

Ethical Finance in France

A legal context.....	1
Ethical Finance: A political and communicative context.....	2
Ethical Finance: the SICAV.....	5
Ethical Finance: cooperatives.....	7
Ethical Finance: companies.....	9
Ethical Finance: publically financed companies.....	11
Ethical Finance: asset management companies.....	14
Ethical Finance: traditional banks.....	14
Ethical Finance for Development: companies and NGO's.....	16
Ethical Finance for Development: financial companies.....	18

A legal context

A law adopted in February 2001 upon socially responsible investments states, that the company which manages funds and shares has to communicate the social, environmental and ethical considerations it has undertaken when selecting securities and in addition must also provide the ways in which they have been applied in its annual report. In July, 2001 Fonds de Réserve pour les retraites (FRR) was set up as a deposit to manage pensions and which has since been a weighty institutional investor. Reserves from this fund (which reached €19 million at the end of 2004) are administered by law, explicitly stating their social, environmental and ethical criteria. The fund's management has currently decided to apply socially responsible investments to capitalization within the euro zone (18% of its total).

Socially responsible investments are characterised by three fiscal measures. There is a law that was passed in August 2003 that offers a 60% tax reduction on ethical saving products with a 20% limit on those which are taxable over a five year period. Companies also receive a 60% tax reduction on their finances at a rate of five per thousand on the total transaction amount.

Ethical savings invested in shares that have not been quoted benefit from a law passed on 1st August 2003, whereupon an economic initiative has a tax reduction of 25% of the investment; a max of €20,000 per individual person and €40,000 per couple.

Socially responsible investments in communal funds belonging to socially responsible companies (FCPES) are exempt from tax on profits. This exemption has an annual limit of €43,000. According to Article 443-3-1 of the labour law, socially responsible companies are as follows:

- those whose capital bonds are quoted
- those made up of recently employed or underprivileged individuals
- those which have a democratic nature
- those who respect minimum and maximum wages

Ethical Finance: a political and communicative context

Comité Intersyndical de l'Épargne Salariale (CIES) – was created in January 2002 and annually provides trade unions and the public with offers on socially responsible investments. Its selection criteria regard the best possible relationship between quality and price, socially responsible strategies, transparency and control guarantees. Today, there are 13 responsible saving offers.

Finansol – is a network of companies, a collective founded in 1995 under the protection of “Fondazione Charles Léopold Mayer for human development” of socially responsible financial institutions¹, banks, insurance companies or traditional financial institutions that are active in socially responsible economy² as well as qualified institutions and individuals that support companies’ aims.

ÉTABLISSEMENTS FINANCIERES SOLIDAIRES :
Adie, Alsace Financement Solidaire, Autonomie et Solidarité, Caisse Solidaire Nord-Pas de Calais, Cigales, Cofides Nord Sud, France Active, Garrigue, Habitat et Humanisme Coopératif, Crédit Mutuel, Ethys

INSTITUTIONS ET PERSONNALITES QUALIFIEES
CCFD, Fondation Charles Léopold Mayer (consultant spécialisé économie et finances solidaires), Henri Rouillé d'Orfeuil (président de Finansol)

Today, Finansol brings together nearly all actors involved in Ethical Finance in France and those who use their customers’ money to create or develop small or micro enterprises for the underprivileged; production of economic and cultural activities in areas of social decline; social housing; North/South cooperation; innovative projects in areas such as Fair Trade, organic agriculture and renewable energies. FINANSOL members have approx. 30,000 customers and finance 4,500 businesses and 150,000 projects, with a growth and development rate at 20% annually.

Finansol’s objectives are as follows:

- To create public awareness of solidarity finance systems, providing up to date information;
- It carries out lobbying of public bodies to negotiate a legislative based framework for the sector;
- To set up an Ethical Finance watchdog, where researchers and experts can monitor the sector’s progress;
- To carry out the international plan to develop an European and Global solidarity financial system that is based on cooperation between its members.

¹ These institutions are those which are financed through solidarity finance products and in turn finance solidarity projects.

² They manage solidarity finance projects that are proposed to solidarity finance institutions.

Finansol is also a label that since 1997 has identified “solidarity finance” products in France, as well as those products that promote both social, environmental and financial gains. It was the first initiative of its type in Europe.

The label is attributed to an independent committee that has a two year term³ and responds to a set of specific criteria which are reviewed annually. The committee annually controls labelled products to assure their conformity to the established criteria (complete transparency of investments and interests to its customers along with information about regulations).




