



THE SOCIAL INVESTMENT FUND

ESTABLISHED 1996

# BREAKING NEW GROUND

*Assisting Community Organisations  
to Access LEADER Funding*



REVIEW OF CLANN CREDO'S CONTRIBUTION TO  
THE RURAL DEVELOPMENT OPERATIONAL PROGRAMME 2007-2013

## **Acknowledgements**

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**Ann Clarke**

15th October, 2015

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Irish Social Finance Centre, 10 Grattan Crescent, Inchicore, Dublin 8.*

# Foreword



I am delighted to launch this report '**Breaking New Ground - Assisting Community Organisations to Access LEADER Funding,**' which was commissioned by Clann Credo - the Social Investment Fund.

The LEADER Programme has proved to be - and I believe will continue to remain - one of the most supportive initiatives supporting community development and regeneration in rural Ireland.

It is particularly beneficial, therefore, as we begin a new phase of LEADER, that a report which independently assesses issues around finance and financial access for projects that applied to both Clann Credo and LEADER is being published and made available.

The report draws attention to the value and necessity for social finance provision, without which many valuable community projects simply would not happen. It is sobering to reflect the report's finding that 59% of groups surveyed failed to secure loan finance from conventional financial outlets, with a number having been asked to provide personal guarantees for what was anything but personal benefit.

The significance of the contribution of social finance to community projects applying through LEADER is shown in that some 319 community based projects were assisted during the period under review. In the process a total of €42m of LEADER funding drawdown was facilitated.

The real human benefit from these statistics is, however, even more impressive. Over 1,000 jobs were created, a further 600 jobs maintained and 1,400 temporary jobs provided in construction and development work.

I note also that the Report makes recommendations on how Clann Credo - by far Ireland's largest social finance provider - can further improve its services, including through increased co-operation with LEADER staff on a range of relevant issues and organising joint information events with LEADER.

This is a very welcome Report, an important recognition of the importance of community initiatives in rural areas and of the need to make funding more accessible and understandable for all.

**Ann Phelan TD**

*Minister of State with Special Responsibility for Rural Economic Development.*

*October, 2015*

# From the Ground Up

It is my pleasure to present this independent evaluation of Clann Credo's contribution to the delivery of LEADER 2007-2013.

We are very happy to see that the review carried out by Ann Clarke, Independent Evaluator, found that Clann Credo's social finance was critical and that 319 community-based organisations were helped access LEADER funding. These volunteer led projects, big and small, will continue to improve the quality of life for rural dwellers for years to come.

The roll out of the last programme began as Ireland entered the worst recession in its history and had the world's biggest per capita bank bail-out. Credit from mainstream banks had all but dried up and the small community-based organisations were facing the grim prospect that they would be unable to draw down LEADER funding because they were excluded from access to credit on any terms.

We are very proud of the way we responded to the needs. Our staff worked long days and nights meeting project promoters, preparing evaluation reports and helping communities. The members of our Evaluation Committee and Board, who are all volunteers, spent many extra hours dealing with the massive increase in volume of projects brought before them.

We also want to record our very sincere thanks to the staff of the Local Development Companies who worked collaboratively with us to help the community projects.

The Social Finance Foundation staff and its voluntary board members also responded and its wholesale finance along with that provided by the religious charities enabled us to meet this unprecedented demand.

Prior to 2007 on average we processed 4 to 5 projects at each evaluation meeting; at its peak in 2013, this number had risen to over 20.

Throughout this time we maintained our standards of assessing the social dividend and repayment capacity of every proposal while, as this Report confirms, continuing to give an excellent, unique personal service to our projects.

Now as Ireland moves from economic recovery to social recovery, we should acknowledge the effectiveness of the 'bottom-up' approach that is integral to the LEADER way of working.



It is not just about the money (though important) but how you engage with communities so that they have the opportunity to identify their own needs.

The Community and Voluntary approach makes an enormous contribution to the fabric of Irish life. It is inclusive and allows people who would otherwise be on the margins influence their own community's development. Participation in the local community gives them a stake in its future and through that in society at large.

The evident success of this approach in rural Ireland should surely convince policy makers to resource similar approaches in urban Ireland.

We look forward to working with the implementers of the next round of LEADER and will apply the learnings from this report.

Social Finance proved itself in the crises and is supporting communities in their recovery. In the first ten months of 2015, we have approved over €8.5 million to 54 different community-based organisations throughout Ireland.

Please spread the word to every community-based organisation that it can now access loan finance from Clann Credo for initiatives that have a social dividend and repayment capacity.

Together we can rebuild our communities from the ground up.

**Paul O'Sullivan**  
**Chief Executive Officer**



# KEY FINDINGS at a glance

Clann Credo made a significant contribution to the LEADER programme 2007-2013:  
Project promoters in receipt of loan finance made significant economic and social contributions to their local communities:

**€132k**

Average  
LEADER grant

**€106k**

Average  
Clann Credo loan

**€199k**

Average total expenditure of  
projects supported by Clann  
Credo and LEADER

## PROJECT PROMOTERS

New Jobs created

**C.1,000**

Jobs maintained

**C.600**

Temporary Jobs  
Supported

**C.1,400**

## CLANN CREDO CONTRIBUTION

Approved loans to

**319**

LEADER projects

Disbursed

**€34m**

in loans

A further **€42m**  
of LEADER grants were  
drawn-down enabled by  
loans disbursed

Total leveraged expenditure  
by approved projects was

**€64m**

## LEADER COMPANY CONTRIBUTION

**80%** of projects  
indicated that the Clann  
Credo loan was critical to  
securing the LEADER grant

Twelve LEADER companies  
estimated that a

minimum of **52**  
projects with eligible  
expenditure of

**€13.4m**

(24% of their community  
budgets) could not have  
proceeded without the  
Clann Credo loan.

## OPPORTUNITIES



Loan process clarity  
& information requirements



Stakeholders  
streamlining systems



Stakeholders raising  
awareness together

# Executive Summary

## Purpose of the Research

The purpose of this piece of research was to review the experience of projects that applied to both Clann Credo – the Social Investment Fund and LEADER for funding and the contribution made by this funding. It also aimed to highlight lessons from the perspective of both Clann Credo and the LEADER companies in order to improve the experience for clients.

An independent review was conducted during 2015, focusing broadly on key areas of relevance from the perspective of both Clann Credo and the LEADER companies including sources of funding, impact of Clann Credo lending and the social and economic impacts of supported projects. The review also looked at communication and awareness raising in the last programme with a view to making recommendations for improving the experience for clients for LEADER 2014–2020. A wide range of project participants were surveyed, along with LEADER companies and Clann Credo personnel.

Between 2007-2013, Clann Credo funded some 319 projects with a LEADER component. By the close of 2014, Credo funding amounted to €33.9 million, which facilitated the drawdown of €42 million in LEADER grant funding, arising from a combined project expenditure of €63.6 million.

## 1. Sourcing Funding

The review found that the single biggest challenge lay in sourcing loan funds for community projects. Conventional financial outlets proved particularly inflexible, with some even demanding personal guarantees as security.

A majority of those surveyed - 59% - failed to secure loan finance from conventional financial outlets. Many turned to Credo for assistance and almost 90% of that number reported a significantly better experience. This related to the relative ease of the application process, the general terms and conditions attaching to loans and Credo's better overall understanding of the sector. As a result all expressed a willingness to refer new projects to Clann Credo.

As one participant succinctly noted "...because they understand the social need as well as the economic."

## 2. Impact of Funding

The structure of the LEADER programme creates an imperative for bridging finance and loans. Failure to secure such finance can, potentially, spell the end of a project or initiative. The vast majority of those surveyed said they simply could not have proceeded without support from Clann Credo.

A small number reported that they could have proceeded, but only on a smaller scale.

This finding was confirmed by LEADER companies who identified some **52** separate **projects** that would not have proceeded without support from Clann Credo. The projects had a combined value of more than **€13million**.

Involvement with Clann Credo also brought additional benefits for projects, in terms of improved systems of governance and stronger financial management, along with a better analysis of overall project benefits. This in turn facilitated larger and more ambitious projects that delivered a more significant impact.

### 3. Social & Economic Impact

#### Creating Jobs

The mix of projects in the sample helped create a range of new, full-time and part-time positions, while also maintaining existing employment. By extrapolating from this sample and applying the model to the 319 projects supported, a very significant, cumulative employment impact is clear:

- ▶ almost 1,000 new jobs created
- ▶ 600 existing jobs maintained and
- ▶ 1,400 jobs supported during construction and development phases.

By any measure, this represents a major “under the radar” impact on a multitude of small local economies, across the country and demonstrates the critical role of social enterprise at a community and grassroots level. It is worth noting the projects were geographically spread across 25 of 26 counties\*.

#### Morale Boost

In addition, the projects also generated a significant increase in volunteering activity, with some 2,800 new volunteers or 40 per project. Again, this would have provided a substantial boost to wider community morale and civic spirit.

#### New Users

The review also found an extended reach and uptake in services that resulted from the improved community amenities. In short, better amenities facilitated better service provision and encouraged a wider uptake. The review estimated that some 8,000 new people were accessing services as a direct result.

Visitor and tourist numbers also increased and the improved local facilities provided opportunities to diversify and create new income streams.

*\*Monaghan is the only county not included.*

### 4. Raising Awareness

The review outlined how Clann Credo faced challenges in growing awareness of its role and services among the relevant groups and sectors. Respondents from the project sample and LEADER companies pointed to deficiencies in this area and suggested remedies. These encompassed more effective engagement on a number of platforms and channels, by Clann Credo via the LEADER programme itself. Recommendations for promotion and profile-raising include the following networks;

- ▶ Local media outlets and also local authority<sup>1</sup> staff, particularly by way of good case studies, as examples.
- ▶ Existing community networks and the organisation of a series of regular regional workshops.

