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An Roinn Gnóthaí Eachtracha
Department of Foreign Affairs

A SOCIAL ECONOMY FOR A SHARED ISLAND



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Executive Summary

This research report aims to understand better the state of the social economy across Northern Ireland and Ireland, examining institutional policy frameworks, support mechanisms, and opportunities for enhanced cross-border cooperation. The analysis emerges from a 12-month collaboration between Development Trusts NI and the Carmichael Centre, supported by the Shared Island Fund, involving case study visits, policy engagement, desk-based analysis, review of policy and grey literature and extensive stakeholder consultation.

Scale and Impact

- Northern Ireland's social enterprise sector has grown considerably since 2013, now comprising 843 trading organisations contributing £625 million to the economy and employing 24,860 people.
- Ireland's social economy contributes €2.34bn annually, employing 79,114 people and engaging 44,501 volunteers across 4,335 enterprises.
- Both jurisdictions show strong representation in key sectors including childcare, community development, health services, and creative industries.

Policy Context

- The policy landscape for social enterprises differs significantly across the jurisdictions but faces common challenges and opportunities.
- Northern Ireland operates without dedicated social value legislation and through a cross-departmental Social Economy Policy Group (SEPG), while implementation is complicated by the intermittent functioning of the Executive. The Department for the Economy's recent Social Enterprise Action Plan focuses on improving procurement access, developing support schemes, and building commissioning awareness.
- Ireland has implemented "Trading for Impact," a national strategy focused on building awareness, sustainability, and impact measurement, supported by regional development agencies.
- Both jurisdictions are developing community wealth building initiatives, though with varying approaches and levels of implementation.
- Key shared policy challenges include the need for: 1) Clearer legal frameworks for social enterprises 2) More accessible procurement processes 3) Enhanced asset transfer mechanisms 4) Coordinated long-term investment strategies both in terms of grant and loan finance 5) Better integration of cross-border activities, particularly in border regions
- While distinct regulatory environments will persist, there are significant opportunities to align approaches and share learning to create a more coherent and impactful enabling environment for social enterprises across the island.

Financial Infrastructure

- Social enterprises across the island face similar challenges in accessing appropriate finance and building financial sustainability and literacy across the sector.
- Cross-border social finance providers like Community Finance Ireland demonstrate potential for integrated support at all stages of the development process.
- Innovative blended finance models combining grants, loans, and technical assistance are emerging but need scaling.

Key Challenges

1. Limited trading income and continued grant dependency.
2. Perception challenges and recognition of the impact of the work delivered by the sector.

3. Weak investment readiness and financial capacity.
4. Fragmented support infrastructure.
5. Complex procurement environments.
6. Need for enhanced leadership development and succession planning.
7. Brexit implications, particularly in the border regions and funding in the north.

Strategic Opportunities

1. Development of cross-border enterprise clusters, particularly in the border region.
2. Shared approach to social value legislation and procurement.
3. Integrated capacity building and technical support frameworks.
4. Enhanced and better marketed social finance infrastructure.
5. Joint development of impact measurement methodologies.
6. Coordinated response to emerging sectors including green economy, digital transformation, and caring services.

Priority Recommendations from this DTNI and Carmicheal Project

1. Establish an all-island social enterprise forum to strengthen coordination, learning and knowledge-sharing.
2. Develop aligned legal frameworks for social enterprises across both jurisdictions.
3. Create dedicated cross-border funding mechanisms that are well advertised with streamlined compliance requirements.
4. Implement coordinated capacity-building programmes focusing specifically on building commercial skills, financial literacy and leadership development.
5. Build integrated markets through joint procurement initiatives and supply chain development.
6. Strengthen data collection, evidence gathering and impact measurement on an all-island basis.

Future Sectoral Focus Areas

- Demographic change and ageing population services.
- Climate action and green enterprise development.
- Digital transformation and smart communities.
- Maritime and coastal community development.
- Community anchor organisation models and place-based regeneration approaches.
- Cross-border trade and market development.

The analysis reveals significant potential for developing the social economy through enhanced North-South cooperation. While there are distinct regulatory and support environments in each jurisdiction, there are potential strategic opportunities to build integrated markets, share learning, and develop common approaches to support the development of the sector moving forward. Success will require sustained investment in both infrastructure and capacity-building approaches, alongside policy alignment to create a more enabling environment for social enterprises across the island. This North and South programme has offered an important new platform for developing a more coordinated approach to growing the social economy and groups that work across the sector, recognising both the challenges and opportunities inherent in cross-border cooperation while identifying practical steps toward enhanced integration and social impact.

1 Introduction

1.1 Project Background

The Carmichael Centre for Voluntary Groups and Development Trusts NI (DTNI) have collaborated to deliver a new cross-border initiative focusing on community development and social enterprise support. Supported by the Shared Island Fund, the collaboration has emerged when both jurisdictions face common challenges relating to social isolation, migrant displacement, economic marginalisation, educational underachievement, housing access issues, climate breakdown and cost of living impacts.

The Carmichael Centre are both an office accommodation provider and a specialist training body for non-profit sector organisations in Ireland, emphasising resource pooling and shared spaces to increase the capacity and impact of groups working in this sector. DTNI brings 13 years of expertise in community ownership of land and property assets in Northern Ireland, supporting development trusts and social enterprises working across nationalist and unionist communities.

Their combined expertise creates a solid foundation for cross-border knowledge sharing and practical support for community development and social enterprise organisations leading on regeneration, renewal, building wealth and wellbeing across the north and south of the island. This report aims to reflect the key findings from the project work plan below. It is not an authoritative account of the social economy on the island but identifies priority issues raised in the various sessions on which a shared approach can be developed.

1.2 Project Work Plan

The project has delivered a comprehensive 12-month programme from April 2024 - March 2025 structured around four key components:

- **Case Study Visits:** These have featured overnight visits in Northern Ireland and two in the Republic of Ireland, with morning and afternoon sessions scheduled at different locations each day. They included best practice visits to local social enterprises, and evening networking dinners with local political representatives to foster collaboration and cross-institutional dialogue. Participants were able to visit social enterprises in places such as East Belfast and gain insights into their operational practice, projects and programmatic activity.
- **Online Engagement:** This aspect has encompassed online seminars that cover relevant development themes while integrating the UK/ROI East-West dimension through online conversations with key and relevant stakeholders.
- **Research Programme:** The project has delivered in-person policy engagement with senior government officials from both jurisdictions, complemented by a joint review session that brought together government representatives and the VCSE sector. This is supported by a comprehensive desk-based research programme assessment that integrates grey literature and recently published research.
- **Culminating Event:** The project culminated in an all-island conference around development commonalities and aligned with Shared Island programme priorities.

1.3 Aims of the Programme

The work plan for these components incorporated standardised agendas that covered the following thematic areas, 1) Community Ownership & Asset Transfer 2) Building Community Wealth 3) Capacity & Capability Development 4) Social Enterprise & Plural Economy 5) Public Social Partnerships and 6) Governance and Leadership to deliver the following objectives:

1. **Deepening North-South Links:** The project has worked to create new vibrant spaces for community dialogue and community-led economic development while building sustainable cross-border relationships through shared learning and service delivery innovation.
2. **Develop Cross-Border Relations:** It has also aimed to bridge geographical divides by connecting organisations both face-to-face and online, strengthening border region cooperation, and identifying new ways to unlock local economic potential.
3. **Constructive and Inclusive Dialogue:** The project has worked to foster inclusive dialogue by engaging a diverse set of organisations across multiple sectors with both established and marginalised communities to understand the differences in public service delivery.
4. **Civic Society Ecosystem Enhancement:** The project has tried to encourage stronger organisational alliances through mutually reinforcing agendas to consolidate existing strengths and explore the potential alignment of existing support work in the north and the south of the island.
5. **Innovation:** It has worked to develop new channels for community engagement through integrated online information sharing and the enlistment of academic partners, sharing wider learning and best practices that might support more innovative approaches to community development.

The project has also addressed several key challenges across participating institutions, focusing on climate and environmental initiatives, heritage conservation, social enterprise development, community programmes, and sports organisations. Through collaborative learning and practical site visits to places like East Belfast, participants from both institutions have been presented with new opportunities to share and adapt different approaches to tackle these issues more effectively.

1.4 Report Structure

Working in the context of these project activities and objectives, this report compares institutional dynamics and examines opportunities for north-south integration across the community development and social enterprise sector. It is organised around the following sections:

- **The Social Economy in Northern Ireland:** Provides an analysis of the size, scope and impact of social enterprises in Northern Ireland, including regional benchmarking and economic contribution.
- **Northern Ireland Strategic Context:** Examines key policy frameworks and developments including the Social Economy Policy Group, community wealth building initiatives, asset transfer, social value and procurement legislation, and strategic investments from various departments into the social enterprise sector.
- **Networks and Support in Northern Ireland:** Reviews the activities of member-based organisations, funding programmes, and various support mechanisms available to social enterprises in Northern Ireland.

- **The Social Economy in Ireland:** Analyses the scale, structure and development of social enterprises in Ireland, including legal forms and opportunities for sector growth.
- **Ireland Strategic Context:** Explores national policies and programmes supporting the social economy, including regional development strategies and policy perspectives.
- **Networks and Support in Ireland:** Details the member organisations, support infrastructure, social finance options, and capacity building programmes available in Ireland.
- **Cross-cutting Themes:** Identifies shared challenges and opportunities across both jurisdictions, including financial sustainability, governance, policy alignment, skills development, and future strategic priorities for the sector.

