

UNLOCKING THE SOCIAL ECONOMY, SUPPORTING SOCIAL ENTERPRISE

A Platform for Progress



the
wheel

Stronger Charities.
Stronger Communities.

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EXECUTIVE SUMMARY

This policy paper is a rallying call for all those who believe that we must move urgently towards an economy that works for people and the planet and that social enterprise is at the heart of this.

Drawing on a growing body of academic and real-world evidence of how social enterprise can help fuel and sustain real and meaningful societal benefits in a post-COVID world, the document considers the state of the social economy currently in Ireland and the wider EU. The Taoiseach, Micheál Martin said “...more and more policy makers and others are recognising the breadth and the reach of the community and voluntary sector and its value not just in supporting our county’s social fabric but also in terms of its significant economic contribution.” This paper sets out a vision for how we could truly ‘build back better’ as we move forward.

Key first to progress, however, is a keen analysis of our present social economy needs. Supported by the evidence and conclusions referenced from two independent reports, alongside the findings of a number of research surveys, the report goes on to detail The Wheel’s existing supports and services that it is already making available to Irish social enterprises. Relevant training, funding resources, policy updates, cost-cutting measures, and other services are detailed.

The Wheel’s recommendations for Government - in how it should best support the social economy - are presented in the paper, and include:

1. Enabling social enterprises to access existing business, finance, and other supports
2. Creating a comprehensive social enterprise training framework
3. Ensuring public procurement works to include, not exclude, social enterprise
4. Raising public awareness
5. Committing to sustained data collection on the impact of the social economy
6. Supporting the green and digital transformation of the social economy
7. Active engagement by Government in implementing the EU Action Plan.

The report concludes with a number of case studies, which look at examples of the positive impact that social enterprises have already had in communities across the country.

The appendix section provides additional context to the paper. Appendix 2, for example, includes a full summary of the EU Commission’s commitments under the EU Social Economy Action Plan.

The overarching theme for this paper is *transformation*. Transforming from an outdated and unsustainable way of running the economy to one in which social enterprises are as interwoven into our societal fabric as any other type of business.

This is The Wheel’s blueprint of how to get there.

1. INTRODUCTION

Social enterprise is at the heart of the wider social economy in Ireland. It is part of our heritage and, importantly, it is essential to a future economy that works for people and planet.

In December 2021, the European Commission published The Social Economy Action Plan. It provides a clear and inclusive definition of the social economy in Europe:

“...the social economy covers entities sharing the following main common principles and features:

- *The primacy of people as well as social and/or environmental purpose over profit*
- *The reinvestment of most of the profits and surpluses to carry out activities in the interest of members/users (‘collective interest’) or society at large (‘general interest’)*
- *Democratic and/or participatory governance.”*

For the first time the EU definition specifically includes all of the following as part of the social economy: associations (including charities), social enterprises, cooperatives, and mutual benefit societies.

This definition was also adopted by the European Parliament on 6 July 2022.¹

It is also reflected in the Recommendation on the Social and Solidarity Economy and Social Innovation was adopted as a Legal Instrument by the OECD Council at Ministerial level on 10 June 2022 and by the International Labour Organisation (ILO) at the Plenary session held on 10 June 2022 in Geneva.^{2, 3}

All of the international organisations recognise that social economy organisations are private entities running economic activities whose main purpose is to provide goods and services to their members or the community at large, with profits coming second. They build on local roots; solidarity and participation are core principles driving their activities.

This broad and inclusive definition adopted by the European Commission takes into account the existing diversity, not just across the 27 Member States, but also the diversity that exists here in Ireland. For example, a great many of the organisations represented by The Wheel, Ireland’s representative organisation for charities and community organisations, fall within this definition.

The adoption of this unifying terminology by people within the sector, academics, and public authorities would help communicate the enormous value of the work that is done by this sector.

This paper explores the challenges and opportunities in Ireland for the social economy and the social enterprises within it. It focuses on lessons learnt from the COVID-19 pandemic and on the role that social enterprise and other social economy organisations can play in tackling other major social and economic challenges, such as Brexit, growing levels of inequality and the climate emergency.

¹ European Parliament resolution of 6 July 2022 on the EU action plan for the social economy (2021/2179(INI)). https://www.europarl.europa.eu/doceo/document/TA-9-2022-0288_EN.html

² OECD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0472>
ILO: https://www.ilo.org/global/topics/cooperatives/sse/WCMS_848274/lang--en/index.htm

³ The OECD Legal Instrument is the first international standard in this area. It provides Adherents (Ireland is one) with “an internationally agreed policy framework to foster social economy and social innovation development and ensure their ongoing expansion.” The ILO resolution is equally significant because it is the first definition within the UN system about what the Social and Solidarity Economy (SEE) is.

It seeks to stimulate and inform the debate that will accompany the following significant developments during 2022 and 2023, including:

- Development of the next phase of Ireland’s National Social Enterprise Strategy
- OECD In-Depth Social Enterprise Policy Review
- Implementation of EU Commission’s Social Economy Action Plan which is front-loaded to 2022 and 2023
- The co-creation by the EU Commission with stakeholders of a ‘pathway’ to support the social economy’s ‘twin transition to a green and digital economy’.

All of this will take place in the context of the recovery from the effects of the pandemic, as well as the imperative to respond to the climate crisis, the influx of refugees from the war in Ukraine and the cost-of-living crisis.

The social economy can be one of the ways to ‘build back better’ by balancing economic, environmental and social objectives. At its best, it empowers people and communities; it is a demonstration of community self-help.

“It is important that we support social enterprises to ensure that our economic and social recovery is a sustainable one that leaves no one behind...” - Heather Humphries TD

The pandemic has brought home, literally into every home, our interdependence at every level: global, European, national, local and community.

COVID-19 has been devastating to communities across the country. Lives have been lost or irreparably damaged; mental health and wellbeing has suffered, especially among our most vulnerable people; and the economic toll has pushed many people and businesses over the edge. However, even amidst the many negative effects, we have seen tremendous hope, especially in the triumph of science and community endeavour.

Minister Heather Humphries recognises that the critical role of social enterprises to Irish society was demonstrated by their responses to the challenges of COVID-19. She went on to say that, “It is important that we support social enterprises to ensure that our economic and social recovery is a sustainable one that leaves no one behind.”⁴

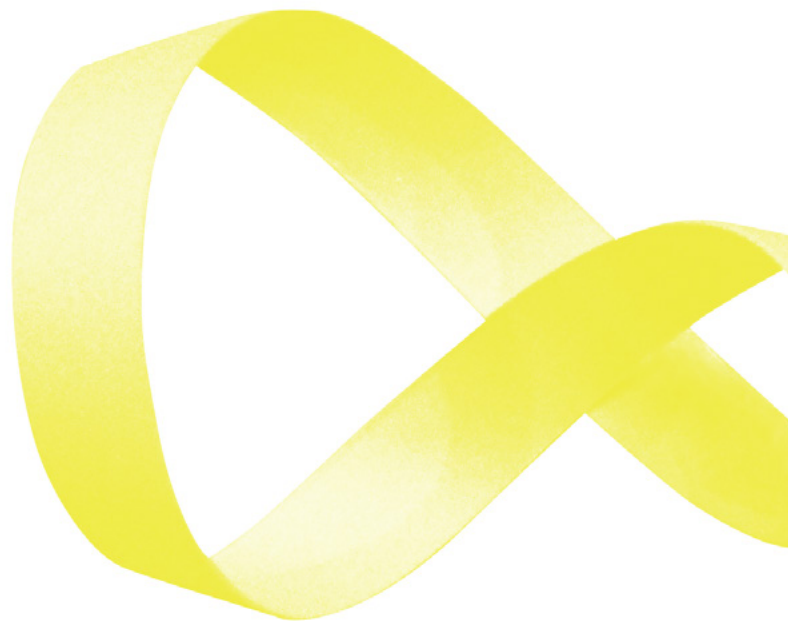
As we enter a phase where people and our institutions have to come to terms with the virus being endemic, it is timely to further consider and plan to invest intelligently in the work of the social economy. As the National Economic and Social Council (NESC) identified, there is a need “to look at how such work can be sustained”.⁵

4 Department of Rural and Community Development. “Ireland Signs the Toledo Declaration on Social Enterprise.” *Gov.ie*, 4 Dec. 2020, www.gov.ie/en/press-release/5323b-ireland-signs-the-toledo-declaration-on-social-enterprise.

5 NESC. “Community Call: Learning for the Future”. 2021, http://files.nesc.ie/nesc_secretariat_papers/No_22_CommunityCall.pdf.

‘Building back better’ must be more than a slogan. It requires us to transform the way we do things. We need to move from the economic and social model that rewards the individual at the expense of society to one that puts the community at its heart and fosters our responsibility to each other and our communities. This change must be integrated into all aspects of the economy at every level, including our business models.

It is only through this transformation that we can address our ingrained structural inequalities, accelerate the green and digital transitions and strengthen our resilience in the face of future challenges. By working together, social enterprises and the wider social economy can help with reweaving the social fabric after the crisis: maintaining and growing our national stock of social capital.⁶



⁶ “Social capital is a term used to describe the extent and nature of our connections with others and the collective attitudes and behaviours between people that support a well-functioning, close-knit society.” Office for National Statistics. “Social Capital in the UK.” *Gov.uk*, 20 Feb. 2020, www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/socialcapitalintheuk/2020.

2. POLICY CONTEXT

The social economy operates in a wider economic and social context. Since the latter decades of the 20th century, the overarching narrative has been that people act only to maximize their self-interest.

This narrative has taken hold in all parts of public policy. It found its most noteworthy expression in Margaret Thatcher's infamous phrase from 1987, "*There is no such thing as society*".⁷

Over time, this has, in the name of efficiency, led to the gig economy, splintering of communities and the erosion of loyalties and cooperation amongst people.



Grow Remote is a social enterprise that strives to make communities more sustainable through remote working. See www.growremote.ie

However, no private, public or social sector organisation could survive and prosper if every individual working within them sought to maximise their self-interest to the exclusion of all else. Successful organisations, be they private corporations or workers' cooperatives, are in reality communities where people draw on collective knowledge and collaborate when working towards a common goal.