While LEADER companies highlighted good working relations, it was suggested that more structured working relationships and engagement with Clann Credo staff would prove mutually beneficial, along with feedback on relevant case studies.

The development of a formal Memorandum of Understanding between Clann Credo and LEADER companies was proposed.

### 5. Improving the Experience for Clients

The survey also assessed the client experience levels among project clients and LEADER companies. Among clients, satisfaction levels were high, with most expressing satisfaction with Clann Credos’s service and processes.

Features that drew the most positive response were;

- ▶ access to funding
- ▶ accessible and knowledgeable staff
- ▶ clear organisational processes in terms of loan application.

Features that drew the negative comment were:

- ▶ the cost of funds
- ▶ amount of paperwork required
- ▶ timeframe on funding application decisions.

1: Eg: LEO staff, community and development staff.



**Overall, the survey highlighted some key measures that could help improve service provision, at all levels:**

- ▶ Clann Credo to brief key staff in LEADER on the organisation's role and workings.
- ▶ Develop clear guidelines to ensure a more streamlined application process for all parties.
- ▶ Examine the feasibility of creating a joint/ synchronised application process between Clann Credo and LEADER.
- ▶ Develop more coordinated working and information sharing systems, between Clann Credo and LEADER.
- ▶ Schedule regular Joint Information Events between Clann Credo and LEADER.
- ▶ Develop a clear referral system between Clann Credo and LEADER.
- ▶ Establish a Joint Annual Review – Clann Credo and LEADER.

LEADER companies highlighted the strength and depth of working relationships developed with Clann Credo and the pragmatic approach taken to funding applications. A key feature was the fact that the very existence of the funding stream facilitated more ambitious projects with greater social impact. Social Finance Executives (SFE's) highlighted as problematic the often 'last minute' nature of many project references, thus creating time pressures with deadlines and issues with regard to the drawdown of funds.

# Introduction

## Clann Credo

Clann Credo – the Social Investment Fund was established in 1996, and today is Ireland’s largest provider of social finance. Clann Credo provides affordable loan finance to community-based organisations that generate a social benefit, but may have difficulty accessing loans from mainstream lending institutions. Community-based organisations benefitting include; charities, amateur sports bodies, social enterprises and organisations tackling community, social and environmental issues. To date Clann Credo has invested almost **€75 million** in over **500** Community and Voluntary organisations throughout Ireland, that provide a diverse range of services from transport to childcare to community tourism to eldercare. The finance provided is in the form of bridging, term loans, and working capital depending on the needs of the borrowing organisation.

At the end of 2014, Clann Credo had almost €22 million invested in just under 300 organisations throughout Ireland. All capital lent to community organisations comes from private sources, socially minded investors and the retail banking sector through the Social Finance Foundation (SFF).

## LEADER Programme

LEADER was established in 1991 under the Common Agricultural Policy with the aim of contributing to improving the quality of life of rural communities. It achieves this through a bottom-up approach that encourages rural communities to explore new ways to become or remain competitive, to make the most of their assets and to overcome challenges they may face.

LEADER is a community led local development (CLLD) approach that places rural communities at its centre. It is now established as a key funding pillar within national Rural Development Programmes (RDP). It supports the delivery of local development actions in rural communities and has formed part of the EU rural development funding supports since its launch in 1991.

Local Action Groups (LAGs) are charged with identifying the challenges to development in their own communities and developing initiatives to address these challenges.

Through Local Development Strategies (LDSs), LAGs will facilitate the participation of all parties who wish to contribute to the process, ensuring that each LDS is representative of the community and will have the greatest impact on their communities’ development.

The **total budget** for the **Rural Development Programme 2007-2013** was €5.778 billion. The programme was structured around four Axes:

**Axis 1: aimed to improve competitiveness of agriculture.**

**Axis 2: aimed to improve the environment.**

**Axis 3: aimed to improve quality of life.**

**Axis 4: covered implementation of the Programme.**

For the purposes of this review, we are mainly interested in projects supported under Axis 3. The total budget for Axis 3 was €425 million including strategy development, implementation and administration. Excluding strategy development, implementation and administration, the relevant portion of this budget in terms of project support was €295 million. Approximately 60% of this budget promoted community projects and 40% supported private promoters. Clann Credo lends to community projects so approximately €177 million of the Axis 3 budget (i.e. 60% of €295 million) is of relevance to its work (See figure 1).

The LEADER element of the new Rural Development Programme 2014-2020 will see a significant reduction in funding and this will present a new set of challenges for projects, LEADER staff and Clann Credo.

Between 2007 and 2013, Clann Credo disbursed loans to 319 projects that required bridging and other sources of finance matching to a LEADER grant – totalling €33.9 million. This lending represents 19% of the relevant LEADER budget. However, this lending leveraged total expenditure of €63.6 million by these projects and resulted in €42 million of LEADER grant funding being drawn-down, representing 24% of the relevant LEADER budget.

## Supported Projects

A wide range of projects were supported with loan finance, the most significant being community centres, playgrounds and recreational facilities (See figure 3). These projects covered 25 of the 26 counties in the Republic. Monaghan being the only county excluded (See figure 6).

The average total expenditure of projects supported by Clann Credo and LEADER was €199,000.

The average LEADER grant was €132,000 and the average Clann Credo loan was €106,000.

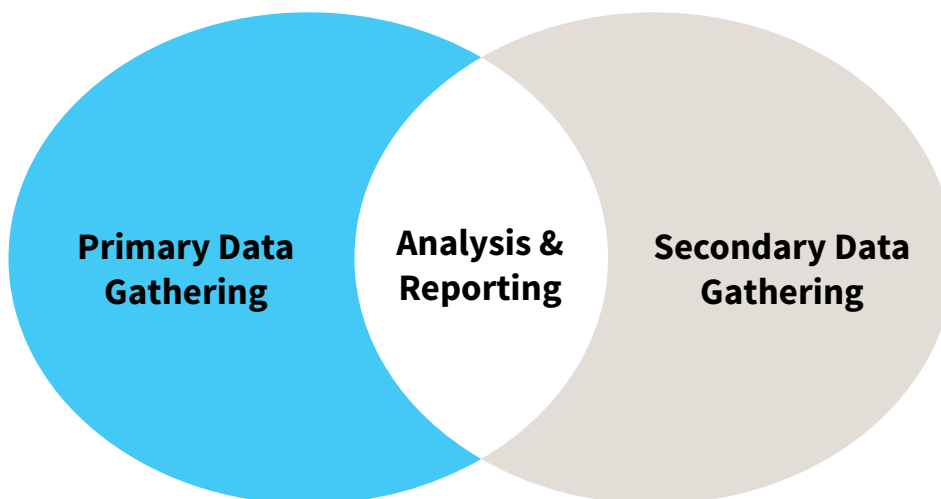
## Research Methodology

### Research Methodology

#### The review was conducted during 2015. It involved:

- ▶ A review of literature about the 2007-2013 Rural Development Programme (LEADER).
- ▶ A review of Clann Credo's loan book.
- ▶ Selection of a random sample of **100 Clann Credo clients** who had received LEADER funding. These clients were invited to take part in an email survey. Thirty-eight responses were received, a **response rate of 38%**. This random sample of 100 Clann Credo clients will be referred to as **Sample A** throughout the remainder of the report.
- ▶ Selection of another random sample of **31 other clients** who received LEADER funding in order to determine the social dividend of these projects based on loan application documentation. This random sample of 31 Clann Credo clients will be referred to as **Sample B** throughout the remainder of the report.
- ▶ **Interviews with 5 LEADER companies** and an email survey of the remainder. Seven other LEADER companies responded to the email survey meaning that **12 LEADER companies** took part in the review, a **response rate of 37%**.
- ▶ Interviews with Clann Credo Social Finance Executives (SFE's).

Figure 2: Research Methodology.



#### Primary Data Gathering:

Interviews with 5 LEADER companies  
Survey of remainder  
Survey of sample of Clann Credo clients  
Interviews with SFE's