This structure allows for a thorough examination of the social economy and social enterprise sector in both jurisdictions while highlighting areas for potential cross-border cooperation and development.

2 The Social Economy in Northern Ireland

The social economy has emerged as a growing yet still underdeveloped sector of the regional economy, combining commercial viability with social impact in ways that private businesses and larger charities or NGOs struggle to compete with. This chapter of the review profiles the current state of the social economy and the social enterprise sector, analysing its size, growth, core strengths and challenges and how these are linked to the DTNI and Carmichael programme of work.

2.1 Size, Scope and Location of NI Social Enterprises

The social economy in Northern Ireland has demonstrated growth since an initial survey was completed by Social Enterprise NI (SENI) in 2013 and again in 2019 titled [Re-balancing the Northern Ireland Economy](#). During this period, the number of social enterprises increased by 78% from 473 to 843 organisations, representing a near doubling of the sector. This growth is noteworthy given the challenges presented by the wider economic and political context, including austerity measures and the political uncertainty surrounding Brexit and the collapse and restart of the Northern Ireland Assembly. It is also significant given that 44% of organisations commenced trading in the five years before 2018, with 25% of those starting within just two years.

In terms of size, the sector shows considerable diversity but is dominated by smaller enterprises. The majority (68%) operate on a microscale with 10 employees or less, while 15% are small enterprises (11-49 employees), 12% are medium-sized (50-249 employees), and only 5% are large organizations with 250 or more employees. This size distribution is consistent with the UK social enterprise sector as a whole. In terms of geographic distribution, there is a notable concentration in urban areas, particularly Belfast, which hosts 53% of social enterprises. The remaining organisations are spread across counties Antrim (16%), Armagh (11%), and Derry/Londonderry (13%), with lower representation in Down (3%), Fermanagh (1%), and Tyrone (3%). This urban-rural divide represents both a challenge and an opportunity for sector development, and enterprise centres such as [LEDCOM](#) (profiled in more detail in section 1.2) showcase the potential to harness local economic benefits but also connect with other social enterprise networks across the region. The sector's reach also extends across various industries, with education (32%), employment and skills (30%), and business support/consultancy (21%) being the most common areas of activity. This diversification across multiple sectors suggests both the adaptability of the social enterprise model and its potential to address a wide range of social needs and challenges.

2.2 Economic and Social Impact

The sector's economic contribution is multi-layered, and Figure 1 demonstrates this across several measures based on the last sector-wide survey undertaken by SENI in 2019 but also in comparison to the previous iteration in 2013. In terms of direct economic impact, social enterprises generated a turnover of £980 million in 2018, a 65% increase from £592.7 million in 2013. However, when considering the total economic impact—including direct, indirect, and induced effects—the sector contributes £625 million to the Northern Ireland economy. Employment data shows how the workforce expanded by 104% from 12,200 in 2013 to 24,860 in 2019.

Figure 1 Economic Contribution of Social Enterprises in Northern Ireland

Measure	2013	2019
Total benefits to the local economy	N/A	£625 million
Aggregated turnover	£592 million	£980 million
Total benefits to the local economy (direct, indirect, induced)		£625 million
Full-time employment (equivalent)	12,200	24,680
Salaries		£581 million

Financial sustainability metrics reveal that 75% of organisations reported making a profit in their last financial year, while 12% broke even and 13% made a loss. These figures suggest that while some social enterprises are achieving financial sustainability, there is significant variation in their scale of operations and financial success. It's worth noting that 58% of organisations earn between 76% and 100% of their income from trade, although this is lower than the UK average of 74%. One in five organisations generates less than 25% of their income through trade, indicating ongoing reliance on grant funding for a significant part of the sector.

Social enterprises in Northern Ireland have demonstrated effectiveness in creating positive community impact. For example, the sector shows particular strength in engaging communities that other employment and training programmes struggle to reach. The [NESC Report 2024](#) shows this is evidenced by the fact that 53% of social enterprises employ at least half of their workforce from their immediate locality, creating direct economic benefits for communities that often experience high levels of deprivation. Analysis by Queen's University Belfast, published in partnership with [DTNI and Trademark \(2022\)](#) demonstrated how social enterprises create different types of economic flows and benefits in local areas by recycling more of the money spent on wages, suppliers and investments. Figure 2 profiles how an LM3 methodology devised by the [New Economics Foundation](#) was used to demonstrate the spending effects generated by several social enterprises, including LEDCOM across Northern Ireland

Figure 2 Local Wealth-Building Effects of Social Enterprises: The Case of LEDCOM

An LM3 analysis of LEDCOM showed that supplier expenditure had strong impacts on the local economy, so that by Round 3 they re-spent 61p out of every £1.00 in Mid and East Antrim. When added to salary spend, this produced an overall local multiplier of £1 to £1.87. The more social enterprises scale up, trade with each other, and share resources, the greater the impact on neighbourhood wealth.



2.3 Regional Benchmarking

When comparing Northern Ireland's social enterprise sector to other UK regions, while it shows similar patterns in terms of female leadership (43% compared to the UK average of 41%) and size distribution, it appears to lag in terms of trade income generation and geographic spread. This gender balance in leadership positions stands in marked contrast to the traditional business sector and suggests that social enterprise provides more accessible pathways to leadership for women. This diversity in leadership brings different perspectives and approaches to addressing

social challenges and may contribute to the sector's effectiveness in engaging diverse communities. However, its growth rate and employment creation suggest a sector that is maturing and expanding its impact. The last sector-wide survey conducted in 2019 and published in the 2019 Re-balancing Economy Report showed that 44% of organisations commenced trading activities within the past five years, with 25% starting in the last two years, indicating a robust pipeline of new social businesses.

3 Northern Ireland Strategic Context

Section 2 examines the policy landscape for supporting the social economy in Northern Ireland, highlighting key institutional frameworks and recent developments. This includes the work of the cross-departmental Social Economy Policy Group (SEPG), emerging community wealth building initiatives, social value procurement measures, the Housing Executive's Social Enterprise Strategy and the Department for the Economy's Social Enterprise Action Plan. While Northern Ireland has made some progress in supporting social enterprises, the policy environment remains less developed compared to other UK nations, particularly in areas such as social value legislation and long-term strategic policymaking and investment.

3.1 Social Economy Policy Group (SEPG)

At an institutional level, social enterprise policy falls within the remit of the Department for the Economy. The Department for Communities provides financial and other albeit limited policy support to social enterprises as part of its remit with urban regeneration and rural development. A cross-departmental [Social Economy Policy Group \(SEPG\)](#) attempts to provide an integrated, cohesive and strategic approach to the social economy. SEPG members are expected to identify opportunities within their respective departmental policy areas where support for the sector might be strengthened. The all-party working group also facilitates cross-party discussion, and inter-departmental cooperation and highlights the positive contribution that social enterprises can make to society.

3.2 Community Wealth Building

In 2022, The Department for Communities received [recommendations](#) from an independent Ministerial Advisory Panel on how to embed community wealth-building principles into local policy and practice. The report emphasised the need for community wealth building to be anchored in local places, with the NI Executive providing the necessary enabling environment to facilitate a community-driven approach, that promoted leading involvement from local social enterprises and community anchor organisations. Of the 26 recommendations, Figure 3 represents examples that aligned specifically with the development of the social economy.

Figure 3 Community Wealth Building and the Social Economy

- Implementing a resourced social economy strategy.
- Creating a dedicated community wealth building and social enterprise fund.
- Realigning financial mechanisms to support the social economy.
- Exploring cooperative development opportunities
- Investigating a public investment bank for social and green lending.
- Strengthening access to community finance.
- Developing a Public Sector Transformation Academy.
- Introducing a Social Value Act.



In response to these recommendations, two community wealth building partnerships have been established in the [North-West](#) and [Larne](#) (Mid-East Antrim). These cross-sectoral networks are driven by social enterprises that are coordinating with the relevant Local Government District

Councils and other key stakeholders to explore how community wealth building principles and area-based projects can be advanced in the short, medium and long term.

3.3 Community Asset Transfer

In 2014, the government introduced a policy framework in support of Community Asset Transfer (CAT). The term 'asset transfer' is used to indicate that communities were to be the beneficiaries of public assets via transfer of ownership. There is a recurring inconsistency in how the CAT policy guidelines are used by public bodies in Northern Ireland. In practice, some public bodies have transferred assets at less than market value or no financial consideration, but many more have involved a financial transaction, usually at market value. The lack of legislation on community right to bid and General Disposal Consent has been a significant weakness in the Northern Ireland approach. This is an important area for development and sharing practice East-West as well as North-South. Whilst there are different legal systems, a parallel process of research, impact and feasibility of asset transfer on the island, is a shared concern. DTNI has conducted extensive work on [Community Asset Transfer in Northern Ireland](#) that provides a platform for a distinct shared island workstream.

3.4 Social Value and Procurement

Northern Ireland stands distinct from other UK nations in lacking dedicated social value legislation. Although cross-party support exists and the finance minister announced intentions to introduce social value legislation in 2017, the absence of a functioning Executive has prevented the progression of a Social Value Bill. Nevertheless, administrative mechanisms have been implemented through two key Public Procurement Notes (PPNs). For example, [PPN 01/21](#) on Scoring Social Value mandates that public sector tenders must allocate a minimum of 10% of total award criteria to social value which is expressed across four key areas: increasing secure employment and skills, building ethical and resilient supply chains, delivering zero carbon and promoting wellbeing.