Recently, two preeminent Oxford economists Paul Collier and John Kay made an impassioned argument that as the world emerges from an unprecedented crisis, we have a unique opportunity to examine society afresh and build a better world.⁸

⁷ Douglas K, Woman's Own. *Aids, education and the year 2000! An interview with Margaret Thatcher*. Margaret Thatcher Foundation, 23 Sept. 1987, www.margaretthatcher.org/document/106689.

⁸ Paul Collier is Professor of Economics and Director of the Centre for the Study of African Economies at Oxford University. He is a former Director of the Development Research group at the World Bank. John Kay is a Fellow of St John's College, Oxford and has held professorial appointments at the University of Oxford, London Business School and the London School of Economics. He is a director of several public companies. He chaired the UK government review of equity markets.

They conclude, however, by saying, “Soon, we will either be celebrating the value of community or contemplating the awful consequences of its loss”.⁹

The consequences would be awful, indeed. The organisations that comprise the social economy promote and deliver social cohesion, empower people and communities, and deliver critical services that are flexible and responsive in meeting local needs.

Dermot McCarthy, former Secretary General to the Government of Ireland and Secretary General to the Department of An Taoiseach has said that, “active citizenship, a vibrant civil society, and a flourishing voluntary sector make for a resilient liberal democracy”.¹⁰ Society benefits from a strong sense of engagement that deepens empathy and strengthens communal solidarity.

“We also take hope in the increased collaboration between Government and the sector in recent years.”

And yet, many communities are growing more distant. The UK Office for National Statistics’ social capital findings show that people in England and Wales “are engaging less with our neighbours but more with social media”.¹¹

On an individual level, reported membership of political, voluntary, professional or recreational organisations declined by five percentage points in the UK between 2011 to 2012 and 2017 to 2018; meanwhile, social networking via the internet increased by 15 percentage points across the UK between 2013 and 2019.

The Taoiseach, Micheál Martin recognises the social sector’s “crucially important role in our great national shared effort. You ensured that no one was left behind as you reached into every community in even the most remote areas of our country, helping to create a real sense of well-being for our most vulnerable”.

This commitment has again been evident in the community-led response in the provision of assistance and support to Ukrainian refugees. Recent arrivals are being supported with basic needs. As the Taoiseach said, “What people fleeing war need is people-to-people engagement. They need a community to bring them in, they need a sense of warmth and that there’s people there for them in their hour of need”.

This paper sets out what we need to do to support and promote the social economy in Ireland, and especially social enterprise, if we want a future where we are celebrating the value of community rather than lamenting its loss.

9 Collier, Paul, and John Kay. *Greed Is Dead: Politics After Individualism*. Penguin, 2020.

10 The Wheel, editor. *Civil Society: Perspectives and Reflections*. Dublin, The Wheel, 2019.

11 Office for National Statistics. “Social Capital in the UK - Office for National Statistics.” *Gov.uk*, 20 Feb. 2020, www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/socialcapitalintheuk/2020.

Support for the social economy approach has also been growing at EU level, *“in view of their potential to address societal challenges and contribute to sustainable economic growth.”* In 2011, on the initiative of the then-Commissioner for the Single Market, Michel Barnier, the European Commission launched the Social Business Initiative (SBI).¹² This created an EU-level Action Plan to establish a favourable environment for social enterprises in the EU. The SBI helped to increase the visibility, recognition and understanding of the social economy within Member States and EU institutions.

By facilitating the availability of information on the social economy, it gave encouragement to participants in Member States to continue to advocate for the introduction of national policies for the social economy.

Thus, the National Social Enterprise Policy for Ireland was adopted by the Government in 2019, which, along with the strategies to support the community and voluntary sector and volunteering, is a key driver in strengthening the social economy ecosystem in Ireland. The social enterprise policy is due to be reviewed in 2022 and The Wheel looks forward to contributing on behalf of our members to the debate that will inform that process.

The OECD is currently carrying out an in-depth policy review of the National Social Enterprise ecosystem in Ireland and its Report is expected before the end of 2022.

On December 4, 2020, Ireland became a signatory to the Toledo Declaration on the Social and Solidarity Economy¹³ and committed to promoting the *“role of social economy in an inclusive and fair post-COVID 19 recovery”*.

We also take hope in the increased collaboration between Government and the sector in recent years. This has been seen through mechanisms such as the Community and Voluntary Pillar¹⁴ and processes like the National Economic Dialogue¹⁵ and Social Inclusion Forum,¹⁶ which have laid some firm foundations that can be built on to buttress social capital.

The collaborative approach that has characterised relationships between the sector and state in recent years had led to the development, and in many cases co-production, of five crucial strategies and processes aimed at improving outcomes for people and communities supported and served by the sector and government working together. These include:

- The National Social Enterprise Policy for Ireland
- The National Strategy on Volunteering
- Sustainable, Inclusive and Empowered Communities: A Five-year Strategy to Support the Community and Voluntary Sector in Ireland

¹² This paper’s author was a member of the Commission SBI Expert Group (GECES) from 2011 to 2020.

¹³ *The Social and Solidarity Economy as a key driver for an Inclusive and Sustainable Future* was adopted in Toledo on December 4, 2020, by 19 EU Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, France, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Portugal, Romania, Slovakia, Slovenia, and Spain.

¹⁴ The C&V Pillar is a formal structure established by Government to facilitate structured dialogue with representative and advisory bodies drawn from the community and voluntary sector

¹⁵ The National Economic Dialogue is the principal institutional forum for public consultation and discussion on the Budget. Representatives of community, voluntary and environmental groups as well as business, unions, research institutes and the academic community were invited to attend the National Economic Dialogue 2021.

¹⁶ The Social Inclusion Forum is part of the Government’s structures to monitor and evaluate the National Action Plan for Social Inclusion (NAPinclusion). This annual event is part of the institutional structures put in place to underpin the implementation, monitoring and on-going development of the Government’s social inclusion agenda.

- The Health Dialogue Forum (established on foot of the Report of the Independent Review Group on the Role of Voluntary Organisations in Health and Social Services)
- The Tusla Commissioning Advisory Group.

The Organisation for Economic Cooperation and Development (OECD) Ministerial Council adopted a very significant legislative provision on the Social and Solidarity Economy and Social Innovation the on 10 June 2022.¹⁷

This is first international standard in this area. It provides OECD members with an internationally agreed policy framework to foster social economy and social innovation development and ensure their ongoing expansion.

For the first time within a United Nations (UN) body, the International Labour Organisation Conference on June 10, 2022 approved a major resolution on the Social and Solidarity Economy (SSE), at Plenary session.¹⁸

The EU Action Plan for the Social Economy, together with the recognition by the EU of the Proximity and Social Economy as part of the EU's industrial ecosystem, are very significant milestones and are an important consideration in the government's review of the national policy in 2022.

The Commission Action Plan proposes three areas for action:

1. Creating the right conditions for the social economy to thrive, including labels or certification systems, public procurement and State aid
2. Opening opportunities for social economy organisations to start up and scale up, including improved access to funding, creating a one-stop-shop on relevant EU funding, policies and initiatives, maximising the social economy's contribution to the green and digital transitions
3. Making sure the social economy and its potential are recognised by boosting the visibility of the social economy and promoting the positive impact of the social economy among new audiences.

It is also very significant that the Social Economy was identified as a key component in the European Commissions 'A new industry model for Europe'. It is one of the 14 industrial ecosystems in the Annual Single Market Report 2021 which presented an analysis of the challenges and the transformative initiatives to achieve the twin green and digital transition and increase resilience.¹⁹

The Social Economy forms a key part in the EU Commissions updated industrial strategy which aims at ensuring EU industry can lead the way in transitioning to a green, digital and resilient economy. In December 2021 the EU published a Staff Working paper²⁰ on this topic as part of its commitment to the co-creation with the social economy sector, of the 'transition pathway' and it is expected to be finalised before the end of 2022.

Later in this paper, we will identify those aspects of the Action Plan and related documents that are most relevant to the situation in Ireland.

¹⁷ <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0472>

¹⁸ https://www.ilo.org/global/topics/cooperatives/sse/WCMS_848274/lang--en/index.htm

¹⁹ <https://eur-lex.europa.eu/legal-content/ES/TXT/?uri=COM:2021:350:FIN>

²⁰ <https://ec.europa.eu/docsroom/documents/47854>

3. THE SOCIAL ECONOMY IN IRELAND

For centuries, people and communities have been organising themselves into associations and organisations to work for the common good.²¹

While work-integration social enterprises (WISEs) “have evolved as the dominant Irish social enterprise model to date,” the broader social economy has deep roots in Irish society.²²

Ireland’s social economy sector reaches into and impacts on all areas of our lives. There are more than 11,500 registered charities, mobilising over 300,000 volunteers, with more than 160,000 workers.²³



Spraoi agus Spórt is a social enterprise that provides affordable and inclusive opportunities, activities and experiences for the local community in Carndonagh, Co. Donegal

Benefacts provided an approximation of the social economy in Ireland.²⁴ It estimated that in 2019, the Irish nonprofit sector turned over €13.9 billion²⁵, of which 44% - less than half (€6.2 billion) - came from government.

21 In 1790, a group of Dublin businessmen formed the Sick and Indigent Roomkeepers Society to provide services for the city’s poor. It is Ireland’s oldest functioning charity.

22 O’Shaughnessy, Mary, and Patricia O’Hara. “Social Enterprise in Ireland - Why Work Integration Social Enterprises (WISEs) Dominate the Discourse.” *Nonprofit Policy Forum*, vol. 7, no. 4, 2016, pp. 461-85. Crossref, <https://doi.org/10.1515/npf-2016-0015>.

23 Nat, O’Connor. “Commissioning For Communities.” *Wheel.ie*, The Wheel, Clann Credo, and Community Foundation for Ireland, 2016, www.wheel.ie/sites/default/files/media/file-uploads/2018-07/Commissioning%20for%20Communities%20Report%202016%20Web2_0.pdf.