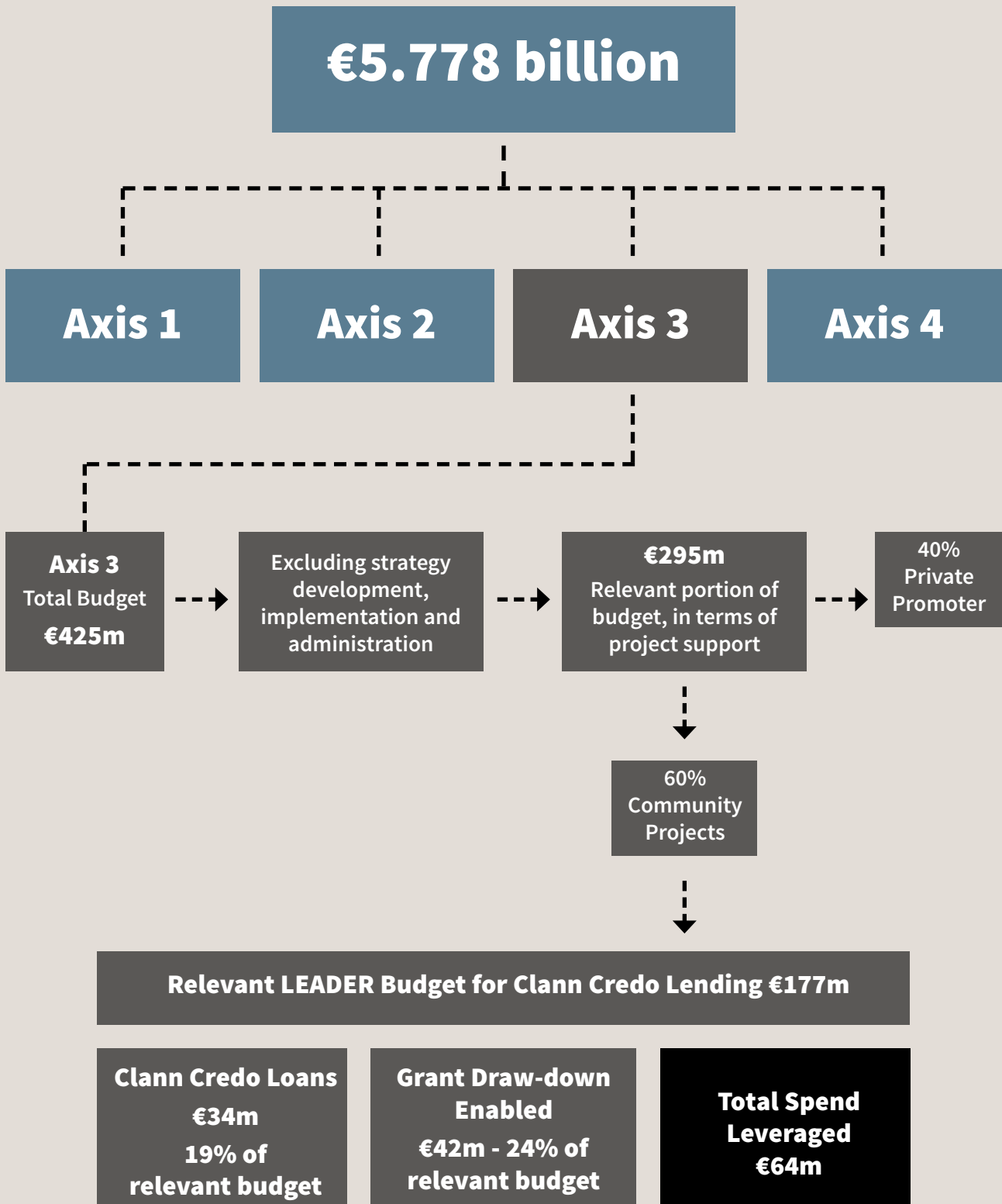
#### Secondary Data Gathering:

Literature review  
Review of Clann Credo loan book  
Analysis of Sample B client applications

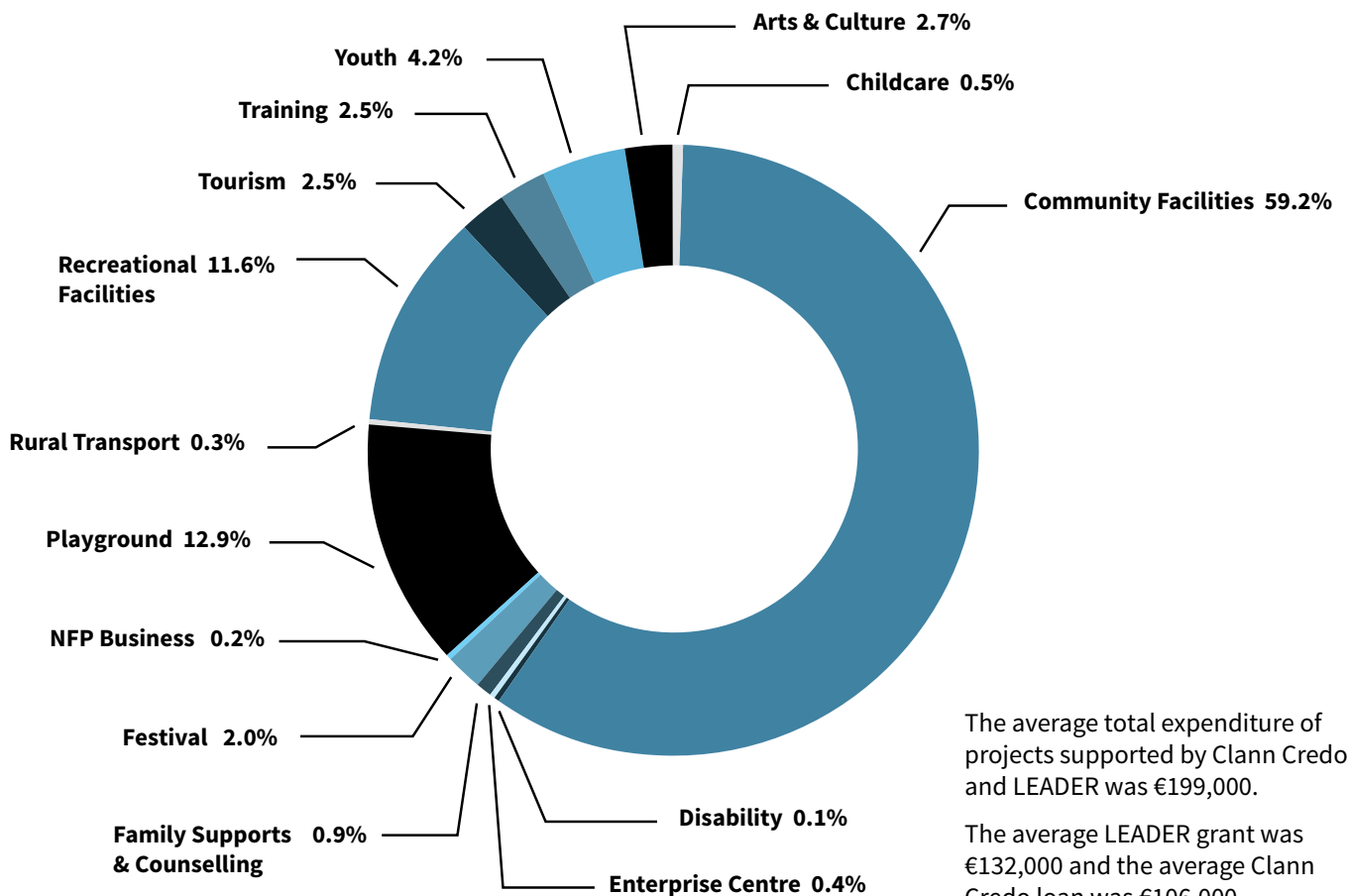
Figure 1: Breakdown of Relevant LEADER.

# TOTAL BUDGET

Rural Development Programme 2007-2013



**Figure 3: Loans Disbursed Relating to LEADER Funded Projects.**



**Figure 4: Expenditure by Projects Supported by Clann Credo.**

Type of Project	Total Expenditure		LEADER Grants	
	€	%	€	%
Arts & Culture	1,288,454	2.0%	861,077	2.1%
Childcare	524,556	0.8%	393,417	0.9%
Community Facilities	40,554,461	63.7%	26,111,493	62.2%
Disability	103,400	0.2%	93,040	0.2%
Enterprise Centre	204,000	0.3%	150,000	0.4%
Family Supports & Counselling	675,000	1.1%	472,500	1.1%
Festival	928,375	1.5%	696,497	1.7%
NFP Business	144,000	0.2%	115,000	0.3%
Playground	6,411,156	10.1%	4,414,736	10.5%
Rural Transport	99,895	0.2%	49,003	0.1%
Recreational Facilities	7,613,940	12.0%	5,039,379	12.0%
Tourism	998,935	1.6%	778,993	1.9%
Training	1,526,173	2.4%	1,250,724	3.0%
Youth	2,621,440	4.1%	1,545,600	3.7%
<b>Grand Total</b>	<b>63,633,785</b>	<b>100%</b>	<b>41,971,459</b>	<b>100%</b>
<b>Average per project</b>	<b>199,479</b>		<b>131,572</b>	



# Sourcing Funding

## Background

LEADER projects must provide a certain proportion of their project costs by way of matched funding. The percentage required depended on the heading applied for under the LEADER programme and ranged from 75% to 90%, apart from training where 100% grant aid was available. In addition, projects have to spend first before they can claim a grant requiring them to develop cash flow through their own resources, fundraising or borrowing.

This section explores the challenges faced by Sample A projects accessing matching funds and bridging finance for their grant applications to LEADER in the period 2007-2013, and the likelihood of these challenges continuing in the near future. It also examines the main reasons that prompted LEADER companies to refer projects to Clann Credo and the main reasons why projects chose Clann Credo as a source of funding.

## Challenges Accessing Funding

All of the LEADER company respondents indicated that projects experienced challenges in accessing matched funding during the 2007-2013 programme. The single biggest challenge was named as mainstream banks being unwilling to lend to community projects, including providing bridging finance. Others refused to consider community projects at all.

### Project promoters faced challenges accessing funding;

#### 1. BRIDGING

Some banks did not want to provide the scale of bridging finance required.

#### 2. GUARANTEES

Yet others would only lend on the basis that the promoters provided personal guarantees and/or assets as security for the bridging.

### Project promoters who did access traditional bank lending also named challenges;

#### 1. FLEXIBILITY

Projects faced challenges part way through their project because the lender was unwilling to provide any flexibility regarding repayment schedules e.g. a project got delayed or a grant claim took longer to process than anticipated.

#### 2. LOAN DECISION

Others were frustrated at the start because it took 6 to 12 months to get a decision on their loan application from the bank and as a result the commencement of some projects was delayed.

***\*Going forward, eleven of the twelve respondents anticipate a continuation of the challenges named above (the other respondent is not sure).***

## Feedback

### The feedback from projects bears out these views;

Twenty-two projects (59% of Sample A respondents) sought loan finance from their local bank or credit union and none were successful.