Solidarity criteria (at least 10% of the total amount of invested savings or 25% of revenue has to be directly invested in solidarity finance initiatives and the remaining amount has to be invested in bonds or socially responsible investments)

Transparency criteria (customers have to be informed at least once a year upon where their investments are destined) and a person within the organisation has to be available to inform customers where their funds are allocated and upon the specific advantages or fiscal privileges that derive from their investments.

In 6 years, the number of labelled products grew from 7 to 38 and the number of customers who invest in these types of products have tripled. There are now many opportunities offered to its customers regarding the Finansol label. In France, it's possible

to open a current and savings account, credit or debit card as well as applying for bonds and direct capital investments in solidarity finance institutions or voluntarily supporting a project that has the Finansol label.

Finansol's Partners

ADIE		Institution financière solidaire	Crédit Prêt d'honneur	Yes	1
ALSACE FINANCEMENT SOLIDAIRE		Institution financière solidaire	Prêt d'honneur	Yes	0
AUTONOMIE ET SOLIDARITE		Institution financière solidaire	Capital-risque	Yes	1
CAISSE D'EPARGNE	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Activité bancaire	Yes	1
CAISSE SOCIALE DE DEVELOPPEMENT LOCAL		Institution financière solidaire	Prêt d'honneur	No	0
CAISSE SOLIDAIRE NORD-PAS DE CALAIS		Institution financière solidaire	Crédit	Yes	3
CDC IXIS ASSET MANAGEMENT / CAISSE DES DEPOTS ET CONSIGNATIONS	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Gestion d'actifs	Yes	1

³ Philippe ARONDEL (CFTC), Jacques BALAYRE (ANCIEN BANQUIER), Patrick BOULTE (SOLIDARITES NOUVELLES FACE AU CHOMAGE), Guy COURTOIS (PRESIDENT DU COMITE DU LABEL), Paul H. DEMBINSKI (OBSERVATOIRE DE LA FINANCE), Christophe FOUREL (AFSSA), Philippe FREMEAUX (ALTERNATIVES ECONOMIQUES), Jean-Philippe LIARD (CFDT), François MANCY (ANCIEN PRESIDENT DE L'ASSOCIATION DES ACTIONNAIRES DE LA SIDI), Viviane VANDEMEULEBROUCKE (INAISE),

CIGALES	<input checked="" type="checkbox"/>	Institution financière solidaire	Capital-risque	Yes	1
COFIDES NORD SUD	<input checked="" type="checkbox"/>	Institution financière solidaire	Garantie	Yes	1
CREDIT COOPERATIF	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Activité bancaire	Yes	10
CREDIT MUNICIPAL DE NANTES	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Crédit	No	1
CREDIT MUTUEL	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Activité bancaire	Yes	0
ETHYS	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Gestion d'actifs	Yes	4
FEDERATION LOVE MONEY POUR L'EMPLOI	<input checked="" type="checkbox"/>	Institution financière solidaire	Capital-risque	Yes	0
FRANCE ACTIVE	<input checked="" type="checkbox"/>	Institution financière solidaire	Garantie Prêt, capital risque	Yes	6
GARRIGUE	<input checked="" type="checkbox"/>	Institution financière solidaire	Capital-risque	Yes	1
IDES	<input checked="" type="checkbox"/>	Institution financière solidaire	Garantie Capital-risque	Yes	0
INITIATIVES POUR UNE ECONOMIE SOLIDAIRE (IES)	<input checked="" type="checkbox"/>	Institution financière solidaire	Capital-risque	Yes	1
LA NEP	<input checked="" type="checkbox"/>	Institution financière solidaire	Crédit	Yes	5
MACIE GESTION	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Gestion d'actifs	No	2
OPTVALMO GESTION / GESTEPARGNE	Partenaire d'institutions financières solidaires	Etablissement financier engagé dans une démarche de solidarité	Gestion d'actifs	No	1
OIKOCREDIT	<input checked="" type="checkbox"/>	Institution financière solidaire	Crédit	Yes	1
RACINES	<input checked="" type="checkbox"/>	Institution financière solidaire	Crédit	Yes	1
SIDI	<input checked="" type="checkbox"/>	Institution financière solidaire	Capital-risque	Yes	2
SIFA	<input checked="" type="checkbox"/>	Institution financière solidaire	Capital-risque	Yes	1

With regards to its products, Finansol labels solidarity finance products, including those that have incorporated a solidarity mechanism due to the way they use their savings (10% of which has to belong to Finansol) as well as in the way they use their dividends (at least 25% has to be donated to solidarity stakeholders). For more information upon their products, visit www.finansol.org