24 “Charities in Ireland 2021”, a report published by Benefacts in 2021. Available on Benefacts legacy website: <https://benefactslegacy.ie/wp-content/uploads/2022/03/benefacts-charities-in-ireland-2021.pdf>.

25 The financial data in the Benefacts report is limited to 8,733 organisations whose accounts are publicly available.

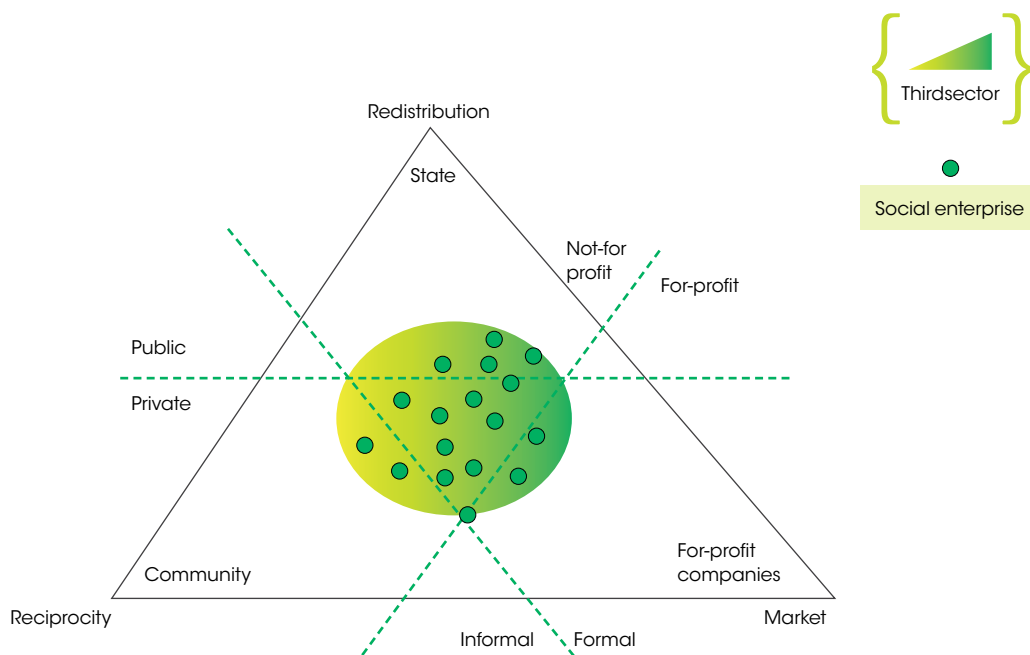
“Ireland’s social economy sector reaches into and impacts on all areas of our lives.”

The sector is comparable in size to the tourism sector. Fáilte Ireland estimates that 2019 overseas and domestic tourists and the airfares to come to Ireland came to €9.5 billion and said that represents 3.6% of GNP in revenue terms.²⁶

Social economy organisations provide human, social and community services in all key areas of our national life. They are active in relation to arts, culture, wellbeing, sport, literacy, tourism, community development, financial services, the climate emergency, education, children, housing, employment, domestic violence, marriage support, inter-culturalism, LGBTQ+, older people, the environment, legal rights, manufacturing, animal rights, overseas development, the Travelling community, health, suicide, disability, social care, end-of-life care, volunteering, and social justice.

Some have incorporated into companies or cooperatives, while many others are unincorporated associations. Some are large organisations with professional staff and premises, while others are run by volunteers from people's kitchen tables. Many are regulated as charities, others are not. Some identify as social enterprises, while others that are similar in every respect, do not.²⁷

Regardless of size or shape or scope, they all share a common purpose and motivation: *working for the common good*.



Above: The Social Economy as a Combination of Various Actors, Logics of Action and Resources (Defourny and Nyssens 2012)

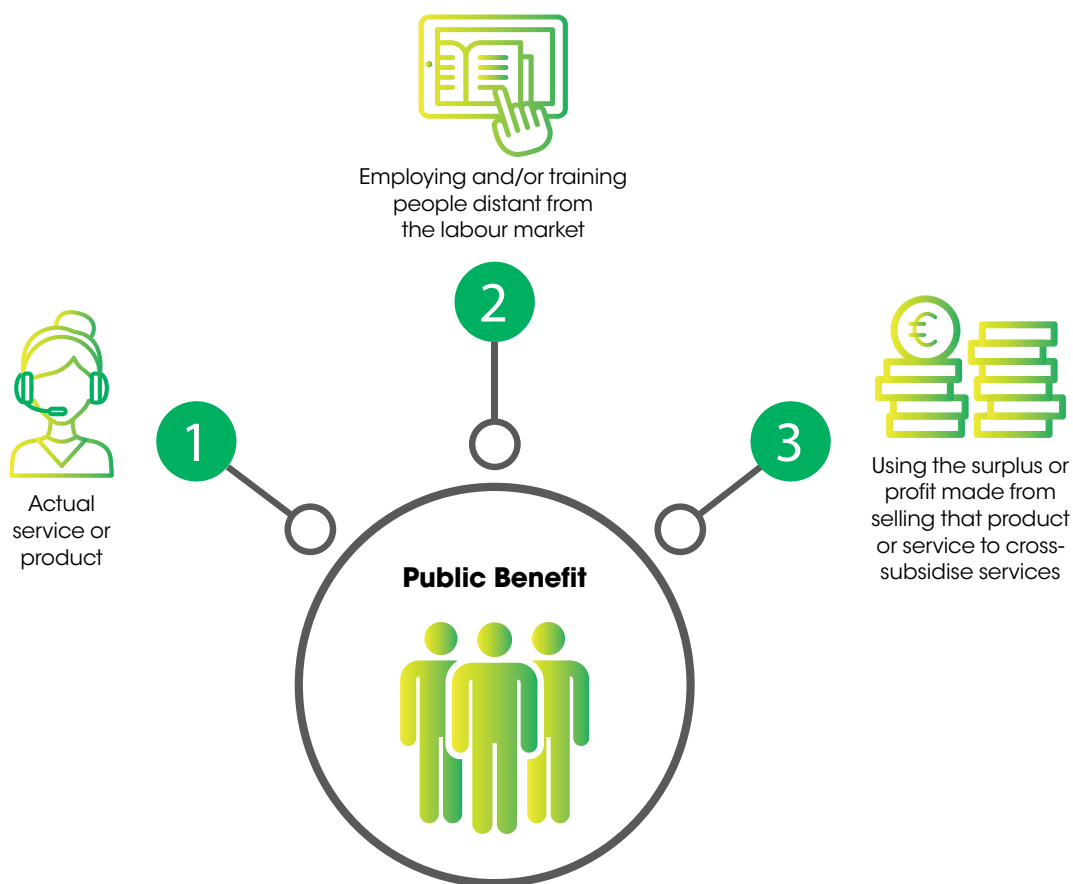
²⁶ Fáilte Ireland Research. “Key Tourism Facts 2019.” *Fáilte Ireland*, Mar. 2021, www.failteireland.ie/Research-Insights/Papers-Reports/Preliminary-Key-Tourism-Facts-2019-pdf,-1,695kb.aspx?feed=Failte-Ireland.

²⁷ In the 2021 Annual Survey of Members of The Wheel, 9% of the respondents identified themselves as social enterprises. However the Annual Policy Survey of members found that 66% of The Wheel’s members earn some level of income from trading and would be defined as a social enterprise under the national policy on social enterprise. For one third of its members, traded income exceeds 25% of total income.

In Ireland, many use the terms ‘social economy’, ‘social enterprise’, ‘social entrepreneur’ and ‘social innovation’ interchangeably.²⁸

Many organisations within the Irish social economy use the social enterprise model - often without being conscious that they are - to supplement their income or as a way of delivering on their mission or their ‘public benefit’.

For some, the public benefit is the service or product. For others, it is achieved by employing and/or training people distant from the labour market to produce the product or a service. For many more, the public benefit comes from using the surplus or profit made from selling that product or service to cross-subsidise services. For the vast majority of organisations, it is a combination of all three or at least two of the three.



There are many different types of social enterprise business models and structures. These vary depending on their history, purpose and structures of ownership, management and accountability.

They range from community enterprises owned and operated for the benefit of the community, e.g. community centres and crèches, to the trading arms of charities set up in order to raise money, e.g. charity shops.

²⁸ Munck, Ronaldo, et al. *Social Innovation in Ireland: Challenges and Prospects*. Glasnevin Publishing, 2020.

4. PROTECTING AND SUPPORTING THE SOCIAL ECONOMY

The 2016 report Commissioning for Communities²⁹, stressed the importance of developing and maintaining societal value in the sector.

The key features of societal value were identified as:

- Responsiveness
- Flexibility and collaboration in delivery
- Ownership, involvement and empowerment of the community
- Contributing to social capital
- Additionality to the state sector.



*Vantastic is a social enterprise that offers affordable transport for people with permanent or temporary mobility difficulties.
See www.vantastic.ie*

The OECD identifies the “distinctive feature of the social economy is its focus on economic practices that are sustainable and inclusive:

- By addressing societal (i.e., social and/or environmental) needs
- By organising economic activities building on local roots, as well as using participatory and democratic governance

²⁹ O'Connor, N. "Commissioning for Communities."

- By working in close co-operation with other economic actors and relevant stakeholders”.³⁰

The sector’s response to the pandemic demonstrates the importance of this societal value. It also demonstrates the social economy’s resilience, and how it contributes hugely to the resilience in society as a whole.

However, it would be dangerous to assume that this resilience can be maintained indefinitely.

The pandemic has also had a severe impact on the finances of many organisations.

In addition, as a result of the pandemic the pool of available volunteers reduced considerably as people, understandably, chose to reduce the number of contacts to lessen the risk of infection. We know from research done as part of the development of the National Strategy on Volunteering³¹ that volunteers are not as available post-pandemic for the structured volunteering roles that social economy organisations are equipped to offer.

