INNOVATING TOGETHER

Promotion strategy for new social and inclusive economy models abroad

Contents

Contributors and authors

This strategy is the result of cooperative efforts by social and inclusive economy stakeholders (companies, non-governmental organizations [NGOs], associations, consulting firms, the French Development Agency [AFD], Social and Inclusive Economy stakeholders, the Directorate General of the Treasury, etc.). Professionals from these organizations met during group and bilateral meetings to discuss, debate and share their expectations with the Ministry of Foreign Affairs and International Development (MAEDI).

We would like to extend our sincere gratitude to the following individuals for their invaluable contributions:

- Amazit, Anaïs: Les Rencontres du Mont Blanc
- Bailly, Frédéric: Groupe SOS
- Bajot, Aymeric: SUEZ
- Bance, Anne-Lise: Prophil
- Beasse, Jean-Nicolas: PROPARCO
- Bincaille, Myriam: SUEZ
- Bobin, Shanti: Directorate General of the Treasury
- Boisson, Thomas: Directorate General of the Treasury
- Bonello, Benoît: La Maison pour Rebondir
- Bougouin, Anne-Sophie: SIDI
- Bouvier, Maëlle: MAEDI
- Caron, Patrick: French agricultural research and international cooperation organization (CIRAD)
- Dayre, Jean-Gabriel: PROPARCO
- De Carne, Marine: MAEDI
- De Durfort, Béatrice: French Foundation Centre (CFF)
- De Guerre, Olivier: PhiTrust
- De Guerre, Raphaël: French Development Agency (AFD)
- De Lutzel, Emmanuel: BNP Paribas
- De Villepin, Marie-Anne: Développement Sans Frontières (DSF)
- Denis, Anne-Laure: LafargeHolcim
- Des Mazery, Sophie: Finansol
- Duval Farré, Ninon: Bond'innov
- Faivre-Tavignot, Bénédicte: HEC Paris
- Flogny, Aude: AFD
- Fontaine, Jean-Marc: Total
- Friess, Stéphanie: ESSEC Business School
- Giraud, Bernard: Danone
- Gounot, Charlotte: Directorate General of the Treasury
- Grégoire-Zawilsky, Myriam: Organisation for Economic Co-operation and Development (OECD)
- Guedj, Pierre-Samuel: Affectio Mutandi

- Guicquero, Yves: AFD
- Guiffant, Pascale: SUEZ
- Hoyaux, Isabelle: ScaleChanger
- Huet, Yvonnick: Agrisud International
- Jacquemot, Pierre: Groupe de recherches et d'échanges technologiques (GRET)
- Jeantet, Thierry: Les Rencontres du Mont Blanc
- Kayser, Olivier: Hystra
- Klarsfeld, Lucie: Hystra
- Langerdorff, Cyrille: Crédit Coopératif
- Lecuyer, Jean Michel: Comptoir de l'Innovation
- Léger, Édouard: MAEDI
- Lescanne, Adeline: Nutriset
- Lescanne, Michel: Nutriset
- Léveque, Philippe: National Director of CARE France
- Levillain, Kevin: Centre de Gestion Scientifique – MINES ParisTech
- Levy, Marc: GRET
- Lozac'hmeur, Alizée: MakeSense
- Marki, Sonja: OECD
- Meyer, Anne: Solidarités Entreprises Nord-Sud (SENS)
- Missika, Bathylle: OECD
- Mizzi, Jean-Claude: European Commission (GECES)
- Muirhead, Andrew: Asian Venture Philanthropy Network (AVPN)
- Nedjam, Malgorzata: Directorate General of the Treasury
- Nicolaus, Hugo: Les Rencontres du Mont Blanc
- Oblacewicz, Ewelina: OECD
- Parent, Élodie: Centre d'études financières économiques et bancaires (CEFEB)
- Perrot, François: LafargeHolcim
- Périou, Claude: PROPARCO
- Pernot Du Breuil, Michel: Solidarités Entreprises Nord-Sud (SENS)
- Perron, Jean-Luc: Grameen Crédit Agricole Microcredit Foundation
- Poline, Christophe: Schneider Electric
- Poissonnier, Arnaud: Babyloan
- Poulnot, Jean-Philippe: Les Rencontres du Mont Blanc
- Prevost, Laurine: Finansol
- Prudhomme, Jacky: BNP Paribas
- Queinnec, Yann: Affectio Mutandi
- Romon, Emilie: OECD
- Rouille-Dorfeuil, Antoine: Groupe SOS
- Schmitt, Jérôme: Total
- Schmitz, Christian: SIDI
- Silice, Pénélope: OECD
- Seghers, Virginie: Prophil
- Senante, Elena: SUEZ
- Severino, Jean-Michel: I&P

- Sibieude, Thierry: ESSEC Business School
- Stricher, Thuy-Anne: CARE France
- Stoll, Julie: French Fair Trade Platform (PFCE)
- Valade, Hélène: SUEZ
- Voisin, Nadia: MAEDI

At the MAEDI, Lola Blanc and Valentin Benoit participated in drafting this document, under the supervision of Sarah Marniesse and Henry de Cazotte.

Preface of the Minister of State for Development and Francophonie

In developing countries, current development models weaken the social and ecological environment. Poverty, exclusion, insecure employment, overexploitation of natural resources and pollution are all threats that compromise any hope of a earning a reasonable standard of living for hundreds of millions of people and put the future of our planet in danger. We urgently need to “act differently”.

The sustainable development goals (SDGs) adopted in New York in September 2015 and the Paris Agreement on climate change signed in December 2015 have set a course of action. To meet these goals and make the world a more fair, united and sustainable place, we must work together to invent new business models and ways to live in society.

Numerous French stakeholders have already begun working on solutions. Across the developing world, associations and small and large companies are committed to innovating, changing their production methods and incorporating the various dimensions of sustainable development into how they do business. New models are gaining traction, such as the social and solidarity economy, social entrepreneurship, the circular economy and the sharing economy.

To better support these new models and help them scale up, France has decided to adopt a government strategy, developed in line with its framework law on international development and solidarity policy of 7 July 2015 and its law on the social and solidarity economy of 31 July 2014.

This strategy to “Innovate Together” is part of continued action led by Pascal Canfin and Annick Girardin since 2012 in support of the social and inclusive economy. It confirms France’s willingness to support innovation and the stakeholders who are driving change, one of the major aims of the country’s development policy.

I would like to thank all those who participated in the creation of this strategy and encourage them to continue working alongside us as we implement it.

Introduction

On 2 June 2015, during an event that brought together inclusive economy stakeholders working in developing countries, Annick Girardin, Minister of State for Development and Francophonie, announced plans to draft a strategy to support the social and inclusive economy abroad and outline the development policy's related challenges, goals and allocated means.

Because sustainable development issues are a pressing need to be tackled, the role that development stakeholders should play in our cooperation policies must be reconsidered and strengthened. The 2030 Agenda for Sustainable Development highlights the role of the private sector in driving sustainable development, as well as in setting sustainable development targets.

Our faltering economic and social models have given way to new organizational structures that can achieve sustainable economic development alongside positive social and environmental impacts. These structures are mainly derived from the social business sector and can be managed by various types of stakeholders, from associations to NGOs, companies, local government authorities, and social and inclusive economy organizations.

The French law of 7 July 2014 takes note of this phenomenon and mentions the contributions of the different development stakeholders working in partner countries. It highlights the SOCIAL AND INCLUSIVE ECONOMY stakeholders as well as those involved in impact investing and the private sector who each take their own approach to addressing sustainable development challenges. The aim of this strategy is to follow on from this law by setting out precise means of action to cooperate with the abovementioned stakeholders.

This document has drawn inspiration from numerous reports published since 2013 on the subject (Faber/Naidoo Report[1] and the report by the "Impact Investing for Development" consultative committee of the French National Advisory Board on Development Impact Investing[2], commissioned by the public authorities). These texts underline the need for the French government to send a strong signal to promote inclusive, sustainable growth for development by fostering cooperation between all stakeholders.

This strategy aims to meet this need by setting out a precise, concrete framework to nurture new structures and initiatives in the sector.

It is divided into three chapters. The first deals with evolving models and the emergence of a new ecosystem that seeks to make a stronger impact and ensure the sustainability of social projects. The second lays out the ways in which public development policies can successfully make use of these innovations to promote an inclusive economy. The third and final chapter offers concrete actions to reinforce a collaborative approach to development and help the ecosystem flourish.

[1] Emmanuel Faber and Jay Naidoo, *Innovating by mobilizing stakeholders: 10 proposals for a new approach to development assistance*, June 2014

[2] French National Advisory Board on Impact Investing, *The hows and whys of social impact investing: financial innovation driving social innovation*, September 2014

I. Promoting new development models

A. The rise of new social and environmental impact models

Over the past several years, new stakeholders (for-profit businesses, foundations, NGOs and associations, among others) have applied for aid from the French development fund for innovative initiatives that aim to resolve social and environmental problems.

These initiatives seek to meet a social and/or environmental need while offering a long-term solution through a strong, sustainable business model. Often, these initiatives come about through multiple stakeholder partnerships and are strongly rooted in their local regions.

1) *They underline the importance, in keeping with the sustainable development goals, of public action and the need for various stakeholders – both public and private – to contribute to new development models. Hybrid models are one possible option being used*

Hybrid models are those adopted by organizations founded with business-minded objectives but with a mission of making an impact that is social or environmental (if they also have a social impact) in nature. These models are found in the areas of the inclusive economy, social and solidarity economy, social entrepreneurship, base (or bottom) of the pyramid (BoP) initiatives and impact investing.

In its "Policy Brief on Social Entrepreneurship", the European Commission and OECD[3] highlight the difficulty in establishing a single definition of the concept. While some stakeholders are quick to adopt the definition by Mohammed Yunus,[4] others prefer that of the OECD established in 1999, which considers social enterprises as "any private activity conducted in the public interest, organized with an entrepreneurial strategy, but whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and through the production of goods and services, brings innovative solutions to the problems of social exclusion and unemployment".[5]

At the European level, the European Commission's "Social Business Initiative[6]" Communication offered some clarification, stating that "social enterprise" covered the following types businesses[7]:

- those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level social innovation,
- those where profits are mainly reinvested with a view to achieving this social objective,
- and where the method of organization or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice.

[3] OECD/European Commission – Policy Brief on Social Entrepreneurship, 2013

[4] According to Mohammad Yunus (recipient of the Nobel Peace Prize in 2006), social business is based on a sustainable economic model and is a cause-driven business that gives investors a chance to recoup their initial investment and, if possible, to turn a profit that will be invested back into the project. These profits are not paid out as dividends to investors but rather re-invested in the business to make an even deeper impact. This definition does have many detractors, who believe that it is appropriate to distribute dividends within reason.

[5] OECD/European Commission – Policy Brief on Social Entrepreneurship, 2013

[6] COM(2011) 682 of 25 October 2011 "Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation" http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:EN:PDF

[7] As understood in the Treaty on the Functioning of the European Union and legal rulings from the Court of Justice of the European Union

Ashoka takes these definitions into account in its Barometer of Social Entrepreneurship in France and Worldwide[8], which offers an initial classification for these types of businesses.

<table>
<tr><td colspan="9">Financing options for social businesses</td></tr>
<tr><td colspan="2">Primary objective is to create social value</td><td colspan="4">Social and financial value</td><td colspan="3">The primary objective is to create financial value</td></tr>
<tr><td colspan="6">ORGANIZATIONS WITH A SOCIAL PURPOSE</td><td colspan="3"></td></tr>
<tr><td colspan="2">Non-profit organizations</td><td colspan="3">Social enterprises generating income</td><td>Social businesses</td><td colspan="3">Traditional companies</td></tr>
<tr><td>Grant-funded only; no revenue</td><td>Commercial revenue and grants</td><td>Potentially economically viable > 75% commercial revenue</td><td>Balanced: all revenue from commercial activity</td><td>Profitable: profits reinvested</td><td>Profitable activity: finances a social activity</td><td>Responsible company (CSR)</td><td>Sponso-ring company</td><td>Traditional market company</td></tr>
<tr><td colspan="2">Only social considerations</td><td colspan="4">Mainly social considerations</td><td colspan="3">Mainly financial considerations</td></tr>
</table>

Source: Ashoka, adapted from John Kingston, CAF Venturesome, by Pieter Oostlander, Shærpa and EVPA

There are multiple possibilities, especially when combining terms and concepts that were once considered incompatible, such as social and profit, growth and sustainability. The variety of options have led the different stakeholders (UN, G20, OECD, Europe, France) to create frameworks to promote such initiatives that all share the goal of using economic efficiency to solve a problem that affects society at large. From these initial criteria, it is possible to develop various models that draw from both business and non-business sectors. Traditional social and solidarity economy models, inclusive economy models or collaborative and sharing economy models are all possibilities that take a hybrid project and associate it with a sustainable business model with a social and/or environmental objective.

The French Development Agency (AFD) examined the different models[9] to identify their differences:

Social and Inclusive Economy	*French and European concept that includes all associations, mutual insurance companies, cooperatives, foundations and commercial enterprises working with a social- or solidarity-minded purpose.*
Social Business	*Businesses pursuing a social and/or environmental objective while ensuring their economic viability.*
Base of the Pyramid (BoP) Initiative	*Initiatives or strategies implemented mainly by international companies to target the vast market of 3.7 billion individuals who survive on less than USD 8 per day with both commercial and social responsibility goals.*
Impact Investing	*A type of investment that targets investments with a strong impact. These investments finance a wide range of projects and have diverse expectations in terms of social/environmental and financial returns.*
Inclusive Business	*Businesses that focus a major share of their operations on BoP*

[8] http://france.ashoka.org/sites/france.ashoka.org/files/Barometre-de-entrepreneuriat-social-2012.pdf?bcsi_scan_76859af71b923077=1&bcsi_scan_96404f7f6439614d=1&bcsi_scan_1fe59ba8c561fa18=0&bcsi_scan_filename=Barometre-de-entrepreneuriat-social-2012.pdf

[9] Position paper presenting the ES/SB initiative submitted to the AFD's Board of Directors on 2 February 2015.

	populations, either through their clientele or the supply chain, and which have an intrinsic impact on income generation for these populations or their access to basic goods and services; while the economic model may vary from one company to another, financial profitability is always a goal.

For many years, these initiatives were undertaken by stakeholders in developing countries who did not benefit from the recognition the concept enjoys today: numerous community-based businesses created by producer organizations were simply not identified as stakeholders involved in cooperation.

The inclusive economy and development

For growth to be fair and inclusive in terms of its effects on development, i.e., that inequalities are reduced for the "benefit of everyone", it must impact or show results for poor populations:

- *First and foremost, those whose incomes are under the national poverty line*
- *And secondly, those whose incomes are only slightly above the poverty line, because they are vulnerable and unable to understand why, given their situation, they should be excluded from "pro-poor" measures that, in turn, could be jeopardized by their objections.*

Source: Marc Lévy – Prospective Director for GRET: Private businesses, development and international solidarity: new partnership approaches for development cooperation policy

2) Strategy framework

This strategy is part of an international, evolving framework. To reflect the large scope of intervention, it was decided that all social and inclusive economy and international inclusive economy stakeholders (businesses, associations, traditional social and inclusive economy organizations, foundations, NGOs, local government authorities, consulting firms, financial institutions, research centres, etc.) would be included. Except for those who have already been active for a long period of time, these stakeholders may be French organizations exporting their model abroad, or foreign organizations working in this sector in their own countries.

Given the large number of definitions and existing models, this strategy will focus on the project rather than organization level.[10] A large listed company can, for instance, launch an impact initiative and be involved in a sustainable impact approach (if the project is linked to a separate legal entity) even though the project is not the main objective of its overall corporate strategy. Conversely, an NGO may decide to develop a viable business model to sustain the impact of its action even though it often depends on grants.

[10] The AFD's ES/SB initiative was deliberately chosen to be able to examine the solidarity objective rather than the organizational status.

After the European Commission's SBI Communication, the European co-legislators (European Parliament and the unanimous agreement of the 28 Member States[11]) adopted two regulations with the same definition of "social enterprises": Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (EuSEF[12]) and the Regulation (EU) 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Inclusion (EaSI[13]).

At a time when the European Commission, with France's support,[14] has decided to establish a stronger link between the policy carried out within the internal market of the 28 Member States and the EU's external policy (namely regarding neighbourhood and development policies), it is fitting that the MAEDI strategy remains consistent with the definition of the EaSI Regulation.

Definition adopted in the of the Regulation (EU) 1296/2013 of the European Parliament and of the Council of 11 December 2013 establishing the EaSI programme:

(…) "social enterprise" means an undertaking, regardless of its legal form, which:

(a) in accordance with its Articles of Association, Statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which:

(i) provides services or goods which generate a social return and/or

(ii) employs a method of production of goods or services that embodies its social objective;

(b) uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and

(c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.

Source: Jean-Claude Mizzi – Policy Coordinator, European Commission

In its Entrepreneuriat Social/Social Business (ES/SB) initiative, the French Development Agency expanded upon this definition when creating its framework of intervention and determining eligible projects.

The MAEDI has adopted the definition of its operator because it includes the models it frequently sees in practice in the field of international cooperation, but does not exclude other options that also seek to meet a social/environmental need and maintain the means to do so.

[11] Including France.
[12] http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R0346&from=EN
[13] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0238:0252:EN:PDF
[14] See page 6 of the minutes from the GECES' seventh meeting held on 16 September 2015: http://ec.europa.eu/DocsRoom/documents/12961?locale=en

Definition adopted by the French Development Agency for its ES/SB Initiative:

A social business project must meet the following three criteria:

- *Have a social and/or environmental purpose as its official, primary goal, which is the reason for the commercial activity*
- *Have a sustainable business model, which aims to achieve financially autonomy and which does not rely on subsidies*
- *Have a company structure that corresponds to the social or environmental purpose, with an appropriate governance body, a CSR programme, a system in place to measure results and impacts and financial ambitions that correspond to the organization's purpose.*

Source: Entrepreneuriat Social/Social Business (ES/SB) initiative presented to the French Development Agency's Board of Directors on 2 February 2015

B. An opportunity for numerous sectors to innovate

These structures/projects foster cooperation and participation. They fall within the skillsets of so-called social entrepreneurs or require participation from new stakeholders and highlight the complementary nature of their contributions. These new models are sources of innovation and help numerous sectors expand the scope of their businesses.

1) *Taking CSR to the next level: for-profit companies innovate to make sustainable development part of their core business*

Companies and organizations must comply with international standards and corporate responsibility principles when doing business. By adopting responsible behaviour, they seek to reduce negative impacts and prevent catastrophic events such as the Rana Plaza collapse.[15] These efforts are encouraging and reflect a commitment by certain leaders who see possible opportunities in such actions. They are the result of a stronger framework of standards (Corporate/Organizational Social Responsibility) that must be supported to eliminate bad practices. This increased societal awareness itself contributes to development. The MAEDI has made CSR a priority in its approach to soft diplomacy. Accordingly, it has recently produced an informational handbook for use by its embassies (December 2015) that updates the CSR circular distributed in 2013 to the embassies.

Beyond simple compliance with their obligations, there has been a clear demand for companies and organizations to go "above and beyond CSR/OSR". Rather than be satisfied with reducing negative impacts, they are looking to create value by contributing to compliance with societal standards in developing countries. CSR is becoming more like the business world as it seeks to identify key performance indicators other than economic value, such as the development of inclusive value chains for BoP populations which in turn help create shared values.

[15] The collapse of the Rana Plaza building, located near Dhaka, Bangladesh, on 24 April 2013 killed 1,138 workers and injured 2,000 others. This building, which did not meet safety standards, housed several textile factories manufacturing products for Western countries.

