



BOOSTING SOCIAL ENTREPRENEURSHIP AND SOCIAL ENTERPRISE DEVELOPMENT

Preliminary findings from an in-depth policy review of Ireland

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Lay of the land: Socio-economic context

Strong economic recovery after COVID

- Very open economy building on **free trade policy**
- **4.8% projected** GDP growth rate in 2022 and **2.7%** in 2023 (OECD, 2022)
- One of the most **export-oriented** countries in the OECD
- Many **high-growth firms**, policy commitment to spur entrepreneurship



Persisting challenges

- **High public debt ratio** fueled by the pandemic (Department of Finance, 2022)
- **Population aged over 65** is estimated to grow more rapidly than most OECD countries
- Challenges in labour force participation and **youth unemployment**
- **Regional disparities** in socio-economic development



Dynamic ecosystem for social entrepreneurship

- **Long tradition** of social economy, focusing on serving disadvantaged groups
- Entrepreneurial culture coupled with a **strong sense of community**
- **Higher rate of participation** in unpaid voluntary work compared to EU
- Able to support **provision of welfare state and labour market integration**



Conceptual framework around social and solidarity economy (SSE)

Social and solidarity economy

Social enterprise

an entity, which trades goods and services, that fulfils a societal objective and whose main purpose is not the maximisation of profit for the owners but its reinvestment for the continued attainment of its societal goals

Social innovation

seeks new and cost-effective answers to social and societal problems and refers to new solutions that aim primarily to improve the quality of life of individuals and communities by increasing their well-being as well as their social and economic inclusion

A set of organisations such as associations, cooperatives, mutual organisations, foundations, and social enterprises; activities of which are typically driven by societal objectives, values of solidarity, the primacy of people over capital and, in most cases, by democratic and participative governance



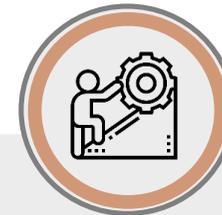


Institutional and legal frameworks for social enterprises



Strengths

- An institutional framework built to strongly promote social enterprises across sectors and levels of government
- Strong alignment with other national policies
- A broad spectrum of legal forms that social enterprises can adopt
- Availability of fiscal benefits for social enterprise, although not exclusively



Challenges

- Persisting confusion around the legal identity of social enterprises and related fiscal benefits
- Limited clarity about social enterprises and their governance systems
- Institutional ambiguity around policy support for social enterprises

Access to finance and funding



Strengths

- A set of policy measures and initiatives to strengthen social enterprises
- Public or public-backed funding available for social enterprises
 - ✓ CSP, DAF, SICAP, SIFI and so on...
- Social lenders are active in Ireland
 - ✓ Clann Credo, Community Finance Ireland, Microfinance Ireland, Social Finance Foundation and so on...



Challenges

- Complex identity and lack of tailored funding for social enterprises
- Available funding for social enterprises is rarely investment capital
- Fragmented public funding for costs containment and short-term liquidity issues
- Mainstream banking system is absent for or invisible to social enterprises

Access to markets



Strengths

- Recognition of access to markets issue in the National Social Enterprise Policy for Ireland 2019-2022
 - ✓ Transposition of the EU Directive on Public Procurement into Irish Law in 2016
- Public procurement is advancing towards greater sustainability
- Philanthropy policy to improve access to market



Challenges

- Limited use of socially responsible public procurement
- Inability to define and assess social value
- Grant-based financing process is still prevailing
- Lack of skills, knowledge, and training in public procurement

Social impact measurement and data provision



Strengths

- Policy momentum to increase uptake of social impact measurement for social enterprises
- Increasing efforts by social economy actors to advance social impact measurement



Challenges

- Limited data provision on social enterprises
- Lack of in-house capacity and resources for social impact measurement
- Limited public incentives for social enterprises to incorporate social impact measurement

Skills and business development



Strengths

- Active national and local agencies and support network organisations
- Availability of specialised and sectorial support organisations and networks as well as other ecosystem enablers



Challenges

- The starvation-cycle and the need of thoughtful and visionary leaders
- Fragmented capacity building and human capital enhancement programmes
- Shortages in training offers and most needed skills in the social enterprise field
- Barriers to financial sustainability of social enterprises

Going forward: Recommendations to consider



- Clarifying the concepts of social enterprise and social economy through multi-stakeholder dialogue
- Promoting a shared understanding around social enterprise among the broader ecosystem



Bulgaria's National Concept for Social Economy



- Clarifying of legal identification of social enterprises to better position them in the spectrum of companies
- Creating a designated institution for social enterprise policy



UK's Community Interest Companies



Colombia's Superintendence of Solidarity Economy (SES)



France's ESUS legal status



- Increasing public investments in financially viable social enterprises and social innovation
- Targeting mainstream financial institutions and the banking system



UK's Big Society Capital

Practices from around the world



- Differentiating contracts and reserve quotas for social enterprises
- Improving social enterprises' know-how on tendering processes



Australia – Victoria's Social Procurement Framework



Buy Social Scotland Initiative



Canada – Montreal's "Social economy, I buy!" Initiative



- Co-creating a framework for measuring and reporting on social impact
- Supporting the development of a national database on social enterprises



Korea's Social Value Index



Scotland's Social Enterprise Census



- Acknowledging and fully recognising social enterprises' specific needs for business development
- Leveraging social enterprises' potential and strengths through targeted support mechanisms



European Investment Bank's Social Innovation Tournament (SIT)

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