



# INNOVATING TOGETHER

Summary of the promotion strategy for new social and inclusive economy models abroad

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

# Table of contents

Preface .....	5
Contributors and authors .....	6
Introduction .....	9
<b>Chapter 1 Leadership and governance</b> .....	<b>10</b>
• Proposal 1. Form a steering committee for this strategy, with support from the administration .....	11
• Proposal 2. Allow businesses and foundations to direct their activities towards international hybrid projects .....	12
• Proposal 3. Promote the qualifying criteria for impact projects to facilitate access to capital and recognition of their model .....	15
• Proposal 4. Increase the share of projects featuring CSR and ESG criteria in our development cooperation policy .....	16
<b>Chapter 2 Finance</b> .....	<b>17</b>
• Proposal 5. Encourage the roll-out of the AFD's "Entrepreneuriat Social/Social Business (ES/SB)" initiative.....	18
• Proposal 6. Encourage the diplomatic network to develop PISSCAs.....	21
• 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.....	22
• Proposal 8. Pursue work on the accounting of guarantees in OECD-DAC statistics .....	23
<b>Chapter 3 Promotion, leadership, and communication</b> .....	<b>24</b>
• Proposal 9. Communicate better to strengthen the visibility of the solidarity and inclusive economy and impact financing on an international level .....	25
• Proposal 10. Expand platforms for exchange between public, private, and civil society stakeholders for social entrepreneurship and the inclusive economy.....	26
• Proposal 11. Promote social entrepreneurship projects by organizing competitions that award innovation.....	28
• Proposal 12. Add the inclusive and social economy to the 2030 Agenda.....	29
<b>Chapter 4 Technical cooperation and research</b> .....	<b>30</b>
• Proposal 13. Fulfil requirements to measure impacts .....	31
• Proposal 14. Capacity building and further research .....	32
• 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.....	34
• Proposal 16. Stimulate the fair trade industries, industries based on inclusive business .....	35
<b>Chapter 5 Summary of proposals and actions</b> .....	<b>36</b>
Acronyms and abbreviations .....	40

# Preface



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 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, as well as 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 orientation and programming for development policy and international solidarity of 7 July 2014 and its law on the social and solidarity economy of 31 July 2014.

This strategy, “Innovating 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 drafting of this strategy and encourage them to continue working alongside us as we implement it.

**André Vallini**

Minister of State for Development and Francophonie

# 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 [DGT], 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: DGT
- Boisson, Thomas: DGT
- Bonello, Benoît: La Maison pour Rebondir
- Bougouin, Anne-Sophie: International Solidarity for Development and Investment (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: Centre français des fonds et fondations
- De Guerre, Olivier: PhiTrust
- De Guerre, Raphaël: AFD
- De Lutzet, Emmanuel: BNP Paribas
- De Villepin, Marie-Anne: Développement sans frontières
- 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: DGT
- Grégoire-Zawilsky, Myriam: Organisation for Economic Cooperation and Development (OECD)
- Guedj, Pierre-Samuel: Affectio Mutandi
- Guicquero, Yves: AFD
- Guiffant, Pascale: SUEZ
- Hoyaux, Isabelle: ScaleChanger
- Huet, Yvonnick: Agrisud International
- Jacquemot, Pierre: Technological Research and Exchange Group (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
- Lévêque, Philippe: National Director of CARE France
- Levillain, Kevin: Centre for Scientific Management – MINES ParisTech

- Levy, Marc: GRET
- Lozac'hmeur, Alizée: MakeSense
- Marki, Sonja: OECD
- Meyer, Anne: Solidarités Entreprises Nord-Sud
- Missika, Bathylle: OECD
- Mizzi, Jean-Claude: European Commission (Expert Group on Social Entrepreneurship [GECES])
- Muirhead, Andrew: Asian Venture Philanthropy Network (AVPN)
- Nedjam, Malgorzata: DGT
- Nicolaus, Hugo: Les Rencontres du Mont Blanc
- Oblacewicz, Ewelina: OECD
- Parent, Élodie: Centre for Financial, Economic, and Banking Studies (CEFEB)
- Perrot, François: LafargeHolcim
- Périou, Claude: PROPARCO
- Pernot Du Breuil, Michel: Solidarités Entreprises Nord-Sud
- 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, Émilie: OECD
- Rouille-Dorfeuille, Antoine: Groupe SOS
- Schmitt, Jérôme: Total
- Schmitz, Christian: SIDI
- Silice, Pénélope: OECD
- Seghers, Virginie: Prophil
- Senante, Elena: SUEZ
- Sévérino, Jean-Michel: I&P
- Sibieude, Thierry: ESSEC Business School
- Stricher, Thuy-Anne: CARE France
- Stoll, Julie: French Fair Trade Platform
- Valade, Hélène: SUEZ
- Voisin, Nadia: MAEDI