CARE-Danone Egypt partnership for the milk industry

By creating a large-scale partnership in Egypt, CARE and Danone (through its Ecosystem Fund) have joined forces to rethink how to bring small milk producers into the value chains of large industrial groups so they can earn a decent living. This three-year project aims to make poor producers' less vulnerable by helping them to produce larger quantities of higher quality milk.

The project is endeavouring to set up an efficient supply chain and give 5,000 producers market access at satisfactory prices. This innovative approach combines work with small producers and the construction of a larger, modern farm to provide access to basic services required for their jobs (veterinary services, animal feed, etc.).

Danone, true to its commitment to health through nutrition, sees this hybrid project – which combines societal engagement with a business-oriented model – as a way to improve producers' lives while securing local, quality food supplies in an Egyptian market with quickly growing demand.

Source: www.carefrance.org/partenaires/entreprise-fondation/actualites-entreprises/Partenariat-CARE-Danone-Egypte-pour-la-filiere-lait.htm (available in French only)

The implementation of such actions within large groups is greatly supported by a strong commitment from executive management, but can also be driven by employees involved in an entrepreneurial approach within their company. They are called "social intrapreneurs" because they are able to integrate sustainable development goals into profitable activities as part of their jobs.

Employees help take their company "above and beyond CSR" to progress from being simply responsible to making a social and environmental impact. According to the guide[16] written by Emmanuel de Lutzel, from BNP Paribas, and Valérie de la Rochefoucauld-Drouâs, former manager at Emmaüs Défi, "intrapreneurship is above all an initiative that starts with a company's employee who is looking for support from upper management to implement a business innovation". Intrapreneurship is explicitly mentioned in the Conclusions from the European Council's December 2015 meeting, which asks Member States to encourage the development of social intrapreneurship start-ups within traditional companies."[17]

The "affordable housing" division by LafargeHolcim[18]: a convincing example of intrapreneurship

Some companies have been very supportive of these employee-led initiatives, which have in turn helped profitable and innovative activities be put into action in developing countries. There are

[16] De Lutzel, Emmanuelle and Valérie de La Rochefoucauld-Drouâs. *Transformez votre entreprise de l'intérieur ! Le guide de l'intrapreneur social.* Released 17 September 2015 (Rue de l'Echiquier)

[17] "The promotion of the social economy as a key driver of economic and social development in Europe", conclusions from the European Council December 2015

[18] In July 2015, the Lafarge Group merged with the Holcim Group to become LafargeHolcim; http://www.lafarge.com/en/affordable-housing

numerous examples to be found across all sectors, from banking to mass retail, electricity and sanitation.

In the construction industry, LafargeHolcim is one example which drew from François Perrot's theory on the economic potential of low-income consumers to develop its "affordable housing" entity. The firm has launched various programmes to reach disadvantaged populations in twenty countries.

Its profitable business model is based on cooperation with local resellers and microfinance institutions (MFIs) in the countries where it works, as well as supplying technical construction assistance. The projects are win-win for everyone involved:

- *For the group, they make it possible to reach a segment of the market with modest incomes while boosting its distributors' turnover. By breaking away from a traditional business model, they are able to encourage innovative approaches with the potential to be duplicated in other countries and in other industries.*
- *For the local populations, the projects provide access to decent housing and bring workers and MFIs into the new distribution channels.*

Source: François Perrot and Anne-Laure Denis – LafargeHolcim, Affordable Housing

The LafargeHolcim example, discussed above, is emblematic of actions that many companies (Veolia, GDF Suez, Schneider Electric, Total, Renault, L'Oréal, Danone, Essilor, Orange, Bel, etc.) have undertaken in other countries. This approach is not unique to large French groups: for instance, Flipkart, India's leading e-commerce retailer, set up a partnership with the famous Mumbai *dabbawalals*, or lunch delivery men, to upgrade their delivery system and benefit from the expertise of this network of street vendors. The local French branch of the Shenzhen giant Huawei has backed the Emmaüs Connect employment work group for digital inclusion since 2013. The Chinese telecommunications leader has provided funding and donated computer equipment for the charity's *Connexions solidaires* (solidarity-based connections) programme.

Once active in development through sponsorship, some companies have now turned their actions to achieving the Sustainable Development Goals (SDGs). Similar to Essilor's or Suez's actions, these companies are adopting growth strategies that more fully take into account the local environments and are tackling sustainable development issues as a way to achieve the goals of reducing poverty and inequalities and protecting the planet. Many companies have begun discussing the Sustainable Development Goals in their annual reports, proof that the adoption of the SDGs by the international community through an inclusive process is already having an effect. In particular, the companies seeking to reach the four billion base of the pyramid consumers, i.e., those who live on less than USD 8 per day, have shown incredible creativity. Companies from the major emerging economies are working in line with their own traditions and cultures to be a part of the local social fabric in both industrialized and developing countries alike.

CSR/OSR can be used as leverage to achieve the SDGs if the countries involved in cooperation and development policies encourage such actions. The indicators developed for the Agenda will include

CSR indicators, regardless of company size. As guardians of public interest, government authorities have a role to play in guaranteeing stakeholders' involvement (namely through dialogue and aligning actors). Countries can also encourage an ambitious CSR/OSR approach, which does not merely attempt to compensate for negative effects but rather looks to companies to make a positive impact. The French Development Agency, as required by the framework law on international development and solidarity policy (LOPDSI) of July 2015, has introduced CSR criteria into its calls for tender to favour those projects that would be most effective in effecting change.

Multinational corporations are becoming increasingly involved in the local and international environments in which they do business. According to Cécile Renouard, research programme director at the Institute ESSEC IRENE, these corporations have become veritable actors in inner cities, sometimes working in fields and covering responsibilities that were once managed by local government authorities.[19]

The Faber/Naidoo report[20] goes even further, giving various explanations for this phenomenon:

- The awareness that current growth models are unsustainable (this factor necessarily impacts their own economic and financial profitability)
- The sustainable management of their local business environments
- The identification of and attempts to break into new existing or future markets
- The quest for innovation
- Being rooted in countries where these groups operate
- The stakes for their reputations and internal motivation

However, companies are still at the experimental stage with these impact models. While they are quick to highlight the positive feedback they may have received, these projects are not always a central component of their overall corporate strategies. For some companies, impact projects must be their core business, while others are innovating in a completely different sector. To justify the implementation of social actions – which are riskier and sometimes less profitable – companies take on these actions as part of their CSR programmes.

2) *The philanthropy sector*

Foundations are increasingly present in the field of development cooperation. Although the financial contributions made by the philanthropy sector are difficult to estimate, statistics from the OCDE-DAC[21] indicate that they have multiplied tenfold in a decade (USD 29.73 billion in 2013 versus USD 3 billion in 2003; this sum also includes donations to international NGOs). Beyond simply backing the mobilization of financial resources, philanthropic foundations are a completely separate branch of stakeholders working to support developing countries. Many of them (especially in the United States, the United Kingdom and Germany) are aware of how important it is to actively position themselves in the debates on global development to promote their comparative advantages, such as their ability

[19] Renouard Cécile (2015), *Ethique et entreprise*, Livre de poche.
[20] Report by Emmanuel Faber and Jay Naidoo, p. 138.
[21] OCDE (2015), "Foundations as development partners", in Development Co-operation Report 2014: Mobilising Resources for Sustainable Development, OECD Publishing, Paris.

to operate freely[22], their close relationships with the private sector, the influence their founder may wield or their ability to try out new approaches.

Their entry into development cooperation goes hand in hand with the increase in innovative operational strategies adopted by private foundations (e.g., CFF) and corporate foundations (e.g., Admical) that are involved in impact investing as well as philanthropic activities. The world of foundations is shifting towards more entrepreneurial approaches and long-term commitments, such as venture philanthropy, which was described in the OECD's study "Venture Philanthropy in Development; Dynamics, Challenges and Lessons in the Search for Greater Impact"[23]. Venture philanthropy takes private equity principles (choosing and developing companies with high growth potential, among others) and adapts them to the needs of the social and inclusive economy. The philosophy of venture philanthropy consists in investing in so-called social, or non-profit, start-ups[24] for a given period of time to aid their growth. However, investors cannot invest high-risk capital or seed money. Assistance is not just financial in nature but also includes advice in developing strategies, professional coaching, etc. Venture philanthropy recently exceeded the one billion euro investment mark.

A new kind of philanthropy

Driven by "philantrepreneurs",[25] philanthropy has begun to shift away from the way traditional charities work to combine both donations and investments. With extremely diverse backgrounds and profiles (from Silicon Valley experts to numerous social entrepreneurs), these committed stakeholders give their actions a business-minded approach (objectives for performance, social impact, efficiency, regional influence, employee involvement, etc.).

Philanthropic organizations are aware of this changing landscape and have adopted entrepreneurial language and methods as they seek to actively support the development of social entrepreneurship and inspire a more qualitative way to do business.

Prophil[26] encourages the transition from a contribution-driven philanthropy to an initiative-driven philanthropy. Donations have become a tool for R&D, an incubator for social innovations, and a tool to monitor a company's transformation.

The lines between private/public and for-profit/non-profit are becoming increasingly blurred. For Prophil, whether an organization is for-profit or non-profit is no longer the main concern. In an

[22] Foundations are not subject to election cycles and changes of government, and they are not under the same pressures as private investors.

[23] OECD netFWD (2014), "Venture Philanthropy in Development: Dynamics, Challenges and Lessons in the Search for Greater Impact", OECD Development Centre, Paris. https://www.oecd.org/dev/Venture%20Philanthropy%20in%20Development-BAT-24022014-indd5%2011%20mars.pdf

[24] Social start-ups are not social businesses from the social and solidarity economy or with a for-profit business model with a social impact, but rather must be not-for-profit organizations, which means they are most often set up as associations.

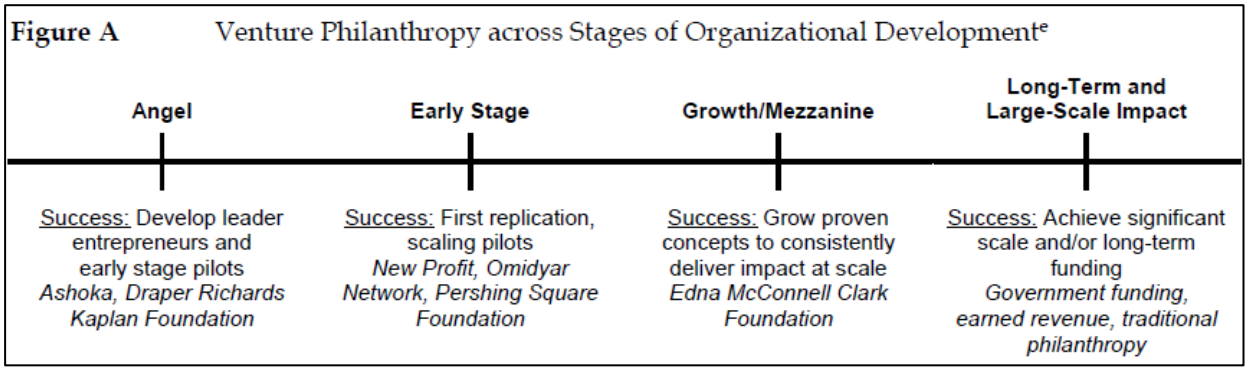
[25] "Les nouveaux philanthropes", Rebecca Benhamou, L'Express, 26 November 2014 / *La nouvelle philanthropie : (Re)invente-t-elle un capitalisme solidaire ?*, Virginie Seghers, 2009

[26] Prophil is a strategy consulting firm specialized in the convergence of philanthropic and economic models. It helps companies and entrepreneurs in France and abroad with their innovation ventures that combine donations and investments with a view to achieving a balance of economic efficiency and social impact. Prophil also assists collaborative economy projects that aim to create shared value by integrating social and environmental concerns into their organizational structures. Lastly, Prophil works with fund managers and investors to design and evaluate financial arrangements that have societal impact.

economic context where new collaborative and inclusive models are flourishing, this dichotomy is increasingly obsolete. The real issue is whether an organization is able to make a positive social impact on its stakeholders (whether economic, environmental, social or cultural, etc.).

Source: Virginie Seghers – Prophil Co-Founder; Anne-Lise Bance – Project Manager, Prophil

This new approach brings together individuals and organizations who engage in or are interested in venture philanthropy: investment funds, foundations that award grants, capital investment corporations and specialized service companies, consulting firms and business schools. It has already won over philanthropists from around the world such as the European Venture Philanthropy Association (EVPA), which was founded in 2004 and, as its name suggests, promotes venture philanthropy in Europe. The EVPA is expanding this new branch of philanthropy through research and numerous studies to meet the different financing needs of impact projects based on their stage of development.



Venture Philantrophy: Its evolution and its future, Allen Grossman, Sarah Appleby and Caitlin Reimers, Harvard Business School, May 2013.

Asian Venture Philanthropy Network (AVPN), a spin-off of EVPA based in Singapore, directs financial, human and intellectual flows towards social projects in Pacific Asia. AVPN assists impact organizations through funding, consulting and technical assistance. Today the network has more than 200 members from 28 countries working in a range of sectors such as private equity and banking, service companies, foundations, universities and governments and strives to unite different cultures around common social goals.

3) *The non-governmental financial sector*

The financial sector has also shown that it is capable of effecting change for social, economic and environmental concerns in a patient, solidarity-based way in developing countries.

SIDI is one example of an organization that has combined technical assistance and solidarity investments to build up the business activities of disadvantaged populations, first in Latin America and increasingly in Africa.

SIDI's action for solidarity investment

International Solidarity for Development and Investment, known by its French acronym SIDI, is an investment company created in 1983 by the French NGO CCFD-Terre Solidaire. SIDI mobilizes solidarity-based financial resources from French institutions and individuals through its shareholding schemes (no dividends are paid out – profits are reinvested) and socially-minded "shared" savings ("Faim et Développement" mutual fund, of which at least 25% of the interest earned is paid to CCFD/SIDI as a donation). These two savings products are certified by Finansol. SIDI uses these resources to finance and assist stakeholders involved in financial inclusion in developing countries, such as microfinance institutions (MFIs) offering financial services adapted to populations excluded from traditional banking, rural organizations working to secure and increase small-scale producers' incomes, organizations supporting community-based financing, etc.

SIDI currently has more than €18.5 million invested as stakes in loans and guarantee instruments in more than 100 partner organizations in 34 countries. For the SIDI shareholders who do not receive dividends, the purpose of their investment is measured first and foremost in terms of social and environmental impact. All profits generated by SIDI's business operations are reinvested to finance such activities as the technical support provided to the funded organizations.

In 2011, SIDI joined forces with the French Development Agency and the European Investment Bank to create the European Solidarity Financing Fund for Africa (FEFISOL). In just four years, this €27 million fund made more than 60 investments in 24 African countries. The partnership with the AFD made it possible to find an innovative solution to cover the exchange rate risk, thereby reducing the fund's risk profile to get more investors on board.

Source: Christian Schmitz – Director, SIDI

Many large private French financial groups, such as cooperative and mutual insurance companies, are highly active in this field (BNP Paribas, Crédit Agricole, AXA, Natixis, Crédit Coopératif, MACIF, etc.), as are international banks such as Deutsche Bank and Crédit Suisse. Like with microfinance development, they use classic banking and insurance tools in their social entrepreneurship endeavours.

For example, as part of its CSR policy and based on the region, BNP Paribas contributed total support to the microfinancing sector of €176 million (34% more than in 2013) in 2014, half of which went to emerging economies.[27]

In addition, the banking sector is striving to create a more sustainable, innovative model[28] by turning to social media as well as IT and communication technologies. BNP Paribas has initiated several

[27] https://invest.bnpparibas.com/documents-de-reference (p. 436 and 455)

innovation programmes (WAI, Innove+Connect) for organizations for which social business makes up at least 10% of their activity. These businesses participate in a mentoring programme with medium-sized companies to exchange their expertise through a win-win model: the start-ups can grow while the mid-sized companies can learn to be more creative.

Just as investment capital was necessary for a successful digital expansion, a more patient, less insatiable capital – but with just as much risk – is becoming available to support the emergence of social and environmental impact organizations. The ethical finance sector has long been able to balance the quest for profitability with the right choice of solidarity- or environmentally-minded companies or projects. Projects led by large groups include the Grameen Foundation Crédit Agricole and MIROVA by Natixis Asset Management. There have also been several interesting financial initiatives led by small and large stakeholders that are worth mentioning, such as the Investisseurs et Partenaires (I&P), SIDI, PhiTrust, Oikocredit (the Netherlands), responsAbility (Switzerland) and Incofin IM (Belgium), among others.

For many of these financial institutions, the action is part of a long-term strategy of continual innovation as their very essence is based on the motivation of their founders. Those that have adopted an approach based on demand have also acquired considerable knowledge and expertise over the years with regards to the regions where they work and partnerships. They have also contributed to helping local stakeholders emerge and take over financial, economic and social inclusion actions.

French-based funds are of rather modest size (several tens of millions of euros) compared to the sector's biggest international players: Swiss asset manager responsAbility manages funds worth nearly USD three billion while the Dutch Oikocredit financial cooperative, whose financial products are marketed to individuals across Europe, handles nearly a billion euros in managed assets. In France, efforts must be expanded.

In France, solidarity-based savings have proven their worth

Solidarity-based savings got its start in 1983 when the CCFD and Crédit cooperatif created the Faim et Développement fund that aimed to give entrepreneurs excluded from traditional banking in developing countries access to loans.

The concept is defined as a range of financial investments that will allow a savings account holder to invest in a project or company whose activities have a major social and environmental impact, i.e., that they actively participate in tackling concerns for the common good.

Solidarity-based savings lets savings account holders give back something while also meeting the finance needs of social and solidarity companies. Banks and solidarity financial institutions are able to reconcile the two through traditional products such as savings accounts, mutual funds (SICAV and FCP) and life insurance policies, etc. as well as through a range of other solidarity mechanisms.

[28] Appendix: Innovative Financing Mechanisms (summary available in English), http://www.developpement-durable.gouv.fr/Les-mecanismes-de-financement.html

At the end of 2014, France had more than one million solidarity savings account holders with overall holdings of EUR 6.8 billion. Solidarity financing has reached EUR 1.15 billion, and Finansol estimates that in 12 years this financial mechanism has helped:

- *create and develop 100,000 companies;*
- *create or consolidate 200,000 jobs;*
- *house 38,000 people;*
- *grant microloans to more than 20 million people in developing countries; and*
- *convert thousands of hectares into organic farmland and develop renewable energy.*

Solidarity-based employee savings schemes, through 90-10 allocation, contribute in this respect to the very original French model that is increasingly being included in employee pension schemes on a voluntary basis. However, this mechanism was only made possible through political will: in 2003 and 2010, changes to the French law on savings and pensions[29] allowed companies to offer at least one solidarity fund as part their employee pension schemes. This measure had a decisive impact on the visibility of solidarity-based savings.

Finansol – the collective of solidarity-based financing actors – supports the principle that all financial products must have a socially responsible purpose, similar to the rules implemented for employee pension schemes. While banking institutions and many mutual insurance companies have solidarity-based savings offer, not all product families have a solidarity-based option, especially when it comes to life insurance and government-regulated savings accounts.

The adoption of these financing mechanisms on an international scale would be a positive step forward.