The creation of the Stability Fund (€50m+) ensured that parts of the sector itself were supported through the crisis. This very welcome initiative saw over 600 social economy organisations benefit. These supports, augmented by a series of localised community funding schemes, received by the sector in 2020 and 2021 have been vitally important in sustaining some organisations. In 2022, we have seen these schemes augmented by similar additional funding for those community and social economy organisations taking on additional work to support Ukrainian refugees.³²

However, if we are to tackle oncoming challenges including Brexit and the climate emergency effectively, we need to invest in strengthening our society further.

“Our challenge is to create communities that are confident and flourishing, resilient and welcoming...”

Achieving social resilience involves creating stronger communities that care for one another in times of difficulty. The acute crisis of the COVID-19 pandemic showed us how communities could band together to protect the vulnerable. And we saw this playing out once again for the Ukrainian refugee crisis.

Supporting the social economy will provide the foundations for the development and sustaining of communities where at a minimum people have their basic needs met. This is because the social economy is about more than economic output: it builds social capital.

Our challenge is to create communities that are confident and flourishing, resilient and welcoming. That means ensuring people don’t feel disenfranchised but included. To do this, we can build on existing programmes and learn from what worked well in 2020, 2021 and into 2022.

³⁰ OECD. “Social Economy and the COVID-19 Crisis: Current and Future Roles.” *OECD*, July 2020, www.oecd.org/coronavirus/policy-responses/social-economy-and-the-covid-19-crisis-current-and-future-roles-f904b89f.

³¹ Government of Ireland. *National Volunteering Strategy 2021-2025*, <https://www.gov.ie/pdf/?file=https://assets.gov.ie/100239/8e18fb45-6e72-47f9-a1fb-7dcd59105c1a.pdf#page=null>

³² Community response funding, June 2022: <https://www.gov.ie/en/press-release/abee2-ministers-humphreys-and-obrien-announce-an-additional-105-million-funding-for-the-community-response-to-support-people-arriving-from-ukraine/>

For many years, the Irish government through Irish Aid has been promoting and championing the role of civil society in supporting economic and social development in the global south. In the last few years, the government has adopted a suite of policies referred to above that if implemented coherently, could see that support replicated at home.³³

However, some public policies are having the opposite effect. 2016's Commissioning for Communities Report identified a trend in some public policies that view social economy organisations through a market lens, as merely contractors delivering services to be evaluated on identical terms as a commercial provider.³⁴ This approach is corroding the sector's capacity to continue to deliver societal value. This collateral damage may not be intended, but the damage is not any less real for that.

As was evidenced in the NESC report on Community Call³⁵, many social economy organisations have a deep knowledge and understanding of social problems. Policy and practice at both the levels of central and local government should support people coming together with a shared commitment to making a difference through active social engagement.

The social economy and social enterprises have the “potential to address societal challenges and contribute to sustainable economic growth” as outlined in the Commission working paper that accompanied the EU Action Plan.³⁶

It is key to both the social and economic recovery. It is both essential and feasible to embed the social economy as a key component of a model of economic development in Ireland (Ó Broin, 2017).

This is evidenced in how social enterprise - and by extension, the social economy - is referenced as a priority in several key government policies, beyond the National Social Enterprise Policy 2019 - 2020 itself.

In the Our Rural Future: Rural Development Policy 2021-2025, supporting social enterprise in rural areas is identified as a way to “increase their social, economic and environmental impact and contribute to job creation locally” (p. 12), and especially as a means of “filling gaps in markets that are not attractive to commercially focused companies due to low population densities or economies of scale” (p. 40).

The National Development Plan 2021-2030 identifies social enterprises, voluntary and community organisations as key stakeholders in delivering on the transition to a circular economy, which is supported through the Circular Economy Innovation Grant Scheme (p. 39).

The sector was identified as a key partner in Ireland's economic recovery and in creating value for Irish society by Government in Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to Support the Community and Voluntary Sector in Ireland 2019-2024.

³³ The suite of policies is:

- The National Social Enterprise Policy for Ireland
- The National Strategy on Volunteering
- Sustainable, Inclusive and Empowered Communities: A Five-year Strategy to Support the Community and Voluntary Sector

³⁴ O'Connor, N. "Commissioning for Communities."

³⁵ NESC paper on 'Community Call' http://files.nesc.ie/nesc_secretariat_papers/No_22_CommunityCall.pdf

³⁶ European Commission. "Commission Staff Working Document." *Europa.eu*, 9 Dec. 2021, ec.europa.eu/social/BlobServlet?docId=24989&langId=en.

The OECD recognises that “social economy is driven by values of solidarity, the primacy of people over capital and by democratic and participative governance. It can pioneer new business models, provide essential services, contribute to a fairer, green and digital transition, create jobs with impact, particularly for those experiencing a disadvantage, engage youth, and build cohesion.”³⁷

The ILO acknowledges “*the contribution of the SSE (Social and Solidarity Economy) to poverty reduction, to inclusive societies, to the transition from the informal to the formal economy, to enabling recovery and to building resilience.*”³⁸

At EU level, its Social Economy Action Plan identifies collaborative and nonprofit organisations as “a key pillar of Europe’s social and economic resilience” (p. 4) and cites how, in countries where the social economy is most developed, it makes an important contribution to GDP (e.g. 10% in France) (p. 3).

Protecting and supporting the social economy is not just morally the right thing to do; it makes good economic sense, and it is an essential step towards a future that is fairer, more sustainable and more inclusive for all.



37 OECD, Recommendation of the Council on the Social and Solidarity Economy and Social Innovation, OECD/LEGAL/0472

38 International Labour Conference – 110th Session, 2022 Record of Proceedings 7A

5. SOCIAL ECONOMY – THE FUTURE

The Taoiseach, Micheál Martin addressing the National Economic Dialogue in 2021 said; “We have a unique opening now to learn from this experience, to reflect, and to take the steps to build back better. The government is committed to recovering and renewing our economy and society, in a balanced, sustainable and inclusive manner, to the benefit of all our people and regions.”

As outlined in the Economic Recovery Plan, the response calls for a re-balancing of efficiency and resilience throughout the economy.³⁹

Building Back Better “means addressing structural inequalities, accelerating the green transition, and strengthening resilience in the face of future challenges.”⁴⁰

The resilient dimension focuses on the factors that can help Ireland to better withstand a crisis and prepare for future challenges.



Renew is a social enterprise set up to create full-time employment for people who have been distant from the labour market. See www.renewenterprises.ie

39 Government of Ireland. “Economic Recovery Plan.” Gov.ie, 1 June 2021, www.gov.ie/en/campaigns/709d1-economic-recovery-plan.

40 OECD, Recommendation of the Council on the Social and Solidarity Economy and Social Innovation, OECD/LEGAL/0472

Traditionally, the role of the social economy has been to repair social problems, such as homelessness, labour market exclusion and other forms of social exclusion experienced by vulnerable groups. And as we have seen in the COVID-19 response, the social economy was a critical component in supporting the vulnerable, thus a key component of our national resilience infrastructure.

The social economy can play a much larger role in the post-COVID phase to inspire transformation to a more inclusive and sustainable economy and society.

Across the world, the social economy has proven to be a pioneer in identifying and implementing social innovations and alternative ways of organising economic activities, e.g. fair trade, organic food movements, and ethical finance.

The OECD points out that, “Social economy organisations also have the potential to expand social innovation to address pressing environmental and societal challenges. They do so by focusing on social impact and working with local stakeholders (citizens, civil society, policymakers, entrepreneurs, researchers) in collaborative ways that promote the use of new practices.”

“In the long term, social economy organisations can help reshape the post-crisis economy by promoting inclusive and sustainable economic models. Relying on decades of experience, its specific features and underlying principles, the social economy can inspire models of social innovation and a sense of purpose to firms operating in the market economy.”⁴¹

The ILO says that SSE organisations “*put into practice a set of values which are intrinsic to their functioning and consistent with care for people and planet, equality and fairness, interdependence, self-governance, transparency and accountability, and the attainment of decent work and livelihoods.*”



⁴¹ OECD, Recommendation of the Council on the Social and Solidarity Economy and Social Innovation, OECD/LEGAL/0472

6. THE EU AND THE SOCIAL ECONOMY

In May 2021, in the light of COVID-19, the Commission updated its Industrial Strategy, first adopted in March 2020, to help Europe's industry and businesses lead the green and digital transformations.

The Social Economy was identified as one of 14 industrial ecosystems to be analysed and for the identification of “transformative initiatives to achieve the twin green and digital transition and increase resilience.”⁴²

In December 2021, a Commission Staff Working Document outlined what accelerating the digital and green transition and building resilience to future shocks mean for the social economy and suggested joint commitments that are needed to accompany this transition.

The document is designed to ensure that there are coordinated actions at Commission, Member State and local level so that the potential of the social economy business models to drive an inclusive recovery and twin transition is maximised.

The Commission is working with stakeholders to generate a bottom-up understanding about the areas, scale, cost, long-term benefits and conditions to accompany its twin green and digital transition and it will mobilise stakeholders to work together in this area.

December 2021's Staff Working Document is a first step in the process. The Commission will adopt a finalised transition pathway before the end of 2022.

All stakeholders have an opportunity to engage with the process and to work together to identify concrete commitments for action in order to accelerate the green and digital transitions and strengthen the resilience of the social economy.

We are asked to work together and to identify concrete commitments for action in order to accelerate the green and digital transitions and strengthen the resilience of the social economy.

It is therefore important that the stakeholders in Ireland engage with the project and agree to specific actions to be taken on foot of the Action Plan and both Commission Staff Working Documents.

Appended to this Report is a summary of the Commission's commitments under the Action Plan and a list of the measures suggested that the Commission, Member States and Stakeholders enter into in the forthcoming “transition pathway for a more resilient, sustainable and digital Proximity and Social Economy industrial ecosystem”.

⁴² 14 Industrial ecosystems incl. 'Proximity, Social Economy and Civil Security'
https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy_en

7. IDENTIFYING SOCIAL ECONOMY NEEDS

An analysis of two independent reports, Indecon's Investment Appraisal of Upskilling Employees in the Nonprofit Sector, commissioned by The Wheel⁴³, and the Consultation Report on The Support Needs of the Nonprofit Sector⁴⁴, carried out by Sheila Cahill Consulting on behalf of Carmichael and The Wheel and co-funded by the Department of Rural and Community Development, alongside the responses to recent surveys of The Wheel's members, offers valuable insights into the current challenges and support needs of the sector.