# 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 stakeholder, from associations to NGOs, companies, local government authorities, and social and inclusive economy organizations.

The French law on orientation and programming for development policy and international solidarity 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<sup>1</sup> and the report by the "Impact Investing for Development" consultative committee of the French National Advisory Board on Development Impact Investing<sup>2</sup>, 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.

The full report, available online, 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.

This summary is focused on proposals for action.

---

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.



# Chapter 1

## PROPOSALS FOR ACTION REGARDING **LEADERSHIP AND GOVERNANCE** 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.



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.

### DETAILS OF THE PROPOSAL

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.

<b>Expected results</b>	<ul style="list-style-type: none"> <li>• Strategy management</li> <li>• Implementation of the first actions from 2016</li> <li>• Significant improvement in the visibility of the topics within the administration and on the part of stakeholders</li> </ul>
<b>Actions to be developed</b>	<ul style="list-style-type: none"> <li>• Form the committee, designate a chair, prioritize the first actions to put in place</li> </ul>
<b>Resources</b>	<ul style="list-style-type: none"> <li>• Project leader at MAEDI (Directorate General for Global Affairs, Culture, Education, and International Development [DGM]/Directorate for Sustainable Development [DDD])</li> <li>• Sufficient budget to carry out the project</li> </ul>

## 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, India, and Indonesia 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.<sup>3</sup>

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.<sup>4</sup>

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 part 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.<sup>5</sup>

---

3. See Affectio Mutandi table in the Appendix for the full strategy document.

4. 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.

5. *Shareholder Foundations, the first European study*, Prophil (2015) – [www.fondations-actionnaires.eu/en/](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)<sup>6</sup> 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<sup>7</sup> 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

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 status in France)<sup>8</sup> 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.<sup>9</sup> Debate on this proposal must be supported while inspiration and companies that are already doing this outside France should be promoted.

6. 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.

7. 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.

8. Proposal 12 from the report by the French National Advisory Board on Impact Investing.

9. The Nutriset group is overseeing a discussion process on corporate governance in cooperation with MINES ParisTech: [www.groupenutriset.fr](http://www.groupenutriset.fr)

## 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.<sup>10</sup> In this context, foundations are not authorized to hold securities in associations and may not support hybrid organizations in the social and 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 an international level.

<b>Expected results</b>	<p>Create a long-term relationship between the administration and stakeholders to overcome roadblocks to progress and:</p> <ul style="list-style-type: none"> <li><b>a. encourage transnational donations and social investments;</b></li> <li><b>b. give all companies the option to incorporate a social and/or environmental purpose into its activity;</b></li> <li><b>c. continue the debate on the creation of a status for companies with an extended corporate purpose (SOSE);</b></li> <li><b>d. introduce an international action specification.</b></li> </ul>
<b>Actions to be developed</b>	<ul style="list-style-type: none"> <li><b>a. Form a working group to suggest changes in the interpretation of the Budget Act for transnational donations and social investments</b></li> <li><b>b. Encourage the creation of a working group to define the notion of "company"</b></li> <li><b>c. Take the issue of SOSEs to the European bodies</b></li> <li><b>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</b></li> </ul>
<b>Resources</b>	<ul style="list-style-type: none"> <li>• MAEDI/DGT</li> <li>• Expertise, benchmarks</li> </ul>

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

# 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.

### DETAILS OF THE PROPOSAL

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<sup>11</sup> (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.