4) The non-profit sector

Some associations are also looking to update their economic models with a view to making a bigger impact, scale-up change and/or be less dependent on grants. This is the case with GRET and its FIND development innovation fund that led to the launch of the social enterprise Nutri'zaza. Other organizations have developed similar initiatives, including Agrisud International, CARE's JITA[30] in India, Entrepreneurs du Monde and CCFD-Terre Solidaire, which created SIDI (see text box above) in 1983. These organizations take ingenious solutions used by for-profit companies and use them to tackle the most pressing global development issues and reinforce public interest and public sector. Their profile as solidarity-based entities working to solve social problems helps cover the inherent risks of any social economy activity and their contribution consolidates models exposed to risks related to the country, climate, etc.

AgriSud International: support for small family farmers

AgriSud International, which supports the creation of very small family farm businesses in the Global South (50,000 very small enterprises since 1992) with primarily public funding and seeks

[29] Known as the Fabius Law, this law created a mechanism to foster solidarity savings through employee pension schemes. It was continued in part through the later Fillon Law on pensions.

30 Formerly called the "Rural Sales Program", JITA is a distribution network of women in rural India.

to expand its social impact, is a prime example.

AgriSud explores a variety of options, including those previously mentioned: CSR, which allows for a local offer of food products for ClubMed villages, as well as philanthropy and impact investing, which could make it possible to sustain actions with a strong climate impact being carried out in Madagascar.

In its approach to change its model, AgriSud benefits from support from Ashoka, the leading global network for social entrepreneurship promotion.

Source: Yvonnick Huet – Director General of AgriSud International

The impact models can also be promoted through such policies as those for reconstruction, post-conflict and post-disaster recovery. They can create jobs and be a force for social cohesion, helping to foster local economic development and put down strong regional roots.

5) The social and solidarity economy

In France and Europe, the social and inclusive economy – which includes cooperatives, mutual insurance firms, associations and foundations – is in a period of profound change. At a time of crisis among European countries and budget cutbacks, the sector faces the question of what its role should be. Once again, the adoption of the new sustainable development agenda uproots entrenched views and presents genuine opportunities for international expansion to achieve its goals.

Crédit Coopératif

Crédit Coopératif has been working for nearly thirty years to support inclusive business outside France. It counts among its partners French and European associations and mutual insurance firms and helped to found Mali's first microfinance institution (MFI) in 1987 to support small cotton farmers.

More recently, in 2006, it created the investment company CoopEst to refinance co-operative banks and microfinance institutions in Eastern Europe and support entrepreneurship initiatives in these countries (currently around a dozen).

In September 2015, it launched CoopMed, an investment company whose aim is to provide loans to financial institutions to support civil society projects in Arab Spring countries in the Mediterranean region. Additionally, the Méditerranée Economie Sociale et Solidaire (Med ESS) initiative began in 2013 with a forum to present and develop social and solidarity economy projects in these countries.

Source: Cyrille Langendorff – Head of the International Affairs Department at Crédit Coopératif

Social and inclusive economy is also experiencing a renaissance and certain companies that are part of the social entrepreneur movement (Mouves; Groupe SOS, Vitamine T, Le Relais, etc.) are involved in France as well as working to expand operations abroad, where they naturally have socially responsible connections. Mouves' international actions are primarily represented by the French Fair Trade Platform (PFCE), which has set up several local fair trade platforms.

All this means that the social and inclusive economy sector 1) is on the cutting edge of societal innovation; 2) is buoyed by a strong regional presence; and 3) encourages the emergence of a new generation of enterprises.

France's fairly recent signing of Law no. 2014-856 of 31 July 2014 on the social and solidary economy has aided support and development of the sector by creating a legal framework, establishing aid and financing instruments and strengthening employees' capacity for action. This law is a major step forward in promoting the social and inclusive economy as it takes account of models different to those adopted by traditional social and inclusive economy stakeholders. For example, it includes companies registered as public limited (*société anonyme*) or limited liability (*société à responsabilité limitée*) companies that pursue socially responsible actions (which affects their bottom line) and meet a certain number of criteria, such as having salary caps. It shows France's interest in this subject and encourages the sector to expand abroad.

One of its key accomplishments is that it creates a more structured legal framework for economic stakeholders who want to make the principles of fair trade a part of their businesses, in developing and industrialized countries alike. The law defines fair trade not just as a commercial relationship between buyers in industrialized countries and disadvantaged producers in developing countries (Law of 2 August 2005), but now includes producers located in industrialized countries, and especially in France.

6) Fair trade

The fair trade sector is one of the most widespread and structured for inclusive businesses. Furthermore, many organizations involved in fair trade inclusive value chains are social and solidarity economy-based organizations or social businesses.

In developing countries, the two million producers who take part in fair trade participate through nearly 1,100 producer organizations (POs) across 70 countries. These POs, often set up as cooperatives, can be considered veritable social enterprises. There are many types of buyers, or companies who market fair trade products. In France, buyers are most often social SMEs, with some businesses having a social economy legal status (e.g., cooperative or association). They may also be multinationals (as is the case with retail brands) that wish to deepen their CSR actions through socially responsible supplier relations.

This economic approach is soaring (+34% growth in France between 2012 in 2014, with current growth forecasts for 2015 at +14%). Global fair trade sales reached more than EUR 6.5 billion in 2014 and generate revenues for nearly 2 million small producers and artisans around the world, or 10 million total beneficiaries if their families are included.

Ethiquable: A fair trade worker cooperative sets an example as a social enterprise

The company Ethiquable, located in Fleurance in southwestern France, imports and markets fair trade food products. When it was founded in 2003, it chose to make social and environmental innovation central to its business. Its commitment to fair trade, organic farming and the cooperative movement has made it a pioneer in production, marketing and consumption practices. Its turnover has steadily risen from EUR 2 million in 2003 to EUR 14.5 million in 2015.

Figures from 2015 show that Ethiquable markets 120 products from 40 small farmer cooperatives in 22 countries in Latin America, Africa and Asia. Locally, the company supports producers in their growth and self-financing ventures: its work has a direct impact on 35,000 producers in these countries. Since 2011, it has also established commercial relations with ten French producers' organizations based on local fair trade principles.

Set up as a workers cooperative, Ethiquable has 44 members among its 61 employees. It is an active member of the French Fair Trade Platform (PFCE) and contributes to the social entrepreneur movement Mouves.

With a view to diversifying its portfolio and bolstering its reputation among consumers "looking to buy with purpose", the company has worked over the past several years to develop innovative financing mechanisms such as crowdfunding and employee pension schemes.[31] By joining forces with Blue Bees, SIDI, WiSEED and the Crédit Coopératif through 90-10 funds, Ethiquable is also meeting growing saver demand for socially responsible investments.

Source: Julie Stoll – Delegate General of the French Fair Trade Platform

C. Social innovation sparks the interest of many countries

1) Social and solidarity economy laws passed in numerous countries

Over the past decade, numerous countries have sought to codify and create a framework for the development of new social and environmental impact models. As a result, entrepreneurial innovations have begun to spread.[32]

The map below, published by Uniopss in 2013, or the map created by the European Commission in December 2014,[33] show the countries that have instituted specific legal forms or statutes for social enterprises.

[31] *Prefinancing mechanisms for fair trade: Factsheets for companies and producers organizations*, PFCE and CERISE (2015), French Fair Trade Platform, May 2015.
[32] https://webgate.ec.europa.eu/emplcms/social/BlobServlet?docId=12988&langId=en
[33] See appendix

However, each country has its own definitions of the concept, and the language used reflects these differences and the various models. It is challenging to settle on common definitions in social and inclusive economy laws and concepts due to differences in cultures; legal frameworks; the roles of government, civil society and business; and the existing culture of co-operatives and associations. The maturity of the sector also varies widely between countries and continents. Variations in how firmly rooted the concept is locally – often a factor of development for this sector – accentuates the disparities. The emergence of civil society committed to the development of their countries has led to the official recognition of the social and inclusive economy. The frameworks for cooperation related to the strategic objectives of most developing countries incorporate the expectations of local or regional social and inclusive economy.

The importance of a multiple partnership approach: Cameroon sets an example to follow. By Développement Sans Frontières (DSF), a Groupe SOS development NGO

A devolution process is currently underway in Cameroon, and as a result responsibilities are increasingly being passed on to municipalities – but without a corresponding increase in financial resources. Social and inclusive economy and social business approaches present innovative and sustainable solutions to this problem, as long as all stakeholders are included in the transition. DSF's project in Cameroon aims to increase awareness of social and inclusive economy at city hall level and assist mayors and their teams to create partnerships between social and inclusive economy projects leaders, town halls and local residents to offer high-quality and sustainable public services. Financed by the International Association of Francophone Mayors (AIMF), this project is based on a partnership between the AIMF, Cameroon mayors, DSF and three local associations.

Marie-Anne de Villepin: Développement Sans Frontières (DSF)

Drafting proposals for standards, especially with regards to how social and inclusive economy organizations' activities can be accommodated by existing laws, as well as creating new laws that respond to emerging needs and support innovation, will help meet these expectations.

2) *The arrival of new financial mechanisms*

In many countries that have cooperation policies in place, donors and financial stakeholders, companies and philanthropic organizations have found ways to modify their mechanisms to get involved in impact projects. However, to increase total funds, namely for development, new financial mechanisms have appeared that break away from traditional types of funding.

Innovative financing and social impact investing: a financing mechanism with impact in developing and partner countries

a. *Work by the social impact investing consultative committee of the French National Advisory Board on Development Impact Investing:*

The French National Advisory Board on Development Impact Investing's social impact investing consultative committee has suggested the following definition: "Social impact investing for development is investment made by companies, organizations or financial intermediaries with the explicit, primary goal of creating positive impact for society (social and/or environmental), which is especially reflected in the assessment of the social impact of the investments made. Investments are made in developing countries and aim for a return rates that may range from no return to near-market level rates (adjusted for risk)."[34]

Social impact investing is a major source of financing for social enterprises and must be further expanded. In the 2015 Global Impact Investing Network (GIIN) report, published by J.P.Morgan[35]*, social impact investments managed by respondents totalled USD 46 billion.*

b. *The AFD's invest and support fund for businesses in Africa (FISEA):*

The invest and support fund for businesses in Africa (FISEA) is a social impact investment fund held by the AFD. It was created in 2008 by the Initiative du Cap and has EUR 250 million in capital to invest in sectors that are generally overlooked by the market in Africa due to a poor profitability-to-risk rating. Today, it is working to deepen its social impact investing approach by developing its impact assessment policy. After having already invested EUR 15 million in social innovations (in inclusive businesses, including fair trade companies), it has currently set aside EUR 30 million for inclusive businesses and social enterprises as part of the AFD's ES/SB initiative. Through this initiative, various risk sharing tools have been created to stimulate impact investment, such as guarantees, etc.

c. *The AFD and Crédit Coopératif partnership for impact investing:*

[34] Nadia Voisin (MAEDI), Jean-Michel Severino, report by the social impact investing subcommittee of the French National Advisory Board on Development Impact Investing chaired by Hugues Sibille. Definition translated from the full report in French: File III, p. 92-118, *Comment et pourquoi favoriser des investissements à impact social ? Innover Financièrement pour innover socialement*. Abridged English version: *The hows and whys of social impact investing. Financial innovation driving social innovation*. (2014).

[35] https://www.jpmorganchase.com/corporate/socialfinance/document/140502_Spotlight_on_the_Market.pdf

Through its recent partnership with the AFD[36], Crédit Coopératif is fully committed to backing the expansion of impact investing in the countries where the agency works. The two organizations are planning to launch two pilot projects via new financial mechanisms:

- *Social Impact Bonds (SIB) in Polynesia*
- *Development Impact Bonds (DIB) in Africa for the education sector and to connect development stakeholders*

These financial instruments are governed by a contractual arrangement between a public entity, a national or local government authority, investors and service providers through which public funds are allocated based on performance achievements in the social sector. Performance targets are set ahead of time for a given location or for a well-targeted population and must be assessed by an independent third party. This type of approach implies the use of new financing models through arrangements that offer flexibility and innovation for project implementation.

d. Other innovative financing instruments:

Taxing financial transactions, especially financial derivative transactions, is a powerful tool for generating resources for sustainable development. Often imposed on the finance sector, in some cases it is also integrated into a model by the financial industry itself. This is the case with Crédit Coopératif, which applies a voluntary contribution on exchange transactions and which is then given back to development actions. This initiative is part of a solidarity-based and socially responsible approach that makes the financial sector a backer of the real economy.

Other innovative financial mechanisms such as crowdfunding platforms raise money from the public (in the form of donations or loans) to be invested in sustainable development projects. These platforms are often themselves social and solidarity-based enterprises. Their objective is twofold: (1) to create a profitable company looking to make a social impact, and (2) to raise additional capital to finance sustainable development goals.

In the area of social and inclusive economy, other experiments such as complementary or local currencies are particularly interesting developments that should be monitored.

3) Enthusiastic acceptance by civil society

These new models are driven by members of civil society who are "looking for purpose"[37] and want to create growth that moves "beyond GDP indicators". This desire is echoed in France's recent adoption of the so-called "SAS Law" of 13 April 2015 that seeks to incorporate new indicators of wealth into public policies, such as those that measure inequality, quality of life and sustainable development.[38] This dynamic is reflected through:

- Skills-based sponsorship: numerous French companies carry out skills-based volunteering or sponsorships. For example, BNP Paribas supports two internal skills-based volunteering

[36] http://www.afd.fr/home/presse-afd/communiques?actuCtnId=133070

[37] Reference to the French documentary film by Nathanaël Coste and Marc de la Ménardière, *En quête de sens*, released in January 2015

[38] http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000030478182&categorieLien=id

associations, Bénévolat de Compétences et Solidarité (BCS) and BénévoLab[39] (formerly Microfinance Sans Frontières) while Suez mobilizes its employees with the Future of Waste programme, developed in partnership with the social enterprise MakeSense to find alternative solutions to reducing, reusing and recycling waste.

- Increased assets managed through employee pension schemes
- Strong use of social media to raise funding
- Assistance for impact project stakeholders
- Responsible and sustainable consumption choices

To achieve these goals, new models have been created such as the following: 1) Stagiaires Sans Frontières, which offers internships where an intern's time is split between a company and an association; 2) Pro Bono Lab, which puts employees, students and job seekers to work helping social organizations; 3) MakeSense, which promotes and supports social entrepreneurs around the world through civil society mobilization; 4) Bond'innov, a business incubator that fosters innovations for social and environmental impact to aid development in developing countries; and 5) Le Comptoir de l'Innovation, which promotes social entrepreneurship development around the world through its network of incubators, investment funds and "Impact2" events.

MakeSense, an innovative community platform for social enterprises

MakeSense gives all citizens and stakeholders an opportunity to be involved in developing positive solutions for the social and environmental challenges facing their regions.
In just four years, the platform has been able to galvanize 20,000 citizens in 100 cities in 45 countries to help more than 1,100 social entrepreneurs accomplish their goals and make a stronger impact.

MakeSense's action is based on three overarching objectives:

- ***Continually identify*** *entrepreneurial ventures that address pressing social and environmental challenges on a local level*
- ***Mobilize civil society*** *alongside these entrepreneurs to help them grow and increase their impact through an online platform and in real life*
- ***Speed up and implement concrete collaborations*** *between these entrepreneurs and private/public sector actors who are working to achieve the same social and environmental goals to facilitate scaling of identified solutions*

Source: Alizée Lozac'hmeur – SenseCube Co-Founder and MakeSense Associate

More and more stakeholders, for-profit sector professionals and civil society members are integrating the social aspect into their mindsets, assimilating additional demands into their approaches or moving away from sector compartmentalization. For example, with regards to innovation, industrial property strategies (patents and financialization of knowledge) sometimes give way to open innovation. These kinds of paradigm shifts occur as part of changing economic strategies or social mindsets and result in wide inclusion.

[39] BénévoLab is specialized in microfinance and emerging economies, with 109 active volunteers who, as of 2014, had completed 66 assignments in 27 countries.

Bond'innov and research for social innovation

Many French entrepreneurs who hail from or have other links to developing countries' diasporas aim to build positive relationships between their new adoptive countries and their home countries: they want to "give students easier and faster access to books", "participate in diasporas' productive investments in their home countries", or "improve energy access for all".

It is this energy and sense of entrepreneurship that the business incubator Bond'innov fosters by providing tailored assistance to selected entrepreneurs taking on innovative projects with social, environmental and economic impacts in developing countries.

Bond'innov is also making specialized public research more accessible to developing countries through the French Research Institute for Development (IRD) to consolidate innovative approaches and offer a soft landing programme for entrepreneurs in the countries where IRD works.

Source: Ninon Duval Farré – Director of Bond'innov

In emerging economies, many project leaders are seeking to provide real solutions to water, sanitation, public health, education and local democracy problems. A lack of regulatory frameworks and incentive-based public policies has not stifled their creativity. Le Relais, Nafa Naana, PhileoL, Naandi Foundation, Palmis, Guanomad and Grameen Crédit Agricole Microcredit Foundation are just a few of the numerous initiatives that exist. These social enterprises are proof that project leaders can make a difference in their communities through sustainable approaches with a strong social and environmental impact. This proliferation knows no borders; organizations may collaborate together or be competitors. For example, the Mali Solidarity Bank (BMS) has moved ahead of major international financial donors to become the primary contributor of economic and social added value in Mali, thanks in no small part to its proximity to local organizations. Civil society actors have become the main vectors of socioeconomic inclusion in these same countries.

Le Comptoir de l'Innovation supports social entrepreneurship development in France and around the world

Le Comptoir de l'Innovation was created in 2011 with the support of Nicolas Hazard, vice president of the Groupe SOS, one of France's main social enterprises. To foster social entrepreneurship development, Le Comptoir de l'Innovation creates incubators across the globe for innovative businesses with strong social impact. Outside France, where Le Comptoir de l'Innovation manages four incubation programmes, one incubator for social impact enterprises was created in Tunisia in 2013 in partnership with Développement Sans Frontières and a second, Espace Bidaya, was launched in Morocco in 2014. The Tarmac SF accelerator programme was created to assist social entrepreneurs in San Francisco.

New incubators are set to launch in 2016 in Hong Kong, Belgium, the Netherlands and Luxembourg. The creation of an international network dedicated to supporting innovative entrepreneurs seeking to make a strong social impact is well underway.

Le Comptoir de l'Innovation is also behind the creation of a work integration social enterprise (WISE) in the hospitality sector in San Francisco – the Rendez-Vous Café – and other social enterprises in California.

Source: Jean Michel Lécuyer, CEO of Le Comptoir de l'Innovation

Local government authorities in industrialized countries, who are already very involved in supporting the social and inclusive economy and social entrepreneurship, have shown considerable interest in disseminating viable solutions and replicating these models in developing countries. Their aim is to support the inclusive economy through devolved cooperation. At a regional level and with assistance from regional foundations, they are creating business clusters on these themes. This cooperation model should be promoted to stimulate local innovation and anchoring of these models.

Picardy-Benin: an example of devolved cooperation by a social enterprise

The Picardy region in northern France has supported an innovative social entrepreneurship programme since 2009 in Benin in the Collines and Borgou provinces.

This initiative is led by a social enterprise in Picardy, Solidarités Entreprises Nord-Sud, known by its acronym SENS, with the legal status of a multi-stakeholder cooperative (SCIC). SENS acts as a social business angel, financing and assisting entrepreneurs who want to take on solidarity projects that benefit their local area, whether in Benin or Picardy. These entrepreneurs are making an impact in their regions while following certain social, environmental and regional principles as decided among SENS' private investors and competent local authorities. These enterprises receive support to:

- *Improve long-term means of subsistence of vulnerable populations, especially in rural areas*
- *Promote fair and viable local value chains between target populations and local markets*
- *Preserve and improve the environment through technical and logistical choices*
- *Gain recognition for social entrepreneurship from development stakeholders*

The most impactful and inclusive initiatives concern the following sectors: rural/urban food access, rural energy access, and ecoconstruction using local materials.