The Strategic Investment Board's [Social Value Unit](#), established in 2014, now manages the NI social value website and supports public bodies in implementing and monitoring social value in public contracts. It also performs a brokerage function to better connect social value suppliers across the sector with contract managers. Early feedback from the sector indicates that social value considerations have had a limited impact on contract awards, with price remaining the predominant criterion. Key challenges include the capacity of social enterprises to bid for contracts, suggesting a need for: sector upskilling in procurement processes; contract restructuring to enable smaller lot-based bidding; and the development of partnership approaches, potentially modelled on Scottish *public social partnerships*. While these administrative measures represent some progress in social procurement, the absence of legislation means social value consideration is not guaranteed in contract awards.

3.5 Housing Executive Social Enterprise Strategy

The [Housing Executive's Social Enterprise Plus Strategy 2020-2024](#) aims to stimulate the social economy among people living or working in Housing Executive communities. Since the development of the first strategy in 2015-2018, communities have faced additional challenges including those relating to the COVID-19 recovery, the cost-of-living crisis and other funding uncertainties created by BREXIT and the collapse of the Northern Ireland Executive.

Table 1 NIHE Housing Executive Social Enterprise Plus Funding Structure

Investment	Target Audience	Award Value
Business start-up, Education and Training	Primarily to support individuals in business development, education and training. Also applicable to groups.	Up to £1000
Embryonic	Newly established social enterprises within or serving Housing Executive Communities.	Up to £10,000
Emerging and established	Emerging and established social enterprises that are more developed but still require support to grow the enterprise and enhance services.	Up to £25,000

A more in-depth review of this first iteration of the fund and its impacts is provided in section 3.2. The follow-on grant award has been supported by a £300,000 investment which is allocated to applicants based on the tiered financing structure profiled in Table 1. An additional £40,000 has been allocated to an innovation fund to facilitate best practice visits and assist in funding educational and work experience opportunities for Housing Executive tenants.

3.6 Department for the Economy Social Enterprise Action Plan

In October 2022, the Department for the Economy launched a three-year [Social Enterprise Action Plan](#) through a sector-led co-design group. The department worked closely with sector representatives and leaders to ensure the action plan aligns with the Minister's Economic Vision and is organised around the following fourteen time-bound objectives.

- Establish regional Social Enterprise champions within Invest NI, InterTradeIreland, and local councils to provide dedicated sector support by March 2025.
- Create dedicated spaces for Social Enterprises in InvestNI's Leader Programme and develop a sector-specific scheme by March 2026.
- Review and improve procurement frameworks' accessibility for social enterprises, considering recent legislative changes, by June 2025.
- Increase social enterprise awareness among DfE and InvestNI economic policy teams through mandatory staff training by March 2027.
- Evaluate and reshape existing training provisions to meet sector needs, potentially through a pilot programme similar to the School for Social Entrepreneurs by March 2025.
- Expand social enterprise access to InvestNI and Intertrade's leadership and development support during the financial year 2025/26.
- Launch a peer learning scheme between private and social enterprise sectors, starting with a pilot residential programme in 2025/26.
- Assess existing financial offerings and access to finance across the government to identify barriers and sector needs by June 2025.
- Investigate the potential for a dedicated social enterprise capital loan scheme by March 2025.
- Improve commissioning awareness across NICS departments regarding grants, purchasing frameworks, and contract splitting into lots during 2025/26.
- Work with local government commissioners to maximise social enterprise sector value through effective procurement in 2025/26.
- Develop a comprehensive support roadmap for social enterprises, building on existing work programmes during 2025/26.
- Review business support programme criteria to prevent unnecessary exclusion of social enterprises during 2025/26.

- Use lessons learned to develop future strategic direction for the social enterprise sector in 2026/27.

4 Networks and Support in Northern Ireland

At an institutional level, it was noted that the development of Northern Ireland's social economy has been inhibited by the absence of a social value act and a legislative-based community asset transfer policy. Despite this comparatively weak regulatory environment, this section will review the activities of local member-based organisations and several programmes that have worked to develop support infrastructure for social enterprises in the region. It also profiles the relevant supports adopted to grow the sector and the impact on the beneficiaries involved.

4.1 Member-based Organisations

4.1.1 Social Enterprise NI

[Social Enterprise NI \(SENI\)](#) are a member-based organisation that supports the development of Northern Ireland's social economy, by assisting groups and entrepreneurs dedicated to driving positive social change. While SENI does not provide direct financial investment, it plays a key role in strengthening the strategic development of the sector through political engagement, networking, and policy advocacy via the social enterprise support programme (Agenda NI 2024). SENI also champions the local social enterprise community through signature events, including conferences and award ceremonies (see Figure 4) that showcase achievements and innovative practices across the sector.

Figure 4 Celebrating impact and best practice across the sector through the SENI awards



SENI also uses its online platform to signpost members to essential resources, expertise, and support networks that can help sustain and grow their social enterprise activity. It was noted that working alongside the Department for the Economy, SENI completed two surveys in 2013 and 2018 to describe the scale and workings of the sector. As secretariat to the NI Assembly's All Party Working Group on Social Enterprise, SENI facilitates ongoing dialogue between the sector and key stakeholders, including public officials, local authorities, MLAs and private sector partners, to advance social enterprise as a priority policy issue.

4.1.2 Development Trusts NI

[Development Trusts NI \(DTNI\)](#) empowers community organisations and social enterprises to harness the potential of asset-based development through comprehensive support and technical assistance. Their work encompasses an annual series of conferences, targeted seminars, policy advocacy initiatives (e.g. around community wealth building), and advisory services tailored to each project's unique needs. At the core of DTNI's approach lies the IREAD (Investment Readiness Assessment Diagnostic) framework, which evaluates an organisation's development capabilities and establishes a foundation for building the skills needed to attract investment and manage sustainable asset-based projects. Operating as part of a UK-wide

network, DTNI collaborates with [Locality](#) and its counterparts in Scotland and Wales, collectively serving over 450 members. DTNI was appointed as an administrative partner for the UK [Community Ownership Fund](#) which represents a matched funding strategy administered by the [Ministry of Housing, Communities and Local Government \(MHCLG\)](#). Since its inception, the fund has supported 31 asset-based social enterprise projects worth more than £8 million and as of 2025, an additional 17 projects will receive matched investment.

4.2 Social Enterprise Funding

4.2.1 Northern Ireland Housing Executive Social Investment Fund 2015-2018

The Northern Ireland Housing Executive (NIHE) launched an innovative social investment programme from September 2015 to 2018 that provided flexible seed funding to both individuals and established groups within NIHE estates. The investment has supported projects which range from community-based maintenance services and community cafes to essential childcare facilities and youth initiatives as well as services for older residents and people with disabilities. Figure 5 profiles the area-based effects of the investment through the Hive Studio in Creggan in Derry/Londonderry.

Figure 5 Social Impact Investment in Creggan through the Housing Executive

Hive Studio, initially founded as the 'Digital Art Studio' in 2012, was transformed from a grant-funded project into a sustainable social enterprise in Derry/Londonderry's Creggan community. In 2016, through Housing Executive funding, it became a Community Interest Company offering digital services locally. The Housing Executive's support was particularly vital in developing Hive's SMART Home Assistive Technology, helping establish key stakeholder relationships and boosting the product's credibility through regional recognition.



More broadly the programme oversaw the creation of 39 new social economy projects while strengthening support for 50 existing ones. In terms of employability, 37 new full-time positions and 115 part-time jobs were created mainly in local communities. The evaluation showed a social return on investment ratio of £1: £4.97 and involved participation from 940 volunteers, provided 1,802 training opportunities and facilitated 115 best-practice visits across Northern Ireland. These visits showcased successful models but also created a space for communities to share challenges, exchange innovative ideas and collaborate on potential solutions.

4.2.2 Building Better Futures Fund

The [Building Better Futures Fund](#) active from 2017 - 2019 represented a £1 million fund, established through a partnership between Belfast Charitable Society, Building Change Trust, and Community Finance Ireland (formerly Ulster Community Investment Trust – UCIT) to provide unsecured loans and grants up to £25,000 to support voluntary groups, charities, and social enterprises. Notable beneficiaries included *Destined Enterprises* in Derry-Londonderry, which purchased equipment for its disabled-friendly taxi service. The fund was accessed by over 90 projects, 42% of which were located in the top 20% most deprived Super Output Areas. Although limited in size, this approach demonstrated the effectiveness of a partnership approach to supporting organisations that create social impact while promoting financial sustainability through a longer-term loan model.

4.2.3 Dormant Accounts Fund

The [Dormant Accounts Fund NI](#) has supported the voluntary, community and social enterprise (VCSE) sector in Northern Ireland to build capacity and to be more financially resilient and sustainable. It was launched in 2021 after extensive public consultation with the Department of Finance and as part of the first phase, an open grant programme awarded £21m to 249 organisations. Phase 2 is still ongoing but has been targeted at smaller grassroots organisations and delivered in partnership with a trusted support organisation or umbrella body. Learning and more detailed effects of the Dormant Account Fund NI are distilled in a [learning report](#) which was published in 2023.

