaboration in the sector and allowed for a broadly shared purpose. In addition, the regular NSEPIG meetings have ensured that stakeholders in the Policy have oversight and a voice in implementation.

Growing and Strengthening Social Enterprise

The final policy introduced several initiatives improving business and leadership support for social enterprises. The DRCD offers a website full of information on the social enterprise landscape (*Social Enterprise*, 2019). These included working with Rethink Ireland³ to co-fund a 'Start a Social Enterprise Business Course'. This is a free six-week course that covers key areas to support social enterprise development. This is joint initiative run by Rethink Ireland and supported by IPB Insurance and the DRCD through the Dormant Accounts Fund (*Start a social enterprise business course*, 2024). Two hundred places have been made available from 4 courses of fifty people. The Policy also resulted in further research on legal form, further leadership on social enterprises in procurement and the SocialFinance.ie project mentioned earlier.

³ Rethink Ireland provides cash grants and business support to the social innovations who can make a real difference.
<https://www.rethinkireland.ie>

Achieving Better Policy Alignment

One of the main results from the Policy was the improved data collection on social enterprises in Ireland. The DRCD released a [Request for Tender](#) for a two-stage call: stage 1; to design a comprehensive data collection process/methodology, in collaboration with social enterprise stakeholders and stage 2; to conduct the first National Social Enterprise baseline data collection exercise and report on the findings. A consortium was scored and selected to undertake the research. The data collection exercise showed that 4,335 social enterprises that operated in Ireland. 68% of social enterprises operated mainly in one of four areas: childcare; community infrastructure and local development; health, youth services and social care; heritage festivals, arts and creative industry. This information, coupled with the increased funding made available has set a path for the development of the next Policy being released in June 2024. The implementation of these Policy measures has allowed for much greater understanding of the social enterprise landscape.

5 Difficulties and constraints

Access to Markets and Procurement

There are still many barriers to social enterprises selling their products and/ or services. The DRCD has supported the development of a marketplace and directory for social enterprises in a limited way. The [BuySocial.ie](#) website is in part funded by the DRCD and Pobal and is operated by the Irish Social Enterprise Network (ISEN). However, there are no ongoing funds for the upkeep and management of the project leaving an opportunity for huge growth unfunded. There is also limited use of Socially Responsible Public Procurement clauses in contracts. Including more clauses would increase the market open to social enterprises to gain benefit, thus increasing revenues, increased retained profit and increased jobs and impact.

Stakeholders & Social Enterprise Definition

There is a broad range of stakeholders that are involved with the Policy. Both in the development and the implementation. Many of the stakeholders had differing views on social enterprise and social economy. It was important that a broad definition was given that gained acceptance to a broad spectrum of social enterprises that exist in Ireland. However, there are limitations to the social enterprise definition. The lack of clarity on the legal form for a social enterprise has been seen as a real difficulty. There is no regulatory power to nominate whether a social enterprise is in fact a social enterprise or not. This has not resulted in too many complications yet; however, further development will be needed to refine the definition over time. There is no immediate change planned for the definition.

Data and Information

Social enterprises are constantly requested similar and duplicating information from funders and various government entities. However, those entities fail to engage with each other leading to frustration and confusion with reporting. This influences the Policy as many social enterprises are constantly asked for information that is stored with many institutions currently. If the Policy is to be successful in future, it is crucial that the reporting mandate is reduced and obtained in smarter ways. This issue is common to reporting on the sector in other countries and not limited to Ireland.

Social Impact Measurement

There is an increasing expectation that social enterprises provide accurate social impact measurement. However, there is a lack of clarity on standard social impact reporting and social enterprises often lack the resources to dedicate to impact measurement. Such an

important change will take time and effort and will need to be introduced in partnership with the stakeholders and wider sector to be successful and achieve the desired outcomes.

Funding & Finance

Many grants and funding that is available to social enterprise are for operational costs only such as wages and rental accommodations. The lack of investment and funding keeps social enterprise from scaling up and creating new opportunities to create unrestricted revenue sources. European funding is not being utilised in Ireland as much as it could be. Lead contact points for European Funding such as Léargas and Access Europe provide information on Erasmus and EaSI funds. Both groups struggle to encourage social enterprises to take up on their potential funding. This is due to the inability to pay co-financing on certain funds that could be up to 40% or the ability to manage cash flow while spending money that must be reimbursed after the project is complete.

6 Success factors and transferability

Ireland has a vibrant social economy. There is broad consensus that Ireland has benefited from a National Social Enterprise Policy. The Policy has given a positive lift to the social enterprise space and has allowed for greater discourse and development. There are several areas that the Policy has broadly succeeded.

Social Enterprise Definition

For all the potential downsides to the social enterprise definition, the inclusion of a definition for social enterprise in a government policy has been helpful. Through this definition, individual social enterprises see themselves as being part of the 4,335 identified social enterprises by the Policy. By placing a definition into the Policy, the sector can better identify those that seek to be a social enterprise. The definition included in a government policy document also reinforces the concept in other government policies and strategies. This reinforces the need to recognise the sector as a positive and influential force. This includes social enterprise integration into: Our Rural Future, Ireland's rural policy; White Paper on Enterprise 2022 - 2030, Ireland's national enterprise policy white paper; Waste Action Plan for a Circular Economy (2020-2025); and a Whole-of-Government Circular Economy Strategy (2022-2023) amongst others.

A Department for Social Enterprise

The importance of having a single department with responsibility for social enterprise should not be underestimated. For many of the reasons already outlined in this document, a single point of contact can be a powerful first step in the establishment of a successful social enterprise policy. While there are many debates about which department would best suit social enterprises, including many arguing for a change to the Department of Enterprise Trade and Employment, having a dedicated Social Enterprise Unit has been a positive outcome.

Funding

Utilising the Dormant Accounts Fund to support the social enterprise measures has led to increased finance available for social enterprise to operate. This has been particularly welcome through the unstable financial turmoil brought on by the COVID-19 pandemic or the subsequent knock-on effects to energy prices after the invasion of Ukraine by Russia in 2022. Rapid finance measures funded through the Dormant Account targeted at social enterprise needs has been a positive outcome.

Social Enterprise Legal Form

There is no specific legal form for the social economy or social enterprise, but research conducted as a result of the Policy indicate that there is more to be gained from existing

legislation (Lalor & Doyle, 2021). Existing legal forms for social enterprise are often poorly understood. Both social enterprises and social enterprise stakeholders, particularly funding bodies, need greater understanding and training on legal forms. Further education can lead to more innovative outcomes and less restrictive funding terms.

Data Collection

The Policy set out to increase the knowledge on the sector. In doing so, social enterprises are seen as playing a large role in areas such as housing, childcare, healthcare, tourism, recycling, education, job activation and more. Access to usable data helps inform discussions and provides deeper understanding of the sector that was not available previously.

New Policy 2024-2027

Ireland is currently developing a renewed Policy with a launch date before June 2024. The original Policy objectives are broadly kept including 'Building Awareness of Social Enterprises' and 'Growing Social Enterprise'. However, there are 3 additional objectives likely to be included in the new Policy. These are: Climate Action Contribution; National and International Engagement; and Data Collection and Social Impact Measurement.

In conclusion

A national social enterprise policy can be transformative. But no document or department works in a vacuum. The National Social Enterprise Policy is the result of a government, social enterprise stakeholders, interested parties and social enterprises and service users themselves implementing positive incremental changes. We are looking forward to an even more improved Policy and subsequent impact in the coming years.

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