In addition to Finansol, there are other institutions that are active within solidarity finance, such as Icosi, an institute of social cooperation that was set up in 1983 by trade unionists, cooperatives and associations that stimulate international cooperation across all sections such as social

economy and carry out training, technical assistance and mediation according to evolved needs. Cecop (The European Confederation of Workers' Co-operatives, Social Co-operatives and Participative Enterprises) was set up by EMES (a European research network into social economy) and develops tools needed to promote the cooperatives' financial capacities; RTES (a national network of social economy) which since 2001 unites social economy delegates working in French municipalities who promote the solidarity finance charter signed at Lille (www.lealille.org). There is also another association called ESCOOP (that was set up in August 2001 by individuals who wanted to re-establish social economy and to have a space where they could exchange ideas and independently reflect on various issues. Apeas, on the other hand (a consultancy agency that brings together all solidarity entrepreneurs, critical consumers, ethical consumers) offers consultancy upon projects as well as promoting savings at a local level and developing loans such as *cagnotte Solidarité Emploi*, loans reaching 30,000 Francs and acknowledged by the French Bank.

Ethical Finance: the SICAV

GARRIGUE - GARRIGUE is a solidarity based capital risk fund that invests in other companies that are active within the social or environmental sector. Founded in 1985 by 19 people from a Agency Manifesto network for alternative economic development (ALDEA). Garrigue has evolved from CIGALES at a national level and is additionally open to associations.

Garrigue's basic principles are the same as CIGALE's: that money is a tool and there should be a critical analysis of alternative ways of production. The objective is to respond to those customers who seek a concrete and possible solution to participate in developing companies that are socially useful, respect man and the environment and which function democratically.

Thanks to its customers' savings, GARRIGUE financially supports companies, whose objective is to achieve a social surplus values with a rational logic that safeguards community finance.

GARRIGUE is one of 6 companies to obtain the "Solidarity Business" title (in March 2002) and as a result can apply for funds from PAn Partenarial d'Epargne Salariale Volontaire (PPESV) and PAn Partenarial d'Epargne Salariale Volontaire de Retraite (PPESVR). Garrigue is, in addition is one of the only companies in France that is in accordance with socially responsible criteria. Having more than 40% invested in socially responsible companies, it can also act as an intermediary for Communal Social Investment Funds. As a result, GARRIGUE was selected by OFIVALMO (which manages the mortgage movement for solidarity finance) to deal with the solidarity aspect of the FCPE's « Développement et Solidarité » ; it was subsequently contacted by other managers.

Since the start of its' work, Garrigue has invested €300,000 in 57 companies, contributing to creating 450 new work placements.

Since 1990, GARRIGUE has contributed in creating "Atonomie et Solidarité" and it took on GENERATION BANLIEUE SA COOP in 1998.

Between 15th November 2003 and 31st March 2004, Garrigue launched an offer to public investors to increase publicity and awareness of how it works with socially responsible companies and to create a specific section for Ile de France.

Garrigue supports solidarity companies through a minor capital quota (between 5% and 30%) for a minimum of 5 years, investing in small and micro businesses (s.p.a., s.r.l. cooperatives, social cooperatives) which have been running for less than 7 years and are not quoted on the stock market.

	Apports en capital	en	Apports en comptes courants d'associés	en	Garrigue essentially follows 4 criteria when selecting a company: the company has to produce socially lasting and useful products; it has to promote employment for those who are disadvantaged; it has to respect people and the environment, having democratic assets, in addition to being financially sound. Having said this, Garrigue today predominantly invests in biological products, renewable energy, promoting professionals and links between the North and South, especially Fair Trade, making new information technologies and communication democratic.
Entreprise création	en 5 000 €		10 000 €		
Entreprise développement	en 30 000 €		30 000 €		

At the end of the investment period, Garrigue sells shares to its members, to private investors and to institutions.

It's possible to invest in Garrigue by subscribing to its single or multiple capital shares at a cost of €77 per share. Each customer can chose the type of investment to invest in, knowing that the investment is subject to a 25% tax reduction of up to €20,000 per person and €40,000 per couple if the shares are conserved over 5 years.

AUTONOMIE ET SOLIDARITE' – Set up in 1990, A&S is a capital risk fund made up of volunteers from G.I.E.P.P. (Groupement pour l'Initiative et l'Elaboration de Projets Professionnels) and GARRIGUE. These are customers in the Calais region, whose money is invested to combat unemployment and exclusion. A&S began due to a public demand for investments, reaching €228,000 in 2000. It has 2,000 shareholders, €1.670.000 capital and has supported 100 companies creating 1,500 job opportunities.