4.2.4 Community Finance Ireland (CFI)

[Finance Ireland](#) operates as a dedicated social finance provider, supported by the Department for Communities in Northern Ireland. UCIT was established in 1995 to provide social finance, free advice, business support and mentoring to the social economy sector in both Northern Ireland and Ireland. It aimed to provide access to loan finance at a time when public spending cuts were impacting the sector, and where charities and social enterprises had difficulty accessing mainstream (and especially unsecured) borrowing. Since 2016, CFI has worked with 230 clients in Ulster and in that time has distributed 350 loans to the value of £24.2m.

Figure 6 Community Finance Ireland Supported Activity – An Tobar

[An Tobar](#) is a Northern Ireland-based social enterprise that delivers nature-based educational and therapeutic programmes through its team of six staff members and ten volunteers. It manages several key initiatives, including school gardening programmes across 11 schools, social farming services in partnership with Southern Health & Social Care Trust, therapeutic horticulture for elderly participants, and vocational training for adults with learning difficulties. Through a £30,000 loan from Community Finance Ireland's Building Better Futures Fund, An Tobar has enhanced its facilities for accessibility, expanded its services, and established a community woodland by planting 13,000 trees.



Figure 6 shows an example of the type of activity they support but are active across sectors including the arts, heritage, childcare, sports and community services. They also have a strong portfolio in enterprise, training and education and [a social value analysis](#) demonstrated a social return on investment of £3.32 based on £1 spent on its loan book in 2023. The central importance of this social finance infrastructure, along with the potential lending capacity offered to the sector by the [Irish League of Credit Unions](#), cannot be underestimated as a building block for growing the social enterprise sector in the long term.

4.3 Programme Support

4.3.1 Institutional Support

From 2014 to 2017, the Department for the Economy (DfE) implemented the Social Enterprise Hub Programme, an initiative designed to combat poverty and social exclusion through the development of community-based social enterprises. The investment established 11 hubs across Northern Ireland, including four in Belfast, each providing support to various community initiatives including local regeneration projects, community services, and new social businesses. This included a structured training programme focused on core business development areas

such as financial management, marketing, and sales but also tailored support through one-on-one business mentoring. Beyond these services, the hubs provided practical resources including hot desking facilities, conference and meeting rooms, training suites and general workspace where social businesses could operate on a 'test trading' basis.

4.3.2 Support through Local Government District Councils

Local authorities have also enabled the development of the sector through investment in rolling support programmes. For example, the Work West Enterprise Agency based in West Belfast delivers the [Go Social Programme](#) on behalf of the Belfast City Council. The programme offers support for individuals and groups looking to establish new social enterprises or co-operatives in areas such as governance, legal matters, business planning and financial management, including exploring and securing short and long-term funding opportunities. In addition to overseeing Go-Social, the Belfast City Council also manages the [Social Economy Incentive Fund Programme](#) and is in the process of compiling a city-wide directory of social enterprises. Go-Social has been replicated beyond Belfast in places such as Ards and North Down, where Work West also manage the [ANDSEP programme](#), which similarly provides social enterprises, micro-businesses and SMEs leadership skills and relevant knowledge through masterclasses, networking opportunities and 1:1 mentoring. Delivered by Workspace Enterprises, the [Mid Ulster Social Enterprise Support Programme](#) is a similar initiative in rural areas to assist the start-up, development and growth of new and existing social enterprises.

4.3.3 Area-based Initiatives

The North Belfast Ethical Investment Programme was a Social Investment Fund (SIF) project delivered between 2016 – 2018 at a value of £1.47 million. It was a revenue initiative that supported asset-based social enterprise projects capable of making a significant impact on North Belfast's underlying social, economic and environmental problems.

Figure 7 North Belfast Ethical Investment Programme Impacts



It achieved this through funding, technical assistance based on the needs of each project, providing relevant mentoring or training support and highlighting models of best practice. The key outcomes are summarised in Figure 7 and the programme also leveraged an additional £3.04 million from other funding streams, mortgages and social lenders. Additionally, it

contributed to an increase in the gross turnover from £23.24m to £24.32m (or 5%) for the participating social enterprises. Similarly to the Social Enterprise Hubs, no follow-up investment was committed to replicating or adapting this place-based model beyond the 2-year pilot phase.

4.3.4 Department for Communities COVID-19 Funding

In 2020, following a successful campaign by Social Enterprise NI, the Department for Communities established the Covid-19 Social Enterprise Fund under which £9.2m of additional funding was provided to help 315 social enterprises and other CVS organisations to stabilise and manage cash flow during the pandemic. This fund was co-designed by the Department for Communities, SENI and Community Finance Ireland (CFI), with CFI responsible for administering the fund.

4.3.5 Higher Educational Institutions and Community Partnerships

Founded in 2005, the [School for Social Enterprises in Ireland \(SSEI\)](#) was formed as a partnership between Ulster University and the Flax Trust, designed to promote sustainable community economic development and social entrepreneurship across the country. Facilitated by staff from the Ulster Business School, SSEI delivers, for example, the Advanced Diploma in Social Enterprise (branded as the TRANSFORM Development Programme). This is a one-year programme designed specifically for individuals who wish to develop a new social enterprise or diversify their existing operations. SSEI also delivers customised programmes in partnership with local councils and other sector support organisations.

5 The Social Economy in Ireland

The social economy has a long history in Ireland, as Doyle (2020) points out, agricultural co-operatives emerged in the 1880s and still play an important role in rural development. O'Shaughnessy (2020) argues that membership in the European Union brought fresh impetus to the sector, especially around work integration and local economic development. In 2000, the government established the Social Economy Programme (SEP) to support social enterprises, although this was renamed the Community Services Programme in 2006, reflecting a degree of uncertainty about its coherence as a policy focus (O'Shaughnessy, 2020). Indeed, for Forde (2020), there are significant risks in the way in which the sector has been repositioned in the context of neoliberal austerity policies following the 2008 financial crisis.

This raises more fundamental concerns about what the social economy in Ireland is *for* and whether it is delivering its potential as a radical alternative to growth-orientated, business-led models dominant in both the North and South. Moreover, Olmedo et al. (2021) point out that social enterprises in Ireland are complex and perform multiple roles including more market-oriented businesses; some are concerned with area-based regeneration; others are sectoral specific, such as in sports; whilst there is also a dedicated cluster dealing with work integration and so on. The point is that there are different roles, needs and ethics that must be recognised in developing a stronger all-island approach to the sector.

5.1 Size and scope of the social enterprise sector

The Department of Rural and Community Development (2023) baseline analysis of the social economy in Ireland is summarised in Table 2 and demonstrates both its scale and diversity. It contributes €2.34bn to the Irish economy, employs 79,114 people and works with 44,501 volunteers. More than two-thirds of enterprises operate in four sectors including childcare; local development; health and social services; and heritage and creative industries. It is an important component of the Irish economy, but recognition as a way of achieving multiple social, economic and environmental outcomes, is often weak across politicians, policymakers and the private sector.

Table 2 Structure of the social enterprise sector in Ireland

Topic	Key figures
<i>Composition of sector</i>	<ul style="list-style-type: none"> 4,335 social enterprises in Ireland (8.5 per 10,000 people) 68% of social enterprises concentrated in four sectors: Childcare; Community Infrastructure & Local Development; Health, Youth Services & Social Care; Heritage Festivals, Arts & Creative Industry 77% of social enterprises operating in more than one economic activity 48% of social enterprises +20 years; 16% 0-4 years 77% of social enterprises registered as CLG.
<i>Geographical coverage and reach</i>	<ul style="list-style-type: none"> 43% of social enterprises are in rural areas (10.5 per 10,000 inhabitants) 57% of social enterprises are in urban areas (8.3 per 10,000 inhabitants) 75% of social enterprises focus on their localities, and 15% operate internationally

<i>Economy and finances</i>	<ul style="list-style-type: none"> ▪ €2.34bn is the contribution of the social enterprise sector to the economy ▪ 39.6% of social enterprises have an annual income of less than €100,000; ▪ 11.9% of social enterprises have an annual income of more than €1M ▪ €180,000 is the median annual income of a social enterprise ▪ 84% of social enterprises use multiple sources of income ▪ 64% of social enterprise income comes from a mix of trading goods/services and government grants
<i>Employment</i>	<ul style="list-style-type: none"> ▪ 79,114 employees within the social enterprise sector (84,382 including contractors) ▪ 46.9% part-time workforce ▪ 68.8% of social enterprises workforce are women (of which 69% work part-time) ▪ 60.2% of social enterprises, with paid staff, employ people through Activation Labour Market Programmes (ALMP), especially in rural areas (65%)
<i>Volunteers</i>	<ul style="list-style-type: none"> ▪ 44,501 volunteers (excluding board members) within the social enterprise sector ▪ 46% of social enterprise volunteers are over 50 years old ▪ 54.0% of the volunteers are women ▪ 30,324 board members within the social enterprise sector ▪ 53.6% of these directive bodies are made up of men ▪ 63% of board members over 50 years old

Source: DRCD, 2023, p.38.

The National Economic and Social Council (2023) review of the sector North and South for the Shared Island Unit, summarised below, shows the range of social enterprises operating in Ireland, including providing services in places affected by public and private market failure. They are also strong in work integration, the environment and the circular economy and again, this underscores the need for a more supportive ecosystem. Each has its own organisational structure, legal configuration, challenges and development needs.

Table 3 Types of social enterprises in Ireland

Work integration social enterprises (WISEs), support disadvantaged people to prepare for and participate in the labour market.

Enterprise development social enterprises, which support the creation of other enterprises (e.g. through providing office space and facilities).