This type of cooperation involves several categories of private and public sector stakeholders: 1) economic actors (social businesses, both in Picardy and Benin, and small producers who are social business partners and need to develop their activities and incomes through stable access to markets); 2) French and Beninese solidarity investors (who provide both financial and skills-based support to the social enterprises); 3) local authorities (municipalities and intermunicipality structures in Benin); 4) technical and financial partners (Picardy regional council, Swiss Agency for Development and Cooperation); and finally 5) research and higher education institutes in Benin and Europe (Université de Technologie de Compiègne, Institut Agricole Lasalle Beauvais, etc.).

As of 2015, 40 social businesses were being supported in Benin. These companies have created 200 direct jobs and generated stable incomes for more than 1,000 associated small producers.

Source: Michel Pernot du Breuil – Director of SENS

To accommodate this enthusiasm from civil society, universities have created laboratories and business incubators that have proven to be extremely creative. The media help spread the word about these projects and their leaders to an international audience. Additionally, major networks offer basic support for these initiatives, such as the excellent work by the Ashoka network, or in a different area, the Schwab Foundation for Social Entrepreneurship.

The Ashoka network

Thirty years ago, Bill Drayton, former manager and consultant at the McKinsey & Company, founded the social entrepreneurship network Ashoka to help entrepreneurs act quickly and effectively solve social problems. The organization is now the largest network of its kind in the world and has helped more than 3,000 social entrepreneurs in 80 different countries become vectors of social change.

In conclusion for this first chapter, creating a narrow, strict definition for the social and inclusive economy sector is quite difficult. A flexible, pragmatic approach must be applied with the entire international environment in mind. French expertise, stakeholders and available mechanisms for the inclusive economy on an international scale must find clever ways to adapt to local needs while respecting the principles outlined at the start of this strategic document. This French strategy does not aim to oversimplify a sector that is unquestionably very complex. The goal is to foster its international development, support initiatives and promote scaling up of relevant experiences, as well as to bolster the most successful stakeholders and projects and further innovations that will effect social and environmental change beyond France's borders.

With the new 2030 Agenda for Sustainable Development – which seals the link between economic, social and environmental development – this sector has more promising solutions than ever to bring about a "zero carbon, zero poverty" world.

These new models form the core of solutions needed to solve the world's sustainable development challenges.

II. Advocating for a social and inclusive economy in public development policies

To support the social and inclusive economy, solutions are emerging within companies and organizations and must be backed in keeping with the "Addis Ababa Action Agenda".[40] The aim is not for States to disengage from cooperation policies or to pass on the responsibility for public interest and international needs to the private sector. Rather, the goal is for States to modify their role and recognize the complementary aspect of these initiatives which, coupled with public policies, will make it possible to overcome market- and solidarity-based discrepancies. Moreover, States are in a position to provide guarantees, safeguards and suitable regulations. Their action is essential, especially as regards developing countries for which public action on development policies must be continued. The new social and inclusive economy is also a sector with its own unique dynamic which needs structure.

A. The evolution of cooperation policy frameworks

1) *France recently began reconsidering its traditional models for international action*

For the past several years, French ministers in charge of development aid and financing (Ministry of Foreign Affairs and International Development, Ministry of Finance and Public Accounts and the Ministry for Overseas France) have adopted various measures to bring their policy in line with a more partnership-based approach, and especially with inclusive economy stakeholders.

In 2012, then-minister for development, Pascal Canfin, created a special conference on development (*Les Assises du dévelopment*) with a view to revising French development aid policy frameworks with input from a large number of civil society stakeholders. A workshop implemented by the Ministry on social business, inclusive business, fair trade and CSR led the way to a better awareness of these models in development aid. These efforts highlighted the absence of a suitable entity at the AFD to handle the needs of hybrid models (which do not meet the criteria for mechanisms designed for NGOs, nor the criteria for those designed for businesses). Following the discussions, it was suggested that a social business facility managed by the AFD be created. Additionally, the national action plan for fair trade, studies and reports were commissioned to identify new international dynamics and take a fresh look at the pre-existing models.

Numerous stakeholders, researchers, entrepreneurs, financial backers and NGOs were asked to be involved in this collective project to pinpoint new development models.

Of the latest studies carried out, three are of particular interest:

- **A partnership for the future: 15 proposals for building a new economic relationship between Africa and France:** Hubert Védrine, Lionel Zinsou, Tidjane Thiam, Jean-Michel

[40] The Addis Ababa Action Agenda aims to provide a global framework for comprehensively mobilizing all financing sources of the new United Nations post-2015 sustainable development agenda. It was adopted during the UN's Third International Conference on Financing for Development, held in Addis Ababa, Ethiopia, from 13 to 16 July 2015.

Severino and Hakim El Karoui drafted a report on partnership possibilities between France and the African continent, commissioned by Pierre Moscovici, Minister for the Economy and Finance. Its proposals underline the importance of strengthening social and solidarity models in Africa and the need to support corporate commitment to CSR/OSR policies.

- **Innovating by mobilizing stakeholders: 10 proposals for a new approach to development assistance:** In June 2014, Emmanuel Faber, CEO of Danone, submitted the report he co-authored with Jay Naidoo to Annick Girardin, then Minister of State for Development and Francophonie. Given the imperative need to promote quality, inclusive and low-carbon growth, the report suggests re-directing a portion of development aid to assisting hybrid models. Such models would be led locally by stakeholder coalitions who strive to produce "differently" by balancing long-term financial targets with a positive contribution to regional sustainable development. The proposals outlined in the report are based on the concept of stakeholder coalitions, which offer a way for each partner to share their skills and experiences to build new economic models that are more inclusive and sustainable.
- **The hows and whys of social impact investing: financial innovation driving social innovation:** A social impact investing taskforce was launched in 2013 by UK Prime Minister David Cameron during the UK's presidency of the G8 to stimulate this sector. In this context, MAEDI held a work session of this taskforce at its offices at the Quai d'Orsay in April 2014 on social impact investing in developing countries. The goal of this international event was to show how important France considers this subject to be as it aims to improve access to financing for high-impact companies in developing countries. Backed by MAEDI, a public/private group of French stakeholders for "social impact investing for development" (co-presided by J.M. Severino and MAEDI) was formed and drafted a report to provide an additional perspective during the Paris taskforce session. The report details a consensual definition of social impact investing for development, the targets of these investments (i.e., the types of organizations that should receive social impact investments), the main hurdles to developing the sector in France and proposals to foster the sector's development. These efforts gave France an opportunity to lead the debates on this topic among the G8 countries.

The French government commissioned these three reports due to a desire to move away from traditional approaches. They are based on the observation that these models, whether created to meet development needs or to promote growth, must be reconsidered or expanded upon to address sustainable development needs. They highlight the significant need for innovation and stakeholder coalitions.

Lastly, these reports illustrate a certain paradigm shift, which should be strongly leveraged to achieve the greatest benefit.

2) *The first law outlining a framework for development policies was adopted on 7 July 2014*

The first French law outlining a framework for development policies was adopted on 7 July 2014:

- French law No. 2014-773, which outlines the guidelines and programming for its international development and solidarity policy, marks a new step in the process to renew French policies in this area. This law is the result of long participatory and inclusive process

that began during the previously mentioned *Assises*. Its primary objective is to promote sustainable development. Eradicating poverty and ensuring a decent standard of living for all over the medium and long terms are not possible without a transition towards more sustainable development, consumption and production models; stronger overall governance; and the respect of rights.

The law mentions the contributions from different development stakeholders in partner countries, and in particular stakeholders involved in the social and solidarity economy and impact investing. The text also includes new private sector stakeholders who are striving to better take into account sustainable development concerns. The need for involvement from all partners – whether public, civil society or private – to the fair and sustainable development agenda is largely recognized.

This law echoes France's social and solidarity economy law, adopted the same year, and by expanding the definition of the social and inclusive economy, integrates a much wider variety of stakeholders looking to make a positive social and/or environment impact through their activities. Although it enables social and inclusive economy models to expand on an international scale, it is not directly linked to the implementation of development aid policies.

These two laws on development policies and the social and inclusive economy reveal the need for a framework, or path, to promote and incorporate social and inclusive economy-based models within development policies. This is one of the reasons for the present strategy document.

B. From social entrepreneurship to the social and inclusive economy: France's role

1) *Public authorities have a new role to play*

It is well recognized that the social economy, inclusive economy and other sustainable development models are leading the way in terms of finding innovative solutions to the world's development and social problems. They provide impetus behind new projects by combining social impact and long-term development. However, such ambitions alone will not suffice to make sector to grow on its own. A framework along with management and promotional tools are required to provide structure and create constructive, long-term growth.

The Convergences association and Ernst & Young consulting firm carried out a survey in 2015 of around a dozen French corporations involved in impact projects to determine what drove and slowed their actions. The key factors for success appear to be linked to a strong regional presence and quality partnerships. However, the survey also showed that without considerable engagement from top management and associations or support from public authorities, the projects had great difficulty gaining momentum. A number of obstacles encountered on the ground were also identified, including: 1) insufficient awareness among the project's stakeholders, 2) difficulties in measuring the social impact; and 3) a lack of data. These projects need support and capacity building to meet demand and encourage successful innovations.

To ensure development aid, States with cooperation policies must not see themselves as isolated in their efforts. All stakeholders, civil society, NGOs, philanthropic organizations, social enterprises,

businesses and more are fully committed and aid policies should be crafted and carried out collectively. The aim is to implement policies as a coalition. Local government authorities are a driving force as they enable more devolved cooperation to take place. Their knowledge of local stakeholders make them essential players in promoting coalitions of stakeholders working in the field of development.

Both industrialized and developing countries alike can strive to participate fully in development actions and conserving a regulatory framework, encourage cooperation and exchange, promote improved dialogue, foster the creation of tools and provide the means to structure favourable environments. They will provide the political leadership for the sector in its sustainable development priorities through national, European and global programmes.

Research in this area is key to achieving these goals and must be encouraged. Development research is already being carried out by various specialized organizations including CIRAD, GRET or the IRD. Research on topics such as the need for metrics, accountability, scaling up or stakeholder coalitions is important to assist the development of these new models. Promoting an inclusive economy in public development policies is the next natural step. Given the widespread poverty in the world, only a collective drive by public authorities in both industrialized and developing countries is likely to provide effective solutions. Policies that favour the emergence of more inclusive models is essential to be able to scale up the initiatives being led by social entrepreneurs and supported by financial backers.

2) *France has expertise that can be exported around the world*

There is an emerging and highly competitive diplomacy for the inclusive economy, for which France enjoys a number of strengths. There are opportunities to help French stakeholders enter these large markets via a wide range of involvement (social and inclusive economy, social entrepreneurship, cooperative agreements, philanthropy, etc.) while spreading a French vision of such efforts through effective international partnerships.

First, the trial-by-error method implemented by Emmanuel Faber at Danone paved the way towards new inclusive economy models and has been adopted by other French companies. The publication of the Convergences 2014 survey[41] of 14 French groups listed on the CAC 40 is proof: the companies are developing a wide variety of social business approaches, and half of them prefer to use the term "inclusive business" to show how they bring local communities into their business models as suppliers, distributors and stakeholders.

From an associative viewpoint, the Mouves' actions reflects the energy of a sector being exported to countries – including in Europe – where it is underdeveloped and not well organized.

Outside its borders, France must be able to showcase its main stakeholders and spread awareness about them through a better-developed branding system. Within France, it must see the value of its philanthropies and international foundations, and be considered by them as a welcoming place for

[41] Convergences 2014 survey of CAC 40 companies and social business

their operations. France already has tools (financing platforms, training, research, forums[42]) that must be further utilized to improve its attractiveness.

3) France must improve its attractiveness for these themes

The French vision, in keeping with the inclusive economy, stems from a legitimate effort on the part of the State to promote this sector. As such, France must also be able to harness this energy to strengthen its international position. Its close partners (the United States and Germany in particular) are well versed in using these vectors of influence to be heard. The natural result is a virtuous circle.

Campus of Leaders for Tomorrow's Africa, or LeAD Campus

The LeAD Campus project, co-financed by the AFD, is one of the components of AfricaFrance, the French-African Foundation for Growth.[43] It was created during the Sommet de l'Elysée in December 2013.

The LeAD Campus project, which was structured by Danone, brings leadership training courses to African universities for future managers of private companies, public organizations and associations.

Led by a coalition of academic stakeholders in Africa and France, the project benefits from practices and learning material from the AFD's corporate university, the Center for Financial, Economic and Banking Studies (CEFEB), and support from numerous African and French businesses.

The AFD's ES/SB initiative cannot be viewed as solely a support mechanism for social impact and development projects that supply marginalized populations with basic goods and services in the fields of healthcare, education, electricity access, financial services and drinking water. It also contributes to the promotion of public policies and highlights the need to create the necessary facilities and regulatory and institutional frameworks.

France must put its expertise in this area to good use and spread its knowledge abroad.

C. The social and inclusive economy: crucial to the 2030 Agenda for Sustainable Development

Responsibility for meeting the development challenges as outlined in the new 2030 Agenda for Sustainable Development does not lie with developing countries alone but the entire world. The Addis Ababa Action Agenda assigns private stakeholders a major role in successfully achieving the SDGs.

[42] Convergences World Forum; LH Positive Economy Forum; World Forum for a Responsible Economy

[43] This foundation came about from proposal no. 15 in the report by Védrine *A partnership for the future: 15 proposals for building a new economic relationship between Africa and France* and recommendation no. 27 in the Faber/Naidoo report, *Innovating by mobilizing stakeholders: 10 proposals for a new approach to development assistance*.

Public development aid remains a critical component of economic, social and environmental development in developing countries, especially the most fragile among them. But it also provides an opportunity to maintain a French development policy that reflects the priorities and targets set out in the July 2014 law. We now must rethink development financing by taking into account an expanded vision of the concept, because it must resolve economic, social and environmental problems in a sustainable and balanced way.

1) Shifting the paradigm

The paradigm shift that has occurred with the adoption of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Plan shows how important it is to get all stakeholders – public and private – working towards achieving the SDGs.

Research carried out by the OECD Development Assistance Committee (OECD-DAC) to establish a new indicator, total official support for sustainable development (TOSSD), aligned with the new vision of development financing should make it possible for public efforts – and, where possible, flows from the private sector – to make a stronger impact.

States' and businesses' contributions to development financing must be part of an approach that seeks out complementary actions. While public resources are indispensable to reach certain key objectives, they may also have a leveraging effect and lead to ever greater resources being channelled from the private sector. Creating more initiatives and making it easier to combine public and private financing can help accomplish this and should therefore be encouraged. Similarly, relying on coalitions of stakeholders on the ground when implementing development projects is another practice that should be promoted.

Several enabling levers exist abroad or in France to foster this kind of complementarity.

The OECD Development Centre is one international organization that encourages dialogue and cooperation between private sector stakeholders and the development community, especially through the creation of networks such as the Global Network of Foundations Working for Development, or netFWD. This network's main purpose is to foster dialogue and collaboration between the philanthropic sector and governments based on shared goals with a view to increasing the effectiveness of this sector's contributions to development.

The OECD's Global Network of Foundations Working for Development[44]

The Global Network of Foundations Working for Development (netFWD) brings together foundations committed to optimizing the impact of philanthropy for development through sharing experiences and lessons learned, taking action to influence public policies and forming innovative partnerships.

The OECD's Development Centre officially launched the netFWD network in October 2012, and by doing so recognized the increasingly important role that foundations play in development assistance and the innovative practices emerging from the philanthropic sector. The network is

[44] www.oecd.org/site/netfwd/

the OECD's response to a growing demand for a platform for cooperation and information exchange.

Because netFWD is hosted by an international organization, it is in a position to widely disseminate key messages from foundations to public policymakers and make the OECD's expertise available to its members.

netFWD made a significant contribution to the Addis Ababa Conference in July 2015 (on financing for development) and the UN General Assembly held in New York in September 2015 (where the SDGs were adopted) by organizing events alongside these conferences to advocate for increased cooperation between the public and private sectors.

On a national scale, the French government supports companies' increased willingness to make their activities more socially and environmentally responsible. By shoring up social and environmental responsibility (SER) principles and backing new initiatives, the State can assist companies working in sustainable development, especially through social innovation, by lending its support to such actions as social impact investing or inclusive entrepreneurship. France's law of 7 July 2014 on international development has enabled a significant step forward in this regard by promoting SER criteria to public and private actors through the allocation and implementation of aid. With the adoption of the 2030 Agenda for Sustainable Development, SDG No.12 ("Ensure sustainable consumption and production patterns") calls for transforming economic models, promotes the circular economy and encourages businesses to integrate relevant sustainable development information into their annual reports.[45]

Scaling social innovations

To boost their social impact, inclusive economy stakeholders can roll out innovative strategies for scaling up:

- *Individual strategies such as social franchising and putting their methodologies and tools on open source platforms*
- *Joint strategies with coalitions of stakeholders to share the essential, complementary expertise needed to scale up.*

Despite the many social and environmental innovations that have emerged, very few of them become general practice outside the area where they are developed. Analyses of the major challenges in scaling up indicate that the main obstacles are related to internal leadership, access to financing, identifying partners, strategic planning and a lack of professional assistance.

Source: Isabelle Hoyaux – Founder of ScaleChanger[46]

[45] http://www.diplomatie.gouv.fr/en/french-foreign-policy/development-assistance/the-international-development-agenda/article/sdg-12-responsible-consumption-and-production

[46] To respond to these challenges, ScaleChanger assists stakeholders in mapping out and implementing their scaling strategy and helps connect them to partners.

Scaling remains a major challenge for the sector. Mobilizing all stakeholders, especially in research, to address this issue is key.

The French Development Agency is striving to promote socially and ecologically responsible activities in the private sector, especially since adhering to the UN Global Compact in 2004.[47] In 2015, the AFD was able to adapt the instruments at its disposal to support a wide spectrum of social business ventures. They have been divided into categories and deal with the Agenda's most pressing issues: healthcare, housing, family farming, education, basic personal services, environment, energy, natural resource management, inclusion and inequality. The Agency also offers diverse means and processes to accomplish the Agenda's goals: coalitions, participative dialogue, networks, and social and technical innovations.

The French Development Agency's Organization Social Responsibility OSR approach

The AFD considers OSR an essential factor in the development and implementation of the projects it finances.

The AFD Group/PROPARCO is involved in this area through its membership in the UN Global Compact, which it joined in 2004. It adheres to many rules, best practices and directives produced by international organizations: the International Labour Office's (ILO) international conventions on human rights and labour standards; the UN Convention on the Elimination of All Forms of Discrimination against Women; the UN Universal Declaration of Human Rights; the OECD guidelines; the World Bank Safeguard Policies; the International Finance Corporation (IFC) eligibility criteria (applied namely by PROPARCO); and international sector-based best practices, which are published by major professional associations.

The group adopted an OSR action plan for 2014–2016. Its private sector financing arm (PROPARCO) also has a specific mechanism for social and environmental risk analyses. PROPARCO's publication Private Sector & Development[48] recently featured an issue dedicated to CSR practices.

2) New public policies must count on stakeholder coalitions to move forward

The Faber/Naidoo report underlines the importance of stakeholder coalitions in changing how policies are applied and improving the effectiveness of development actions by aligning interests, skills and means. These coalitions imply the involvement of public authorities in new collaborative relationships. The way these relationships are built are often a major factor in the success or failure of an initiative with multiple stakeholders.