The Indecon study clearly demonstrates the benefit of investing in upskilling in the social economy, with a cost-benefit analysis finding that for every €1 invested in training and upskilling these workers, there is a return of nearly €3.

The following areas were identified by social enterprises as being of particular concern and interest:

- Business administration
- Competitive tendering
- Business development
- Impact measurement
- Financial management
- Human resources management
- Marketing
- Developing new service delivery and business models
- Fast-tracking digital transformation
- Achieving high-quality, impactful, consistent and responsive services
- Increasing collaborative and partnership working
- Developing dynamic leadership; strong governance; well-formed strategy; and agile and effective management
- An understanding of EU funding opportunities.

43 Indecon. "Investment Appraisal of Upskilling of Employees in the Non-Profit Sector." The Wheel, July 2020, www.wheel.ie/sites/default/files/media/file-uploads/2020-12/Investment%20Appraisal%20of%20Upskilling%20-%20Indecon.pdf.

44 Cahill, Sheila. "Consultation Report on the Support Needs of the Nonprofit Sector." The Wheel, Carmichael, Mar. 2021, www.wheel.ie/sites/default/files/media/file-uploads/2021-03/Consultation%20Report%20Nonprofit%20Sector%20Final%20V1.75%2023%20March.pdf.

8. THE WHEEL'S SUPPORTS

In response to these findings by The Wheel, a suite of supports has been assembled that combines the power of collective networking and advocacy with expert advice and training. They can be accessed through The Wheel's Social Enterprise Hub at: www.wheel.ie/socialenterprise. This resource will be maintained and further developed.

Networking

The Wheel's existing networking groups provide timely briefings, dedicated consultations and ample opportunities for building connections and learning from peers. The following networks were active in September 2022:

- **Social Enterprise Member Network**

Comprises a broad spectrum of organisations with a social enterprise aspect to their work. The network facilitates discussion and information sessions on the practical aspects of establishing and operating a social enterprise, including access to funding and supports, tax issues and networking.

- **Community Services Programme Member Network**

A network of organisations which participate in or are funded in part through the Department of Rural and Community Development's Community Services Programme (CSP). It meets a few times per year to discuss how the scheme is working for them, including issues such as implementation, funding and participation.

- **Social Value Ireland Network (coordinated by Quality Matters, The Wheel and Whitebarn Consulting)**

A network of individuals and organisations which are interested in changing the way Irish society accounts for value. Organisations in the network learn about the latest theory and practice in the world of social value measurement, have access to free training and peer-networking and help push the agenda for social value forward in Ireland.

Funding and Procurement

Whether competing for contracts, developing new markets for services, or accessing suitable funding, the following supports help social economy organisations identify how to target growth:

- Fundingpoint is the largest database of funding opportunities available to social economy organisations in Ireland (from Irish and international sources). The searchable online database as well as monthly Fundingpoint newsletter are available at: www.wheel.ie/funding
- The Access Europe team provides national comprehensive guidance on accessing funding from a wide range of EU programmes. It also provides a partner-matching service for international consortium applications - and a help, advice, and guidance service for any social economy organisation seeking to make progress in this area. www.accesseurope.ie/
- The shaping of procurement guidelines from HSE, Tusla and other government departments is

advanced, on behalf of The Wheel's members, by the public policy team. The ultimate aim is to ensure social economy organisations have fair and appropriate access to these processes. This work is advanced in large part through two distinct member networks: the HSE-funded member network and the Tusla-funded member network. www.wheel.ie/membership/networks

Training & Advice

Running a small business, balancing social purpose with the necessary drive to make a profit is complex work. It is important for leaders of social economy organisations to be actively supported and not to feel alone. A variety of face-to-face supports including training, e-learning courses and a wide range of resources offers expertise, connections and solidarity:

- A range of responsive, targeted webinars and workshops on topics relevant to social enterprises – from procurement and impact measurement, to governance, communications, business development & financial management
- Short courses and micro-credentialed programmes specifically designed for social enterprises, including the RevitaLESE - Renewing Your Social Enterprise (six-month programme), designed to help longer-established social enterprises to reboot and grow. Other short courses include 'Developing a Social Enterprise Business Plan' programme
- Training Links: a network led grant-programme for upskilling – designed to support the business needs of social enterprises. Being able to attract and retain talent is a key driver of the success of any social enterprise. Through Training Links any social enterprise can partner with other similar organisations to address the shared most pressing upskilling needs. (www.wheel.ie/training/traininglinks)
- Leadership Academy: steering a course through these complex times requires deft and flexible leadership. Through the Leadership Academy, the leaders of social enterprises can plot their own learning pathway, identifying the core competencies they need to drive change within and outside the organisation and find quality offerings to help them close any gaps. www.leadersacademy.ie

Recognition & Advocacy

Over 2,000 social economy organisations and social enterprises are members of The Wheel. This offers them the ability to navigate their way through the latest developments for social enterprises across multiple state agencies:

- Members have a strong voice, championing social enterprise in Ireland, benefiting from The Wheel's very successful track-record in advocating for social enterprise in Ireland and at EU levels
- The public policy, campaigning and communications team continues to make a compelling case for social enterprise development in Ireland across multiple platforms, including a special hub on the website www.wheel.ie/socialenterprise
- Attend briefings, information sessions and meet peers at the various network meetings
- Showcase the impact of social enterprises in Ireland at the annual Impact Awards and through the We Act campaign (www.weact.ie).

9. RECOMMENDATIONS

As noted earlier in this report, the social economy, which the EU defines as including social enterprises, community and voluntary organisations as well as associations and charities, are, and will continue to be, the primary source of the community resilience that will be required as we tackle the great challenges of our time.

It is through the innovation and energy that is found in the social economy sector that this transition will be made possible – and much, much more could be done to enable the social economy to make an even bigger and more rapid contribution.

To empower the social economy to maximise its contribution to achieving an inclusive and fair post-COVID recovery, The Wheel makes the following recommendations:

Recommendations for The Wheel

- Publicise the EU's Social Economy Action Plan and associated initiatives
- Raise awareness of the recent OECD and ILO policies
- Facilitate a series of discussions about the role and nature of the social economy and its various components, including the relative roles of social innovation, social enterprise and social entrepreneurs
- Encourage people within the sector, academics and public authorities to adopt the broad and inclusive definition as contained in the European Commission's Action Plan (as well as the OECD and ILO) to help communicate the enormous value of the social economy
- Further develop and enhance a dedicated area on www.wheel.ie for social enterprise practitioners and social economy organisations of all kinds to ensure easy and direct access to the supports and resources available to them
- Grow the supports for social enterprises by employing specialist staff
- Establish an advisory / practitioners' group to advise on policy and advocacy on behalf of members in the social economy.

Recommendations for Government

In compiling our recommendations for Government, we analysed both the *National Social Enterprise Policy for Ireland 2019-2022* and the EU's *Social Economy Action Plan*. We also then included in this, Commission Staff Working Document SWD (2021) 982, which was published at the same time as the Action Plan. We identified key topics that we believe should be prioritised based on this analysis and the needs of our members in the social economy. They are grouped under the following headings and more details provided in each case.

- Local contact points
- Business Supports and Funding
- Skills and Training
- Public Procurement
- Public awareness
- Data and Impact
- The Digitalisation of the Social Economy
- Potential for Legal Form

1. Establish local contact points to improve business and leadership supports for social enterprises

The Commission is committed to supporting peer learning, cooperation and community building among regions and local authorities. The Social Economy Action Plan calls on Member States to set up social economy contact points at local level, playing the role of social economy ambassadors, providing peer to peer support, facilitating access to EU and national funding, and liaising with authorities managing European funds.

This also overlaps with the following recommendations from the Commission Staff Working Document SWD (2021) 982:

- Promote local business clusters with participation of social economy; professionalisation and capacity building schemes, as well as start-up and scale-up support through impact hubs (ESF+, ERDF); staff exchange mechanisms between social economy and mainstream businesses (“mécénat de compétences”)
- Promote awareness of EU funding instruments relevant to the green and digital transitions, including InvestEU
- Inform about funding opportunities at national and local level and support social economy in recovery funds (incl. Recovery and Resilience Plans).

This also further develops Policy Measures 7 - 10 outlined in the National Social Enterprise Policy, which focused on improving business and leadership supports for the social enterprises, social enterprise stakeholders, and Government. Specific measures included:

- 7: Compiling and disseminating information on the various business supports available
- 8: Identifying and addressing any gaps which may exist in business supports available
- 9: Providing improved access to advice and supports to assist social enterprises and social entrepreneurs - including through Local Enterprise Office services and /or Local Development Companies, where appropriate - to develop their business proposals
- 10: Providing tailored training for social enterprises in areas such as business planning, mentoring, leadership, governance, capacity building, financial planning and digital innovation, to help them to improve their business potential as well as leadership and governance skills (p. 27).

2. Business Supports and Funding

Business supports and funding are among one of the most pressing issues facing social economy organisations of all types. This is demonstrated in the *National Social Enterprise Policy*, which includes a number of policy measures to assist with finance and business development for social enterprise. These include the need for identifying and cataloguing funding schemes available, addressing funding gaps, exploring the potential for new innovative funding schemes, exploring the potential for leveraging additional private Social Enterprise Stakeholders investment, and exploring the scope for aligning funding schemes across Government Departments in a way that does not displace current supports in place for the wider social economy (p. 28).

In response to this at national level, we believe it is important that:

- Social economy organisations can access general business supports for SMEs (and any special COVID-19 business supports)
- Long term sustainable funding models (with multi-annual funding) that make a proportional contribution to the costs of compliance are developed
- Compliance requirements for social enterprises and the wider social economy are streamlined and reduced
- Employee support schemes like Community Employment and the Community Services Programme enable funded organisations to pay the minimum wage
- Additional recovery funds, where needed for organisations still dealing with the ongoing impact of COVID-19 on their business models, are provided
- Support is provided for fundraising to recover post-COVID by extending and providing greater funding to the Charities VAT Compensation Scheme
- The cost of insurance is brought down.