'Deficit demand' social enterprises, which meet demand for goods and services within a community where there is insufficient demand for the operation of a regular market due to inherent economic and social disadvantage or low density of population.

Environmental social enterprises, focus on environmental sustainability and reuse through the circular economy.

Social enterprises contracted with the public sector to deliver public services in disadvantaged areas and communities.

Source: NESC, 2023, p.14.

Forfás (2013) define four types of social enterprises but as O'Shaughnessy and O'Hara (2016) point out, these are primarily based on their objectives and activities, rather than organisational form, stage of development or support needs:

1. Social enterprises that create employment opportunities for marginalised groups such as those with disabilities, or ex-offenders.
2. Local enterprises that are involved in local and community development and respond to a gap in infrastructure or services such as community enterprises or community shops.
3. Organisations that deliver public services such as childcare or eldercare services.
4. Organisations that trade in services or products that have a social good and a high-income generation capacity such as an environmental services enterprise.

However, O'Shaughnessy and O'Hara (2016, p.481) argue that as policy evolved, 'the Irish government's strategy to develop the social economy in general, and social enterprise more specifically, is best described as a labour market integration approach'. There is an agenda for the sector in the North and South, not just to define what a social enterprise is, what sectors it operates in or how large or small the business is, but rather as noted later, to articulate what its social, economic and environmental purpose should be. Labour market integration is one outcome, but so too is inclusive economic development, resisting and providing viable alternatives to speculative growth, enabling local people to own the assets that matter to them and keeping money circulating in the local economy. As The Wheel's (2024) submission to the national strategy emphasised, it is about getting beyond projects to see (and scale) the transformative potential for the social economy, in which the same priorities are shared, North and South and this is considered later in the paper. It is also important to stress that more research can be done to access the scale of the social enterprise sector across the island, both north and south. Despite albeit a limited picture, given the time and scope of the project, it is nonetheless a valuable baseline that can be developed moving forward.

5.2 Legal Forms

The baseline survey shows that most social enterprises in Ireland are Companies Limited by Guarantee (without share capital, CLG) at 77%; with 4% established as co-operatives (Industrial Provident Society); and a smaller number (2%) are companies limited by share capital. Around 4% have no legal form or operate as Unincorporated Associations and some have a hybrid structure (3%). A hybrid form is often attractive for a social enterprise that wants to protect its core charity whilst operating a more commercial trading arm. However, the predominance of charities in the sector, technically a legal status rather than form, is problematic as many social enterprises fall under the remit of the Charities Regulator in addition to the Corporate Enforcement Authority (Breen et al., 2023).

Thomson Reuters Foundation et al. (2022) show that the most common types of hybrid structures are: a parent for-profit entity with a not-for-profit subsidiary or a parent not-for-profit entity with a trading subsidiary. Typically, hybrid structures involve setting up two companies, which provides a degree of security and risk from commercial activities but with separate entities with their own Boards and governance arrangements, which can result in tensions between the two if they are not properly managed.

The present legislation which governs co-operatives is the Industrial and Provident Societies (IPS) Acts 1893-2021. The Government of Ireland has drafted the Co-operative Societies Bill 2022, which is intended to make it easier to set up and operate a cooperative entity. The Bill seeks to

modernise the corporate governance of cooperative societies and make them more attractive to investors through several proposals:

- Reduce the minimum number of founding members of a co-op from seven to three.
- Expand the categories of founding members to include bodies corporate.
- Provide for audit exemptions for smaller co-ops.
- Provide for virtual and hybrid participation at general meetings; and
- Providing co-ops with the flexibility to reflect in their rules what best suits their own particular circumstances (Government of Ireland, 2023).

In response to the Bill, the Irish Co-operative Organisation Society (ICOS) identified several issues, including the proposed rules around mergers and amalgamations, audit exemptions and the reduction of minimum founding members. At a meeting of the Joint Oireachtas Committee for Enterprise, Trade and Employment, Co-operative Housing Ireland also advocated for the inclusion of optional provisions for a statutory asset lock. (Such a lock prevents the distribution of co-operative assets for the private benefit of members). Co-operative Alternatives, based in Northern Ireland, also proposed changing the legislation to include provisions for community shares (Voinea, 2023).

It was noted in the DTNI/Carmichael workshops that Community Interest Companies (Northern Ireland); Charitable Incorporated Organisations (CIO) (Britain) and new cooperative legislation in Ireland offer significant opportunities (as well as risks) for cross-border learning. Both jurisdictions are interested in a new legal definition for social enterprises, and this would benefit from a North-South, East-West and wider global perspective.

In creating a stronger (non-statutory) identity for social enterprises, Social Impact Ireland has partnered with Social Enterprise Mark CIC, to pioneer a national Social Enterprise mark. The [Social Enterprise Mark in Ireland](#) defines 'what it means to be a genuine social enterprise'. This is designed as an externally assessed guarantee that a business is operating as a social enterprise in the use of its profits, collective ownership and commitment to environmental and social impact. However, there are concerns raised in the DTNI/Carmichael discussions that such recognition lacks breadth, is based on a private business-orientated notion of 'social' and could distance Ireland from the European mainstream. Such a mark might also replace the need for a legal foundation for social enterprises, which was prioritised across sectors, practitioners and in a range of critical commentaries.

5.3 Procurement and Sector Growth

The [Buy Social](#) campaign aims to boost trade with the sector using public procurement and [InterTradeIreland](#) supports social enterprises to access public sector contracts on a cross-border basis. However, it was noted in the workshops that many social enterprises are not large enough to compete and supply larger government contracts. Shifting such businesses into sectors where the procurement market has higher value tenders, is a strategic priority shared across the border.

Some concerns were raised about the current Transparency and Social Value in Public Procurement Bill 2024, which emphasises the *circular* rather than the social economy, which is not mentioned in the draft. Moreover, there are recognised definitions of a medium-sized, small and micro-enterprise, but not a social enterprise. This underscores the point made in a number of commentaries about the need for an agreed and legally based definition of a social firm.

Social Impact Ireland (2019) also points out that work is needed to describe the tangible benefits to private businesses that arise from working with social enterprises, particularly to develop valid impact methodologies that both the private and social enterprise sectors can trust. Expertise and experience also need to be built in working across sectoral boundaries and appreciating the constraints as well as the opportunities operating in different 'business' cultures.

Many of these concerns are raised in the NESC review and they identified several specific sectors where there is growth potential for the market in Ireland. They also (see later) connect these with opportunities for cross-border work, especially to access funding, social finance and procurement sectors. In Ireland, growth opportunities include:

- The labour market - social enterprises have an important role in providing employment opportunities for people distant from the labour market.
- The environment - especially the areas of renewable energy regeneration and the circular economy.
- Digital - particularly in the social entrepreneur space where digital innovations can bring many benefits to disadvantaged communities.
- Caring - for children, people with disabilities, and especially older people as their number in the population will continue to increase in the years ahead.
- New communities – as Ireland becomes more diverse and welcomes people from many countries, social enterprises can work with new communities to provide language and translation services as well as support new arrivals to Ireland to find the services they require.
- Social farming - which is an initiative that offers people who are socially, physically, mentally or intellectually disadvantaged the opportunity to spend time on a family farm in a healthy, supportive and inclusive environment (NESC, 2023, p.44).

6 Ireland Strategic Context

There have been several national policies to support the social economy as well as evaluations, critical analysis and policy studies on how to create a stronger social economy for the country. This section looks at current national policy and points to the importance of regional agencies and local authorities in programme delivery and project support. It also evaluates a range of studies focusing on the sector in Ireland that reinforce consistent themes on how an all-island approach might grow its structure and impact.

6.1 Policies and Programmes

Trading for Impact is the most recent version of Ireland's National Social Enterprise Policy (Government of Ireland, 2024). The policy aims to build the enabling environment for social enterprises to grow and contribute more effectively to the social, environmental, and economic well-being of communities. It is driven by five objectives and 57 specific actions:

1. Building Awareness of Social Enterprise.
2. Growing and Sustaining Social Enterprise.
3. Supporting the Green Transition.
4. National and International Engagement; and
5. Impact Measurement.

The policy strongly aligns with a range of initiatives and local development programmes, particularly by state agencies who play an increasingly important role in supporting individual projects. For example, local authorities such as Dublin City Council have a track record supporting and funding social enterprises, especially through their [Local Enterprise Office](#).

6.1.1 Western Development Commission Social Enterprise Strategy

For example, the Western Development Commission (WDC) has a statutory remit to assist social enterprises. The WDC's *Social Enterprise Strategy* includes commitments to measuring and quantifying the size and reach of the sector; creating a regional social innovation hub to support high-growth businesses; and evaluating the market for different forms of finance (Western Development Commission, 2022). It provides finance for social enterprises and community development projects and lending amounts range from €50,000 to €250,000 over a maximum of 10 years. Where a social enterprise has a strategic impact on the region, the maximum loan value can rise to €1m over 20 years. The strategy highlights a series of challenges for the future of social enterprises that are also relevant at the national level, including the need for a clearer legal definition of social enterprises and building the business readiness of the sector. They also identify gaps in finance, including diversifying the supply of grant and debt options as well as adopting clearer measures of impact, especially for funders and investors. Leadership and capacity building, across the sector, but also within government, is critical, particularly to strengthen the role of procurement in supporting social enterprises.