The coalitions turn traditional models on their heads as the various stakeholders seek to innovate and learn from each other by exchanging expertise and skills. For example, new private sector

[47] Launched in 2000 by Kofi Annan, then United Nations Secretary-General, the United Nations Global Compact aims to bring companies, UN organizations, the labour market and civil society in alignment over ten universal principles that fall into four main categories: human rights, labour, environment and anti-corruption. The UN Global Compact is the largest initiative in the world for sustainable development and brings together more than 13,000 organizations across 160 countries.

[48] http://www.PROPARCO.fr/webdav/site/PROPARCO/shared/PORTAILS/Secteur_prive_developpement/PDF/SPD21/Revue_PSD_21_UK.pdf

stakeholders provide flexibility and a capacity for scaling, innovating and taking on new ventures and risks.

The local organizations, civil society members and public financial backers with which these private stakeholders may be associated strengthen their regional ties, help them to better take into account the intrinsic value of public goods and provide encouragement to invest in social and/or environmental projects.

Local authorities have a fundamental role to play in putting these stakeholder coalitions into place. Devolved solidarity is continually developing and local stakeholders, whether public or private, must be involved to meet development needs.

The coalitions of stakeholders are driven by the spirit of the Global Partnership for Sustainable Development. Their involvement spans all levels of development, with global, regional, national and local initiatives, and covers all sectors and means.

The international community needs all stakeholders (civil society, companies and private sector organizations, public entities, local authorities, research organizations) to participate in the new Global Partnership to achieve the full range of SDGs (social, economic and environmental). These stakeholders should make the most of their diversity and resources to establish joint ventures.

Co-creation, as defined by Faber and Naidoo,[49] is naturally a mode of action that showcases these project promoters to ensure the long-term viability of sustainable social initiatives. In practice, the principle of co-creation must not be viewed as a donor relationship that would relegate an NGO's role to simply being a service provider. On the contrary, NGOs should be fully involved in organizing and implementing development projects.

JITA: a coalition example

In 2004, CARE began the Rural Sales Program (RSP) to improve the living conditions of vulnerable women in rural Bangladesh. The project was created to train women in door-to-door sales and create a distribution network based on a basket of goods with social added value.

To facilitate scaling of this initiative, several stakeholders, including Danone, the University of Oxford, BATA and several others worked on the sales network model to transform the programme into a social enterprise: JITA Social Business Bangladesh Ltd.

This coalition of stakeholders supported JITA by providing technical assistance to formalize the business model and financial plan, by building awareness and fostering dialogue about this novel economic model, by considering how to measure the project's impact and by the sale of products.

The organization's financing structure was set up as a joint venture, with Danone Communities

[49] "Co-creation is based on the idea that it is not about juxtaposing diverse contributions but combining them to invent original activities and approaches to action. This co-creation process is based on a climate of trust and goodwill between stakeholders and requires special attention to methods for listening, dialogue and exchange." English version of the Faber/Naidoo report, p.136.

holding 33% and CARE Entreprises Inc. holding 67% (NB: as a subsidiary of CARE USA, CARE France did not (yet) have a legal mechanism to create this type of company).

In 2011, JITA Bangladesh became a private company that aims to empower vulnerable women in rural areas (known as Aparajitas *in the local language) through a network of microbusinesses by creating opportunities to earn an income and improving access to market for disadvantaged populations in Bangladesh.*

The company's social impact is threefold:

- *Empower the most vulnerable women in rural communities by developing income generating activities*
- *Help improve community members' health, hygiene and access to energy by giving disadvantaged populations market access (examples of products sold: soap, razors, fortified yogurt, vegetable seeds, solar lamps, etc.)*
- *Raise awareness about social issues: training and awareness campaigns by JITA about products and social issues related to these products; market studies and social marketing to best adapt products to BoP populations*

Like any company, JITA has a financial profitability target and must break even by 2019. It is seeking to be profitable and manage its expenses and growth through efficient practices and economic targets.

Today JITA is empowering 3,500 women, creating employment opportunities for 240 individuals and giving 2.1 million disadvantaged consumers access to products.

Source: Philippe Lévêque, National Director of CARE France

3) The world must be able to count on strong, dynamic French engagement

The need to make inclusive growth a part of public policies is clear in the actions of and reports published by international organizations.

a) The international framework

In 2015, the Turkish **G20** presidency identified three priorities, known as the "three I's": inclusiveness, investment and implementation. The first theme includes Turkey's goals of strengthening private sector engagement in development, reducing inequality and working more with the poorest countries with a view to achieving the SDGs. These priorities are reflected in the active role played by the G20's Development Working Group, which produced an ambitious Inclusive Business Framework in 2015. This framework highlights the role of States and companies and commits to pursuing these actions through shared feedback, collaborative platforms, coordination, best practices and global support policies.

With regards to global support policies, the goal is to integrate BoP populations as consumers and/or stakeholders in value chains (as producers, suppliers or distributors). A fair distribution of added value must enable involved BoP populations to earn a decent living. The concept of inclusive business

excludes approaches that threaten local production systems, by targeting BoP populations as its market.[50]

The action framework for the G20 working group outlines what has already been accomplished and makes recommendations to companies and governments. It also includes a call to action on the part of G20 member heads of state and government that underlines the potential of inclusive business to bolster growth and sustainable development. The working group calls on the G20 members to bring their political ambitions in line with this priority.

The G20 also decided to create a global platform for inclusive business that will focus on policy issues, learning and implementation related to inclusive business. This platform, which brings together all stakeholders (private sector, governments, international organizations, etc.), makes it possible to exchange information on this theme and identify best practices, successful models and challenges encountered. The platform will be run by the UNDP (Istanbul office) and the World Bank. The French vision and definition should be promoted on it.

This type of intervention for the creation of these new impact models may be covered in France's declarations to the OECD's Development Assistance Committee (DAC) with a view to improving the identification and description of existing projects which tie into the social and solidarity economy theme.

The **G7** is especially committed to SER actions affecting developing countries. It focuses on the issue of ensuring decent working conditions within value chains. With help from its international partners (the ILO, World Bank and ITC), it was involved in drafting the post-2015 agenda. It also encourages governments to put national action plans into place and supports a broad implementation of the UN's Guiding Principles on Business and Human Rights. For example, the G7 asked the World Bank to carry out analyses and create policies adapted to developing countries. The goal is to assist these countries in implementing internationally recognized social and environmental standards to update their production chains without hurting their development strategies.

b) The international development framework

Donors and international regulatory institutions involved in development are increasingly making inclusive and social business a part of their activities.

In 2008–2009, due to the wave of interest in BoP populations, **multilateral development banks** (MDB) began rolling out instruments for inclusive business,[51] which expands the idea of BoP to include financing for SMEs with a social impact and takes into account private sector partnerships formed to achieve social and/or environmental goals. Many private companies and several alliances, including the World Business Council for Sustainable Development (WBCSD), the World Economic Forum (WEF) and the Business Call to Action (BCtA) are putting these policies into action. MDBs in particular have been very creative (tailored models, product mixes, technical assistance) and have

[50] Definition according to MAEDI in 2012 ahead of the *Assises* development conference

[51] Multilateral development banks use the following definition: "Inclusive businesses are commercially viable core business models that provide at scale innovative and systemic solutions to the relevant problems of the poor and low-income people (base of the pyramid [BoP]; typically the bottom 40-60% of income brackets)". Multilateral development banks do not refer to the French notion of social and solidarity economy. Note that "inclusive business" is not the same as "inclusive growth".

established agreements with certain financial donors who are especially invested, such as the United States Agency for International Development (USAID), Department for International Development (DFID), Swedish International Development Cooperation Agency (SIDA), SNV Netherlands Development Organisation (SNV), Finland, and the UNDP (Istanbul International Center for Private Sector in Development) to implement various projects to aid the sector (e.g., technical assistance, challenge funds). The "Opportunities for the Majority" programme from the Inter-American Development Bank's (IDB) Multilateral Investment Fund and the Inclusive Business Initiative from the Asian Development Bank (ADB) are two notable programmes. In Africa, although numerous social business initiatives exist (see footnote), the African Development Bank does not yet have a dedicated mechanism. The World Bank Group's IFC works through its Inclusive Business Team[52], which actively contributed to the G20 Inclusive Business Framework (2015) and which should follow up the implementation with the UNDP and People's Republic of China in 2016.

Development agencies are investing in this area, led by a group of agencies that have made private sector partnerships a priority and that have gradually adopted the concepts of inclusive business, social and environmental entrepreneurship and the social economy. In addition to the donors mentioned previously, the German Federal Ministry for Economic Cooperation and Development (BMZ), supported by an initiative led by the German Agency for International Cooperation (GIZ), underlines the need for political support in social entrepreneurship and has drafted a series of recommendations for States involved in cooperation policies. Accordingly, the BMZ launched an international inclusive business network, the Inclusive Business Action Network (IBAN).

The **AFD**, which started its social business initiative in 2015, is an example of the rise in international interest in the field. It also formed an inclusive business working group of development banks in June 2015. The group's second meeting will be organized by the Asian Development Bank during the Inclusive Business Asia Forum in Manila (February 2016) to share experiences and build a structured collaboration.

The AFD Group's Entrepreneurship Social/Social Business (ES/SB) initiative

The AFD's ES/SB initiative aims to put into place a system with five tools to meet the needs of social business stakeholders and projects. If necessary, these tools can be combined. Total funding for the system is EUR 100 million over three years (all tools combined), distributed as follows:

- *TOOL No.1: Creation of an ES/SB Facility, funded with grants that can be used at different levels (macro-, meso- and microeconomic) via technical assistance, concessional financing (repayable advance, subordinated debt, etc.) and/or first lost mechanisms. Funding objective: EUR 9 million over 3 years.*

- *TOOL No.2: Creation of an ES/SB envelope integrated into the FISEA Fund, for which the mandate will be extended to meet own fund needs in terms of social investment funds and corporate social business initiatives. Funding objective: EUR 30 million (in addition to the EUR 15 million borders portion approved in November 2014) invested over 5 years.*

[52] "*Shared Prosperity through Inclusive Business: How successful companies reach the base of the pyramid*" IFC, 2014
African Facility for Inclusive Markets (AFIM), UNDP

- *TOOL No.3: Adaptation of risk sharing mechanisms developed by the AFD Group, and in particular the re-initiation of the own funds guarantee and the rollout of classic ARIZ loan guarantees for social businesses. Funding objective: EUR 6 million over 3 years*

- *TOOL No.4: Use of loans for social businesses: mainly through intermediate mechanisms via local banks and social investment funds as well as direct aid on a case-by-case basis. Funding objective: EUR 60 million over 3 years*

- *TOOL No.5: Creation of a social business expertise and capitalization platform by making use of the CEFEB's and research department's resources.*

Source: AFD, Entreprenariat Social/Social Business (ES/SB) initiative, 2 June 2015

To encourage inclusive growth, the OECD has made attempts to define the terms "social business" and "social impact investing". Its work[53] will be expanded to developing countries. There has been a progression of models that go beyond CSR actions towards voluntary investments in development. In addition to its Guiding Principles for Multinational Enterprises (46 countries have signed the principles; the 34 OECD members and the other 12 are in the Mediterranean region, Latin America and Central America) and industry-based guidelines for responsible business conduct, the OECD created the Global Forum on Responsible Business Conduct in June 2013 following the Rana Plaza tragedy. This platform sets out the challenges facing global production chains and the contributions to international social standards by companies operating in producer countries: workers' rights; poverty reduction; responsibilities of companies making orders, suppliers and authorities in the host country; ties between commerce and development.[54] In its Development Co-operation Report 2014[55], the OECD states that "public policies can create an enabling environment for social enterprises if policy makers adopt a systemic vision of social enterprise and fully understand the contribution that it can make to the improvement of economic and social development and well-being".

A tool to promote and recognize the social and inclusive economy at an international level: the International Leading Group of the social and inclusive economy

This platform, which came about in late 2013 with the official support of French President François Hollande, is comprised of States that are committed to social and inclusive economy ventures and representative of the socioeconomic diversity in which social and inclusive economy has a role to play, as well as international institutions (UN Inter-Agency Task Force on Social and Solidarity Economy) and networks of cities and regions, and social and inclusive economy and

[53] *"New Investment Approaches for Addressing Social and Economic Challenges"*, June 2014 and "*Social Impact Investment: Building the Evidence Base*", February 2015
[54] http://www.adb.org/ps/node/152514
[55] http://www.oecd-ilibrary.org/development/development-co-operation-report-2014_dcr-2014-en

civil society organizations.

Currently, the European Union is not represented in this leading group, but in 2016 the European Commission should sign the joint declaration[56] done at New York on 28 September 2015 to become a member.

This leading group is a response to three strategic objectives:

- *Promote the social and solidarity economy at the international level, make this form of business more accessible and increase consideration of this economic model in public policy implementation*
- *Submit tangible proposals for the social and inclusive economy to national and international bodies (especially in terms of legislation and financing)*
- *Integrate the social and inclusive economy into a new development model and in creating solutions to climate change; encourage cities to include social and inclusive economy in their strategies; and make social and inclusive economy a core component of urban planning and the financing of sustainable development policies.*

France currently holds the two-year presidency for this leading group (2015-2017).

Source: Hugo Nicolaus – Delegate General, Les Rencontres du Mont-Blanc, Co-secretariat for the International Leading Group of the Social and Solidarity Economy

The **European Commission** also wants to foster the co-creation process for actions that will stimulate the development of social businesses.[57] In a press release dated May 2014, the European Commission proposed 12 concrete actions that dealt with such actions as improving the regulatory business environment in partner countries, supporting the development of businesses and increasing access to finance by focusing on micro-, small- and medium-sized enterprises in the formal and informal sectors, which play an especially crucial role in job creation.[58] The Commission highlights the role of responsible investment in developing countries, which sets the path to sustainable commerce and strengthens inclusive investments in low-income markets. It considers the various activity sectors as major priorities to maximize the positive effects of the private sector on development.

As part of its Social Business Initiative, the European Commission created the Expert Group on Social Entrepreneurship (GECES)[59] in 2012 which brings together Member States and stakeholders and plans to publish recommendations by the end of 2016. The fourth and last focus of this group, called "Strengthening the External Dimension", makes it possible to reconcile the European Commission's Directorate General for International Cooperation and Development (DEVCO) and the Directorate

[56] http://www.economiasolidaria.org/files/Declaration_Leading_Group_SSE_UNGA_ENG.pdf
[57] http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/
[58] http://europa.eu/rapid/press-release_IP-14-551_en.htm
[59] http://ec.europa.eu/growth/sectors/social-economy/enterprises/expert-groups/index_en.htm

General for the Neighbourhood Policy and Enlargement Negotiations (NEAR) on these issues. The Luxembourg Declaration has brought new energy to the initiative in Europe.[60]

The GECES's Working Group (WG) 4: "Strengthening the External Dimension"

In September 2015, the European Commission wanted to refocus the efforts of its Expert Group on Social Entrepreneurship (GECES) with a bottom-up approach. The aim is to create a series of policy recommendations by the end of 2016 for European institutions, Members States, local authorities and all other stakeholders. These recommendations will be discussed during an international conference organized by the Slovak Presidency in December 2016.

The theme of the external dimension will be addressed for the first time. Discussions will cover the role of the European Commission in leading the European and international debate on social and inclusive economy development, the coordination of initiatives for development assistance and neighbouring stakeholders with regards to inclusion and the social economy, international impact investing tools, support for combining social and traditional business models via specific development-oriented start-ups (although not solely), etc. Hearings and work by the WG4 will be an opportunity to discuss French initiatives (Brussels meeting on 24 November 2015) as well as those led by the AFD and its partnership with Crédit Coopératif (meeting in Luxembourg on 4 December 2015) and others.

Because France has chosen to sit on the WG3 ("Visibility of Social Enterprises"), it will be even more important for France's representatives (from the Ministry of Finance and Public Accounts) on the GECES to be active through written framework documents and proposals. These efforts within the European Commission to gain a comprehensive view of single market social and inclusive economy policies being implemented by the GROWTH, EMPL and FISMA Directorate Generals and the outside policies of the DEVCO and NEAR Directorate Generals should logically lead Member States mutatis mutandis to make comparable efforts (at least in terms of sharing information) between the ministries of economy and/or social affairs and the ministries and agencies responsible for creating neighbourhood and development policies.

Rapporteur: Laura Catana (Programme Manager, Ashoka) – Secretariat-General of the European Commission, DG GROWTH and DG DEVCO

The international landscape is extremely favourable to this sector's development. As such, France should closely monitor the situation and make the most of available opportunities by working closely with our main partners, and especially the European Commission. The goal is to maintain a leading role and defend French values and approaches while promoting the actions of state operators and French stakeholders on the international stage in the field of the inclusive economy, because they are in a position to wield considerable influence and further overall diplomacy efforts.

[60] Alongside the "Boosting social enterprises in Europe" conference, held on 3 and 4 December 2015, the Luxembourg Presidency, the representatives of the Governments of France, Italy, Luxembourg, Slovakia, Slovenia and Spain signed the "Luxembourg Declaration", a roadmap towards a more comprehensive ecosystem for social economy enterprises.

III. Proposals for action to support new social and inclusive economy models

If States, the international community, and their public cooperation institutions are to lead the implementation of a comprehensive sustainable development approach in its three dimensions, they will also need help from a range of responsible stakeholders, associations, NGOs, foundations and businesses looking to move beyond Corporate Social Responsibility (CSR) and invest over the long term in the issues facing the planet and humanity.

In France, concrete initiatives have been in place for several years. New stakeholders, such as companies, play an important role and provide solutions (innovations, technologies, business models and approach analyses) in addition to being partners to donor States, local government authorities, universities, civil society and NGOs. It is important to clear the way for their actions and assist them as they energize the sector, act as the linchpin between policy and action, and contribute to reaching the 2030 Agenda goals.

While many stakeholders want to make use of these inclusive and solidarity economy models, there is still much to be done before they become support tools to further our development policy.

The French government must therefore be committed to this issue and create a favourable environment to promote new models by strengthening governance and assistance as well as by facilitating access to financing. It must ensure the exchange of ideas within this new environment and enable meetings between stakeholders as well as the sharing and renewal of knowledge and experiences.

To do this, proposals have been drawn up in conjunction with numerous stakeholders already involved in developing impact projects. Businesses, foundations, associations, researchers, experts and more have been consulted to be able to include these new models in France's development policies.

Some of these proposals have already been mentioned in recent reports and remain valid. A feasibility study should be carried out and efforts should be made to encourage their implementation.

A. Leadership and governance

To support the social and inclusive economy, efforts with regards to the sector's governance must be made. French stakeholders must be able to count on strong involvement from public authorities, who are in a position to change fiscal, regulatory and administrative frameworks to allow for optimal development of the sector.

They underline the importance, in connection with the Sustainable Development Goals, of public action and the necessary contributions from various stakeholders – both public and private – to new development models.

Proposal 1. Form a steering committee for this strategy, with support from the administration

Problem: This strategy contains many proposals that cover several areas (governance, leadership, finance, training). To monitor these areas and allow social and inclusive businesses to expand outside France, the administration must address these issues with help from stakeholders on the ground.

Proposal details: To take the concept of the social and inclusive economy abroad, and to pursue the implementation of these avenues for action, a steering committee will be formed. This committee will comprise representatives from relevant ministerial departments, the AFD and various stakeholders (private sector businesses, consulting firms, NGOs, associations, etc.). It will work in cooperation with the other ministries and the High Council for the Social and Solidarity Economy (CSESS). The committee will have a sufficient budget to manage the strategy. Its will be chaired by at least one outside representative and a ministry officer from the MAEDI, who will participate in leading the group and act as liaison between it and the administration. The officer will be supported by representatives from the various relevant ministries.