<b>Expected results</b>	<ul style="list-style-type: none"><li>• Adoption of the CERISE scorecard by development stakeholders</li><li>• Expansion of criteria</li><li>• 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.</li></ul>
<b>Actions to be developed</b>	<ul style="list-style-type: none"><li>• In partnership with the CERISE group and relevant stakeholders, prepare a promotional campaign and a strategy for international distribution of the CERISE standard with the support of public authorities</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• Sufficient budget to carry out the project</li></ul>

11. 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: International Centre for Development and Research (CIDR), GRET, Institute for Research and Applications of Development Methods (IRAM), Institute for Warm Regions (IRC)/SupAgro, and the French agricultural research and international cooperation organization (CIRAD).

# Proposal 4

## Increase the share of projects featuring CSR and ESG criteria in our development cooperation policy

### PROBLEM

Corporate social responsibility and environment, social, and governance 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 small and medium businesses (SMBs) 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.

### DETAILS OF THE PROPOSAL

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.

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).

<b>Expected results</b>	<ul style="list-style-type: none"><li>• Creation of an international CSR framework</li><li>• Establishment of partnerships</li><li>• Expansion of the social and inclusive economy sector</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• Rely on the embassy network to share best practices and be ambassadors for CSR (“Informational handbook” for embassy use)</li><li>• Promote the CSR actions developed by the AFD and Expertise France, especially through calls for tender (see AFD)</li><li>• Launch projects that will make it possible to strengthen ESG standards in producing countries</li></ul>

# Chapter 2

## PROPOSALS FOR ACTION REGARDING **FINANCE** TO SUPPORT NEW SOCIAL AND INCLUSIVE ECONOMY MODELS

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 French 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 AFD 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.

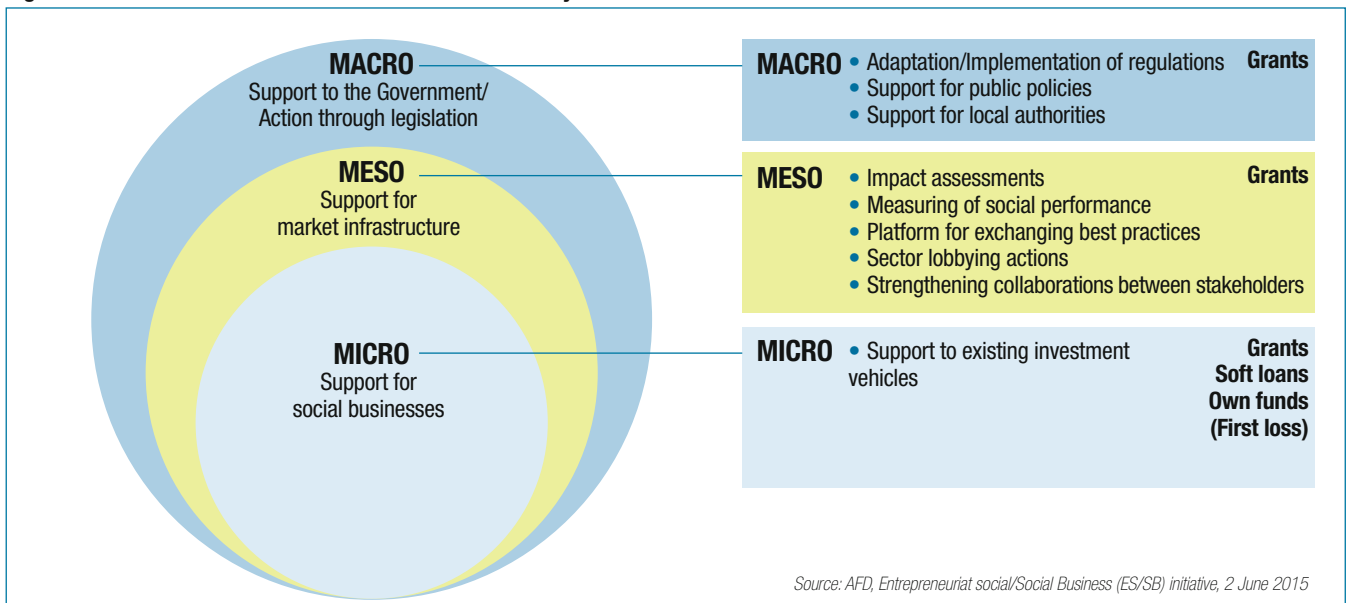
Conventional financing circuits are not well suited to such operations, which require both patient capital and high risk tolerance as well as significant assistance, especially in terms of project leadership ability.