6.1.2 Údarás na Gaeltachta Social Enterprise Development Strategy

Údarás na Gaeltachta aim to strengthen the economic, social and linguistic identity of the Gaeltacht in which community-owned businesses and cooperatives have been an important part of the approach since the 1980s. Their *Social Enterprise Development Strategy* notes that a survey carried out in 2020 found that there were 93 full-time and 79 part-time employees working in

around 50 community co-operatives and development organisations funded by Údarás (Údarás na Gaeltachta, 2022). The Social Enterprise Development Strategy (2022) sets out a range of objectives, which are consistent with the national policy as set out in the table below.

Table 4 Objectives of the Údarás na Gaeltachta Social Enterprise Development Strategy

Theme 1: Building Awareness of Social Enterprise
Objective 1: Raise awareness of the potential of social enterprise within Údarás and other state agencies
Objective 2: Engage community members including young people in social enterprise development
Objective 3: Showcase and promote the work of Údarás and Gaeltacht social enterprises
Objective 4: Establish a social enterprise award for the Gaeltacht
Theme 2: Growing and Strengthening Social Enterprises
Objective 5: Develop a tailored area-based approach to implementing this strategy by working with partners in the Gaeltacht regions and by developing local plans
Objective 6: Provide dedicated support to social enterprises and establish Údarás as a centre of excellence for social enterprise development in the Gaeltacht
Objective 7: Enhance the capacity of existing social enterprises
Objective 8: Develop local, regional and international networking opportunities for the sector
Objective 9: Host ideas generation initiatives to identify new social enterprise opportunities
Objective 10: Assess infrastructure for social enterprise potential
Theme 3: Achieving Better Policy Alignment
Objective 11: Add value to the work of Údarás na Gaeltachta by proofing actions for social enterprise relevance
Objective 12: Develop alliances with policymakers and state bodies to advance social enterprise development
Objective 13: Demonstrate the scale and impact of social enterprises in the Gaeltacht

The strategy also includes a series of profiles of existing social enterprises across the Gaeltacht, highlighting the valuable contribution of the social economy in their communities. These case studies and related resources are brought together in a dedicated [Social Enterprise website](#). Two new support schemes are offered by Údarás for the development of social enterprise *projects* of over €210,000 and €5,000 for the development of a *business idea* (in partnership with the Department of Rural and Community Development).

6.2 Rural regeneration and development

The key policy [Our Rural Future](#), sets out a range of measures to support social enterprises, including the establishment of a *Community Ownership Fund* to enable groups to take over local assets. This implies the need for asset transfer legislation to enable such investments to be delivered more efficiently and effectively. The strategy also identifies the need to make community businesses financially resilient and extend their role in the circular economy, green infrastructure, childcare and work integration.

The [Rural Regeneration and Development Fund \(RRDF\)](#) is the primary capital investment scheme which supports community hubs, especially through the co-location of facilities to create a focal point, including clustering libraries, community services, cultural activities, sports and recreational facilities and training and development. This also supports economic development

in island communities, focusing on the vibrancy of settlements and enhancing connectivity with the mainland.

The impacts of Brexit on the runout of Structural Funds and especially ESF were noted in the discussion of Northern Ireland. In Ireland, interventions such as LEADER have enabled capital and revenue investment in the social economy in rural areas. The 2023-2027 LEADER programme has 3 themes:

- Economic Development and Job Creation.
- Rural Infrastructure and Social Inclusion; and
- Sustainable Development of the Rural Environment and Climate Change Mitigation and Adaptation.

Theme 1, Economic Development and Job Creation, has a sub-theme on *Social, Community and Cooperative Enterprises*, which as noted earlier is supported via dedicated lending programmes. This has been a significant investment, creating a range of viable businesses, community assets and new services, especially in demand-deficient sectors.

6.3 Policy Perspectives

O'Shaughnessy's (2020) review of the social enterprise sector in Ireland identified five main barriers to growth and development including their lack of internal capacity to support expansion; the bureaucratic nature of funding streams; and the lack of clarity between service level agreements and government grants. Moreover, social enterprises often struggle to secure finance from mainstream banks and the lack of a clear legal definition often makes it harder to raise private capital. She also points out that despite being identified as a growth area, procurement is not as easy to navigate for all but the largest business. O'Shaughnessy (2020, p. 13) concludes:

The most significant challenges for the Irish social enterprise sector's future growth include social enterprise awareness; overall capacity building; the ability to tender for public procurement; a more supportive financial infrastructure; appropriate systems of social impact and performance measurement; and greater leadership and governance capacity.

The Wheel (2022, p.2) also sets out a comprehensive framework for developing the social economy in Ireland, but they make the fundamental point that this is about *transition* – moving away 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 about cultural change, which can be affected through interlocking actions:

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 enterprises.
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; and
7. Active engagement by the Government in implementing the EU Action Plan.

Others emphasise the need for structural change such as the creation of a new central Department, a legal definition of a social enterprise and a long-term investment plan for the social economy. Gordon (2024), for example, emphasises the need for comprehensive policy reform:

- A clear social enterprise definition would give clarity to the sector, policymakers and funders.
- A single Department for Social Enterprise would provide a single point of contact, co-ordinating function and strategic support for the sector across government.
- Utilising the Dormant Accounts Fund to support the social enterprise measures has worked effectively and could be extended as a long-term investment source for the sector.
- A social enterprise legal form has potential, but more can be made from existing structures, especially to improve understanding among policymakers and funders; and
- Access to data to support the development and understand the impact of social enterprises is important.

7 Networks and Support in Ireland

The social economy in Ireland has been strengthened by the growth in advocacy NGOs, network and support organisations, social finance intermediaries and specialists in training, entrepreneurship and innovation.

7.1 Member-based Organisations

In particular, the NGO sector, advocacy networks and lobby groups have increased significantly across the country.

- The [Irish Social Enterprise Network](#) (ISEN) is the national body for social enterprises in Ireland and focuses on networking, advocacy and education. In line with its role in education, ISEN has developed a comprehensive [Social Enterprise Toolkit](#) addressing key stages of start-up and consolidation, strategic planning, human resource policies and so on.
- [Social Enterprise Republic of Ireland](#) (SERI) is a representative body for the sector and champions the social economy both nationally and internationally.
- Rethink Ireland also provides a guide on [Igniting Change: A Starter Guide for Social Enterprise](#), which contains links to more tailored guidance and detailed support at each stage of the business planning cycle. They also offer an annual [Start a Social Enterprise Business Course](#) focused on start-ups but emphasise brokering support, networks and funding, specifically an *Accelerator Programme* for scalable projects.
- [Social Entrepreneurs Ireland](#) has a range of [programmes](#) to build the capacity of social entrepreneurs to address social challenges and have a range of supports tailored to the needs of different areas and groups. For example, the [Social Entrepreneurs Ireland Spark Toolkit](#) is set out in seven sections, from the ideation and research stage through to piloting and sharing practice.
- The [Social Enterprises Research Network of Ireland](#) (SERNI) brings together researchers and practitioners from the North and South and hosts a range of policies and material on EU programmes that are useful in developing a broader understanding of the sector.

There are also organisations working across the community and voluntary sector that are critical to a supportive enabling environment. The Wheel established [a social enterprise hub](#) with a particular focus on training and support for social enterprises, including detailed technical guides on policies and procedures to strengthen governance and core skills. For example, their guide on [Sustainable Communities: A Governance Resource Book for Small Community and Voluntary Organisations](#) sets out a comprehensive approach to business planning and this is linked to policies on salaries, financial management and risk analysis.

Carmichael provides specialist training and support for a range of nonprofit organisations in Ireland. It has a particular focus on effective governance and invests in co-locating and shared workspace, pooling resources and building peer support networks. Carmichael also provides specific guidance, such as on strategies for survival, the potential of mergers and sectoral opportunities such as [Social Enterprise and the Circular Economy](#).

7.2 Supports for Social Enterprise

One of the features of the social enterprise sector in Ireland is the importance of regional agencies and local governments in providing bespoke support to the sector. As noted above, the

Western Development Commission has a dedicated pillar on social enterprises and there are a range of progressive local authority policies that support individual businesses, area networks and new approaches, such as [Community wealth building in Dublin](#).

NESC (2023) emphasises the importance of Local Economic and Community Plans, developed by Local Community Development Committees that support social enterprises for example, through the Social Inclusion and Community Activation Programme (SICAP), the Community Enhancement Programme (CEP) and the Community Activities Fund (CAF). Pobal administers the [Community Services Programme \(CSP\)](#) to support community-based organisations to provide services through a social enterprise model as well as creating employment. After a review in 2020, the CSP has focused on areas of social deprivation, people at the edge of the labour market and social enterprise delivery in the circular economy and in the Traveller community. Pobal is a significant factor in delivering programme investment, supporting social enterprises and developing work integration within the wider social economy. The [New Solutions Social Innovation Fund – Creating Better Outcomes](#) supports experimental interventions, testing and evaluating new approaches and working with excluded groups to create pathways out of poverty and isolation. They aim to build the enabling environment in several ways:

- Capacity building for Social Innovation initiatives at national, regional, local and/or community levels.
- Fund Social Innovation Pilot Programmes to address significant social and environmental challenges.
- Create an enabling environment which will allow social innovation to thrive and to scale up projects with potential.

Pobal also uses the Dormant Accounts as a [Scaling Fund for Social Enterprise](#). The need to build the resilience of social enterprises and take projects to the next level of growth reflects a more tailored approach to the development of the sector.