Autonomie et Solidarité's capital is entirely made up of solidarity savings from "shareholders", who subscribe to capital shares (1=77 Euro) without receiving dividends or surplus values. At an assembly, each share holder has the right to vote and are regularly informed through a trimester newsletter. The majority of AUTONOMIE ET SOLIDARITE's shareholders are private, but there are also some individuals, companies, local and regional authorities amongst which there is also the North Calais Regional Committee.

A&S buys minor shares (25% maximum) in capital and in current accounts in companies who employ the underprivileged, produce useful services, who respect people and the environment and who base their organisational logic on their stakeholders' wealth. It invests in companies whose social capita is at least €15,000, who work in the North of Calais and who create at least 6 jobs each year for three successful years, part of which is reserved for people in need.

Autonomie et Solidarité offers these companies double the amount they invest through a current account, which can be reimbursed three times a year starting from the second year at a 6.5% interest rate. On average, Autonomie et Solidarité invests a capital of approx. €8,000 and €16,000 in current accounts.

When investing in companies, A&S supports them through a strategy that covers different sectors: training, information and management advice, situation analysis, management support and through shares. This is possible through a “guardian” who supports the entrepreneur, enabling him/her to reflect upon what individual decisions to undertake. This figure is also available to listen to the entrepreneur and is in addition in contact with the Management Board if things go wrong.

This period of consultancy lasts for 5 years after which members are committed to buy subscribed shares at a fixed price based on the company's outcomes. Surplus amounts are addressed to finance new projects, whilst any possible surplus values contribute to compensate loses gained through other A&S investments.

The financial process starts with an initial contract to evaluate a project's effectiveness. If it has a positive result, it gets the go ahead by the management committee to undergo an evaluation which considers its products, strategies, motivations and business plan and consequently decides upon its financing and tax conditions.

IES – Initiatives for solidarity economy is an anonymous variable capital cooperative, whose objective it is to combat exclusion by financing companies in the Midi-Pirenei region. IES participates through minor capital belonging to a company (less than 25%). Since its beginning, IES has examined more than 30 dossiers and has financed 8 companies fro a total of €47,000 creating 44 new jobs. It is possible to invest in IES buying into its social quotas.

Ethical Finance: cooperatives

NEF – A financial cooperative with variable capital that was set up in 1989 with the support of Groupe Crédit Coopératif⁴. Nef is recognised as a solidarity enterprise and takes part in the credit cooperative circuit (and coopabanque) which is made up of 24 banks linked by an internal

⁴ Recentemente il gruppo del Credito Cooperativo è stato acquisito dal gruppo delle Banche popolari; il che, per la Nef, significa più soldi e basta. Il gruppo non crede (secondo quanto detto al Forum di Parigi) che questo significhi meno indipendenza.

solidarity system, in which each bank is a guarantee for the others. It grants loans to companies, cooperatives, small companies, associations that engage in solidarity projects as well as those regarding culture, environment and which respect human rights and those of the environment. Its loans are usually over a medium length period (2-7 years) and a long period (up to 15 years, for land and property issues). The minimum loan amount is €10,000 and the interest rate is similar to that of the market, but is adapted according to the sustained project. With regards to required loan guarantees, NEF proposes collective types of loans to those who do not have a guarantee (guaranteed by people who place their savings or finances in a project), called working securities (guaranteed by many people who are insured for a minimal amount).

Today, NEF has almost 8,000 members: both investors and beneficiaries. Since 1989 it has granted more than 1,200 loans for a total of 40 million Euro, contributing in creating 3,000 jobs.

Products available to investors are:

- COMPTE DE DEPOT A TERME NEF term accounts (from 2 to 10 years, variable interest rate according to length, between 2.10% and 4%)
- Chèque account and savings book (since 1st August 2003, the interest rate has been 1.50%)
- COMPTE EPARGNE INSERTION, through which a customer can allocate part of his/her interests in associations that are actively involved in society (Fondation Raoul Follereau, Fondation pour le Logement Social, Réseau Cocagne).
- COMPTE EPARGNE NATURE, through which customers can allocate interests in environmental organisations such as Biocoop, WWF-France, Nature et Progrès, CNIID.

In addition, it is possible to invest in Nef by acquiring shares in its capital and through the Chèque account, the Crédit Coopératif-Nef savings book, in partnership with Credito Cooperativo that gives 90% of its funds to NEF to develop its shares and to allocate its interests. There is also a savings plan called Crédit Coopératif - Nef.

HABITAT E HUMANISME – is a movement that was set up in 1985 with the objective of providing disadvantaged people with a home. It brings together a series of associations and foundations under a national federation that manages the founding organisation (TERRE ET HUMANISME) and a company that has a limited partnership to buy and restore accommodation.