The French National Advisory Board on Impact Investing highlighted the need to create risk sharing tools, such as the AFD’s support for the risk of financing private investment in its area of operation (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 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





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. Examine, at the AFD/PROPARCO level, 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 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 (SIB) – 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.<sup>12</sup> 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.

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

## D. Encourage risk taking through suitable guarantees

Current guarantee mechanisms for social economy and social business 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.

## 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.

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

# Proposal 6

## Encourage the diplomatic network to develop PISSCAs

### PROBLEM

Funds dedicated to innovative projects carried out by civil society and coalitions of actors (PISSCAs) 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.

### DETAILS OF THE PROPOSAL

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 PISSCAs would only be used for co-creation actions, which have a local impact and are carried out by several development stakeholders.

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Create a devolved dynamic based on stakeholder coalitions</li></ul>
<b>Action to be developed</b>	<ul style="list-style-type: none"><li>• Provide embassies with a handbook</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• PISSCA budgets (or support from the Foundation for Sustainable Development [FSD])</li></ul>

# 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.

### DETAILS OF THE PROPOSAL

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 European Union (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.<sup>13</sup>

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.

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Increased attention on these subjects within the European Commission</li></ul>
<b>Actions to be developed</b>	<ul style="list-style-type: none"><li>• Encourage work by the GECES within the European Commission</li><li>• Incorporate social entrepreneurship as a core focus of DEVCO</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• European credits</li><li>• Explore a common strategy for expanding to third-party countries</li></ul>

13. 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 Entrepreneurship Funds (EuSEF) regulations. Refer to [ec.europa.eu/finance/investment/social\\_investment\\_funds/index\\_en.htm](http://ec.europa.eu/finance/investment/social_investment_funds/index_en.htm).

# 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.

### DETAILS OF THE PROPOSAL

Support the work under way to modernize accounting by the official development assistance (ODA) 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 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.

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Improved accounting of guarantees in the OECD-DAC’s statistics</li></ul>
<b>Action to be developed</b>	<ul style="list-style-type: none"><li>• Closely follow the debate with the DGT in connection with the AFD and DGM</li></ul>



# Chapter 3

## PROPOSALS FOR ACTION REGARDING **PROMOTION, LEADERSHIP, AND COMMUNICATION** TO SUPPORT NEW SOCIAL AND INCLUSIVE ECONOMY MODELS

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<sup>14</sup> 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.

---

14. GRET – Marc Lévy, *Entreprises privées, développement et solidarité internationale*, 2015.

# 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.).

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.**

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Raise the awareness and visibility of the sector</li></ul>
<b>Actions to be developed</b>	<ul style="list-style-type: none"><li>• Create a communication plan that includes public authorities and strengthen the international scope</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• Budget for promotion and communication</li></ul>

# Proposal 10

## Expand platforms for exchange between public, private, and civil society stakeholders for social entrepreneurship and 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) 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:

**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<sup>15</sup> 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.

---

15. In 2015, PROPARGO 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.





Expected results	<ul style="list-style-type: none"><li>a. Social and inclusive business projects undertaken by large corporations should be fully integrated into economic diplomacy priorities</li><li>b. Improved sharing of financing and assistance tools for impact projects in developing countries</li><li>c. Improved representation of public policy action and development priorities during key meetings of sector stakeholders</li><li>d. Expand initiatives for development projects in the areas of social business and inclusive economy in developing countries</li></ul>
Actions to be developed	<ul style="list-style-type: none"><li>a. Add the project to the ministerial calendar</li><li>b. Create repeated opportunities for financial backers to meet</li><li>c. Reinforce partnerships on the issue in 2016</li><li>d. Locate funds for a budget and a committed stakeholder<sup>16</sup> to study the creation of a citizen web platform for the social and inclusive economy</li></ul>
Resources	<ul style="list-style-type: none"><li>• Funding from partnerships</li></ul>

---

16. A similar proposal is supported by MakeSense.

# Proposal 11

## Promote social entrepreneurship projects by organizing competitions that reward 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.

