

**Opening Remarks by Mr Brian Lenihan TD, Minister for Finance**

**Social Finance Foundation Stakeholders' meeting 30 October 2009**

I am delighted to have been invited by Peter Quinn to open today's inaugural meeting of the stakeholders of the Social Finance Foundation. The Foundation was launched by my predecessor in 2007 on a not-for-profit basis to act as an independent wholesale supplier of social finance for on-lending by specialist lenders to support local development projects and social enterprise in our communities.

As we are all aware, the social finance concept, at its core, is the provision of repayable loan finance at affordable terms that seeks to unlock social, as well as economic returns. It plays an important role in mobilising the potential latent in our communities as well as empowering individuals to establish their own micro-enterprises. It also contributes to our economic well-being and generates employment.

It is clear that the country's economic circumstances have changed enormously since the Foundation's establishment in 2007. However, far from diminishing the relevance of social finance to the wider community, the changed economic environment underscores the importance of having a source of funding for projects that will yield both a social and economic

return, which cannot be sourced from mainstream institutions. The Foundation therefore has a key role to play in the years ahead to support the development of social finance in Ireland.

The Foundation was established with 25 million euro seed capital from the banks and to date has approved social finance loans totalling 17 million euro. This lending, which has been channelled through the Social Lending Organisations, has helped to fund community development projects and start-up micro-enterprises. Significant demand for social finance funding remains to be met and the future development of the Foundation has been chartered to take account of that demand.

The level of social finance loans provided to date is a significant achievement and thanks is due to the Foundation Chairman, his Directors and staff, as well as, of course, to those working in the Social Lending Organisations. Without the commitment and dedication of these people, many of whom are here with us today, the social finance initiative would have remained a mere aspiration, rather than a practical source of assistance to community projects and micro-enterprises. The banks' provision of seed capital and expertise channelled through the Irish Banking Federation were an important kick-start to the launch of the Foundation. However, there is clearly room for further expansion, which

of course requires that there be a steady stream of funding available to the Foundation.

In this context, the announcement earlier this year that the Foundation had reached an agreement with twelve banks and building societies to access 72 million euro in funding over the next twelve years is very welcome. This funding is being provided by the institutions at a discounted rate of interest and is key to the future of the Foundation, and the growth of social finance in Ireland.

At this time of enormous economic challenge for the country, it is vital we ensure all sectors make their contribution to national recovery. I am especially pleased therefore that the Foundation has secured this funding from the financial institutions and I expect to see more projects at community level and more micro-enterprises benefiting from the support of the Foundation over the coming years.

It is very important to make the point that the establishment and ongoing development of the Social Finance Foundation has been made possible through the support of all retail credit institutions in the Irish market. It is an excellent example of the banking industry working together through its

representative body to help address an important financial, economic and social need.

In this context the new funding arrangement is consistent with the specific requirements on the “covered” financial institutions in the area of corporate social responsibility under the terms of the Government Guarantee Scheme introduced in September 2008. These require the institutions concerned to work with the Irish Banking Federation to submit bi-annual reports to me on goals and targets I have set down in relation to the delivery of the national payments strategy, the promotion of financial inclusion, the development of financial education and the implementation of the Government’s Social Finance Initiative.

In conclusion I would like to reiterate my thanks to all the stakeholders who have been involved in the work of the Foundation to date. This success must be built upon in order to ensure that the further potential for development that undoubtedly exists in our communities is realised. Thank you for your attention and may I wish you every success with today’s event. I will now hand you over to Mr Peter Quinn, Chairman of the Foundation, who I expect will discuss in more detail the work of the Foundation and its future strategy.