From an EU perspective, the Social Economy Action Plan states that social economy entities could benefit from business development support to scale-up and develop. However, existing support schemes do not always consider the special features of their business models in terms of governance, profit allocation, working conditions and societal impact. Furthermore, employees, including those from disadvantaged groups, have important upskilling and reskilling needs as in other parts of the economy.

The Commission calls on Member States to encourage mainstream business incubators to extend their support to social economy entities, to improve business investment readiness support opportunities. The '**Better Incubator**' pilot launched by the European Commission can serve as inspiration for this.

In relation to access to finance for social enterprises, the Action Plan is focused on increasing the supply of 'repayable finance' and improving social enterprises' access to debt and equity finance through the use of financial instruments. These developments are to be welcomed provided they bring new and additional money to the table and do not replace grant finance. Therefore, we will need to be vigilant in ensuring that the state continues to fund services of a social nature through non-repayable core and operational grant funding.

“The Wheel recommends that the next National Social Enterprise Policy for Ireland focuses on diversifying funding opportunities for social enterprises...”

There are other recommendations in the Commission Staff Working Document SWD (2021) 982 that would also help social enterprises to scale up and develop, and could complement increased support from mainstream business incubators. These include:

- Scale up impact investment in social economy through tailored financial instruments (National Social Impact Accelerators)
- Increase public investment in social infrastructure (European Regional Development Fund, national funds)
- Develop investment readiness programmes to support green innovators and entrepreneurs in social economy (e.g., ESF+ ERDF, National Recovery & Resilience Plans)
- Ensure level playing field for social economy platforms and business models (e.g. energy sector)
- Use available funding under ERDF for supporting competitiveness of SMEs including start-ups
- Set-up project pipelines combining EU funds (e.g., Recovery & Resilience Facility and Cohesion funding) with national, regional and private funding.

The Wheel recommends that the next National Social Enterprise Policy for Ireland focuses on diversifying funding opportunities for social enterprises, beyond the current reliance on the Dormant Accounts Fund. We should focus on private investment, and outline how social enterprises can access other streams of funding, including the €960 million that was announced by Minister Humphreys in a press release in October of 2021. There also needs to be a focus on stakeholders such as Enterprise Ireland and the Local Enterprise Offices providing the same supports to all enterprises - whether private or social - and to ensure that the special features of social business models are understood and accommodated.

3. Skills and Training

The *National Social Enterprise Policy for Ireland 2019-2022* includes policy measures aimed at initiating social enterprises that are related to skills and training. These include supporting social enterprise initiation and start-ups through targeted programmes and initiatives, exploring the scope for further inclusion of social enterprise and social entrepreneurship modules in the education and training system, promoting social enterprise as a viable model for entrepreneurs and social innovators, and working with education and research bodies to further support the development of social enterprise (p. 27).

At EU level, the Commission Staff Working Document SWD (2021) 982 recommends that Member States:

- Address and forecast skills needs in local social economy; facilitate skills cooperation partnerships for the social economy under the Pact for Skills
- Establish dedicated programmes focusing on digital skills in this ecosystem (in both formal and non-formal education)

- Experiment with collective learning (technology, enterprises and research)
- Facilitate local spaces for peer technology learning, engaging research and innovation and universities, innovation labs, fablabs, maker spaces, third spaces, civic labs, and hackerspaces, all of which present an opportunity to activate networks and to create collaborative work environments.

“There is an urgent need for a Workforce Skills and Training Framework for both paid and unpaid workers in this sector...”

In response to both these national and EU priorities, we believe it is essential for Government to increase investment in training for social economy organisations to build skills, support innovation and promote resilience, the need for which is clearly indicated in the *Investment Appraisal of Upskilling of Employees in the Non-Profit Sector* report published by Indecon International Research Economists in July 2020.

There is an urgent need for a Workforce Skills and Training Framework for both paid and unpaid workers in this sector, especially given that one in three people delivering public services in Ireland works in the social economy sector. The need is also evidenced by the fact that up-skilling amongst this workforce is currently low compared to other sectors in the Irish workforce and with nonprofits in other countries, as outlined in the report cited above.

The Workforce Skills and Training Framework should take account of the unique needs and characteristics of the social economy, and it should be culturally appropriate to the sector. Its implementation should therefore give due regard to the range of specialist providers in the sector while also integrating with the existing statutory skills provision ecosystem. Any implementation plan should align with the national skills strategies and the training related actions from various government departments.

The Framework needs to be ambitious, with the aim of developing Ireland’s social economy to being on par with global examples of best practice for in-service training, ongoing professional development, and management and governance expertise.

Increased investment should be made into the social economy’s workforce development, so that all of the labour market has access to appropriate levels of skills-building resources. Also highlighted in the Indecon report referenced earlier is a benefit-cost analysis, which demonstrates a return of nearly €3 in productivity gains for every €1 invested in upskilling supports in the sector (an average benefit-cost ratio of 2.9 to 1). The form of this investment needs to be agreed with the sector and carefully planned.

Social economy organisations, as autonomous entities, can and should have ownership and lead the governance structures that guide the development of a Workforce Skills and Training Framework. The framework can be used to steer investment in human resource development through relevant implementation mechanisms.

Social economy organisations should have greater inclusion in national and regional structures that guide strategy and investment in human resources development, such as the National Skills Council and the Expert Group on Future Skill Needs and the Regional Skills Councils. At EU level, The Wheel

is actively involved in the Pact for Skills Social and Proximity Economy Sectoral Alliance and will work with partners in the Alliance to further the skills agenda for Irish social economy workers at EU level.

Finally, schemes like Community Employment and the Community Services Programme should pay a good training grant for participants to facilitate participation in education and training programmes.

The OECD calls on member governments to strengthen skills and business development support within the social economy by:

- Leveraging, when possible, public funding instruments to facilitate access to dedicated education and training programmes on the social economy within and alongside schools and universities
- Providing access to coaching as well as affordable and adapted mentoring programmes for social economy organisations and social entrepreneurs
- Facilitating access to capacity and business development support for social economy organisations in all places (urban and rural) tailored to their needs and affordable
- Allowing, where appropriate, social economy organisations to access existing business development services.⁴⁵

4. Public Procurement

The *National Social Enterprise Policy for Ireland 2019-2022* emphasises access to markets as a priority area and recommends the following policy measures:

- 16: Support capacity-building for social enterprises in relation to procurement processes through workshops and training
- 17: Working with stakeholders to identify how to improve opportunities for social enterprises in the business-to-business supply-chain and in public procurement
- 18: Through the Social Considerations Advisory Group, helping 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 (p. 28).

At EU level, the Social Economy Action Plan notes that in recent years, some local and regional authorities and cities have realised the power of strategic public procurement to meet societal challenges and needs and to drive systemic change, but that most public tenders are still awarded based only on the price criterion. Socially responsible public procurement is therefore still far less known and developed than green public procurement. This needs addressing.

The Action Plan commits to the Commission stepping up its efforts to highlight the concrete benefits and ways of using public procurements and concessions procedures to achieve labour and social policy objectives, better working conditions, and deliver high quality social services. In the plan, the Commission calls on Member States and other competent public authorities to foster and monitor the uptake of socially responsible public procurement in their territory in cooperation with social economy stakeholders.

⁴⁵ OECD/Legal/0472 Section II.6

This also overlaps with the recommendation in the Commission Staff Working Document SWD (2021) 982 to develop national or regional strategies promoting the use of sustainable public procurement.

The Wheel has long argued, on behalf of our members that all public authorities should commission for outcomes and use any procurement process to maximise the societal value of the service. The landmark report *Let's Commission for Communities* (2016) published by Clann Credo, The Community Foundation for Ireland and The Wheel states that:

“Good public services involve a range of dimensions. Measuring public services in solely financial or economic terms is inadequate. Societal Value is created not just in the output of public services but also in the processes and ethos involved in service provision. Societal Value creation involves both financial and non-financial dimensions, and thus encompasses the full value of the work of organisations delivering public services, whether they are community and voluntary organisations or public bodies.” (p. 17).

This report presents a model for a Societal Value Framework and how a well-designed ecosystem could fund, regulate and support the work of the social economy. This could be the basis for a system of public procurement that enables and supports social economy. The Wheel will work with the Department, and other departments to develop the most appropriate approach for Ireland.

The Wheel also recommends that the ‘Enabling Market Opportunities’ section of the next National Social Enterprise Policy for Ireland 2019-2022 is more detailed and presents a clear strategy for how Government can enable this.

5. Public Awareness

Developing and promoting a wide understanding of social enterprise is a key priority of the *National Social Enterprise Policy for Ireland 2019-2022*, with Government committing to working with stakeholders to develop an awareness raising strategy, disseminate best practice, and hold a national social enterprise conference (p. 26). The Awareness Raising Initiatives for Social Enterprise (ARISE) Scheme is an example of this in action and how Government is already supporting social enterprises to establish a common approach to the communications and language around social enterprise, foster a common understanding of the value of social enterprise, and collectively empower social enterprises to have a voice and a role in raising awareness.



On the topic of awareness, the EU Commission Staff Working Document SWD (2021) 982 also recommends that Member States mobilise models of citizens' investment in local social infrastructure and promote community engagement in local green transition and urban development, e.g. through dedicated citizen fora and engagement models such as the New European Bauhaus.

The Wheel believes that awareness is essential, not just among the public but within the social economy sector itself. So many organisations do not self-identify as social enterprises, despite the fact that they engage in social enterprise activity. As such, they are missing out on opportunities to access supports and further develop their business models. This also means that their beneficiaries do not realise they are in fact engaging with social enterprise when they avail of their supports and services. We believe it is important to create awareness of the many forms that social enterprise takes within the wider social economy, and create an inclusive definition that unites rather than segments social enterprise in Ireland.

6. Data and Impact

The *National Social Enterprise Policy for Ireland 2019-2022* includes measures to improve data collection relating to the extent of social enterprise in Ireland and the areas in which social enterprises operate and to develop mechanisms to measure the social and economic impact of social enterprises across the full spectrum of social enterprise (p. 29).