The Directorate General for Global Affairs, Culture, Education and International Development will create a dedicated support team for this steering committee. Backed by State operators, this team will also be responsible for developing partnerships and managing networks. It will work with corporate managers, donors, NGOs, embassies, etc.

It is envisaged that this steering committee will fall under the scope of the National Council for International Development and Solidarity (CNDSI).

Finally, the embassies and local AFD offices are necessary liaisons to further the sector's progress on the ground in developing countries. They must be able to promote France's position and to pass along information about outstanding initiatives with a view to showcasing the actions and creating networks.

Expected results	- Strategy management - Implementation of the first actions from 2016 - Significant improvement in the visibility of the topics within the administration and on the part of stakeholders
Actions to develop	- Form the committee, designate a chair, prioritize the first

	actions to put in place
Resources	- Project leader at MAEDI (Directorate General of Global Affairs, Culture, Education and International Development [DGM]/Directorate of Sustainable Development [DDD]) - Sufficient budget to carry out the project

Proposal 2. Allow businesses and foundations to direct their activities towards international hybrid projects

Problem: Best governance practices at the European and international levels should serve as inspiration to help companies direct their actions towards less profitable impact projects. This is a booming sector. Belgium, Germany, Indonesia and India have all launched projects that take into account environmental, social and governance (ESG) challenges in corporate law, as detailed in research by Affectio Mutandi on the issue.[61]

In the United States, Canada and the United Kingdom, legal statuses for companies have already been adapted to foster the development of innovative models that do not merely seek to maximize profits from their activities. The "B Corp" certification, launched by the non-profit B Lab in the United States in 2006, brings together 650 companies in 32 different countries that combine the quest for economic returns with the pursuit of environmental and social goals. This model has been spreading across Europe for the past two years, and 27 French companies have been certified. It should be noted that these B Corps are part of a broader interpretation of social business than that addressed by the French law of 31 July 2014.

With regards to foundations, original practices must also be used to garner companies' interest. Far from being just financial backers, they deserve to be highly involved in setting up projects. Their activities are not just about giving, but about investing, similar to the field of venture philanthropy.[62]

This is also the case with shareholder foundations, a model that does not exist in France and which is used to transfer and govern family-owned companies. This concept is based on the idea that it is not a company that creates a peripheral foundation, but rather the company that belongs to the foundation (i.e., the foundation owns a portion or all of the shares and majority voting rights and/or the blocking minority). This model, which is widespread in Scandinavia as well as in Germany, Austria and Switzerland, is especially virtuous as by definition it takes the long view in company dealings, protects the company from takeovers, maintains the industrial patrimony in the local region and supports public interest causes through dividends. This model has proven to be quite successful in certain countries such as Denmark. The first European study on the concept, recently published, was conducted by Prophil in cooperation with Delsol Avocats and the Philanthropy Chair of the ESSEC Business School and with the support of Mazars.[63]

[61] See Affectio Mutandi table in the Appendix for the full strategy document.
[62] Venture philanthropy is a new form of philanthropy that adapts such things as selection criteria and the development of businesses with high-growth potential to meet the needs of the charity sector.
[63] *Shareholder Foundations, the first European study*, Prophil (2015) – http://www.fondations-actionnaires.eu/en/

To draw on these types of governance, several proposals may be made:

A. Improve the tax system with regards to transnational donations and social investments

The current tax system does not allow for donations to be made to organizations that are not headquartered in a European Member State or in the European Economic Area. To facilitate taxation of transnational donations, the easing of standards governing foreign donations should be considered at the European level. Despite some very ingenious workarounds, such as the Transnational Giving in Europe (TGE)[64] network and encouraging European jurisprudence (Persche judgment of 27 January 2009), local beneficiaries (associations, social and inclusive economy businesses, etc.) operating in the most disadvantaged countries remain cut off from philanthropy (private donations do not benefit from tax breaks).

As in the "Impact Investing for Development" consultative committee's report (Sévérino-MAEDI), efforts are recommended (especially on the part of the tax authorities and the Council of State) to make the necessary changes. This could be a decisive factor in allowing foundations to intervene directly by providing seed money to impact ventures.

B. Broaden companies' options for social and environmental missions through a suitable legal framework

Many studies and reports[65] examine changes to legal texts that outline the role of private sector stakeholders. These proposals, which can have a beneficial impact on international development, need to become reality. One example of this is the modification of Article 1832 of the French Civil Code which, as it stands today, stipulates that "A company is established by two or more individuals who agree by contract to combine property or their industry to a common undertaking with a view to sharing in the benefit or profiting from the saving that may arise therefrom." Following the approval of the law on the social and solidarity economy in July 2014, which widens the spectrum of stakeholders concerned and integrates commercial companies that generate revenue under normal market conditions, a need has emerged for France to update its legal texts to take into account the specific aspects of new business models. Doing so would make it possible to incorporate new social goals into the texts and give French stakeholders the ability to expand and declare their activities in France without having to turn to legal arrangements off French soil.

C. Support work by Nutriset and the École des Mines on the creation of a status for companies with an extended corporate purpose (SOSE)

To fill the legal void between the business sector and the social sector in France, it is important to create a status that allows social entrepreneurs and inclusive economy stakeholders to guarantee their organization's social and/or environmental purpose, especially in the event a shareholder agreement is renewed. The creation of a "company with an extended corporate purpose" (SOSE

[64] The Transnational Giving in Europe (TGE) network allows donors, individuals and companies that are taxed in a partner country to support organizations headquartered only in Belgium, Bulgaria, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Romania, Slovakia, Switzerland and the United Kingdom. This cumbersome approach entails management costs and excludes countries that most need aid.

[65] The report by Emmanuel Faber and Jay Naidoo, the book by Daniel Hurstel *La nouvelle économie sociale* (2009), the book by Martin Hirsch *Cela devient cher d'être pauvre* (2013), and the *Pour une économie positive* report by Yann Queinnec on the positive economy working group chaired by Jacques Attali

status in France)[66] would give companies a way to make economic, social and environmental impacts part of their corporate purpose. This status would serve as a framework that outlines the purpose to which the stakeholders are engaged, thereby ensuring top management's independence with regards to the company's shareholders.[67] Debate on this proposal must be supported while inspiration and companies that are already doing this outside France should be promoted.

D. Ease the principle of specification to which foundations are subject

The principle of specification requires French foundations to have a purpose that is exclusively for the common good, which, in a rather restrictive view, may not be profit driven.[68] In this context, foundations are not authorized to hold securities in associations and may not support hybrid organizations in the social an inclusive economy.

These obstacles have an extremely negative impact on the sector's development, which explains why most companies prefer to carry out development aid actions as part of their CSR policies rather than through their foundations.

The report by the "Impact Investing for International Development" consultative committee (Sévérino-MAEDI) recommended that the tax authorities and Council of State alter the interpretation of the Budget Act on the tax arrangements for donations to foundations.

This issue is a significant hindrance on a national level and must be addressed to be able to eventually take it to and international level.

Expected results	- Create a long-term relationship between the administration and stakeholders to overcome roadblocks to progress and: a. encourage transnational donations and social investments; b. give all companies the option to incorporate a social and/or environmental purpose into its activity; c. continue the debate on the creation of a status for companies with an extended corporate purpose (SOSE); and d. introduce an international action specification.
Actions to develop	a. Form a working group to suggest changes in the interpretation of the Budget Act for transnational donations and social investments b. Encourage the creation of a working group to define the notion of "company" c. Take the issue of SOSEs to the European bodies d. Ask the tax authorities and Council of State to specify the interpretation of the Budget Act on the tax arrangements for donations to foundations

[66] Proposal 12 from the report by the French National Advisory Board on Impact Investing

[67] The Nutriset group is overseeing a discussion process on corporate governance in cooperation with MINES ParisTech: http://www.groupenutriset.fr/wp-content/uploads/2014/05/Articles-des-Echos-Errol-Cohen.pdf

[68] http://www.challenges.fr/tribunes/20150403.CHA4591/decouvrez-les-fondations-actionnaires-et-leurs-atouts-en-10-points-cle.html

Resources	- MAEDI/ Directorate General of the Treasury - Expertise, benchmarks

Proposal 3. Promote the qualifying criteria for impact projects to facilitate access to capital and recognition of their model

Problem: Given the lack of international criteria, it is difficult to characterize social and inclusive economy ventures. This situation is problematic as it prevents projects from being recognized and receiving the visibility they deserve. Moreover, this makes things more complicated for impact investors, who have a difficult time identifying the right organizations and justifying their financing.

Proposal details: In view of this situation, initiatives that enable the creation of transparent criteria that may be used to qualify inclusive economy ventures should be encouraged. The "social business scorecard" (SBS) from CERISE[69] (a French exchange network specialized in measuring social impact) is one such example. It was created with input from various stakeholders (NGOs, private sector, AFD) and could be applied to both a European and an international framework. Criteria must also be able to take into account the analysis of social business investment funding through the financing of PROPARCO's invest and support fund for businesses in Africa (FISEA). Proposals have been made that would grant a "solidarity approval" to certain projects (see reports by the "Impact Investing for Development" consultative committee [Sévérino-MAEDI] and Faber/Naidoo).

Better characterization of the sector would encourage flows of public and private financing, and would especially make it easier to access certain types of funds (employee pension schemes, European Social Entrepreneurship Funds [EuSEF], etc.). This kind of recognition is also necessary to better publicize these models to MAEDI network operators. The working group will consider opportunities and the feasibility of qualifying entities or ventures targeted by international solidarity investments with a view to mobilizing public funding and gaining access to tax-exempt capital. In this respect, the Agency's reputation in terms of thorough due diligence required for each project and the rigour of its inquiry process should suffice to certify a project's quality regarding its purpose and enable it to receive this new funding.

Expected results	- Adoption of the CERISE scorecard by development stakeholders - Expansion of criteria - If the working group is in a position to identify ways to qualify entities or projects targeted by international solidarity investments, it should outline the specific conditions on how this should be done
Actions to develop	- In partnership with the CERISE group and relevant stakeholders, prepare a promotional campaign and a

[69] CERISE, an association that provides consulting services and expertise on the microfinance, social entrepreneurship and rural finance sectors, was founded in 1998 by five French organizations supporting microfinance around the globe: Centre International de Développement et de Recherche (CIDR), GRET, Institut de recherches et d'applications des méthodes de développement (IRAM), Institut des régions chaudes (IRC)/SupAgro, and the French agricultural research and international cooperation organization (CIRAD).

	strategy for international distribution of the CERISE standard with the support of public authorities
Resources	- Sufficient budget to carry out the project

Proposal 4. Increase the share of projects featuring CSR and ESG criteria in our development cooperation policy

Problem: Corporate Social Responsibility (CSR) and environment, social and governance (ESG) standards, which were developed in industrialized countries, are not well known among corporate leadership and public authorities in developing countries, especially in Africa. This is tied to a predominance of SMEs as well as the challenges related to implementing and adapting international standards to local environments. To spread CSR practices, public policies need to be tailored to provide appropriate assistance.

Proposal details: CSR governance must be encouraged in developing countries. Impact investors and development finance institutions have a key role to play in assisting companies as they adopt an approach that meets ESG criteria. As indicated by representatives from PROPARCO's Environment, Social, Governance and Impacts division, through such action, development finance institutions (DFIs) help promote sustainable, inclusive growth in the global South.[70]

Actions by French state operators such as Expertise France and AFD must continue along the same lines. The adoption of public policies and the diaspora-led development of CSR are key areas to expand. Operators can also draw inspiration from the activities of certain networks such as the UN Global Compact, the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD).

Lastly, through its economic and sustainable development diplomacy actions, France should pursue its current efforts, especially those on CSR through the G7. It should also closely monitor the initiatives that encourage transparent and responsible practices such as the Extractive Industries Transparency Initiative (EITI).

Expected results	- Creation of an international CSR framework - Establishment of partnerships - Expansion of the social and inclusive economy sector
Resources	- Rely on the embassy network to share best practices and be ambassadors for CSR ("Informational handbook" for embassy use) - Promote the CSR actions developed by the AFD and Expertise France, especially through calls for tender (see AFD) - Launch projects that will make it possible to strengthen

[70] http://www.PROPARCO.fr/webdav/site/PROPARCO/shared/PORTAILS/Secteur_prive_developpement/PDF/SPD21/Revue_PSD_21_UK.pdf

	ESG standards in producer countries

B. Finance

Public donors are in a position to finance both public and private sector initiatives and can adapt to new situations by reconsidering financing mechanisms, such as providing different types of funding based on a company's stage of development. They must continue to find creative solutions to meet the various needs of the full spectrum of inclusive and social businesses. The new 2030 Agenda for Sustainable Development requires cooperation among all stakeholders to develop and encourage new drivers for growth and novel development models that are better suited to climate, demographic, healthcare, social and poverty eradication challenges. The quest for ever greater social and environmental impacts means that stakeholder arrangements and new models will need to be increasingly innovative.

Bilateral and multilateral public finance institutions must adapt to this more demanding market, especially in terms of risk taking, return-on-investment timelines and lower potential returns. Public aid flows (official development assistance and other public sector assistance, such as total official support for sustainable development [TOSSD]) can catalyse the development of social impact organizations and these new inclusive and social models. Official development assistance flows can also be channelled through specialized intermediaries, such as solidarity-based employee pension schemes with a 90-10 allocation offered by traditional banks, which can support projects with an international impact or philanthropic funds.

The sector has proven that new approaches can offer long-term solutions to social and environmental problems. However, today too few approaches are able to be applied or developed to have a significant impact outside their local area. Analyses of the major challenges in scaling up social businesses indicate that the main obstacles are related to internal leadership, access to financing, identifying partners (distribution, market access, project leaders), strategic planning and a lack of professional assistance. The issue of seed money is cited by all stakeholders, from foundations to large corporations and NGOs.

Financial instruments must be designed and structured to meet the specific needs of social businesses at each stage of their maturity in conjunction with enabling environments for the development of the private sector and the economy.

Proposal 5. Encourage the roll-out of the AFD's "Entrepreneuriat Social/Social Business (ES/SB)" initiative

Problem: In 2015, the French Development Agency created an ambitious initiative to be able to finance and assist social entrepreneurship ventures using an array of tools and a considerable budget. However, investing in these types of projects can be difficult because the market is not fully mature. The positive dynamic buoyed by the AFD must be further bolstered to ensure that the roll-out of this measure is effective.

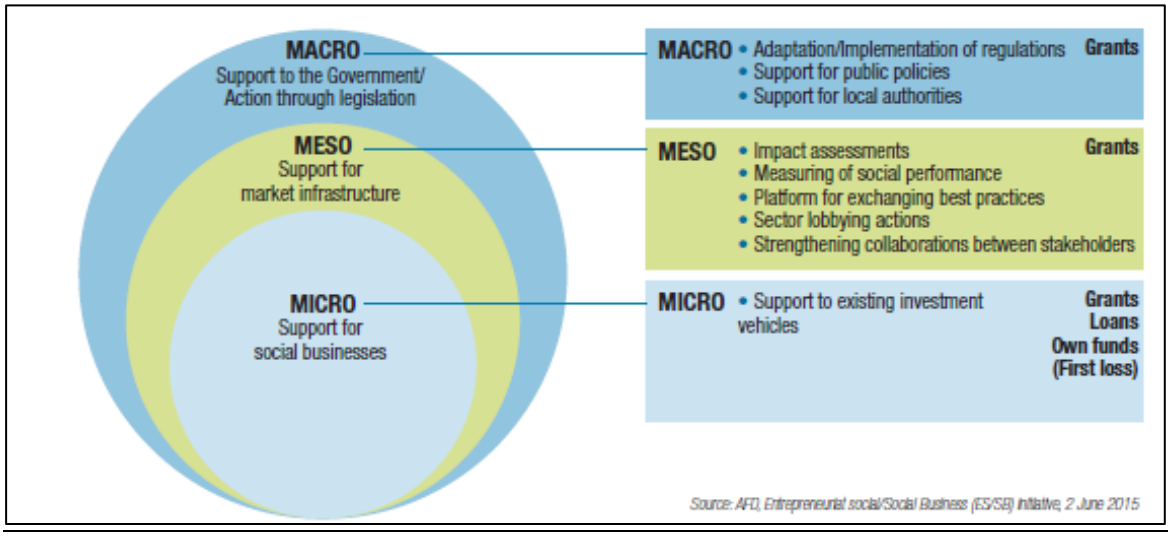
Conventional financing circuits are not well suited to such operations, which require both patient capital and high risk tolerance as well as significant assistance, especially in terms of project leadership ability.

The French National Advisory Board on Impact Investing highlighted the need to create risk sharing tools, such as the AFD's ARIZ II loan guarantee mechanism for social impact investing (following the example of the African Development Bank's "African Guarantee Fund"). Similarly, the European Commission and the European Investment Bank (EIB) are looking at support mechanisms for social impact investing funds for development (namely, risk sharing tools and technical assistance to fund capacity building).

Synergies between the AFD and Caisse des Dépôts et Consignations (CDC) could be developed on the topic.

Efforts in this crucial area must be sustained and tools need to be identified so that banks, donors, endowment funds and other organizations can take part in financing small, promising projects and accompany potential growth in the sector.

Figure 1: Level of intervention for the AFD's ES/SB facility: micro/meso/macro



Source: AFD, Entreprenariat Social/Social Business (ES/SB) initiative, 2 June 2015

The following proposals imply further discussion between the Ministry of Finance and Public Accounts and the Ministry of Foreign Affairs and International Development.

A. Help the AFD and employee pension scheme managers (private banks) work more closely together

Several private long-term savings managers such as the asset management divisions of BNP Paribas, Natixis or Crédit Agricole and companies like Schneider Electric and Suez offer employee pension schemes that may also have an international scope. As such, it could be possible to:

1. Instigate dialogue between several private companies (which are often large in size and have created solidarity-based employee pension schemes with an international scope), the main

French employee pension managers and the AFD with a view to analysing constraints and expectations to link solidarity savings to specific goals identified by the AFD (e.g., project certification, setting up operations in eligible countries)

2. At the AFD/PROPARCO level, examine the regulatory and legal constraints and identify solutions to channel solidarity-based employee pension schemes into eligible flows. The AFD's role in such set-ups should be studied with input from the MAEDI and Directorate General of the Treasury (DGT) to determine its general responsibilities
3. Publicize the CERISE scoreboard to social investment stakeholders in France to make it an international benchmark. The DGT and MAEDI could play a central role in handling these promotional efforts, which would make it possible to align public and private strategies and encourage synergy among actors.

B. Lend support to pilot projects using social impact bonds

The abovementioned partnership between the AFD and Crédit Coopératif is an excellent step forward in favour of financial innovation. The launch of two pilot projects – one on Development Impact Bonds (DIB) and the other on Social Impact Bonds – must lead to concrete actions being implemented for social impact investing in French overseas territories (the first pilot project, which will tackle diabetes prevention, will be rolled out in French Polynesia) or in other countries.

C. Support financial intermediaries to reach small-scale projects

Specialized financial intermediaries (capital funds, microfinance institutions, business incubators, etc.) allow banks to reach small-scale projects. These intermediaries must be encouraged to take on social entrepreneurship ventures (a sector that most are still unfamiliar with) and to showcase the AFD's preliminary actions in this area.[71] Furthermore, while French banks play a driving role in refinancing microfinance institutions, now is a good time to reflect on the support they can provide to local commercial banks interested in this same refinancing strategy for small social businesses.

The rise of crowdfunding requires regulatory and standard reforms – including the establishment of best practices – in countries that are the focus of these actions and international cooperation. This aim could be tackled by AFD within the scope of its responsibilities. The AFD could also explore potential partnerships with French crowdfunding platforms in order to examine the conditions of French crowdfunding for international projects.

