

## **R.I.S.E PARTNER**

### **CLANN CREDO – THE SOCIAL INVESTMENT FUND**

Clann Credo – the Social Investment Fund (CCL) provides an important source of capital for Community and Voluntary organisations. Community groups and projects throughout Ireland (North and South), without access to traditional forms of finance, have been advanced loan capital by CCL. The supported projects must demonstrate that they can deliver both a social dividend and a financial return.

CCL has for instance, contributed to the creation of employment in North West-Mayo, the construction of Social Housing in Kerry, the provision of accessible community based transport in Dublin, community enterprise space in Leitrim and the building of community owned buildings in underserved areas of West Dublin.

Social finance, as utilised by over 130 organisations, is a well-known concept in the US and many European countries, but is relatively new in Ireland.

CCL offers loans to organisations whose primary objective is development at a community level. This can be as ambitious as a social housing project or as simple as a small community enterprise creating employment. The main priority is not profit, although for the concept to work, a successful outcome is needed - the more money that is generated, the more projects can benefit from funding.

Now a limited company, with charitable status, CCL is unusual in that receives no State funding and is self-sustaining - the more businesses it invests in, the more money becomes available for social causes.

"We are developing a plan towards assured sustainability," says Paul O'Sullivan, chief executive of CCL. "Our social investment fund now stands at €8.2 million, 80 per cent of which is socially directed investment, and is utilised to generate inclusive prosperity." Although most projects have been in Ireland, CCL has created alliances internationally including ventures in Kosovo and Slovakia.

CCL mobilises investment capital as an agent of positive change in Ireland. CCL seeks a social dividend in addition to a financial return. CCL assesses the contribution a project makes to developing social capital in a way that benefits the whole community.

Projects are assessed against social and financial criteria using the methodology developed by CCL since 1996.

"This approach challenges us at Clann Credo to find solutions in the form of finance products that are flexible in form, but robust in delivery", said Mr O'Sullivan.

Since it was founded in 1996, on the initiative of the Presentation Sisters, many other congregations have joined as Social Investors.

Over the past 10 years €11 million has been invested cumulatively in 130 projects. This investment level has increased fourfold over the past five years.

CCL supports the building of community infrastructure, community enterprise, employee ownership, social housing, job creation and community loan funds while promoting health-care, education, care of the earth, self-sufficiency and sustainability. Most projects assisted are community based.

CCL's funds are private and therefore a brand new stream of capital for the Community and Voluntary Sector has been released. As it comes from private sources, this capital can be used as 'matching finance' for State and EU support.

Monitoring and evaluating 'social impact' is an integrated part of each stage of the decision-making process. It also forms part of the post funding care.

A Social Audit of CCL's activities over the past ten years was recently completed. This document evaluates the role of CCL in the community and voluntary sector as a provider of social finance. It also considers the views of CCL's key stakeholders and draws conclusions.

The projects surveyed were very positive about the funding provided through this arrangement, with many commenting that their project would not have happened were it not for the financial assistance provided by CCL.

The CCL experience demonstrates that a relatively small amount of financial support, to a wide range of projects, in both type and location, has been effective and enables a wide range of civic activity to be supported.

CCL maintains flexibility and structures its financial support to best meet the needs of a project. Sometimes agreements include a moratorium on repayment of capital for a period or timing repayments to coincide with the projected income stream e.g. fundraising events etc. Interest is charged on the monies lent, the setting of interest rates includes an assessment of the risk involved each case.

In addition to the provision of Social Investment, CCL supports organisations through the provision of training and mentoring services which are created

specifically for the community and voluntary sector. CCL's experience of working with the social economy sector has resulted in a number of key supports being identified for community enterprises.

CCL delivers a range of programmes including Financial Management, Business Planning, Marketing, Advertising and Promotion, Corporate Governance, Human Resource Management, Accessing Finance etc.

These programmes are usually delivered through small workshops and maybe linked with a follow up mentoring service.

The organisation has staff based in the Western Region covering the West, North and North West and the South, covering South, Mid West and South East and has its Head-office in Inchicore, in Dublin.

If you would like to find out how CCL can work with you to 'Generate an Inclusive Prosperity' contact Paul O'Sullivan, CEO, Tracey Hannon, Social Finance Executive (North, North West and West Regions) or Jim Boyle, Finance Officer (South, Mid West and South East Regions):

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### **Social Finance – International Overview**

Social finance is a well developed idea in many countries. For example in the US, Social Finance providers work within a framework of positive and enabling government legislation. The sector manages \$6bn in assets and has grown over 250% since 1992. The key to the success lay in the introduction of the Community Reinvestment Act (CRA) 1977. This established in law that mainstream financial institutions had an obligation to meet the credit needs of the communities in which they operated.

In 1994 US legislators took the next step through the introduction of the Community Development and Regulatory Improvement Act. This effectively created a Federal Fund to support the ongoing work of Community Development Financial Institutions (CDFIs). CDFIs can be community development banks, credit unions, loan funds etc. The US treasury department certifies lending bodies whose primary aim is community development. They must also meet other rigorous criteria involving delivery of services.

The UK Social Finance sector has an asset base of Stg£250m, growing in an environment enabled by supportive legislation dating from 2000. The Social Investment Taskforce Report produced in 2000, delivered five key recommendations, which the government subsequently implemented:

- Introduction of a Community Investment Tax Credit to encourage private investment in under resourced communities using the vehicle of CDFIs.
- A Community Development Venture Fund – essentially the application of venture capital (investment and support) to businesses in marginalised areas.
- Bank disclosures – forcing banks to account for lending practices in under resourced areas
- More latitude for charitable trusts – legislation governing charities is in the process of being reformed and modernised.
- Support for CDFIs – a vital component of the new environment. CDFIs would act as a bridge between government and investors and the social and community ventures. This has led to the formation of the Community Development Finance Association charged with promoting the sector and supporting further growth.

In Ireland the Government and Interest Groups have shown interest in the development of the social finance sector in recent years. Successive government ministers have publicly recognised the importance of providing social finance as a means of developing social capital. The strongest indication of commitment to the sector was given on the launch of the 2006 Budget where an announcement

was made by Minister for Finance, Brian Cowen TD that the government will introduce a new social finance initiative.