### DETAILS OF THE PROPOSAL

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.

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Hold an annual competition sponsored by public authorities and stakeholders who promote these new models</li></ul>
<b>Action to be developed</b>	<ul style="list-style-type: none"><li>• Develop a long-term organizational structure</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• Assistance tools for winners and ecosystem reinforcement</li></ul>

# Proposal 12

## Add the inclusive and social economy to the 2030 Agenda

Speaking at the 70<sup>th</sup> United Nations (UN) 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 International Leading Group on Social and Solidarity Economy 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.

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Stabilize the leading group within government institutions</li></ul>
<b>Actions to be developed</b>	<ul style="list-style-type: none"><li>• Approve the work programme</li><li>• Include project on the 2030 Agenda</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• Habitat III conference (Quito, October 2016), the next multilateral stage</li></ul>



# Chapter 4

## PROPOSALS FOR ACTION REGARDING **TECHNICAL COOPERATION AND RESEARCH** TO SUPPORT NEW SOCIAL AND INCLUSIVE ECONOMY MODELS

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.<sup>17</sup> 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 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,<sup>18</sup> France's Commissariat-General for Strategy and Foresight pointed out that the lack of recognized tools for assessing social performance was "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 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.

<b>Expected results</b>	<ul style="list-style-type: none"><li>• Ensure scorecard is seen as a valid assessment tool and encourage a large number of stakeholders to adopt it</li></ul>
<b>Action to be developed</b>	<ul style="list-style-type: none"><li>• Use this scorecard to share information with our operators and our network</li></ul>

17. Convergences 2014 survey of CAC 40 companies and social business

18. [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](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) (in French).

# 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 the Cooperative for economic and social innovation in the Mediterranean Basin (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<sup>19</sup> 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 massive open online courses (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.

<p><b>Expected results</b></p>	<ul style="list-style-type: none"> <li>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</li> <li>b. Increase in the number of impact projects for developing countries and professionalization of the social business sector</li> <li>c. Awaken the interest of the general public on the topic of the social and inclusive economy and help project directors access free content, thereby meeting their business needs</li> <li>d. Fund research projects dealing with the new development models and help bring together stakeholders on joint projects</li> </ul>
<p><b>Actions to be developed</b></p>	<ul style="list-style-type: none"> <li>a. Work together with the CEFEB, enhance the short training cycles, and find a permanent funding model</li> <li>b. With the support of CEFEB, form a working group to assemble a pilot project and launch a summer school in 2017</li> <li>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</li> <li>d. Contact stakeholders involved in research development to study feasibility</li> </ul>

19. Higher education establishments outside the main framework of the French university system, which select students for admission based chiefly on national ranking in competitive written and oral exams.

# 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 International Leading Group on Social and Solidarity Economy. 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.

<b>Expected result</b>	<ul style="list-style-type: none"><li>• Establish a structured capacity on improvement of the legal framework of social and inclusive economy in developing countries</li></ul>
<b>Action to be developed</b>	<ul style="list-style-type: none"><li>• 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</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• Budget allocated for studies</li></ul>



# 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 French 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 fourteen 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.

<b>Expected results</b>	<ul style="list-style-type: none"><li>• Give structure to certified fair trade industries in developing countries</li><li>• Increase the outlets for these products to stimulate the industries and boost their appeal</li><li>• Include fair trade in the international development frameworks and fora</li></ul>
<b>Action to be developed</b>	<ul style="list-style-type: none"><li>• Initially, continue the ongoing implementation of the action plan</li></ul>