D. Encourage risk taking through suitable guarantees

Current guarantee mechanisms for social businesses use part of the AFD's risk management mechanism of private investments in the countries of intervention (the AFD's ARIZ mechanism). This tool must be used for social and inclusive economy projects, as was intended in the AFD's ES/SB initiative. This type of financial product must be promoted to donors and financial intermediaries, especially European, to find additional resources and meet the sectors' specific needs across all regions.

[71] The AFD was involved in the drafting of a "Development and Digital Technology" action plan in cooperation with the MAEDI and the Ministry of the Economy, Industry and the Digital Sector.

E. Promote pilot projects for new stakeholder coalitions seeking to make environmental and climate impacts

For the sake of innovation, it would be useful to explore with the AFD the allocation of development financing to a limited number of stakeholder coalitions. These coalitions would have the advantage of being locally rooted in the countries/regions. They would involve multiple actors, countries and donors and would be large in scale: this would enable them to make a significant impact in terms of the SDGs and they could address several areas, such as those outlined in the Faber/Naidoo report.

The French Global Environment Facility (FFEM), which is already involved in this area, could be associated with this type of approach. The use of NGO financing mechanisms is also a possibility.

These coalitions could be centred on:

- The inclusion of promoters from the four/five groups of the inclusive economy: businesses, social and inclusive economy actors, NGOs, governments, other stakeholders
- A multiple-donor financing model with a leverage effect
- A scoreboard for the inclusive and social economy with "high-end" criteria
- A high-quality mechanism for governance, leadership and accountability
- Strong backing and local involvement, high-quality partnerships being key to success

For efficiency's sake, projects led by stakeholder coalitions should strive to identify top leaders (NGOs, businesses, local government authorities, the State) to bring structure to the efforts and allocated means in the target areas based on local needs. From 2016, an initial call for tender will be launched to identify stakeholder coalitions involved in projects with a strong social, environmental or climate impact to make the most of current opportunities.

Expected results	a. A study to determine the benefits and feasibility of getting the AFD (and especially PROPARCO) to work more closely with employee pension scheme managers b. Approval of a model geared towards development challenges and support for new DIB- and SIB-funded pilot projects c. Identification of possible partnerships with crowdfunding platforms d. Enhanced promotion of guarantee mechanisms
Actions to develop	- Submit proposals to AFD project leaders and validate the following preliminary stages: a. Formation of a working group to identify entry barriers for international employee pension scheme managers and examine the possibility of removing them b. Brief analysis of early pilot projects c. Feasibility study of a partnership with a crowdfunding platform d. Promotion of new guarantee mechanisms such as an official development assistance/TOSSD tool e. Promotion of multiple stakeholder projects with leading partners (NGOs, businesses, local government

	authorities, the State) handling the project leadership

Proposal 6. Encourage the diplomatic network to develop PISSCAs

Problem: Funds dedicated to innovative projects carried out by civil society and coalitions of actors (PISCCAs) that are managed by the embassies are an instrument used for financing or co-financing very small-scale innovative projects that plan to scale up as well as structuring the actions of civil society.

Proposal details: Given the need to create coalitions of stakeholders at a local level, identifying a financing mechanism specifically for these projects could be a genuine advantage for local stakeholders. Financing and identifying these projects would fall to the Cooperation and Cultural Departments (SCAC) at the embassies. The PISCCAs would only be used for co-creation actions, which have a local impact and are carried out by several development stakeholders.

Expected results	Create a devolved dynamic based on stakeholder coalitions
Actions to develop	Provide embassies with a handbook
Resources	PISSCA budgets (or support from the Foundation for Sustainable Development [FSD])

Proposal 7. Capitalize on European financing, increase the allocations and impact of the AFD's ES/SB initiative and offer private French stakeholders working internationally access to these funds

Problem: The European Commission's interest in supporting the private sector via its development policy should be capitalized on for the inclusive business and social entrepreneurship sectors. Certain funds should be restructured to allow investments in social businesses located outside Europe.

Proposal details: Existing resources in Europe that may be used for social business should be engaged.

As indicated in the report by the "Impact Investing for Development" consultative committee (Sévérino-MAEDI), EuSEF regulations prevent investments in social businesses located outside of EU Members States, unless special tax arrangements exist. In practice, this excludes nearly all developing countries. If the scope of application for EuSEF funds were to be expanded, a proposal could be made to the European Commission to amend EuSEF regulations that block investments

from these funds in social businesses located in developing countries. Modifications to the EuSEF regulations are in fact planned as part of the Capital Markets Union.[72]

The European Commission DEVCO Communication on the private sector outlines:

- Principles for intervention: Priority given to job creation, inclusion and poverty reduction; consideration of differences; an approach based on market mechanisms; focus on results; consistent policies to foster development
- Intervention criteria (especially with regards to concessional financing: a measurable impact on development, additionality, neutrality and transparency, common interests and goals, co-funding, demonstration effect, compliance with environmental, social, tax and labour standards

The MAEDI (DGM) strongly supported including this issue in the new private sector communication on developing countries during the private sector expert groups held in 2013 and 2014. In 2015, it presented the innovative tools used by its operators to support the private sector and its co-financing needs to the Commission.

Expected results	- Increased attention on these subjects within the European Commission
Actions to develop	- Encourage work by the GECES within the European Commission - Incorporate social entrepreneurship as a core focus of DEVCO
Resources	- Make use of European loans - Explore a common strategy for expanding to third-party countries

Proposal 8. Pursue work on the accounting of guarantees in OECD-DAC statistics

Problem: The report by the "Impact Investing for International Development" consultative committee (Sévérino-MAEDI) mentions that it is necessary to continue efforts at the OECD-DAC to change the status of guarantees so they can better take account of official development assistance with a view to better accounting for aid allocated by social impact investing development funds.

Proposal details: Support the work under way to modernize accounting by the APD of instruments concerning the private sector in developing countries. Work within the OECD's Development Assistance Committee (DAC) to improve accounting of instruments that help private sector activities in developing countries was undertaken in December 2014 during the high-level meeting. This work addresses accounting for the activities of DFIs, including accounting for the guarantees made available to private sector entities in developing countries, by the AFD and especially by PROPARCO. Currently, debates are being held on the accounting method to be used for these financial

[72] On 30 September 2015, the European Commission launched a public consultation on the review of the European Venture Capital Funds (EuVECA) and the European Social Entrepeneurship Funds (EuSEF) regulations. Refer to http://ec.europa.eu/finance/investment/social_investment_funds/index_en.htm

instruments. The question of the value assigned to these instruments as ODA or whether they will be part of a larger aggregate is also being discussed. France has already made its position in favour of taking account of guarantees as ODA a number of times by creating a methodology that is consistent with that used to account for public sector loans as ODA.

Expected results	- Improved accounting of guarantees in the OECD-DAC's statistics
Actions to develop	- Closely follow the debate with the Directorate General of the Treasury in connection with the AFD and DGM

Promotion, Leadership and Communication

C. Promotion, Leadership and Communication

It is important for France to openly support the inclusive economy, social business models, financing tools for stakeholders involved in impact ventures, etc. because the general public and traditional actors (private and development banks, savers, civil society stakeholders, companies, etc.) are still mostly unaware of these concepts. As Marc Lévy[73] stated, public authorities must recognize the legitimacy and complementary nature of these initiatives by playing the role of "facilitator/mediator/regulator" among the various stakeholders.

Proposal 9. Communicate better to strengthen the visibility of the solidarity and inclusive economy and impact financing on an international level

Problem: Despite strong commitment from stakeholders, there is a lack of visibility and knowledge about the sector, which hampers its development even though objective conditions are favourable to its expansion. Public opinion must understand that this sector can meet sustainable development goals. Communication aimed at savers in particular must be enhanced. Stakeholders from the savings management sector do not offer enough products tailored to solidarity-based investors, despite efforts by Finansol and the solidarity finance investment sector. Communication efforts must be considerable to send a strong message to this sector through executive management at corporations, parliamentary representatives and major stakeholders who are responsible for directing investment strategies and sustainable development policies (unions, NGOs, donors, etc.)

[73] GRET – Marc Lévy, *Entreprises privées, développement et solidarité internationale*, 2015

Several proposals can meet this need:

A. ***Foster a stronger presence from unions during forums that bring together civil society and social entrepreneurship and inclusive economy stakeholders organized to change standards that govern these new models and sectors.***

B. ***More generally, help the impact product market gain visibility by hosting seminars and conferences and making use of free press outlets, and getting government stakeholders involved.***

C. ***Involve MAEDI more actively in Finansol's communication/promotional programme along with the participation of the Ministry of Finance and Public Accounts to strengthen the international scope of Finansol's tools (solidarity finance week, development of certifications, etc.).***

D. ***Similar to what was done for solidarity-based employee pension schemes, public policymakers can foster the emergence of new solidarity-based savings products – especially life insurance and government-regulated savings accounts – by creating an enabling/restrictive regulatory environment.***

Expected results	Raise the awareness and visibility of the sector
Actions to develop	Create a communication plan that includes public authorities and strengthen the international scope
Resources	Budget for promotion and communication

Proposal 10. Expand platforms for exchange between public, private and civil society stakeholders for social entrepreneurship and the inclusive economy

Problem: Public authorities must play the role of "facilitator" and bring stakeholders together to strengthen dialogue, foster exchanges and encourage new initiatives. The creation of a platform could facilitate the exchange of best practices. Numerous networks already exist. These platforms make it easy to share best practices and help financial stakeholders connect to project leaders.

One such example is the Consultative Group to Assist the Poor (CGAP)[74] for microfinance. Why not promote the idea of creating a social business CGAP based in France? It is important to encourage skills-based sponsorship; certain social networks already do this, such as the OECD's netFWD for the philanthropic sector, Ashoka or the Schwab Foundation for Social Entrepreneurship. These organizations are good contacts to have. The MAEDI must support these various initiatives and mobilize its network proposing several possible options:

[74] The Consultative Group to Assist the Poor, a global partnership with 34 major organizations that aim to promote financial inclusion.

A. ***Create an annual political meeting in the presence of the Ministry of Foreign Affairs and International Development with company executives involved in social business and the inclusive economy on an international level.***

B. ***Encourage the pursuit of the AFD's 2015 initiative[75] which has helped create a network of financial backers for social entrepreneurship and the inclusive economy, including development banks. It provides a way to share best practices on technical subjects, innovation, training, etc. This network could be used to initiate a project such as a social business CGAP.***

C. ***Continue ministerial support at the different forums: Convergences, Rencontres de l'Entrepreneuriat Innovant Nord/Sud, LH Forum on the positive economy, Rencontres du Mont Blanc, the World Forum de Lille, etc. and encourage reflection on what could be undertaken with Paris Europlace.***

D. ***Engage civil society in social and inclusive economy projects. Create a citizen movement for these projects and build awareness among the general public so that everyone can be involved in their communities as volunteers to spread best practices and promising projects.***

A study may be conducted on the creation of a web participation platform (MakeSense), through which MAEDI projects could be supported and would encourage citizen participation through continual activity.

Expected results	a. Social and inclusive business projects undertaken by large corporations should be fully integrated into economic diplomacy priorities b. Improved sharing of financing and assistance tools for impact projects in developing countries c. Improved representation of public policy action and development priorities during key meetings of sector stakeholders. d. Expand initiatives for development projects in the areas of social business and inclusive economy in developing countries
Actions to develop	a. Add the project to the ministerial calendar b. Create repeated opportunities for financial backers to meet c. Reinforce partnerships on the issue in 2016 d. Locate funds for a budget and a committed stakeholder[76] to study the creation of a citizen web platform for the social and inclusive economy

[75] In 2015, PROPARCO undertook a coordination initiative to bring financial backers from the social and inclusive economy together. The first meeting was held in June 2015. The second meeting will be held by one of its counterparts.
[76] A similar proposal is supported by MakeSense

Resources	- Funding from partnerships

Proposal 11. Promote social entrepreneurship projects by organizing competitions that award innovation

Problem: In both the Global North and South, micro-entrepreneurs and associations undertake innovative initiatives for the common good but have difficulty in getting known and accessing financing to be able to expand. Numerous competitions have been launched, such as France s'engage au Sud, the Google Social Impact Challenge or others created by the Boston Consulting Group, Total, Suez or Orange. This has become a commonplace tool for major donors (United States Agency for International Development [USAID], World Bank, etc.). These events seek to promote innovative social impact models that need assistance in scaling. Competitions are important communication tools and make it possible to give a necessary boost to projects, especially those developed by new generations in developing countries, and helping them make a name for themselves.

There is a pressing need to increase the number of these initiatives, both to meet the considerable needs and to find new solutions to create jobs for thousands of young people. While many competitions reward and facilitate scaling of innovative solutions, too few lead to a movement of funds by working on emerging projects.

Proposal details: Hold an annual competition to identify innovative projects in developing countries in partnership with private stakeholders (businesses) and public actors (donors, States, local authorities, etc.).

Put a professional cooperation programme in place to organize public competitions, outside the MAEDI, associated with a training programme and assistance provided to the winners to help them scale up their projects.

Harness the energy generated in the community, and especially younger generations, from these competitions through assistance and communication tools (social media, follow-up, regional presence) and transmit it to an international community of social entrepreneurs.

Expected results	- Hold an annual competition sponsored by public authorities and stakeholders who promote these new models
Actions to develop	- Development of a long-term organizational structure
Resources	- Assistance tools for winners and ecosystem reinforcement

Proposal 12. Add the inclusive and social economy to the 2030 Agenda

Speaking at the 70th United Nations General Assembly held in New York on 28 September 2015, the President of France asserted his support for the social and inclusive economy leading group. As president of the leading group for the year 2016, France must make the group's projects part of the 2030 Agenda and propose the first workshops for project implementation in accordance with the SDGs. Social and solidarity economy models are useful tools for achieving a certain number of SDGs, and especially those inspired by certified fair trade initiatives.

The role of local authorities in implementing social business projects and contributing to inclusive growth should be highlighted.

Expected results	- Stabilize the leading group within government institutions
Actions to develop	- Approve the work programme - Include project on the 2030 Agenda
Resources	- Habitat III conference (Quito, October 2016), the next multilateral stage

D. Technical cooperation and research

Building professionalized models based on social entrepreneurship and the inclusive economy in the countries committed to a policy of cooperation necessarily involves setting up technical support, by providing tools familiar to all involved, knowledge production and capacity building for participants.

Proposal 13. Fulfil requirements to measure impacts

Problem: Certain actors of the social and inclusive economy complain of the cost of measuring its impact and that it is higher than the cost of the action.[77] They also face the challenge of autonomy and come up against the issue of tools and methods used. In addition to these issues, the matter of metrics is a very real challenge, at the cognitive and political/operating levels. This represents a key area of inquiry for research.

In a study conducted in 2013 on impact investing,[78] France's Commissariat-General for Strategy and Foresight points out that the lack of recognized tools for assessing social performance is "the second most commonly mentioned obstacle to the development of impact investing". To tackle the problem of cost and autonomy, coalitions of stakeholders may be key once more, as suggested in the Faber/Naidoo report that recommends the participation of a "results buyer" (foundations, individuals, institutions, multilateral actors, etc.). The aim would be to ensure independent assessments and the pursuit of the social and environmental objective imposed by development

[77] Convergences 2014 survey of CAC 40 companies and social business

[78] http://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/dt_-_impact_investing_-_vu_hm_final_le_21-06vcg9h00.pdf?bcsi_scan_76859af71b923077=1

impact or social impact bonds. Furthermore, it would be advisable that financial backers (lenders and donors) have a common reference to conduct benchmarking between the social organizations they fund.

Details of the proposal: In order to measure impact, work must continue in this area to produce guidelines that may be used internationally, as indicated in the "Social Impact Investing for International Development" report (Sévérino-MAEDI) and support this work with studies carried out by the GECES working group. This group set up a process and reporting criteria applicable to all fields.

Expected results	- Ensure scorecard is seen as a valid assessment tool and encourage a large number of stakeholders to adopt it
Action to be developed	- Use this scorecard to share information with our operators and our network

Proposal 14. Capacity building and further research

Problem: Social business remains widely unknown, both in France and abroad. In order for these topics to have greater resonance, draw interest, and result in durable, visible actions, awareness and capacity building are essential. This concerns both models of international cooperation in this field and stakeholders from developing countries who design social and environmental impact projects which may be supported by suitable programmes. Significant development is essential for these new models of business and research has a major role to play. Research in liaison with the stakeholders (businesses, NGOs, etc.) must facilitate the expansion of this sector internationally while advancing knowledge relating to various fields such as governance, funding, the need for metrics, scaling up, etc.

Details of the proposal: Spurred by a high demand from stakeholders in the French ecosystem of social and inclusive economy, inclusive economy and social business, the MAEDI wishes to encourage training courses designed for different populations. The aim of this strategy is to encourage the initiatives carried out in this field. The MAEDI wishes to support a first stage of implementation for the realization of feasibility studies for the training projects described below:

A. A short awareness cycle designed for executives and advisers in government administration and open to French stakeholders who work at the international level

This involves creating a corpus of knowledge on the subject in relation to economic diplomacy and sustainable development and to divide it with the stakeholders working in social and environmental businesses. The training cycle would be short, spread across two or three days and would be held for about thirty people annually (including senior administration personnel who would mix with external participants of the MAEDI). It would be organized similar to existing initiatives: that organized by HEC and the CEFEB in December 2014 intended for international experts and that envisaged by IESMED and the CEFEB in February 2016 for the leaders of the sector in the Mediterranean area.

B. Creation of a "summer school" on the inclusive and social economy with an international scope

Based on the model of the international microfinance summer school in Turin (Boulder Institute of Microfinance), the cycle would be composed of several weeks of courses and open to anyone in the development sector; they may be financial stakeholders, NGOs, companies, etc. All are welcome if they are interested in the subject.

The summer school may be presented in the form of an idea incubator and a guide for change at the heart of the industry's international dynamics. This project could be coordinated by the AFD and make use of the French resources made available by the *grandes écoles* and universities. With MAEDI/CEFEB directing the project, it will be possible to include the networks of development stakeholders in an initial pilot programme in 2017.

C. Online courses for the general public and social business and inclusive economy professionals to fulfil the need for training via MOOCs for this sector

A first stage could be conducted by disseminating MOOCs (HEC, ESSEC, etc.) via the platforms of embassies and other operators. A study may be conducted on the creation of a web participation platform (MakeSense), through which MAEDI projects could be supported and would encourage citizen participation through continual activity.

D. Encourage the creation of a research and study centre using the university and academic world

It is important to be able to finance research programs on new models of development, and in particular within civil society organizations. The opportunity to create public-private partnerships on this subject could be studied, in particular to support the exchange of expertise.

Expected results	a. Increase in the number of people, MAEDI agents and French stakeholders working internationally, raising awareness on the subjects of the social and inclusive economy b. Increase in the number of impact projects for developing countries and professionalization of the social business sector c. Awaken the interest of the general public on the topic of the social and inclusive economy and help project directors to access free content, thereby meeting their business needs d. Fund research projects dealing with the new development models and help bring together stakeholders on joint projects
Actions to be developed	a. Work together with the CEFEB, enhance the short training cycles and find a permanent funding model b. With the support of CEFEB, form a working group to assemble a pilot project and launch a summer school in 2017

	c. Ensure there is a viable possibility for online content-sharing on MAEDI networks, work with online course content providers, create an internal MAEDI selection committee and launch the online courses via the MAEDI network d. Contact stakeholders involved in research development to study feasibility

Proposal 15. Contribute to the improvement of the legal framework of social and inclusive economy in developing countries via governance capacity-building programmes offered by the AFD/Expertise France

Problem: Without a national legal framework, social and inclusive economy stakeholders cannot move forward. Various projects to lay the groundwork for this framework are being carried out at the initiative of financial backers and the United Nations, as well as the social and inclusive economy leading group. The MAEDI and the Rencontres du Mont Blanc manage the secretariat for the group.