”

*‘Had initial talks with banks but knew we were wasting our time based on initial meetings.’*

”

*‘Banks will NOT lend to our type of organisation.’*

”

*‘We made initial enquiries [with banks] but they were not an option for the amount we required.’*

---

PROJECT  
PROMOTERS WHO  
SOURCED LOAN  
FINANCE FROM  
CLANN CREDO

---

”

*‘Bank requested personal guarantees and Clann Credo did not.’*

---

”

*‘Bank was not lending.’*

---

”

*‘National banks were not forthcoming with bridging finance.’*

---

”

*‘Banks wanted security.’*

---

## How Clann Credo Compares to Mainstream Financial Institutions

Some of the Sample A projects provided some information on how Clann Credo compares to mainstream financial institutions;

### 1. CLANN CREDO'S APPLICATION PROCESS.

- ▶ 89% indicated that it was better
- ▶ 6% said it was similar
- ▶ 6% said it was worse.

*\*Only two respondents said they had a preference for a formal application form rather than the current system used by Clann Credo which includes a copy of information submitted by the project to LEADER and conversations with the SFE.*

### 2. CLANN CREDO'S INTEREST RATE.

- ▶ 41% indicated the interest rate was better
- ▶ 35% said it was the same
- ▶ 24% said it was worse.

### 3. CLANN CREDO'S TERM OF LOAN ON OFFER.

- ▶ 59% said the term of the loan on offer was better
- ▶ 35% said it was the same
- ▶ 6% said it was worse.

### 4. CLANN CREDO'S REPAYMENT TERMS.

- ▶ 69% said the repayment terms were better
- ▶ 25% said they were the same
- ▶ 6% said they were worse.

### 5. CLANN CREDO'S OTHER TERMS AND CONDITIONS.

- ▶ 93% indicated that other terms and conditions were better
- ▶ 7% indicated they were worse.

**The main reasons projects chose to source loan finance from Clann Credo were;**

- ▶ Unwillingness of the mainstream banks to lend thereby giving projects no option but to source from Clann Credo. This was the main reason for going to Clann Credo.
- ▶ Requirements by mainstream banks for personal guarantees or security which promoters felt were unreasonable.

- ▶ Personal nature of contact with Clann Credo SFE. For example, a number described how the SFE came out to their project to meet with them to discuss their needs. Two described the rapport and understanding Clann Credo has with community projects.
- ▶ Being aware that Clann Credo supported community projects was named by a small number of respondents.

**The main reason why projects chose to source loan finance from Clann Credo were**

”	ALL RESPONDENTS	”
<i>‘Better to deal with, no personal guarantees, borrowing from the Irish banks has been difficult and best avoided in the last five years.’</i>	”	<i>‘Strengths of the combined package on offer.’</i>
”	<i>‘Fitted our needs and requirements.’</i>	”
<i>‘Willing to meet and discuss.’</i>	”	<i>‘Was aware it provided finance for community projects.’</i>
”	<i>‘Favourable repayments and interest rates.’</i>	”
<i>‘There was no other realistic option.’</i>		<i>‘Approachable nature and banks wanted security.’</i>

**Referral to Clann Credo**

The main reasons for referring projects were;

- ▶ 92% indicated they referred projects to Clann Credo because mainstream banks were not lending to community projects. This corroborates the feedback from projects.
- ▶ 83% said that Clann Credo understands community work.
- ▶ 59% specifically named that they trust Clann Credo.
- ▶ 42% said Clann Credo understands the LEADER programme.
- ▶ 50% said they referred projects, because they are aware of Clann Credo and like what it does.
- ▶ 17% indicated Clann Credo had competitive interest rates.

*All respondents indicated their willingness to continue to refer projects to Clann Credo in the next programme.*

**Willingness to continue to refer projects to Clann Credo in the next programme**

”

*‘Because we have had a positive outcome to all activity.’*

ALL RESPONDENTS

”

*‘Because we have built up trust in Clann Credo.’*

”

*‘Because they know LEADER and understand community and there is huge goodwill.’*

*‘Because it understands and is receptive to community development.’*

”

*‘Because we’ve had a positive experience.’*

”

*‘Because they understand the social need as well as purely the economics.’*

***‘Because it is vital for the continuation and development of community services and community enterprises that social finance is available. The mainstream financial organisation have very little interest or understanding of social enterprise/services.’***



# Case Studies

## FAIR GAME

### **Leitrim Sports and Recreational Development**



A lack of adequate facilities will test the commitment of the most devoted sportspeople. Energy and that initial enthusiasm can bring individuals and clubs only so far, before people tire of sub-standard amenities and equipment.

Equally, the chances of cultivating a steady stream of eager participants - the lifeblood of any sporting pursuit - is maximised by offering good facilities. And sport is critical in the evolution of young communities, helping to develop the connections that will secure and bind it over the years.

In common with other communities, Leitrim Mor - close to Louhgrea in east Galway - saw a rapid growth in population over recent times, rising by 26% in just nine years. But there was no similar mushrooming in the facilities available.

Leitrim Sports and Recreational Development was founded in 2011 as a community response to this problem and to address the critical lack of parking at the local national schools and resultant safety issues for children.

Following consultation across the community, the group devised a plan that would address a range of deficits in both the sporting and recreational spheres and see development of: an astro turf facility, a multi-use car park, a children's playground and a safe access route for children.

Agreement was secured with four local sporting groups that would see them share access and use of the astro turf facilities, while fundraising and support initiatives ensured the ambitious development was firmly rooted within the local community.

# FROM CLARE TO THERE

## East Clare Community Cooperative

Sometimes a crisis can act as a spur to creativity. In the east Clare town of Scariff, the economic shock of 2008 saw businesses close their doors, people lose their jobs and hope begin to drain from the community.

Their story was replicated in towns and villages across the country.

But in Scariff - as elsewhere - the crisis prompted a renewed focus on local talents and initiative, with the East Clare Community Cooperative at the heart of the process.

For over 28 years, the group has been facilitating community-led growth and renewal in the region and the importance of their work was acknowledged by President Higgins, who attended the organisation's 25th anniversary celebrations.

The Cooperative provides a range of support services and measures in the community, operates a coffee shop and community garden and facilitates the provision of horticultural and culinary based training. It also offers a family counselling service and hosts a wide diversity of sports and cultural activities in its premises.

The group devised a three year recovery plan focused on utilising natural resources, to support local enterprise and tourism initiatives. This saw the establishment of community enterprise and training kitchens to assist with skills development in the form of training courses and local food business start-ups.

The social dividend from this project - which was supported by Clann Credo - was clear and of enormous potential value to the communities of east Clare.



# Impact of the Clann Credo Lending

## Background

This section examines the impact of the Clann Credo loans provided to projects under the 2007-2013 programme.

## Value of Projects

The 38 projects from Sample A that responded to the survey for this research had projects with total expenditure of €13.52 million, of which €8.35 million was LEADER grant funding. Projects have to spend first and then claim back the eligible expenditure later from LEADER. This means they have to bridge the financial gap between the two time periods. They sourced €5.16 million in bridging loans from Clann Credo. In addition, they have to source working capital to cover the full costs of their projects, e.g. through local fundraising, cumulated surplus, donations, etc. A small number of projects sourced another €0.13 million in term loans.

## Project Perspective

Sample A projects were asked if their project could have proceeded at all or in part without the Clann Credo loan;

- ▶ 71% indicated their projects could not have proceeded at all without the Clann Credo loan.
- ▶ 26% could have gone ahead but only on a smaller scale and/or over a longer time scale.
- ▶ Only one project (3%) indicated they could have proceeded without the loan.

Projects were also asked how critical the Clann Credo loan was to securing the LEADER grant;

- ▶ 80% indicated that the Clann Credo loan was critical.
- ▶ 14% indicated that while the loan was valuable it was not critical.
- ▶ 6% indicated it was not critical.

Without loan project would not have gone ahead at all	25
Without loan project would only have gone ahead on smaller scale	4 (and 1 also longer)
Without loan project would have gone ahead but taken much longer	5
Project would have gone ahead without loan	1

Loan was critical to getting LEADER grant	28
Loan was valuable but not critical to getting LEADER grant	5
Loan was not critical at all to getting LEADER grant	2*

\*Grant was in place before sought loan for one project.

Based on responses from projects, 74% of the eligible expenditure for LEADER funding for these projects could not have been drawn-down without having had access to the Clann Credo loan because without it the project promoters felt their project could not have proceeded at all.

The remainder (26% of eligible expenditure) might have drawn-down some of the grant but it was unlikely to be all, as their projects would have taken longer to complete or they would have been scaled back without access to Clann Credo funding.

### LEADER Perspective

The twelve LEADER respondents were asked to indicate how many projects **could definitely not** have proceeded without Clann Credo funding and what the value of these projects was;

- ▶ At least 52 projects would definitely not have proceeded at all with associated eligible expenditure of at least €13.4 million.
- ▶ This represents c.24% of the community budget for the 2007-2013 programme for these twelve LEADER companies combined. The range was from 4% to 60% of grant aid that could not have been drawn-down without the support of Clann Credo.

In addition, LEADER companies indicated that the Clann Credo lending brought other benefits to projects (See table 1 below.)

**Table 1: Other Impacts of Clann Credo Lending.**

OTHER IMPACTS OF CLANN CREDO LENDING	No. LEADER RESPONDENTS
Helped projects to <u>articulate the economic benefits of their project</u> (e.g. employment)	6
Made projects more aware of <u>the importance of cash flow management</u>	5
Made projects more aware of <u>the importance of good governance</u>	5
Made projects more aware of <u>the importance of good project management</u>	5
Helped projects to articulate the <u>social/community benefits of their project</u> (e.g. meeting the needs of children)	5
Understands community – <u>clear fit and not-for-profit mindset</u>	5
Can help groups to do large projects that would not go ahead otherwise	3
No personal guarantees required	3



# Case Studies

## WATER STORIES

### **Thomastown Community River Trust**



The medieval village of Thomastown, Kilkenny sits on the River Nore and its development over time has been heavily shaped by that historic body of water.