In May 2022, Minister Humphries announced that her department was undertaking the first ever National Social Enterprise Census to gather important data about social enterprises in Ireland. This very welcome is being delivered on behalf of the Department of Rural and Community Development by Amárach Research, in partnership with Social Enterprise Republic of Ireland (SERI) and the Irish Local Development Network (ILDN).⁴⁶

At EU level, the EU Commission Staff Working Document SWD (2021) 982 also recommends that Member States promote the use of impact measurement tools for financial institutions and adapt those to new trends in social finance.

The EU Commission have also started a project to map the various national methodologies for measuring social impact. At the Informal Meeting of European Ministers for the Social Economy on 17 February 2022, Social Economy Ministers from various Member States, including Ireland, agreed to cooperate, exchange best practices and reflect collectively on how best to measure social impact in order to avoid "social washing" practices. Promoting transparency was deemed important, because it helps lend legitimacy to social economy public policies and develop innovative partnerships with local authorities and mainstream businesses to tackle societal and climate challenges.

Government should include a specific objective in the next action plan to develop a framework for identifying the societal value in services and supports provided by social enterprises and develop impact and outcome measurement techniques to capture this value (see the Commissioning for Communities Report referred to above for further detail.) which should in turn be commissioned and procured for. The Wheel's work to develop such a framework (known as the Ethoscope) could be built

⁴⁶ <https://www.gov.ie/en/press-release/873e7-minister-humphreys-announces-a-national-census-to-establish-key-information-about-social-enterprise-in-ireland/#:~:text=The%20National%20Social%20Enterprise%20Census%20will%20gather%20important,move%20aimed%20at%20benefitting%20the%20Social%20Enterprise%20Sector.>

on and further developed and organisations like Social Value Ireland should be supported to develop training and supports for social enterprises working to improve their practice in this vital outcomes measurement field.

7. The Digitalisation of the Social Economy

The EU Commission Staff Working Document SWD (2021) 982 recommends that Member States:

- Use possibilities for funding under ERDF for ICT uptake in SMEs including infrastructures and services to support digitalisation and data sharing in the social economy
- Support interoperable, customised and modular services and applications based on open source, access and hardware potentially linked with (public) federated platforms
- Connect social economy entrepreneurs and organisations with local data hubs and/or national and sectoral data spaces.

The Wheel supports these suggestions and the need for more access to data and digitalisation in the sector.

8. Potential for Legal Form

Since 2011, several EU Member States have put in place legal frameworks and policies in relation to social enterprises and/or the social economy.⁴⁷ The EU Social Economy Action Plan reports how, “*Social economy entities often find it complicated to choose a legal form from diverse options not fully tailored to their needs*”. This was also a key topic of discussion in the Informal Meeting of European Ministers for the Social Economy that took place on 17 February 2022 in which EU ministers talked about the “benefit of having specific national legal frameworks to strengthen the social economy ecosystem, making it possible to implement specific public policies and create labels and certifications”.

The Wheel believes it is important to conduct further research and analysis on the operation of social enterprises within existing legal structures and assess the potential value of a distinct legal form for social enterprises.

Create Conditions

In short, we can only agree with the call from the ILO to Governments and social partners to create conditions for SSEs to operate and to be treated equally and “introduce support measures to enable access to information, finance, markets, technology, infrastructure and well-regulated and socially responsible public procurement, especially for disadvantaged groups and persons in vulnerable situations.”⁴⁸

47 Borzaga, Carlo, et al. “Social Enterprises and Their Ecosystems in Europe – Comparative Synthesis Report.” *Europa.eu*, European Commission, 2020, ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274.

48 ILC.110/Record No.7A Art 9 (h)

CASE STUDY 1: SPRAOI AGUS SPÓRT

Spraoi agus Spórt is based in Carndonagh, Inishowen, Co. Donegal and was established in 2010. We provide affordable and inclusive opportunities, activities and experiences that are aligned to the needs of our community in a fun and friendly environment. Our work focuses on young families, children, young people, adults and enterprise.

Our vision is to create a successful and sustainable social enterprise that enhances the local community and encourages other communities to adopt the same best practices.

The result of our work is improved mental health, social inclusion and positive economic benefit to the local area, which ultimately leads to a stronger community.

We see ourselves as a social enterprise as our core purpose is to ensure that everyone has the same opportunity regardless of ability, income, or social circumstance.



We pursue this purpose by trading in goods and services and as we reinvest any surplus back into our services and resources. This is important to us as we seek to build an eco-system of supports in our rural community which will encourage our young people to stay and our diaspora to come home.

Fadó, Spraoi agus Spórt's charity shop is an essential resource supporting our work. We use the funds raised to deliver an alternative respite programme. Caroline Lynch is one of the volunteers who works in the shop. For Caroline, it's been a salvation to raise money for Spraoi's work while doing something that she enjoys. By keeping busy, she is maintaining her physical and mental health. This social aspect of the shop is important not just in her life, but also in the lives of Fadó's regular customers.

In November 2020, we partnered with Dublin-based start-up company Thriftify to launch a new online version of Fadó. Helen Nolan, CEO says 'our strategic decision to partner with Thriftify is also a new way of helping our charity shop survive in a rapidly changing business environment.'

CASE STUDY 2: SPECIALISTERNE IRELAND

Specialisterne Ireland is a specialist recruitment service enabling autistic people (Candidates) and those with similar neurodivergent conditions of ADHD, Dyspraxia/DCD and Dyslexia, to secure meaningful employment and training opportunities. Specialisterne Ireland works as a matchmaking service between candidates and partner companies committed to inclusive employment.



Our services include assessment of a candidate's interests and abilities, along with career advice and assistance with job searches. Specialisterne Ireland is unique in providing ongoing support, to candidates and employers as needed. These services are at no cost to candidates.

Attaining meaningful employment enables candidates to grow in self-confidence and improves their sense of inclusion in society. Feedback from candidates continually demonstrates that transformative outcome.

We are motivated by our vision of proving the business value in hiring people who think and communicate differently. As a social enterprise, we combine our knowledge of neurodiversity with our business experience to provide sustainable results. Specialisterne Ireland has partnered with more than 40 companies and enabled more than 450 people gain employment.

By coaching businesses about effective onboarding practices for autistic and neurodivergent colleagues, we are building diversity into the Irish labour market. The dual approach - of working with neurodivergent candidates in partnership with employers - is important to us because it demonstrates true inclusivity.

CASE STUDY 3: CHERRY ORCHARD EQUINE CENTRE

Cherry Orchard Equine Centre CLG is a state of the art, purpose built equestrian training and education centre that operates an integrated service model delivering a number of different services to the community, in a wrap-around way under one roof.



Our mission is to support and facilitate the empowerment of young people in Cherry Orchard so they can take control of their lives and realise their ambitions and dreams.

Our core services are:

- Cherry Orchard Integrated Youth Service, offering a wide range of group and outdoor activities and drop-ins for the young people of Cherry Orchard
- CODY Youth Diversion Project, a referral-based service using youth work principles to work with young people in smaller groups or one-to-one settings who are at risk of offending
- Blue Door, working with people over the age of 18 who are experiencing or engaging in harmful or intimidating behaviour or dealing with housing issues.

Our core social enterprise operates from our Equestrian Centre. We have 24 modern indoor equine stables, with two classrooms to facilitate learning for the young people accessing our education and training programmes. The facility boasts a large indoor arena, an outdoor arena, an outdoor gallop, a cross-country course, and a sensory riding trail. From here we deliver community horse-riding

lessons, equine-assisted therapy programmes, our in-house BHS instructor training programme, and operate Cherry Orchard Pony Club. The equestrian Centre also facilitates Cherry Orchard Community Training Centre delivering QQI awards in horsemanship.

Additionally, we earn income from arena hire and conference room hire and have exciting plans to extend our social enterprise in the future.

The integration of our funded services and social enterprise allows us to engage with more people in the community and sustain that engagement by creating a wider range of opportunities under one roof. The earned income from our social enterprise allows us to improve and expand the services we offer to the community.

Cherry Orchard Equine Centre has been central to the journey of many young people in Cherry Orchard. Two of our current management team are members of the community who started coming to the Centre as young girls, taking horse riding lessons and attending our youth service. Both remained engaged and took different paths, training at the Centre and availing of employment opportunities. We want to continue creating opportunities for young people and tackling disadvantage in this vibrant community.

Our vision for Cherry Orchard is a community in which every young person can achieve their full potential in life.

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APPENDIX 1: TOLEDO DECLARATION ON THE SOCIAL AND SOLIDARITY ECONOMY

The signatories committed to:

- Raise the visibility and recognition of the Social Economy through public policies, plans and specific actions in collaboration with the people and entities that comprise it
- Promote the economic, social and environmental development model of the social economy
- Support the generation of favourable ecosystems for the development of social economy enterprises and organisations
- Ensure the necessary financial support is in place for the consolidation of a viable and sustainable Social Economy
- Demonstrate and promote the role of Social Economy in an inclusive and fair post-COVID 19 recovery
- Boost the international expansion of the Social Economy
- Promote social innovation and innovative public policy through high level cooperation and dialogue mechanisms (such as the European Action Plan for the Social Economy).

Signatories: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, France, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Portugal, Romania, Slovakia, Slovenia, and Spain.

APPENDIX 2: SUMMARY OF THE EU COMMISSION'S COMMITMENTS UNDER THE EU SOCIAL ECONOMY ACTION PLAN

Developing Policy and Legal Frameworks

The Commission will encourage mutual learning and provide guidance and support to Member States by:

- Organising webinars and workshops as of 2022 for public officials based on mapping exercises, collection and exchange of good practices in relation to various policy fields such as State aid, taxation, social investment, business transfers to employees, labels and certification systems, social impact measurement
- Publishing guidance on relevant taxation frameworks for social economy entities, based on available analysis and input provided by Member States' authorities and social economy stakeholders
- Publishing guidance clarifying the existing rules on the tax treatment of cross-border public benefit donations affecting foundations and associations and the implementation of the principle of non-discrimination with Member States
- Launching a study on national social economy labels/certification schemes mapping those existing in Member States, identifying good practices and common features and criteria. It will also aim to provide a common approach and guidance to Member States and explore the possibility of voluntary mutual recognition.