7.3 Social Finance

Clearly, finance is an issue for the sector and as noted earlier, is one area that is already organised on an all-island basis, with many areas of concern shared across the border. For participants in the DTNI/Carmichael workshops and visits, this related to how grants tended to focus on operational costs including salaries, accommodation rent, equipment and marketing. The OECD review also noted that public funding mechanisms tend to address short- or medium-term liquidity needs rather than long-term development and innovation projects.

There have been important changes in the social finance arena in Ireland. The [Social Finance Foundation](#) was established in 2007 by the Government to address the needs of community organisations and social enterprises for loan funding, which was difficult to obtain from mainstream financial institutions. Acting as a wholesaler, it provides funding to its lending partners Clann Credo and Community Finance Ireland. The project [Financing Social Enterprise in Ireland](#) sets out a range of grant, social finance and experimental options (such as Social Impact Bonds) open to community businesses, but also emphasises the need to strengthen investment readiness across the sector.

7.3.1 Credit unions

The potential to use credit union reserves to support the sector was raised in the Northern Ireland section. In Ireland, the *Credit Union Approved Housing Body Fund* (CU AHB Fund) is capitalised by credit unions, with approximately €1bn to support social and affordable housing initiatives. The initiative matches Capital Advance Leasing Facility (CALF) funding from the Department of Housing as well as private finance for approved (principally housing association) schemes. Surpluses generated by the CU AHB Fund, after paying expenses, are reinvested in credit unions in the form of dividends. The Fund has been approved to invest in Tier 3 Approved Housing Bodies (AHBs).

7.3.2 Clann Credo

[Clann Credo](#) provides loans for social enterprises and community groups, including capital projects for community facilities; sports and recreation; social housing; arts and tourism; enterprise centres and sustainable energy. Finance takes the form of Bridging Loans; Match Funding Loans; Capital Equipment Loans; Working Capital; and Property Loans. For social enterprises, Clann Credo offer comparatively affordable interest and repayment rates; requires no personal guarantees; no application forms; and places an emphasis on community impact in the assessment process.

One of the creative approaches taken by Clann Credo is to enable groups to match grant funding, such as through the [LEADER Loans](#). To avail of the LEADER grant, applicants generally need to demonstrate that it is fully funded or that guarantees are in place to enable timely implementation. This can include showing that the applicant can pay for goods and services in advance of receiving the LEADER grant. This is where Clann Credo can provide either bridging loans to allow the grant to be drawn down or matched loans to build the reserves needed to cover the cost of the project.

7.3.3 Community Finance Ireland

As noted earlier, [Community Finance Ireland](#) provided loans for social enterprises for more than 20 years and like Clann Credo, it offers technical support, integrates loans and grants to build viable projects and works across areas, sectors and services including:

- Support with drawing down retrospective grants, sports grants, LEADER and local government grants.
- Assisting with the purchase of new or existing premises.
- Upgrading, retrofitting and future-proofing facilities.
- Helping to improve, diversify or expand services to increase the membership base; and
- Refinancing existing debts into a more manageable package.

7.3.4 Rethink Ireland

Rethink Ireland, along with Community Finance Ireland, Dublin City University and the Department of Rural and Community Development's *Dormant Accounts Fund*, developed a specific [Hybrid Social Finance loan](#) aimed at first-time borrowers. The loan of between €10,000 and €50,000 is provided by Community Finance Ireland but includes a non-repayable loan for up to the same amount provided by Rethink Ireland (between €10,000 and €50,000) and a business support package of €10,000 (which includes one to one consultancy and accelerator workshops). This combination of grant, loan and technical assistance provides an important opportunity for

new social enterprises with a scalable idea. Rethink Ireland also offers [grant and philanthropic funding](#) with accelerators and incubators for *social innovations* that tackle structural problems such as poverty, poor health and low educational attainment.

Ó Broin and Dolan (2022) reviewed the social finance ecosystem in Ireland and identified both demand and supply barriers but highlighted the general reliance on grant aid rather than debt or quasi-equity (see below). They also showed the potential for a hybrid non-repayable/repayable product for early-stage social enterprises and emphasised the need for agreed methods for measuring social impact by *both* public authorities and social enterprises.

- The Irish social enterprise finance ecosystem is in the early stages of development but is ready for development;
- Many Irish social enterprises continue to be dependent on grant aid and have chosen charitable status to access this funding;
- Social enterprises tend to have quite limited experience with debt finance and equity investment;
- Exclusion from historic sources of finance is a concern for social enterprises that are considering newer financial instruments designed around debt or quasi-equity;
- Social enterprises recognise that engaging with finance outside of grant aid could be a catalyst to growing their social impact, but need assistance in moving from grant dependency to becoming self-financing;
- Social enterprises need greater investment readiness and business development supports;
- A hybrid non-repayable/repayable finance product with business supports would meet the needs of many early-stage Irish social enterprises;
- Very few social enterprises measure their social impact in a systematic manner; and
- There is limited capacity within public authorities and amongst social enterprises to effectively measure social impact.

Investment and contract readiness has been identified as a significant challenge North and South and there are toolkits and resources to support social enterprises to understand and manage debt as well as grant finance. For example, The Wheel's [Financing Your Future: A Guide to Building a Sustainable Income for Community and Voluntary Organisations](#) sets out options for funding, how to manage revenues and costs and provides case studies of social enterprises that have used different financing models including grants, procurement contracts, social finance and so on.

7.4 Skills and Capacity Building

One of the consistent themes across the island is the need for a long-term strategy for workforce planning and capacity building. The [SocialB Project](#) is a European-wide research and learning programme on the needs of social enterprises led, in Ireland, by the Technical University of the Shannon. It is designed as a suite of resources to help individual and organisational learning as well as to create stronger business networks. It takes a blended approach involving 16-24 Learning Units and is based on an extensive needs analysis and audit of training provision across the country. The SocialB curriculum has several important features:

- It builds on key theoretical and practical concepts and how they are applied to the social enterprise sector.
- Learning centres on practical activities in all units (either individual or in groups, 1-4 practical activities per learning unit) to help develop a variety of skills and competencies.

- Key questions for reflection on experiences and understanding based on individual organisational needs and project development.
- Work-based learning (WBL) activities for each unit following specific topics, learning objectives and agreed outcomes.
- Engagement in small-scale project works as well as self-directed learning to allow participants to define their own training needs.
- Supporting resources including reading, video material, best practice cases and links to develop learning in key areas.

The extent of training and technical support is a growing strength of the sector in Ireland, but an overarching framework, such as SocialB, would give coherence and direction to such initiatives.

8 Cross-cutting Themes

The social economy clearly faces challenges and vulnerabilities as well as significant opportunities that can be developed on an all-island basis. This section outlines the extent of these in terms of financial, policy, regulatory and legal issues highlighted in the analysis especially the work between DTNI and Carmichael. These are not particularly structured but aim to inform a debate about how and where a North-South approach could add value to strengthening the social economy more broadly.

8.1 Building on Strength

Programme engagement and workshops highlighted the need to build on existing structures and relationships across the island. For example, The Wheel and NICVA developed the [iCommunity](#) project, which developed civic society connections to identify and scale areas where North-South cooperation could be enhanced. The social economy was one of five areas selected and iCommunity set out a range of issues looking at where the sector has been, opportunities for development and risks in such processes. The diagram below is based on a series of engagements with practitioners and networks in the North and South who identified two priorities:

- Public sector interventions that reduce the burden of bureaucracy are needed to support the growth of the sector.
- There needs to be specific support for more all-island and international networking within the sector so that new social economy innovations can learn from the experience of existing projects (The Wheel and NICVA, 2022).

Figure 8 North South State of the Social Economy



The Wheel and NICVA, 2022, p.26.

The process also raised a range of concerns about integrating the sector on an all-island basis. Talbot and Cahill identified [Five Key Challenges of All-Island and Cross-Border Working](#) that apply to the social enterprise sector:

- Building an all-island team within an agency involves integrating people practically, physically and organisationally and is a basic challenge working across the border.
- Funding, especially cross-border capital and revenue investment is limited and as each jurisdiction has separate compliance processes, it creates significant burdens, especially for smaller charities.
- Compliance differences, such as charity regulation, create legal and regulatory challenges, particularly in the start-up phase of project development.
- Building trust is especially problematic when an organisation enters a new community, sector or service area, emphasising the need for patient investment in project development.
- Governance is related to the compliance environment in creating unifying structures in different jurisdictions with distinct company laws, reporting and tax regimes.

One way of addressing such disconnects has been to develop agreed principles for working across borders and regions. The [New Common Charter for Cooperation within and between these islands](#) aims to ‘empower civic society organisations as drivers of cooperation’, North-South and East-West. This was facilitated by the Centre for Cross Border Cooperation (CCBS) and broadened from an initial focus on North-South cooperation to address East-West relationships. The key principles include:

- Increasing opportunities to share information, knowledge of policy and best practices within and across these islands.
- Improving policymaking by matching it to realities on the ground.
- Identifying cross-border opportunities to collaborate to solve shared problems or exploit common resources.
- Engaging with and supporting human rights, particularly for the most isolated and marginalised communities.
- Facilitating the exploration and celebration of a community’s culture and heritage with a view to future cooperation.

8.2 Cross-border Social Enterprise Markets

There are a range of issues about the geographical spread of the sector across the island and recognise the different challenges they face. For example, it was highlighted in the DTNI/Carmichael workshops that rural projects face particular challenges due to peripherality, access to resources and in general reliance on volunteers as opposed to paid workers.