In the modern era, much of the town's sporting and leisure activities have been centred on the river.

But in 2008 when the Thomastown Weir stopped functioning virtually all this activity ground to a halt or was forced to move elsewhere.

Thus, water safety groups, kayakers, anglers and others were forced to relocate, while some groups ceased using the river as an amenity and local children began swimming in unsafe areas.

In response the Thomastown Community River Trust was born and a plan devised to repair the weir and develop it further as a community resource for local groups and those in surrounding areas.

In addition, redevelopment would facilitate the growth of other water-based activities in the area, helping to draw in visitors and creating potential for new employment.

The Trust's plan won the support of local authorities other key bodies and secured support from LEADER and Clann Credo.



## A SPORTING CHANCE

### **Ballaghadareen Community Park**

It would be impossible to overestimate the contribution made by sport to community life, across the country. This is particularly true in rural Ireland, where the focal point provided by sporting occasions and organisations literally knits smaller and more isolated communities into the local fabric.

Over the last two decades a range of sporting bodies in Ballaghadareen, County Roscommon, have worked co-operatively to improve the range and level of sporting facilities available to the local community.

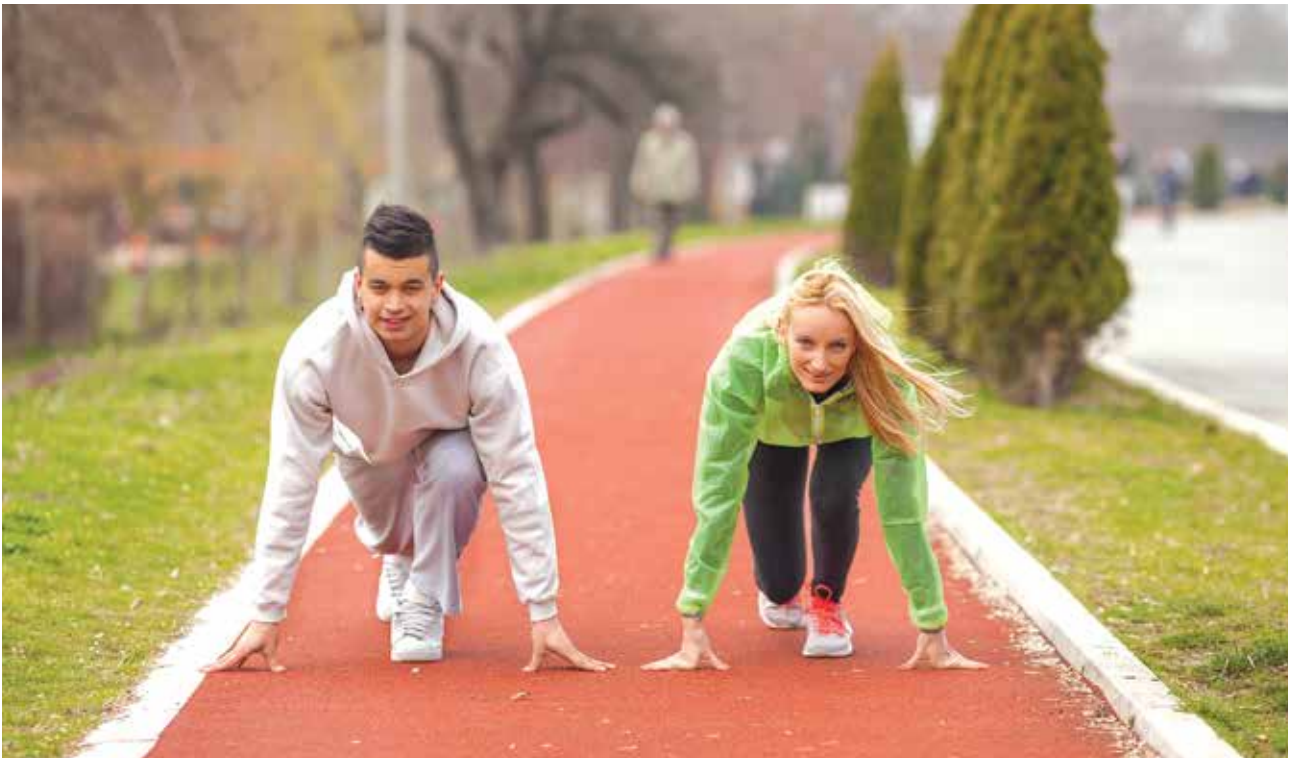
Under the aegis of the Ballaghadareen Community Park their initiative has seen the development of a major sporting hub located on a 6.9 acre site, which includes: a running track, football pitch, astro turf facility and cricket field.

Their most recent venture saw the group undertake the development of a clubhouse on the site, to complement the existing sporting facilities and services.

In addition, it was envisaged that the new structure would play a role beyond the purely sporting and fill the gap left by the absence of a community centre in Ballaghadareen.

Thus, the new clubhouse would also offer meeting rooms for local groups and act as a base for delivery of critical services, such as childcare.

It was clear the project added enormously to the sporting and community life of the wider area and Clann Credo was happy to offer the required support.



# Social & Economic Impact of Supported Projects

## Introduction

A random sample of 31 LEADER projects (Sample B) supported by Clann Credo was examined to assess the potential impact of these projects as outlined in the loan applications. This sample was in addition to 38 respondents to the survey (Sample A) who also provided information about impact.

**Figure 5: Overall Impact Summary.**

### *Employment Impact of Sample Projects (Whole Time Equivalents).*

<b>Jobs Created</b>	<ul style="list-style-type: none"><li>▶ <b>Total of 41</b></li><li>▶ <b>Average of 3.4 per project</b></li></ul>
<b>Jobs Maintained</b>	<ul style="list-style-type: none"><li>▶ <b>Total of 62.5</b></li><li>▶ <b>Average of 2 per project</b></li></ul>
<b>Temporary Jobs Supported</b>	<ul style="list-style-type: none"><li>▶ <b>Total of 142</b></li><li>▶ <b>Average of 4.5 per project</b></li></ul>

### *Volunteer Participation in Sample Projects*

<b>Volunteers</b>	<ul style="list-style-type: none"><li>▶ <b>Total of 2,782</b></li><li>▶ <b>Average of 40 per project</b></li></ul>
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### *Number of Weekly Users of Facilities in Sample Projects*

<b>Service users/clients</b>	<ul style="list-style-type: none"><li>▶ <b>Total of 8,475</b></li><li>▶ <b>Average of 229 per project</b></li></ul>
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### *Number of Annual Tourists in Sample Projects*

<b>Tourists</b>	<ul style="list-style-type: none"><li>▶ <b>Total of 20,610</b></li><li>▶ <b>Average of 3,435 per project</b></li></ul>
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### *Additional Income Generated in Sample Projects*

<b>Extra Income</b>	<ul style="list-style-type: none"><li>▶ <b>Total of €200,000</b></li><li>▶ <b>Average of €15,000 per project</b></li></ul>
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## Nature of Investment

**Sample A** had projects that involved the building, renovation or extension of community centres, recreational facilities, community playgrounds, cultural centres/museums, amenity areas and walk ways. One project provided training for unemployed people.

**Sample B** projects covered the development of community centres, heritage restoration, recreational amenities, and expanded facilities to cater for different groups in the community. In addition, many of these facilities provide a focal point for the local community, or aim to increase participation in sport especially by children or to attract visitors to a locality.

The results below are an aggregate from both Sample A and Sample B.

## Employment

Sample A respondents indicated that as a direct result of the project supported by Clann Credo and LEADER they;

### Created:

- ▶ 3 full-time jobs (1 project) and
- ▶ At least 46 part-time jobs (12 projects).

### Sustained:

- ▶ 5 existing full-time jobs ( 2 projects) and
- ▶ At least 16 part-time jobs (8 projects).

In addition, respondents indicated the number of construction workers involved in delivering their project:

- ▶ 92 temporary construction jobs (12 projects).

The training project supported 30 people, mainly young people, to acquire new trades, e.g. plastering, stone work, etc:

- ▶ 15 of these people subsequently obtained employment.

**Sample B** projects indicated that they employed 33 people and supported a further 33 on CE or TUS or RSS schemes. In addition, they estimated that 142 temporary jobs would be supported either during the construction phase of their projects or for the duration of a specific event.

The table below shows the combined figures and results of the two samples and converts part-time jobs into whole time equivalents to demonstrate the impact of these projects supported by Clann Credo and LEADER. (See Table 2 below)

Applying the above data to the **319 projects** who have drawn-down funding from Clann Credo in respect of LEADER grants for the period 2007-2013 and extrapolating on this data would indicate the following;

**Table 2: Economic Impacts**

**Over 1,000 new jobs**  
were created

**Over 600 jobs**  
were sustained directly  
within projects

**Another 1,400 jobs**  
supported indirectly by these  
projects, mainly in construction

*\*The above data gives some indication of economic impact based on the two Clann Credo samples. Given that these are relatively small samples, considerable caution is required in using the data to estimate the overall economic impact of Clann Credo lending to LEADER projects.*

## Participation

**Sample A** respondents indicated that at least 330 volunteers came together to progress their projects.

**Sample B** projects had active members of 475 and at least 2,452 volunteers/ supporters.

So between the two samples of 69 projects, they attracted 2,782 volunteers.

## Use of Facilities

**Sample A** respondents indicated that the projects had resulted in significant growth in the use of existing facilities or that the new facilities had attracted in members of the community to engage in new activities such as sport, dancing, fitness classes and drama.