# Chapter 5

## SUMMARY OF PROPOSALS AND ACTIONS

	Detail	Expected results	Actions to be developed	Resources
PROPOSAL 1	<b>Form a steering committee for this strategy, with support from the administration</b>	<ul style="list-style-type: none"> <li>• Strategy management</li> <li>• Implementation of the first actions from 2016</li> <li>• Significant improvement in the visibility of the topics within the administration and on the part of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Form the committee</li> <li>• Designate a chair</li> <li>• Select the priority actions to implement</li> </ul>	<ul style="list-style-type: none"> <li>• Officer from MAEDI (DGM/ DDD)</li> <li>• Sufficient budget to carry out the project</li> </ul>
PROPOSAL 2	<b>Allow businesses and foundations to direct their activities towards hybrid projects</b>	<ul style="list-style-type: none"> <li>• Create a long-term relationship between the administration and stakeholders to overcome roadblocks to progress and:               <ul style="list-style-type: none"> <li>&gt; encourage transnational donations and social investments;</li> <li>&gt; give all companies the option to incorporate a social and/or environmental purpose into its activity;</li> <li>&gt; pursue the debate about creating the SOSE status</li> <li>&gt; introduce an international action specification.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Form a working group to suggest changes in the interpretation of the Budget Act for transnational donations and social investments</li> <li>• Encourage the creation of a working group to define the notion of “company”</li> <li>• Take the issue of SOSEs to the European bodies</li> <li>• Ask the tax authorities and Council of State to specify the interpretation of the Budget Act on the tax arrangements for donations to foundations</li> </ul>	<ul style="list-style-type: none"> <li>• MAEDI/Ministry of Economy/DGT</li> <li>• Expertise, benchmarks</li> </ul>
PROPOSAL 3	<b>Promote the qualifying criteria for impact projects to facilitate access to capital and recognition of their model</b>	<ul style="list-style-type: none"> <li>• Adoption of the CERISE scorecard by development stakeholders</li> <li>• Expansion of criteria</li> <li>• Feasibility study to consider the implementation of a qualification process for entities/projects, potential targets for international solidarity investments.</li> </ul>	<p>In connection with the CERISE Group and stakeholders:</p> <ul style="list-style-type: none"> <li>• Prepare a promotional campaign and a strategy for international distribution of the CERISE standard with the support of public authorities</li> </ul>	Sufficient budget to carry out the project
PROPOSAL 4	<b>Increase the share of projects featuring CSR and ESG criteria in our development cooperation policy</b>	<ul style="list-style-type: none"> <li>• Creation of an international CSR framework</li> <li>• Establishment of partnerships</li> <li>• Expansion of the social and inclusive economy sector</li> </ul>	<ul style="list-style-type: none"> <li>• Rely on the embassy network to share best practices and be ambassadors for CSR (“Informational handbook” for embassy use)</li> <li>• Promote the CSR actions developed by the AFD and Expertise France, especially through calls for tender (see AFD)</li> <li>• Launch projects that will make it possible to strengthen ESG standards in producing countries</li> </ul>	

PROPOSAL 5	<p><b>Encourage the roll-out of the AFD's "Entrepreneuriat Social/ Social Business (ES/SB)" initiative</b></p>	<ul style="list-style-type: none"> <li>• A study to determine the benefits and feasibility of getting the AFD (and especially PROPARCO) to work more closely with employee pension scheme managers</li> <li>• Approval of a model geared towards development challenges and support for new DIB- and SIB-funded pilot projects</li> <li>• Identification of possible partnerships with crowdfunding platforms</li> <li>• Enhanced promotion of guarantee mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Submit proposals to AFD project leaders and validate the following preliminary stages: <ul style="list-style-type: none"> <li>&gt; Formation of a working group to identify entry barriers for international employee pension scheme managers and examine the possibility of removing them</li> <li>&gt; Brief analysis of early pilot projects</li> <li>&gt; Feasibility study of a partnership with a crowdfunding platform</li> <li>&gt; Draft a communication on the issue of guarantees</li> <li>&gt; Promotion of multiple stakeholder projects with leading partners (NGOs, businesses, local government authorities, the State) handling the project leadership</li> </ul> </li> </ul>	
PROPOSAL 6	<p><b>Encourage the diplomatic network to develop PISSCAs</b></p>	<p>Create a devolved dynamic based on stakeholder coalitions</p>	<p>Provide embassies with a handbook</p>	<p>PISSCA budgets (or FSD support)</p>
PROPOSAL 7	<p><b>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</b></p>	<p>Increased attention on these issues within the European Commission</p>	<ul style="list-style-type: none"> <li>• Encourage work by the GECES within the European Commission</li> <li>• Incorporate social entrepreneurship as a core focus of DEVCO</li> </ul>	<p>Make use of European loans and associate them with funding from the AFD/ PROPARCO ES/ SB initiative</p>
PROPOSAL 8	<p><b>Pursue work on the accounting of guarantees in OECD-DAC statistics</b></p>	<p>Improved accounting of guarantees in the OECD-DAC's statistics</p>	<p>Closely follow the debate with the DGT, in connection with the he AFD and DGM</p>	