While implementing these actions, with a view to providing a comprehensive approach to the social economy and facilitating its even development across the EU Member States and regions, the Commission will propose a Council Recommendation on developing social economy framework conditions in 2023. This will:

- Invite policy-makers to better adapt policy and legal frameworks to the needs of social economy entities
- Provide recommendations in relation to specific policies such as employment policy, state aid, public procurement, taxation, research, education, skills and training, care and social services, providing financial and non-financial support tailored to all stages of the business lifecycle, and statistics
- Highlight how institutional set-ups and stakeholder engagement can facilitate the work of social economy entities.

Social Economy and State Aid

The Commission will:

- In the revision of the GBER that will take place in view of its expiry at the end of 2023, consider whether the available evidence justifies easing the rules in relation to aid for social enterprises' access to finance and as regards aid for hiring disadvantaged or severely disadvantaged workers.

Better Access to Markets: socially responsible public procurement

The Commission will:

- Reinforce its efforts to raise awareness, foster the exchange of good practices and train both public procurement officials and social economy entities on how to use public procurements and concessions procedures to achieve social policy objectives. To this end, workshops will be organised in Member States
- Launch a new initiative under the Single Market Programme in 2022 supporting the creation of local and regional partnerships between social economy entities and mainstream businesses, enabling a 'buy social' business to business market
- Enhance the use of social clauses in the Commission's own tendering procedures whenever possible.

Promoting the Social Economy at Regional and Local Levels

The Commission will:

- Support Member States and stakeholders to boost the social economy and social innovation in rural areas through the future EU network for the Common Agricultural Policy and further integrate the Clusters of Social and Ecological Innovation (CSEI) in European industrial cluster policy to provide guidance, support research and new capacity building, exchange of good practices and cross-border networking
- Expand the European Social Economy Regions network to reinforce new regional and local partnerships in particular to boost digital and green transitions in territories
- Enhance networking between rural businesses through the Enterprise Europe Network, as well as through calls for inter-regional cooperation through the European Social Economy Missions. The Long Term Vision for Rural Areas will put a specific focus on entrepreneurship and social economy in rural areas.

Promoting the Social Economy at International Level

The Commission will:

- Promote the targeting of social economy and social entrepreneurship in the programmes under the Instrument for Pre-accession Assistance and the Neighbourhood, Development and International Cooperation Instruments, for example by engaging with EU delegations and public authorities in non-EU countries, to facilitate the development of dedicated measures for the social economy
- Improve access to finance for social entrepreneurs in the Western Balkans, the Eastern Partnership and Southern Neighbourhood, by launching actions to boost grassroots initiatives and support intermediaries to develop financial products adapted to the needs of social economy entities.

Building Support and Capacity Building

The Commission will:

- Under the Pact for Skills, facilitate the setting up of a skills partnership for the Proximity and Social Economy industrial ecosystem, in the context of the Skills Agenda and the updated European Industrial Strategy. From 2022, dedicated hubs for networking, knowledge, guidance and resources will be put in place to support the signatories of the Pact in their efforts to offer upskilling and reskilling opportunities for people of working age
- Boost the scale-up and promote the internationalisation of the social economy by mobilising European level business support networks and partnership platforms such as the Enterprise Europe Network and the European Cluster Collaboration Platform
- Launch a new single EU Social Economy Gateway in 2023 to provide a clear entry point for social economy stakeholders, other relevant actors and individuals seeking information on relevant EU funding, policies, networks/platforms and initiatives. It will simplify access to existing support and enhance awareness about EU actions in this field. In addition, the Gateway will facilitate access to relevant capacity building initiatives and provide specific guidance on EU funding opportunities (trainings, workshops, webinars, practical guides and tools)
- With a view to broader capacity building, the Commission will support the development of social economy representative networks, in particular in EU Member States where social enterprises and social economy ecosystems are not developed to their full potential
- Launch a new Youth Entrepreneurship Policy Academy in 2022 under ESF+. It will foster youth entrepreneurship, including for female and social entrepreneurs, by working with national policy makers and youth entrepreneurship networks
- Foster mutual learning between social economy entrepreneurs by better promoting the Erasmus for Young Entrepreneurs programme to social economy stakeholders.

Improving Access to Funding

The Commission will:

- Launch new financial products in 2022 under the InvestEU programme aimed at mobilising private financing targeted at the needs of social enterprises at different stages of development. This will include guarantees to enable access to credit for social enterprises and microenterprises, equity and quasi-equity investments in social enterprises and impact-driven enterprises, as well as capital investments in financial intermediaries. The InvestEU Advisory Hub will provide support for financial intermediaries.

To complement the key action above, the Commission will:

- In cooperation with the InvestEU implementing partners, ensure that InvestEU financial intermediaries providing finance to social enterprises are easy to identify by potential beneficiaries, including through the InvestEU Portal and the Social Economy Gateway
- Complement financial instruments with grant support for building social enterprise finance markets in Europe by supporting the setting up of new financial instruments and investment readiness programmes
- Complement equity investment instruments with grant support aimed at lowering transaction costs for risk-capital investments into social enterprises
- Support EU networks active in the areas of microfinance and social enterprise finance with the aim of improving awareness and signposting to EU funding, improving the capacity of member organisations, and providing research and data
- Support the development of social impact measurement and management by mapping and reviewing existing practices and launching trainings for social economy stakeholders, to improve understanding and facilitate uptake of such practices. In addition, the Commission will work with stakeholders to develop simple standard methodologies for assessing social impact for the social economy actors in the EU in 2023.

Maximising the Contribution of the Social Economy to the Green and Digital Transitions

The Commission will:

- Launch a transition pathway for the “Proximity and social economy” industrial ecosystem to further work with public authorities and stakeholders for a strengthened and more resilient social economy ecosystem in the green and digital transitions. The transition pathway will also contribute to the implementation of the action plan in this area. Support transnational cooperation to boost the capacity of the social economy to adopt and develop greener practices, products and services, and to improve their digital capacities
- Launch an action on innovative financing in the New European Bauhaus Lab aiming at creating a pilot project for mobilising philanthropic contributions
- Develop a code of conduct on data use and management in the social economy, in cooperation with stakeholders to support the uptake of data and technology

- Work with cities to develop Local Green Deals or green citizenship actions, by reinforcing the involvement of social economy actors and communities in the EU Covenant of Mayors, the European Urban Initiative, the Intelligent Cities Challenge Initiative, and the Circular Cities and Regions Initiative, the Just Transition Platform, the New European Bauhaus and the European Climate Pact
- Issue guidance on how to support uptake and partnerships for the circular economy between social enterprises and other actors, including mainstream businesses, and raise awareness of the social economy in the context of the European Circular Economy Stakeholder Platform, Enterprise Europe Network and other networks.

Boosting Social Innovation

The Commission will:

- Boost social innovation through a new approach to transnational cooperation under the ESF+. A new “European Competence Centre for Social Innovation” will be set up in 2022. It will organise mutual learning and capacity building for relevant authorities and support structures. In addition, a new scheme of grants facilitating the transfer and/ or scaling up of social innovation will be set up
- Propose in 2022 a European Social Innovation Catalyst Fund under Horizon Europe engaging citizens, academics, entrepreneurs, philanthropists, impact investors and public administrators, with the aim of supporting the replication and scaling of successful social innovations to advance the objectives of the five EU Missions.

Enhancing Recognition of the Social Economy and its Potential

The Commission will:

- Carry out regular communication activities under a long-term communication approach emphasizing the role and specificities of the social economy, also in cooperation with social economy stakeholders
- Launch a new study to collect quantitative and qualitative information on the social economy covering all EU Member States
- Launch a specific study on philanthropic donations in the EU.

The Way Forward

The Commission will:

- Assist Member States in the definition of their strategies and measures for the social economy and support the work of social economy coordinators with a view to the implementation and follow-up on this action plan
- Take stock of the implementation of the action plan in 2025 and publish a report indicating progress and new developments.

Key Commission Actions and Timeline for their Implementation

Propose a Council Recommendation on developing social economy framework conditions.	2023
Organise webinars and workshops for public officials in relation to various policy fields with relevance to the social economy.	2022, 2023
Launch a new initiative under the Single Market Programme supporting the creation of local and regional partnerships between social economy entities and mainstream businesses, enabling a ‘buy social’ business to business market. (see section 3.3)	2022
Improve access to finance for social entrepreneurs in the Western Balkans, the Eastern Partnership and Southern Neighbourhood, by launching actions to boost grassroots initiatives and support intermediaries to develop financial products adapted to the needs of social economy entities.	2023
Launch a new single EU Social Economy Gateway to provide a clear entry point for social economy stakeholders, other relevant actors and individuals seeking information on relevant EU funding, policies and initiatives. (see section 4.1)	2023
Launch a new Youth Entrepreneurship Policy Academy, which will foster youth entrepreneurship, including for female and social entrepreneurs by working with national policy makers and youth entrepreneurship networks. (see section 4.1)	2022
Launch new financial products under the InvestEU programme aimed at mobilising private financing targeted at the needs of social enterprises at different stages of development. (see section 4.2)	2022
Support the development of social impact measurement and management to assist social economy actors in the EU. (see section 4.2)	2023
Launch a transition pathway for the “Proximity and social economy” industrial ecosystem to further work with public authorities and stakeholders on the implementation of the action plan in this area. (see section 4.3)	2022
Boost social innovation through a new approach to transnational cooperation under the ESF+ and the setting up of a new “European Competence Centre for Social Innovation”. (see section 4.4)	2022

NOTES

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The Wheel is Ireland's national association of charities, community groups and social enterprises.

As a representative voice, we provide leadership to the sector and we advocate on behalf of our growing community of members.

As a supportive resource, we offer advice, training and other opportunities to people working or volunteering in the sector.



Stronger Charities.
Stronger Communities.

The Wheel

48 Fleet Street, Dublin 2, D02 T883

+353 (0) 1 454 8727

info@wheel.ie

www.wheel.ie



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