- ▶ At least 1,740 new users (6 projects) were attracted in as a result of the project supported by Clann Credo and LEADER.

**Sample B** projects estimated that at least 204 groups would use the new facilities every week. They also estimated that 6,735 people would use the facilities each week, e.g. elderly people, children, sports players, etc.

## Visitor Numbers

**Sample B** projects that had a tourism focus (6 projects) estimated that their projects would attract at least 20,610 visitors per annum to their localities.

## Additional Income

Thirteen **Sample A** respondents indicated that the projects supported by Clann Credo and LEADER resulted in at least an additional €200,000 in total new income being generated.

## Social Impacts

Major social benefits arising out of the projects supported by Clann Credo and LEADER were;

- ▶ Providing a focal point for the community.
- ▶ Enhancing the scale and quality of existing community infrastructure.
- ▶ Developing new community infrastructure including community halls, youth centres, sports facilities, kitchen facilities.
- ▶ Generating civic pride.
- ▶ Generating greater opportunities for social interaction amongst all age groups.
- ▶ Developing new sporting clubs and activity groups.
- ▶ Providing access to meeting rooms.
- ▶ Hosting other groups and local service providers.

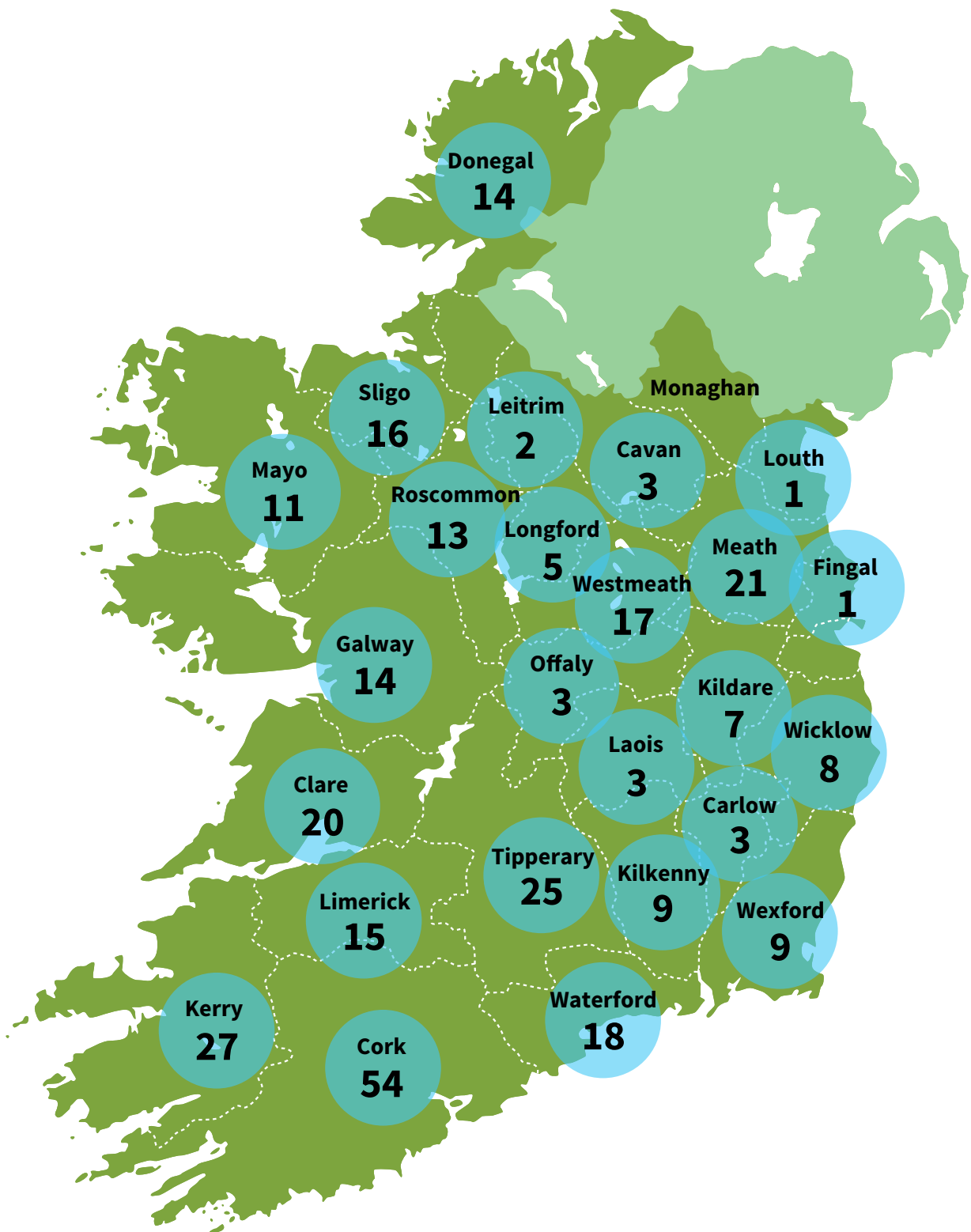
## Contribution of Clann Credo Loan

**Sample A** respondents were asked what contribution the Clann Credo loan made to the achievement of the above social and economic impacts;

- ▶ 85% of respondents indicated that the Clann Credo loan had made a significant contribution.

<b>Significant contribution</b>	<b>29</b>
<b>Some contribution</b>	<b>4</b>
<b>No contribution</b>	<b>1</b>

Figure 6: Impact and Number of Projects Across Ireland.



”

*‘The facility will be the focal point as there is no church, shop or other community facility locally and the neighbouring school has no hall.’*

---

”

*‘The playground helps the playschool and national school as they use the facility when football matches are played on their pitch.’*

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## SOCIAL IMPACTS

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”

*‘It provides a new service, promoting in a very concrete way, the health and well-being of the community. It has resulted in an increase in the numbers participating in sporting activities in the area; a strengthening of community bonds and engagement; and will have additional health benefits not yet seen.’*

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”

*‘It improved the social life and community spirit in the village.’*

---

”

*‘The new centre has brought a great sense of achievement and pride to the whole community and the comments and reaction of all who use the facilities and services are very positive.’*

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# Case Studies

## SCOUT'S HONOUR

### Dungarvan Scouts

Relative to its size, Dungarvan has a large population of young people, so facilities and youth-focused activities are of particular importance in this coastal Waterford town.

Given the town's close and historic association with the sea, it is no surprise that water-based pursuits are popular in the area.

For almost 50 years many of the local youth have looked to Dungarvan Scouts as a key outlet for activities and the development of essential outdoor skills.

Naturally, a key component of that learning over the years has been maritime and water-based.

The scouting group has approximately 100 active members at any given time and recently constructed a new Scout Hall in the town.

More recently, the group moved to expand its range of activities and its sporting equipment stock through purchase of 20 kayaks, paddles, lifejackets and associated equipment.

Clann Credo supported the initiative, as it delivered clear benefits for local youth and the wider community, through the strengthening of a critical social resource.





# Case Studies

## THE RIGHT NOTE

### **Kildare Arts in Context**

Kildare Arts in Context is nothing if not innovative when overcoming obstacles. The group was established to bring the arts to the wider community and to individuals that might not otherwise have the opportunity to enjoy them.

The first obstacle they encountered was the lack of good quality musical instruments for those who wished to learn and play and the prohibitive cost of their supply.

So they devised an ingenious solution - create a Music Bank, with members borrowing and using the instruments as required. Among the instruments to be included were: Pianos, violins, double bass, marching drums, trumpets, double horn, copper kettle timpani and staging materials.

It would also house the necessary staging and amplifications equipment.

The Music Bank was to be managed on behalf of a wide range of musical and performance groups in the Newbridge area.

Funding secured in the form of a LEADER grant. However costs must be incurred before any grant can be drawn down.

Kildare Arts in Context was confident it could overcome this latest obstacle by securing bridging finance.

However, the bank they approached thought otherwise and rejected their application. The group now faced the very real prospect that their innovative initiative would come to nothing and their ongoing work could be fatally undermined. Following consultations with LEADER, the group contacted Clann Credo. Having assessed their plans, Credo was happy to provide the support required and the innovative Music Bank became a reality.



# Awareness Raising & Communication

## Background

This section explores the effectiveness of Clann Credo's communication with projects and LEADER companies and how it might be improved. Clann Credo has three Social Finance Executives (SFE's) that cover a specific region each – the West/Northwest/Midlands, the South-west/South/South-east and the East/North-east/Dublin.

### Community Awareness about Clann Credo

#### **WHEN ASKED WHERE THEY HAD FIRST HEARD ABOUT CLANN CREDO AS A POSSIBLE SOURCE OF LOAN FINANCE FOR THEIR LEADER PROJECT THEY NAMED THE FOLLOWING;**

- ▶ 50% heard from another project/community organisation.
- ▶ 34% heard from a LEADER company.
- ▶ 8% used the Clann Credo web site.
- ▶ 8% heard from other sources, e.g. accountant, board member.

#### **WHEN ASKED WHO THEIR MAIN CONTACTS WOULD BE IN GENERAL ABOUT SOCIAL FINANCE;**

- ▶ 37% did not know who they would contact.
- ▶ 29% would contact Clann Credo (e.g. SFE) for information.
- ▶ 21% would contact their local LEADER company.
- ▶ 13% named particular individuals or organisations they deal with, e.g. Pobal, bank manager, local authority.