	Detail	Expected results	Actions to be developed	Resources
PROPOSAL 9	<b>Communicate better to strengthen the visibility of the solidarity and inclusive economy and impact financing on an international level</b>	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	<b>Expand platforms for exchange between public, private and civil society stakeholders for social entrepreneurship, and the inclusive economy</b>	<ul style="list-style-type: none"> <li>• Social and inclusive business projects undertaken by large corporations should be fully integrated into economic diplomacy priorities</li> <li>• Improved sharing of financing and assistance tools for impact projects in developing countries</li> <li>• Improved representation of public policy action and development priorities during key meetings of sector stakeholders</li> <li>• Expand initiatives for development projects in the areas of social business and inclusive economy in developing countries</li> </ul>	<ul style="list-style-type: none"> <li>• Add the project to the ministerial calendar</li> <li>• Create repeated opportunities for financial backers to meet</li> <li>• Reinforce partnerships on the issue in 2016</li> <li>• Locate funds for a budget and a committed stakeholder to study the creation of a citizen web platform for the social and inclusive economy</li> </ul>	Funding from partnerships
PROPOSAL 11	<b>Promote social entrepreneurship projects by organizing competitions that award innovation</b>	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	<b>Add the inclusive and social economy to the 2030 Agenda</b>	Stabilize the leading group within government institutions	<ul style="list-style-type: none"> <li>• Approve the work programme</li> <li>• Include project on the 2030 Agenda</li> </ul>	Habitat III conference (Quito, October 2016), the next multilateral stage
PROPOSAL 13	<b>Fulfil requirements to measure impacts</b>	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	<b>Capacity building and further research</b>	<ul style="list-style-type: none"> <li>• Increase in the number of people, MAEDI agents and French stakeholders working internationally, raising awareness on the subjects of the social and inclusive economy</li> <li>• Increase in the number of impact projects for developing countries and professionalization of the social business sector</li> <li>• Awaken the interest of the general public on the topic of the social and inclusive economy and help project directors access free content, thereby meeting their business need</li> <li>• Fund research projects dealing with the new development models and help bring together stakeholders on joint projects</li> </ul>	<ul style="list-style-type: none"> <li>• Work together with the CEFEB, enhance the short training cycles and find a permanent funding model</li> <li>• With the support of CEFEB, form a working group to assemble a pilot project and launch a summer school in 2017</li> <li>• 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</li> <li>• Contact stakeholders involved in research development to study feasibility</li> </ul>	
PROPOSAL 15	<b>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</b>	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	<b>Stimulate the fair trade industries, industries based on inclusive business</b>	<ul style="list-style-type: none"> <li>• Give structure to certified fair trade industries in developing countries</li> <li>• Increase the outlets for these products to stimulate the industries and boost their appeal</li> <li>• Include fair trade in the international development frameworks and fora</li> </ul>	Initially, continue the ongoing implementation of the action plan	