O'Donnellan and McCormack (2022) point out that there is an opportunity to develop a stronger spatial economic development strategy for the border zone. This is especially important to counter growth in the largely urbanised eastern seaboard. They show that there is considerable cross-border trade and related support networks in three broad areas including the North-West region between Derry/Londonderry, Strabane and Letterkenny; the Newry-Dundalk twin-city; and the mid-border rural economy that faces the most significant structural challenges.

Here, NESF (2023) feels that the priority for a North-South agenda for the sector should be on the economic rather than the social. A stronger focus on enterprise, with support from statutory agencies that recognise the complexity of social purpose businesses; support to form consortia

to bid for larger projects; social value legislation that identifies social enterprises as a supplier category; and multiannual funding to give start-ups the time and subsidy to incubate commercial projects; and better impact assessment so that social value is understood across (grant and debt) investors. Similarly, NESC (2023) identified sectoral opportunities to grow the social economy on a North-South basis.

- Opportunities from the Peace Plus programme, such as the provision of facilities, supporting disadvantaged young people, ICT innovations for social service provision and economic development, and support for community health interventions, especially in rural areas.
- Support for cross-border community wealth-building in the border region. InterTradeIreland can play a role in developing more cross-border social enterprise collaboration, particularly for social enterprises operating at national and international levels and for those tendering for public or corporate procurement contracts.
- An all-island social enterprise forum to consolidate collaboration and provide opportunities for additional activities and support to social enterprises operating on an all-island basis.
- An all-island annual social enterprise conference to share experiences, identify barriers and understand the cultural differences in the social enterprise environment.
- Alignment of data collection exercises, especially to develop a valid analysis of the structure of the sector in both jurisdictions.
- Develop a stronger international presence and understanding, such as the Social Enterprise World Forum. (NESC, 2023, pp.67-68).

However, it was also argued that the PEACE PLUS Programme has been weak in supporting the sector, despite its evident impact on some of the poorest, divided and still violent areas and the potential to support cross-border social enterprise clusters.

8.3 Financial Sustainability and Resources

There are remarkably similar challenges and priorities when the finances of social enterprises are considered on an all-island basis:

- Trading income remains low across the sector and grant funding dependence limits organisations' ability to invest in growth and innovation opportunities whilst sustaining existing operations. Significantly, NESC emphasises that the priority is to develop the enterprise capacities of the sector both North and South.
- The transition from grant dependency to sustainable trading models presents significant challenges, especially for newer enterprises and those operating in economically disadvantaged communities. Limited access to working capital (both seed and long term) and appropriate support in building financial literacy further complicates this transition.
- Apart from high-performing social enterprises, financial reserves across the sector are often low, with some organisations lacking sufficient assets as collateral for leveraging finance. This structural weakness limits their capacity to access traditional lending products and restricts expansion opportunities.
- The social finance marketplace shows significant gaps in both general supply and products that can be secured at a competitive rate. Available financial products often fail to account for the unique hybrid nature of social enterprises and a survey conducted by DTNI in 2021 highlighted how they also lack the flexibility to suit their lending needs.
- Investment packages typically lack provisions for early-stage development work and this gap in funding affects critical preliminary activities such as feasibility studies, economic appraisals, design work and legal services. In comparison to Britain, for example, social

enterprises across the island struggle to access blended products that may include a follow-on long-term loan, such as that offered by [CAF](#) and [Commonweal Housing](#).

- In Northern Ireland, social finance products based in Britain are poorly advertised and awareness across the sector but also at a government level about where these investment opportunities are and how they can be leveraged is generally weak.

8.4 Governance and Leadership

The sector is, to some extent, reliant on individual entrepreneurs, often with limited succession planning or leadership transition. This dependency creates organisational risks and inhibits long-term stability. Common areas to evaluate include:

- Investment in developing second-tier leadership, particularly in building commercial acumen and financial management capabilities.
- Regulatory compliance requirements, particularly in sectors such as childcare, health and social care, and energy, create significant operational burdens. These requirements often disproportionately affect smaller organisations that operate with a limited administrative capacity.
- Service delivery capacity is increasingly strained as social enterprises attempt to meet rising community needs while managing tight budgets and resource constraints. This pressure is particularly acute during the cost of living crises (see [Pivotal \(2024\)](#) in Northern Ireland).
- Some social enterprises are inhibited by recruitment to Boards that are often weak in key skills such as property management, risk, legal responsibilities, finance and human resource planning.

8.5 Policy, Administration and Asset Transfer

New strategies are in place in both jurisdictions but long-term grant investment, programme coordination and technical support have often been weak. The LEADER-social finance link was identified as important good practice in this respect. But this also raises issues about the institutional arrangements to best support the sector, including how it can function more effectively across the border. There were calls, for example, for a central government department for the social economy; development agencies have supported the growth of social enterprises across regions; and local government has created some of the most innovative practices. Getting the right 'institutional fix' within and between the North and South is an area that can be explored more fully.

Ireland is also introducing social value legislation, although heavily influenced by the circular economy and Northern Ireland remains the only UK region without a Social Value Act. The legislation that can help *practically* to grow the social economy integrated with support for entities large enough to bid for tenders remains a shared challenge. Public procurement processes generally favour large-scale contracts that exceed social enterprise's financial capacity, which is compounded by complex tendering requirements and a limited understanding of what constitutes social value. Methodological development in defining, measuring and evaluating social value is again an area identified for a shared island workstream.

There is significant potential for policy transfer and experimentation in a range of areas shared across the island. Asset transfer is one such area where a parallel process could evaluate the potential of the community ownership agenda. There is a policy in Northern Ireland, but [Hart \(2022\)](#) points out that it does not work effectively, primarily due to the lack of a legislative basis

and related accounting guidance on disposing of public assets below market price. This is one area that might be prioritised for developmental work across the island, rather than supporting a broad range of issues with varying chances of making an impact.

8.6 Skills and Technical Support

There has been important work on training and capacity building, it is an area that is growing effectively across the island and where the challenges are broadly similar. But it needs integrated and more effectively resourced in terms of the skills, knowledge and learning systems needed to sustain and grow the sector. SocialB is a current, Irish-based and comprehensive framework that offers a useful starting point. As noted, this is a framework that needs to be developed in delivery programmes, technical assistance and integration across NGOs, training providers and universities on the island.

Linked to this is better knowledge, especially to build an understanding of the social economy across the public and private sector, but also within community and voluntary organisations. Creating cultural change also means improving economic literacy, not least about what the sector has and is capable of delivering. Better use of social impact measures and evaluation methodologies would help as has been noted earlier. Here, there is already innovation that could be more formally shared to explain the blended economic, social and environmental value of the social economy in both jurisdictions as well as collectively.

8.7 Risk and Uncertainty

The sector is exposed to downstream risks as with any other part of the economy, but these again can be understood on an all-island basis, particularly around mitigation and contingency planning.

- Political instability, particularly the absence of a functioning NI Executive, has created significant delays in decision-making and policy implementation. This has resulted in delayed policy progression, funding cuts and widespread uncertainty. Multi-annual budgets are a priority for many social enterprises and charities in the North but also the South.
- Brexit implications extend beyond immediate funding losses, particularly the termination of the European Social Fund, creating long-term implications on staffing and profitability for social enterprises that delivered EU-funded contracts. The UK government provided an additional £57 million over two years to cover this shortfall via the [Shared Prosperity Fund](#).
- Post-pandemic infrastructure weaknesses in other sectors such as health, education, and community services have more broadly exposed and exacerbated challenges, simultaneously increasing demand for social enterprise services.
- The cost-of-living crisis has also created dual pressures, increasing operational costs for organisations while simultaneously increasing the need for support services. This has forced many social enterprises to shift focus from investing in developmental work to crisis management responses.
- The recent rise in Employer National Insurance Wage Contributions in the North has significant implications for operational stability and challenges how social enterprises can recover costs from grants and contracts. NICVA published a [survey and report in 2024](#) and 50% of respondents indicated an anticipated rise in expenditure of between £5,000 and £200,000 per annum.

- Alongside meeting commitments to the new increase in Living Wage payments also due to take effect from April 2025, many social enterprises report that without making service reductions or redundancies they will struggle to absorb these additional costs.

8.8 Future Issues

It was noted that there are important innovations, North and South, on which to address growing social challenges. A programme of joint *futures* evaluation and analysis could help position social enterprises across a range of common concerns:

- There is a need to respond to demographic restructuring and in particular, how an ageing society will create demand for new services and ways of working.
- In other countries, social enterprises and cooperatives are at the heart of climate change mitigation, including supplying green energy, building a circular economy and retrofitting buildings to reduce carbon consumption.
- Technology and AI will profoundly affect how social enterprises will work in the future and these need to be understood in terms of the risks and opportunities for the sector.
- The EU PEACE PLUS programme highlighted the potential of smart towns and villages and there is an opportunity to skill up the sector on digital systems and virtual networks, especially in the border region.
- As an island, the marine environment is a shared asset and *blue growth* (in tourism, renewable energy, aquaculture and so on) often bypasses coastal communities. There have been significant developments in community tourism but how the sector contributes to inclusive and balanced development in highly sensitive maritime communities is a short-term need as well as a strategic challenge.
- DTNI and Carmichael work directly with community anchor organisations to create inclusive local economies, but complementary learning would help strengthen our understanding of their potential as a catalyst for regeneration across urban and rural areas.

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