## Communicating with Projects in the Future

**Sample A** projects were asked how best Clann Credo might communicate with community projects about the availability of social finance in the next round of LEADER. The main suggestions made were as follows;

*Figure 7: Communications Checklist LEADER 2014–2020.*

CHECKLIST ITEMS	TICK
<b>Ensure the local LEADER companies tell groups about Clann Credo and its services. This was the most frequent suggestion.</b>	
<b>Quite a few suggested that when a project applies for a LEADER application form, then an information pack about Clann Credo should be sent out with it.</b>	
<b>Engage in more public awareness events to raise awareness about Clann Credo, including making presentations at LEADER awareness raising events.</b>	
<b>Highlight the projects supported by Clann Credo - use them as examples, case studies, ambassadors to get the message out to the wider community.</b>	
<b>Make local politicians and representatives aware of Clann Credo.</b>	
<b>Make local authority staff aware of Clann Credo.</b>	
<b>If LEADER permits, make direct contact with all project applicants by email to inform them about Clann Credo and its services. Some also suggested follow-up by phone and face to face contact subsequently.</b>	
<b>Greater use of social media.</b>	
<b>Working jointly with LEADER and LEOs to promote the next round of funding, e.g. newspaper articles, local radio interviews.</b>	

LEADER companies felt in general that awareness of Clann Credo amongst community groups was not large and indicated that the effectiveness of Clann Credo's communication with projects could improve by;

<b>CHECKLIST ITEMS</b>	<b>TICK</b>
<b>Greater collaboration between Clann Credo and LEADER companies on raising awareness at the start of the new programme. For example, one suggestion was information about Clann Credo on each LEADER company's web site or having links from LEADER web sites to Clann Credo's web site.</b>	
<b>Another was for Clann Credo to link in with the next round of information events organised by LEADER companies by either presenting at them or providing information packs.</b>	
<b>Meeting with larger projects applying for LEADER funding.</b>	
<b>Using case studies to demonstrate the type of projects Clann Credo supports and to promote word of mouth recommendations.</b>	
<b>Linking in to the new PPN structures that will replace community forums.</b>	
<b>Using the charities database to develop a contact list.</b>	
<b>Developing non-technical fact sheets about Clann Credo processes.</b>	
<b>Linking into community notes and newsletters and parish bulletins as well as using social media.</b>	
<b>Linking into partnership companies and LEO's and taking part in or providing information packs for their events.</b>	
<b>Linking in with ILDN and ensuring it uses its network to get the message out about Clann Credo.</b>	
<b>Providing regional workshops about accessing social finance.</b>	
<b>Developing an Ezine.</b>	

## Communicating with LEADER Companies

Eight out of nine LEADER companies indicated that Clann Credo's communication with them was very effective and one indicated it was somewhat effective. The key factor that contributed to effective communication was:

- ▶ Good working relationships between Clann Credo SFE's and relevant LEADER staff, e.g. Development Officers.

Good working relationships were manifested by SFE's being approachable, available by phone when needed, having regular contact, both formal and informal, by email and telephone. When communication is ad hoc it is considered to be less effective.

One respondent commented that they originally found out about Clann Credo from a project and prior to this had been totally unaware of its existence. They also became aware of Clann Credo procedures by working on projects rather than any formal meeting with Clann Credo about these.

Suggestions for improving communication with LEADER companies included:

- ▶ Continuing the development of personal relationships on the ground through regular contact is considered key. This is important in building and maintaining trust and knowledge about each other and ensures that LEADER staff are comfortable to refer projects to Clann Credo as well as passing on contact details of SFE's to projects.
- ▶ Holding meetings with relevant staff in LEADER at the start of the next programme to make them more aware of Clann Credo's offering, its staff and who to refer projects to in each region and its procedures.
- ▶ Providing case studies to demonstrate the type of projects Clann Credo is interested in supporting.
- ▶ More frequent communication and updates between LEADER companies and Clann Credo.
- ▶ Developing a Memorandum of Understanding between Clann Credo and LEADER companies.

# Improving the Experience for Clients

## Introduction

A key aim of this research was to explore how the experience for clients could be made better. Social Finance Executives (SFE's), projects and LEADER companies were asked about Clann Credo's application and draw-down procedures in order to learn what worked well and what requires improvement. Opportunities for Clann Credo and LEADER to work better together were also examined.

## Overall Service

In general, **Sample A** projects consider the Clann Credo service to be helpful to them in making their LEADER application.

The most important reason was because it enabled them to access funding;

- ▶ 76% named access to funding/bridging finance.
- ▶ 24% named assistance from or the approach of Clann Credo.

<b>Very helpful</b>	<b>36</b>
<b>Somewhat helpful</b>	<b>1</b>
<b>Unhelpful</b>	<b>-</b>

”

*‘It reassured LEADER that we had access to funding.’*

---

”

*‘The project required 50% matching funding. Without the loan from Clann Credo the project is unlikely to have been completed.’*

---

”

*‘Clear, concise and easy to deal with. They did not require personal guarantees on community loans.’*

---

OVERALL SERVICE

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”

*‘Clann Credo ethos of providing finance for community fitted well with our plans.’*

---

”

*‘Provided access to bridging finance.’*

---

”

*‘Bridging loan helped complete the project but the accommodating approach of the staff made it easy.’*

---

”

*‘One to one contact with SFE who was most helpful and always contactable.’*

---

”

*‘It allowed the project to continue to fund construction activities while waiting for LEADER funding to come through.’*

---

Eight projects indicated that some aspects of Clann Credo's service were unhelpful in respect of their LEADER application. These related to the level of paperwork required, the cost of the finance and the speed at which decisions were made.

## Terms and Conditions

**Sample A** projects were asked how clear they were about Clann Credo's terms and conditions at the start of the loan application process when they spoke with the SFE for the first time and then after the loan application process.

### Size of loan available from Clann Credo

(Clann Credo does not provide loans over €0.5 million).

#### **Clarity with regard to the size of the loan at the start;**

- ▶ 84% were very clear at the start about the size of loan
- ▶ 16% were somewhat clear.

#### **After the application process;**

- ▶ 97% were very clear
- ▶ 3% were somewhat clear.

## Interest rate on the loan

#### **Clarity with regard to the interest rate at the start;**

- ▶ 74% were very clear
- ▶ 24% were somewhat clear
- ▶ 3% were not clear.

#### **After the loan application process; all had achieved some level of clarity.**

- ▶ 92% very clear
- ▶ 8% somewhat clear.

## Repayment schedule

#### **Clarity with regard to the repayment schedule at the start;**

- ▶ 78% were very clear at the start
- ▶ 19% were somewhat clear
- ▶ 3% were unclear.

#### **After the application process;**

- ▶ 95% were very clear
- ▶ 5% were somewhat clear.

## Need or otherwise for personal guarantees

(Clann Credo does not require personal guarantees).

#### **Clarity with regard to the personal guarantees at the start;**

- ▶ 82% were very clear on this
- ▶ 16% were somewhat clear
- ▶ 3% were unclear.

#### **After the application process;**

- ▶ 95% were very clear
- ▶ 5% were somewhat clear.

**Documentation required** (Clann Credo does not use an application form. In general, the documentation projects submit to LEADER is acceptable.)

#### **Clarity with regard to documentation required at the start;**

- ▶ 76% were very clear
- ▶ 21% were somewhat clear
- ▶ 3% were unclear.

#### **After the application process;**

- ▶ 89% were very clear
- ▶ 11% were somewhat clear.

## Timeframe required for decision-making on loan application

#### **Clarity with regard to decision-making timeframe at the start;**

- ▶ 76% were very clear
- ▶ 14% were somewhat clear
- ▶ 8% were unclear.

#### **After the application process;**

- ▶ 92% were very clear
- ▶ 8% were somewhat clear.

## Timeframe required for draw-down

#### **Clarity with regard to draw-down timeframe at the start;**

- ▶ 78% were very clear
- ▶ 22% were somewhat clear.

#### **After the application process;**

- ▶ 92% were very clear
- ▶ 8% were somewhat clear.



## Application Form

As outlined above, Clann Credo does not use an application form. Projects were asked how satisfied they were with the level of information sought or if they would prefer an application form.

- ▶ Only two (5%) indicated they had a preference for an application form, of which one commented that they felt there was too much uncertainty over what information was required.
- ▶ One (3%) was not satisfied with the level of information sought indicating it was far too much especially because of ‘the rigorous LEADER application process that had already been successfully negotiated’.
- ▶ The remaining 34 (92%) indicated they were satisfied with the level of information sought.

## Application and Draw-down

The best features of Clann Credo’s service named by **Sample A** projects were;

- ▶ Providing access to funding – bridging, flexible, fair interest rates.
- ▶ The staff – approachable, available even out of hours, professional, responsive, helpful, always returned calls, easy to deal with, take immediate action, willing to meet. Projects also appreciated that they had a named contact that was responsible for their project throughout.
- ▶ Processes – thorough in key requirements, speedy decision-making, quick responses to draw-down requests, efficient transfer of funds, straightforward application process, not overly bureaucratic.
- ▶ No personal guarantees required.

39% of respondents had no comments to make about the worst features of Clann Credo. Of the remaining 61%, the aspects they did not like were;

- ▶ The cost of funds – interest rate, fees. This was the most frequent complaint.
- ▶ Level of paperwork required.
- ▶ Timeframes for processing – uncertainty over decision-making timeframe, requirements for draw-down.

**LEADER companies** indicated that in general Clann Credo’s application process appears to work well. They named the following positive features;

- ▶ Understanding by Clann Credo of how LEADER operates and alignment with LEADER methodology and use of same paperwork. However, three respondents felt the level of paperwork required could be onerous and some projects did not appear to understand why it was necessary.
- ▶ Access to SFE’s with continuity of contact for projects.
- ▶ Support provided to projects by SFE’s.
- ▶ The practical approach adopted to loan applications.
- ▶ Reasonable interest rates. One respondent did comment that greater clarity over fees was required upfront.
- ▶ The value placed on the social aspect of projects.
- ▶ Relatively quick decision-making procedures (relative to mainstream banks).
- ▶ Letters of support provided to projects applying to LEADER.
- ▶ Tailored service.
- ▶ Enabled large projects to go ahead that would not have otherwise.