# Acronyms and abbreviations

<b>AFD</b>	French Development Agency ( <i>Agence française de développement</i> )	<b>DGT</b>	Directorate-General of the Treasury ( <i>Direction générale du Trésor</i> )
<b>ARIZ</b>	Support for the risk of financing private investment in AFD's areas of operation ( <i>Accompagnement du risque de financement de l'investissement privé en zone d'intervention de l'AFD</i> )	<b>DIB</b>	Development Impact Bond
<b>AVPN</b>	Asian Venture Philanthropy Network	<b>EIB</b>	European Investment Bank
<b>CAC 40</b>	<i>Continuous Assisted Quotation</i> (Cotation assistée en continu) of the 40 most significant values on the 100 highest market capitalizations on the Euronext Paris stock exchange	<b>EITI</b>	Extractive Industries Transparency Initiative
<b>CEFEB</b>	Centre for Financial, Economic, and Banking Studies ( <i>Centre d'études financières, économiques et bancaires</i> )	<b>ESG</b>	Environmental, Social, and Governance ( <i>Environnement, social, gouvernance</i> )
<b>CGAP</b>	Consultative Group to Assist the Poor	<b>ES/SB</b>	Social Entrepreneurship/Social Business ( <i>Entrepreneuriat social/Social Business</i> )
<b>CIDR</b>	International Centre for Development and Research ( <i>Centre international de développement et de recherche</i> )	<b>ESSEC</b>	High School of Economics and Business Studies ( <i>École supérieure des sciences économiques et commerciales</i> )
<b>CIRAD</b>	French agricultural research and international cooperation organization ( <i>Centre de coopération internationale en recherche agronomique pour le développement</i> )	<b>EU</b>	European Union
<b>CNDSI</b>	National Council for International Development and Solidarity ( <i>Conseil national pour le développement et la solidarité internationale</i> )	<b>EuSEF</b>	European Social Entrepreneurship Funds
<b>CSESS</b>	High Council for the Social and Solidarity Economy ( <i>Conseil supérieur de l'économie sociale et solidaire</i> )	<b>EuVECA</b>	European private equity and Venture Capital Association
<b>CSR</b>	Corporate Social Responsibility	<b>FFEM</b>	French Global Environment Facility ( <i>Fonds français pour l'environnement mondial</i> )
<b>DAC</b>	Development Assistance Committee (of the OECD)	<b>FISEA</b>	Invest and support fund for businesses in Africa ( <i>Fonds d'investissement et de soutien aux entreprises en Afrique</i> )
<b>DDD</b>	Directorate for Sustainable Development ( <i>Direction du développement durable</i> )	<b>FSD</b>	Foundation for Sustainable Development
<b>DFI</b>	Development Finance Institutions	<b>GECES</b>	Expert Group on Social Entrepreneurship ( <i>Groupe d'experts de la Commission sur l'entrepreneuriat social</i> ) (of the European Commission)
<b>DGM</b>	Directorate-General for Global Affairs, Culture, Education, and International Development ( <i>Direction générale de la mondialisation, de la culture, de l'enseignement et du développement international</i> ) (of the MAEDI)	<b>GRET</b>	Technological Research and Exchange Group ( <i>Groupe de recherches et d'échanges technologiques</i> )
		<b>GRI</b>	Global Reporting Initiative
		<b>HEC</b>	High School of Business Studies ( <i>Hautes études commerciales</i> )
		<b>IESMED</b>	Cooperative for economic and social innovation in the Mediterranean Basin ( <i>Innovació i economia social en la Mediterrània</i> )
		<b>IRAM</b>	Institute for Research and Applications of Development Methods ( <i>Institut de recherches et d'applications des méthodes de développement</i> )

<b>IRC</b>	Institute for Warm Regions ( <i>Institut des régions chaudes</i> )
<b>MAEDI</b>	Ministry of Foreign Affairs and International Development ( <i>Ministère des Affaires étrangères et du Développement international</i> )
<b>MOOC</b>	Massive Open Online Course
<b>NGO</b>	Non-Governmental Organization
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>ODA</b>	Official Development Assistance
<b>PISSCA</b>	Innovative projects carried out by civil society and coalitions of actors ( <i>Projet innovant des sociétés civiles et coalitions d'acteurs</i> )
<b>PNCE</b>	National action plan for fair trade ( <i>Plan d'action national en faveur du commerce équitable</i> )
<b>SBS</b>	Social Business Scorecard
<b>SCAC</b>	Cooperation and Cultural Departments ( <i>Service de coopération et d'action culturelle</i> ) (in French embassies)
<b>SDG</b>	Sustainable Development Goal
<b>SIB</b>	Social Impact Bond
<b>SIDI</b>	International Solidarity for Development and Investment ( <i>Solidarité internationale pour le développement et l'investissement</i> )
<b>SMB</b>	Small and Medium Businesses
<b>SOSE</b>	Company with an extended corporate purpose ( <i>Société à objectif social étendu</i> )
<b>TGE</b>	Transnational Giving in Europe
<b>TOSSD</b>	Total Official Support for Sustainable Development
<b>UN</b>	United Nations
<b>USAID</b>	U.S. Agency for International Development
<b>WBCSD</b>	World Business Council for Sustainable Development