Details of the proposal: Provide a technical offer, one which financial backers and their beneficiaries may use.

Expected result	- Establish a structured capacity on improvement of the legal framework of social and inclusive economy in developing countries
Action to be developed	- Implementation of this proposal will have to be thoroughly discussed between the AFD and the Ministry of Finance and Public Accounts and the Ministry of Foreign Affairs and International Development
Resources	- Budget allocated for studies

Proposal 16. Stimulate the fair trade industries, industries based on inclusive business

Problem: The problems that fair trade structures face must be dealt with in all of the preceding proposals (funding, promotion, etc.). However, as fair trade is one of the most established and structured parts of the inclusive economy (inclusive business), it seems important to give it a separate, cross-cutting proposal.

In this respect, the national action plan for fair trade (PNCE) (2013–2017), launched by Ministers Canfin and Hamon in March 2013 at the Senate, drawn up by the MAEDI following the *Assises* conference, aims to stimulate this inclusive economy industry. This plan is of considerable interest because it has five strategic priorities and 14 clearly defined actions which propose the use of several levers to unleash the potential of fair trade, in particular by boosting supply, demand and the institutional recognition of fair trade within the French and international development aid frameworks.

Details of the proposal: The implementation of this first national action plan for fair trade should be pursued and a report drawn up in 2017 to prepare the follow-up. This plan was particularly beneficial in providing the industry with structure and in the accounting of development funding flows. However, many fields remain to be developed, such as in project development in developing countries (to stimulate supply), interdepartmental coordination, capitalization on projects carried out and financial instruments, continued investment in research, communication etc.

Expected results	- Give structure to certified fair trade industries in developing countries - Increase the outlets for these products to stimulate the industries and boost their appeal - Include fair trade in the international development frameworks and fora
Action to be developed	- Initially, continue the ongoing implementation of the action plan

IV. Summary of proposals and actions

	Detail	Expected results	Actions to develop	Resources
Proposal 1	**Form a steering committee for this strategy, with support from the administration**	- Strategy management - Implementation of the first actions from 2016 - Significant improvement in the visibility of the topics within the administration and on the part of stakeholders	- Form the committee - Designate a chair - Select the priority actions to implement	- Officer from MAEDI (DGM/DDD) - Sufficient budget to carry out the project
Proposal 2	**Allow businesses and foundations to direct their activities towards hybrid projects**	- Create a long-term relationship between the administration and stakeholders to overcome roadblocks to progress and: - encourage transnational donations and social investments; - give all companies the option to incorporate a social and/or environmental purpose into its activity; - pursue the debate about creating the SOSE status - introduce an international action specification.	- Form a working group to suggest changes in the interpretation of the Budget Act for transnational donations and social investments - Encourage the creation of a working group to define the notion of "company" - Take the issue of SOSEs to the European bodies - Ask the tax authorities and Council of State to specify the interpretation of the Budget Act on the tax arrangements for donations to foundations	- MAEDI/Ministry of Economy/DGT - Expertise, benchmarks
Proposal 3	**Promote the qualifying criteria for impact projects to facilitate access to capital and recognition of their model**	- Adoption of the CERISE scorecard by development stakeholders - Expansion of criteria - Feasibility study to consider the implementation of a qualification process for entities/projects, potential targets for international solidarity investments.	In connection with the CERISE Group and stakeholders: - Prepare a promotional campaign and a strategy for international distribution of the CERISE standard with the support of public authorities	- Sufficient budget to carry out the project

Proposal 4	**Increase the share of projects featuring CSR and ESG criteria in our development cooperation policy**	- Creation of an international CSR framework - Establishment of partnerships - Expansion of the social and inclusive economy sector	- Rely on the embassy network to share best practices and be ambassadors for CSR ("Informational handbook" for embassy use) - Promote the CSR actions developed by the AFD and Expertise France, especially through calls for tender (see AFD) - Launch projects that will make it possible to strengthen ESG standards in producer countries	
Proposal 5	**Encourage the roll-out of the AFD's "Entrepreneuriat Social/Social Business (ES/SB)" initiative**	- A study to determine the benefits and feasibility of getting the AFD (and especially PROPARCO) to work more closely with employee pension scheme managers - Approval of a model geared towards development challenges and support for new DIB- and SIB-funded pilot projects - Identification of possible partnerships with crowdfunding platforms - Enhanced promotion of guarantee mechanisms	- Submit proposals to AFD project leaders and validate the following preliminary stages: - Formation of a working group to identify entry barriers for international employee pension scheme managers and examine the possibility of removing them - Brief analysis of early pilot projects - Feasibility study of a partnership with a crowdfunding platform - Draft a communication on the issue of guarantees - Promotion of multiple stakeholder projects with leading partners (NGOs, businesses, local government authorities, the State) handling the project leadership	
Proposal 6	**Encourage the diplomatic network to develop PISSCAs**	- Create a devolved dynamic based on stakeholder coalitions	- Provide embassies with a handbook	- PISSCA budgets (or FSD support)

Proposal 7	**Capitalize on European financing, increase the allocations and impact of the AFD's ES/SB initiative and offer private French stakeholders working internationally access to these funds**	- Increased attention on these issues within the European Commission	- Encourage work by the GECES within the European Commission - Incorporate social entrepreneurship as a core focus of DEVCO	- Make use of European loans and associate them with funding from the AFD/PROPARCO ES/SB initiative
Proposal 8	**Pursue work on the accounting of guarantees in OECD-DAC statistics**	- Improved accounting of guarantees in the OECD-DAC's statistics	- Closely follow the debate with the Directorate General of the Treasury, in connection with the he AFD and DGM	
Proposal 9	**Communicate better to strengthen the visibility of the solidarity and inclusive economy and impact financing on an international level**	- Raise the awareness and visibility of the sector	- Create a communication plan that includes public authorities and strengthen the international scope	- Budget for promotion and communication
Proposal 10	**Expand platforms for exchange between public, private and civil society stakeholders for social entrepreneurship and the inclusive economy**	- Social and inclusive business projects undertaken by large corporations should be fully integrated into economic diplomacy priorities - Improved sharing of financing and assistance tools for impact projects in developing countries - Improved representation of public policy action and development priorities during key meetings of sector stakeholders - Expand initiatives for development projects in the areas of social business and inclusive economy in developing countries	- Add the project to the ministerial calendar - Create repeated opportunities for financial backers to meet - Reinforce partnerships on the issue in 2016 - Locate funds for a budget and a committed stakeholder to study the creation of a citizen web platform for the social and inclusive economy	- Funding from partnerships
Proposal 11	**Promote social entrepreneurship projects by organizing competitions that award innovation**	- Hold an annual competition sponsored by public authorities and stakeholders who promote these new models	- Build a sustainable model	- Assistance tools for winners and ecosystem reinforcement
Proposal 12	**Add the inclusive and social economy to the 2030 Agenda**	- Stabilize the leading group within government institutions	- Approve the work programme - Include project on the 2030 Agenda	- Habitat III conference (Quito, October 2016), the next multilateral stage

Proposal 13	**Fulfil requirements to measure impacts**	- Ensure scorecard is seen as a valid assessment tool and encourage a large number of stakeholders to adopt it	- Use this scorecard to share information with our operators and our network	
Proposal 14	**Capacity building and further research**	- Increase in the number of people, MAEDI agents and French stakeholders working internationally, raising awareness on the subjects of the social and inclusive economy - Increase in the number of impact projects for developing countries and professionalization of the social business sector - Awaken the interest of the general public on the topic of the social and inclusive economy and help project directors to access free content, thereby meeting their business need - Fund research projects dealing with the new development models and help bring together stakeholders on joint projects	- Work together with the CEFEB, enhance the short training cycles and find a permanent funding model - With the support of CEFEB, form a working group to assemble a pilot project and launch a summer school in 2017 - Ensure there is a viable possibility for online content-sharing on MAEDI networks, work with online course content providers, create an internal MAEDI selection committee and launch the online courses via the MAEDI network - Contact stakeholders involved in research development to study feasibility	
Proposal 15	**Contribute to the improvement of the legal framework of social and inclusive economy in developing countries via governance capacity-building programmes offered by the AFD/Expertise France**	- Establish a structured capacity on improvement of the legal framework of social and inclusive economy in developing countries	- Discuss this proposal with AFD project leaders and launch an initial study of the issue	- Budget allocated for studies
Proposal 16	**Stimulate the fair trade industries, industries based on inclusive business**	- Give structure to certified fair trade industries in developing countries - Increase the outlets for these products to stimulate the industries and boost their appeal - Include fair trade in the international development frameworks and fora	- Initially, continue the ongoing implementation of the action plan	

V. Bibliography

A. Books and publications:

Ashoka (2014), “Barometer of Social Entrepreneurship”, April.

AFD, Questions de développement (2015) “Le social business, un nouveau modèle de développement durable ?”, March.

AFD, Initiative d’appui à l’Entreprenariat Social / “Social Business” - (ES/SB), 2 June 2015.

Cohen Errol (2014), “Comment le droit peut refonder l’entreprise”, Les Echos, May.

Convergences (2014), Les Entreprises du CAC40 et le Social Business.

De Lutzel Emmanuel and De la Rochefoucauld-Drouâs Valérie (2015), “Transformez votre entreprise de l'intérieur ! Le guide de l'intrapreneur social”, Rue de l’Echiquier, September.

European Commission (2011), “Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation”, October

Faber Emmanuel and Naidoo Jay (2014), report commissioned by the MAEDI: “Innovating by mobilizing stakeholders: 10 proposals for a new approach to development assistance”, June.

G20 Inclusive Business Framework (2014), “New Investment Approaches for Addressing Social and Economic Challenges”, June.

G20 Inclusive Business Framework (2015), “Social Impact Investment: Building the Evidence Base”, February.

GIZ (2014), “Inclusive business models, options for support through PSD programmes”, July.

GRET – Marc Lévy (2015), “Entreprises privées, développement et solidarité internationale – de nouvelles approches partenariales au service de la politique de coopération au développement”, September.

Harvard Business School (2013) “Venture Philantrophy: Its evolution and its future”, Allen Grossman, Sarah Appleby and Caitlin Reimers, May.

Hirsch Martin (2013) “Cela devient cher d’être pauvre”, October.

Hurstel Daniel (2009), “La nouvelle économie sociale, pour réformer le capitalisme”, Odile Jacob.

Hystra & Dalberg (2014), “The Role of Public Donors in Developing Social Business in Southern Countries”, Agence Française du Développement.

J.P.Morgan (2014), “Spotlight on the market – the impact investors survey”, May.

MAEDI (2015), L'action extérieure des collectivités territoriales pour l'inclusion économique et sociale, Fiches Repères, November.

OECD (2014), Development Co-operation, "Mobilising resources for sustainable development", March.

OECD (2015), "Foundations as development partners", in Development Co-operation Report 2014: Mobilising Resources for Sustainable Development, OECD Publishing, Paris.

OECD netFWD (2014), "Venture Philanthropy in Development: Dynamics, Challenges and Lessons in the Search for Greater Impact", OECD Development Centre.

OECD/European Commission (2013) – "Policy Brief on Social Entrepreneurship"

PFCE and CERISE (2015), "Prefinancing mechanisms for fair trade: Factsheets for companies and producer organizations", Plate-Forme pour le Commerce Equitable, May 2015.

PROPARCO (2015), "Promoting CSR in Africa - a sustainable development opportunity", Private Sector & Development Magazine, Issue No. 21, June

Prophil (2014), "Shareholder Foundations, the first European study"

Report by the National Advisory Board on social impact investing, chaired by Hugues Sibille (2014), "The hows and whys of social impact investing: financial innovation driving social innovation".

Report by the national consultative committee for social impact investing, coordinated by Nadia Voisin (MAEDI) and Jean-Michel Severino, p. 92-118, in the full French version of Report by the National Advisory Board on social impact investing, chaired by Hugues Sibille (2014), "Comment et pourquoi favoriser des investissements à impact social ? Innover Financièrement pour innover socialement" (Abridged English version "The hows and whys of social impact investing: financial innovation driving social innovation").

Renouard Cécile (2015), "Ethique et entreprise", Livre de poche, Février

Working group chaired by Jacques Attali (2013), "Pour une économie positive", La Documentation Française, September

Zinsou Lionel and Védrine Hubert (2013), "A partnership for the future: 15 proposals for building a new economic relationship between Africa and France", December

B. Websites:

AFD, press release on the partnership with Crédit Coopératif: www.afd.fr/home/presse-afd/communiques?actuCtnId=133070

Affectio Mutandi: affectiomutandi.com/

Asian Development Bank, inclusive business: www.adb.org/ps/node/152514

BNP Paribas, microfinance and social entrepreneurship: www.bnpparibas.com/banque-responsable/notre-responsabilite-civique/soutien-microfinance-entrepreneuriat-social

Boulder Institute of Microfinance: www.bouldermicrofinance.org/

CERISE, social business scorecard: static1.squarespace.com/static/5507fd30e4b0ba69bbaa0ec9/t/551c1a38e4b06a2886e74927/1427905080083/Synth%C3%A8se+AFD+-+SBS+-+Avril+2015.pdf

Challenges, Shareholder Foundations: www.challenges.fr/tribunes/20150403.CHA4591/decouvrez-les-fondations-actionnaires-et-leurs-atouts-en-10-points-cle.html

Convergences: www.convergences.org/

European Commission, minutes from the 7th GECES (2015): ec.europa.eu/DocsRoom/documents/12961?locale=en

European Commission (2015-2016) Public consultation on the review of the European Venture Capital Funds (EuVECA) and European Social Entrepreneurship Funds (EuSEF) regulations: ec.europa.eu/finance/investment/social_investment_funds/index_en.htm

GIZ, IBAN network: www.inclusivebusinesshub.org/page/the-inclusive-business-action-network

Hystra: hystra.com/

Légifrance: www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000030478182&categorieLien=id

MAEDI, Sustainable Development Goals: www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/aide-au-developpement/l-agenda-international-du-developpement

MakeSense: beta.makesense.org/

Ministry of Sustainable Development, innovative financing mechanisms: www.developpement-durable.gouv.fr/Les-mecanismes-de-financement.html

OECD, Global Network of Foundations working on development: www.oecd.org/site/netfwd.

Prophil: prophil.eu/fr/ & www.fondations-actionnaires.eu/

VI. Appendices

A. Nutri'zaza, the success story of a social business launched by an NGO

Nutri'zaza, the success story of a social business launched by an NGO

After observing that 50% of Madagascan children under 5 suffered from chronic malnutrition, GRET, the IRD and the University of Antananarivo joined forces in 1998 to create an original network to bring complementary food produced by a business to local populations.

To make this network sustainable and expand it to all countries, the way the project was governed had to change from being a grant-funded project to an economically viable enterprise. This is how Nutri'zaza got its start. The research and actions that went into the project were all beneficial to its success.

This innovative approach, unique to Madagascar, has a twofold aim: the first, social in nature, is to fight chronic malnutrition among the neediest populations; the second is to ensure economic viability. In its just two and a half years, the company distributed 11 million meals and more than 8,000 children consume its fortified products every day.

B. Table compiled by Affectio Mutandi

Country	Accounting	Legal basis	Obligations	Effects	Comments
United Kingdom	Legal obligations of executive management	Section 172 (1)(d) Companies Act 2006	Inclusion in executive decisions, good faith, communities and the environment	Limited practical effects: -Action can be only highlighted by the company or its shareholders - Social and environmental problems are only one concern among many the executive must manage - Difficult to characterize faults and challenging to show proof	-
United Kingdom	Type of company: Community Interest Company (CIC)	Community Interest Company Regulation (2005)	Type of company created for social businesses that want to use their shares and profits for the good of a specific community with a targeted objective	Limits on payable dividends (35% maximum), all shares and profits (other than those distributed) must remain in the company and be used for the chosen community.	-
United States (30 states)	Type of company: Benefit Corporation	Company founded based on the law of the state in which the company is created	Companies founded on general aims for the common good, responsibility and common law. These companies must have a positive impact on society and the environment, take into account the stakeholders during decision-making processes and are subject to reporting obligations.	Rising success for this type of company, created for the first time in 2010 in the state of Maryland. It has continued to expand as today there are benefit corporations in 30 states (and the District of Columbia) and discussions are under way in several other states for their creation.	Contrary to these companies, jurisprudence from the state of Delaware considers that, in line with the corporate law of this state, companies must not have any other purpose than to satisfy the interests of their shareholders.
United States (10 states and 2 Indian reservations in 2013)	Type of company: Low Profit Limited Liability Company (L3C)	Company founded based on the law of the state in which the company is created	Created for social businesses that want to use their shares and profits for the good of a specific community with a targeted objective	Developments observed in the following areas: alternative energies, food banks, social services, media and consulting in social benefits, art financing, job creation programmes, medical equipment and medical research	
Canada	Jurisprudence on the notion of social interest	Peoples Inc. Department Stores (Union of) v. Wise, (2004) 3 R.C.S. 461, 2004, C.S.C. 68	"To determine if it is in the best interest of society, it may be legitimate for the board of directors, in light of all circumstances in a given case, to take into account the interests of stakeholders, employees, suppliers, lenders, consumers, governments and the environment"	Potentially wide scope to integrate social and environmental issues by a judge	-
India	Compulsory actions relative to CSR activities	Section 135 India's Company Act	Obligation for companies exceeding certain thresholds (turnover, profits, net assets) to create a CSR council within the board of administration and to allocate 2% of profits from the last three fiscal years to CSR activities.	Objectives: nearly 6,000 companies concerned, allowing current investments to triple in the field of social and environmental issues	-

Country	Accounting	Legal basis	Obligations	Effects	Comments
Australia	Executive duty	Jurisprudence, namely Walker v. Wimborne (1976)	Board member loyalty is not solely restricted to shareholder interests but pertains to the entire company	Corporate culture according to which stakeholders' interests do not necessarily outweigh other concerns.	-
Netherlands	Executive duty (texts + jurisprudence)	Dutch Civil Code (Article 140, Book 2) + Dutch Corporate Governance Code (Frijns Code)	The management board and supervisory board must take into account the interests of the various stakeholders, especially with regards to CSR issues that pertain to the company. The management board is accountable to the supervisory board and shareholders and must be guided by the interests of the company and its subsidiaries, while also taking into consideration the interests of stakeholders.	Jurisprudence ABN AMRO (2007): The interests of stakeholders do not outweigh the interests of other company stakeholders.	-
Germany	Social interest	German Corporate Governance Code Article 4.1.1.	The management board must manage the company in an independent manner with the company's interests in mind. These interests include the interests of associates, employees and stakeholders, with the aim of create sustainable value.	Multifaceted approach to the idea of social interest, enabling social and environmental concerns to be considered.	-
Belgium	Social interest	Article 1 Corporate Code	In the cases set out by this code, a company's founding document may stipulate that the company is not founded with a view to obtaining direct or indirect assets for the associates.	Despite this option, 90% of "social businesses" in Belgium are set up as associations and not companies.	-
Indonesia	Social interest	Indonesia's 2007 Company Law	Social and environmental responsibility must be a commitment by the company to take part in sustainable economic development to improve quality of life and the environment	-	-
International	B Corporation certification	Based on national corporate structures and directs only the business activity and management	Companies are certified when they comply with high standards in terms of social and environmental performance	950 certified businesses in 32 countries, including Ben&Jerry's, Etsy.com and Campbell (formerly Plum Organics)	-