**LEADER companies** also indicated that the loan draw-down process generally worked well because of the following;

- ▶ Clann Credo’s knowledge of LEADER processes and timeframes.
- ▶ Relatively quick turnaround. However, one respondent did feel the process in some cases was slow as certain authorisations were required that may not have been readily available.
- ▶ Use of mandating, once there was clarity over the procedure.
- ▶ Matching of draw-down to phased payments of grant aid.
- ▶ Contact between Clann Credo, LEADER companies and project promoters.

Feedback from **SFE's** indicated that the following worked well in respect of loan applications and draw-down;

- ▶ Developing an understanding of LEADER and its requirements. This was achieved through developing relationships with LEADER Development Officers and supporting projects through the loan application process. Being aware of LEADER meant that SFE's could inform projects about the requirements for grant aid as well as for loans. Positive relationships with LEADER companies ensured a smoother process for projects and cross-referral.
- ▶ Accepting and using most of the documentation that projects supply to LEADER in support of their loan application. Some clients indicated they had no difficulty with Clann Credo contacting the LEADER company directly in order to access the documentation they had submitted and one LEADER company named Clann Credo in its data protection documents in order to enable information sharing.
- ▶ Projects are only charged interest on the actual amount drawn-down and not the full amount approved.
- ▶ Projects having access to a named contact in Clann Credo throughout their application and draw-down.
- ▶ Mandating of grant repayments where possible, and use of direct debits for payments of interest by projects.
- ▶ Speedy turnaround for uncomplicated projects requiring only bridging.
- ▶ Being able to give projects letters of support to help them with their LEADER application.

Challenges identified by the **SFE's** included;

- ▶ Projects that were referred to Clann Credo at the last minute resulting in a pressurised loan application process.
- ▶ Some LEADER companies required projects to have bridging finance in place in advance of making a grant application. This meant that Clann Credo's evaluation committees did not have full information to make loan decisions.
- ▶ When breaks in staff continuity within LEADER companies occurred due to maternity, sick or annual leave, hand-overs did not always appear to run smoothly and sometimes paperwork got mislaid. This could delay the SFE's getting confirmation of information necessary for the loan application process.
- ▶ Requests for earlier draw-down, often because some projects were under huge pressure to pay contractors.
- ▶ Situations where draw-down terms and conditions were not met in full resulting in some projects having to be re-evaluated with subsequent delays for them.
- ▶ Processing of some grant claims which resulted in significant delays for some projects and additional interest costs being incurred.

### **Improving the Experience for Projects**

Projects, LEADER companies and SFE's were asked how the overall experience for clients could be improved. A wide range of suggestions were made as follows:

## Clann Credo and LEADER working more together

There was general agreement amongst all stakeholders that there were opportunities for Clann Credo and LEADER companies to work more together. These included the following;

*Figure 8: Improving the Experience for Clients.*

CHECKLIST ITEMS	TICK
<p><b>Clann Credo informing relevant staff in LEADER about its existence, the services it provides and the requirements for projects interested in applying for loan finance in order for LEADER staff to be better able to inform projects. Clann Credo needs to build relationships with Development Officers and Finance Officers in all LEADER companies.</b></p>	
<p><b>Development by Clann Credo of a clear set of guidelines/fact sheets/FAQs about the application process, the timeframes for decision-making, terms and conditions, fees, the paperwork that needs to be submitted and draw-down requirements. This would not only inform projects, but also LEADER staff. One project also suggested that LEADER documentation should reference Clann Credo.</b></p>	
<p><b>LEADER companies need to inform Clann Credo about their processes and requirements. There was a call by LEADER companies for greater face to face contact between Development Officers and SFE's.</b></p>	
<p><b>Provision of information packs/guidelines/fact sheets/starter packs about Clann Credo's requirements to projects by LEADER companies when projects express an interest in seeking grant aid and will require matching funding. Another suggestion was the use of FAQs to outline what critical success factors are and what the typical mistakes and pitfalls community groups should avoid.</b></p>	
<p><b>Joint information evenings to raise awareness about Clann Credo and LEADER. It was also suggested that joint seminars about financing and managing projects would be beneficial.</b></p>	
<p><b>Greater collaboration between Clann Credo and LEADER companies early in the application process. There was a call for synchronising or standardising evaluation criteria, application requirements and draw-down checklists to minimise duplication for clients. One project suggested greater use of online returns by both Clann Credo and LEADER in order to minimise paperwork, avoid duplication and minimise the risk of materials being lost. There was also a suggestion that projects sign a permission slip to enable sharing of information between LEADER and Clann Credo.</b></p>	
<p><b>Clann Credo and LEADER companies having an annual review to determine what is working well in both their processes and what could be improved for the client.</b></p>	
<p><b>Ensuring a clear referral system was in place.</b></p>	

### **Ensuring clients are fully informed**

LEADER companies and projects indicated that projects would benefit from clear information from Clann Credo early in the application process covering interest rates, fees, terms and conditions, decision-timeframes, requirements for draw-down, etc. SFE's also indicated that LEADER companies need to understand Clann Credo procedures and the timeframes involved better in order to be able to inform projects.

### **Speed up processes**

There was a call from a small number of Sample A projects for faster decision-making procedures and draw-down procedures within Clann Credo. There was also a call for faster procedures within LEADER regarding decisions about grant claims and eligible expenditure. Delays in this regard could be very costly for projects by way of additional interest costs.

### **Lower interest rates**

Some Sample A projects felt that Clann Credo should offer loans at a discounted interest rate for community projects. Some of the feedback suggests that projects were not fully clear on how interest rates and repayments are calculated and this needs to be addressed.

# Conclusions & Recommendations

## CONCLUSIONS

*The key findings to emerge from the research are as follows;*

### Significant Contribution

Clann Credo lending made a significant contribution to the operation of the LEADER Programme 2007-2013. The Clann Credo loans enabled the draw-down of LEADER grants which supported community projects, a significant proportion of which could not have happened without projects having access to Clann Credo finance (estimated at 24% for the community portion of the LEADER budget).

### Economic & Social Impacts

Projects supported made both significant economic and social contributions to their local communities by sustaining and creating employment, building civic pride, developing new and existing services and infrastructure, bringing visitors to rural communities, improving health and well-being, and developing greater community cohesion.

### Awareness

There appears to be strong potential for Clann Credo to continue to support the community sector and LEADER programme going forward. However, awareness of Clann Credo within communities needs to be improved.

### Positive Experience

Clann Credo's approach and understanding of the LEADER programme contributes to a positive experience for clients.

### Clarity on Processes

However, Clann Credo needs to provide greater clarity on its requirements and procedures to both projects and LEADER staff. There were calls for greater clarity and more information about what Clann Credo's selection criteria are, what information projects need to supply for their loan application, how they go about making a loan application, decision-making timescales, general terms and conditions.

### Co-operation

Opportunities for closer co-operation and working between Clann Credo and LEADER companies were evident. These included joint awareness raising, information sharing, synchronising criteria and requirements for projects in order to minimise duplication.

## RECOMMENDATIONS

### 1.

Use the start of the next Programme to meet with and inform relevant staff in LEADER companies about Clann Credo and its offering.

### 2.

Explore opportunities to collaborate with LEADER companies in awareness raising by;

- ▶ providing information packs/fact sheets/FAQs/starter packs,
- ▶ where practicable, presenting at LEADER information events,
- ▶ developing links between Clann Credo and LEADER web sites,
- ▶ promoting Clann Credo and LEADER through local media,
- ▶ developing case studies to highlight the types of projects Clann Credo supports.

### 3.

Inform both projects and LEADER staff about Clann Credo requirements and procedures by;

- ▶ one to one contact,
- ▶ development of fact sheets, guidelines and FAQs.

### 4.

Explore opportunities to synchronise Clann Credo and LEADER requirements and procedures.

### 5.

Move beyond the 'no other option' reason for projects using Clann Credo by highlighting what Clann Credo does best in its promotional material, i.e. one-to-one contact with staff and continuity of this contact, fit with community ethos, knowledge of community sector, knowledge of LEADER, absence of requirement for personal guarantees, flexibility.

### 6.

Highlight to the Department the impact of delayed grant claims procedures on projects and explore how this might be minimised in the next Programme.

# Appendix 1

**Figure 3: Loans Disbursed Relating to LEADER Funded Projects.**

Type of Project	Amount Disbursed		No. of Loans	
	€	%	No.	%
Arts & Culture	906,413	2.7	13	4.1
Childcare	173,501	0.5	1	0.3
Community Facilities	20,053,479	59.2	174	54.5
Disability	40,550	0.1	1	0.3
Enterprise Centre	150,000	0.4	1	0.3
Family Supports & Counselling	296,925	0.9	3	0.9
Festival	687,645	2.0	8	2.5
NFP Business	60,000	0.2	1	0.3
Playground	4,366,742	12.9	51	16.0
Rural Transport	94,000	0.3	2	0.6
Recreational Facilities	3,939,476	11.6	36	11.2
Tourism	837,684	2.5	10	3.1
Training	832,529	2.5	7	2.2
Youth	1,429,760	4.2	11	3.4
<b>Grand Total</b>	<b>33,868,705</b>	<b>100</b>	<b>319</b>	<b>100</b>



THE SOCIAL INVESTMENT FUND

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Clann Credo is a self-sustaining not-for-profit organisation serving the community, voluntary and charity sectors. All its capital comes from private sources; religious charities and the retail banking sector through the Social Finance Foundation (SFF). The interest paid on its socially directed investments covers its operational costs.

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