Habitat e Humanisme is financed through solidarity finance products, such as shares pertaining to the founding company and those of HABITAT ET HUMANISME DEVELOPPEMENT, the financial structure of the founding company. Funds gathered through these products have a leverage effect that is 4 times the savings gathered and invested.

Other products financed by Habitat e Humanisme is life insurance HABITAT ET HUMANISME, profits from the communal investment fund EPARGNE SOLIDARITE HABITAT managed by Crédit

Lyonnais, that assigns the organisation with 80% of entry rights and 50% management profits and there is also LIVRET AGIR.

Ethical Finance: the companies

CIGALES – An Investors Club that has an alternative savings' management. Cigales are solidarity liability capital structures that mobilize their own customers' savings in the set up and development of small local and collective businesses (SARL, SCOP, SCIC, SA, companies). They are, above all, areas of exchange and self training upon local economic and development issues.

One CIGALE is a single group made up of a minimum of 5 and maximum of 20 people that set aside part of their communal savings (from €7.62 to €457.25 a month, averaging €30 a month) often meeting up throughout the year to decide which projects to support, not through loans but through minor capital.

The CIGALE club is a community, ethical and solidarity savings project, smaller than a communal investment fund or a sicav, which allows for short term investments that are decided through a democratic process and which support environmental, fair trade, cultural and social issues.

The basic principles of CIGALE'S values are as follows:

- Controlling the use of its own savings, promoting their use in a transparent, collective, democratic and responsible way that also respects solidarity;
- Giving economical sense to the notion of community, bringing savings closer to investments;
- Using its own capital in a different way, making it supportive tool for companies, for both entrepreneurs and customers who save;
- Giving priority to companies who respect the environment and human rights.

Each CIGALE on average finances from one to three companies per year, investing €4,000 on average in each company. This may be modest capital but it enables "leverage" to raise funds from other investors. In addition, it is also possible to have a current account belonging to associate members and to get refunding and technical assistance depending on experience.

These clubs have lasted temporarily (5 years, with one single extension) liquidating their portfolio once terminated.

The CIGALES began in 1983 following the experience carried out by ALDEA (Agence de Liaison pour le Développement de l'Economie Alternative), which began at the start of the '80's in order to create practices that could alter the economy. In 1985 a decision was made to launch the experience gained nationally and in 1988 there were 98 CIGALES founded with a series of national

associations⁵ that assisted the club in its regional plan as a reference point for the federation. The CIGALES⁶ federation decided to open itself up to other activities (not only alternative savings but also financing unemployed projects) such as APCE (Agence Nationale Pour la Création d'Entreprise), NEF (Nouvelle Economie Fraternelle), France Active, les SCOP and REAS (Réseau de l'Economie Alternative et Solidaire), which folded in 1999.

At the beginning of 2002, the network had 86 clubs with 1,300 members, but this number is growing: in this year alone 52 clubs have invested €76,000 capital in 33 businesses, creating 66 new jobs.

RACINES – Réseau d'Accompagnement des Créations et Initiatives avec une Nouvelle Epargne de Solidarité is an association which has promoted women in the economy since 1989 through the set up and development of economic activities in the social and cultural sector. RACINES provides company training, giving fiscal legal, financial and commercial, elaborating technical and financial dossiers, offering women guidance to suitable financial bodies, following suitable financial projects even after they have begun through a consultancy service. Racines is a federation made up of 50 CLEFE clubs (Club Local d'Epargne pour les Femmes qui Entreprennent); groups of between 5-15 customers who, following a CIGALES model, communally invest part of their capital (between €15 and €135 a month) to finance women's projects, for a sum of between €3,500 and €7,600. Each CLEFE autonomously decides which project to finance. Despite the fact that also Clefe's financing is modest, it is nevertheless capable of having a leverage effect upon financial institutions and is, in addition a network for the person financed. CLEFE's loans are granted for a maximum of 5 years, at the end of which the interests offered to customers is between 1.69% and 2.69%, although the capital that is invested directly cannot be withdrawn before the loan deadline.

LOVE MONEY POUR L'EMPLOI - Love Money pour l'Emploi are solidarity finance associations, which since 1998 have mobilised community savings in order to assist in the set up, development and safeguarding of companies in difficulty, increasing their growth in terms of turnover as well as by creating jobs. These associations do not offer solidarity finance products, but each project is, in itself, a solidarity finance product. People who would like to join this association chose a project they wish to personally support through the company's capital (between €10 and €6,000) or by offering their time and skills. Each project is supported by between 50-100 people; an investment can be renewed more than once, it isn't refundable but can be re-sold.

Since 1998 LOVE MONEY associations have accounted €1.9 million in 7 companies, thus creating 70 new jobs.

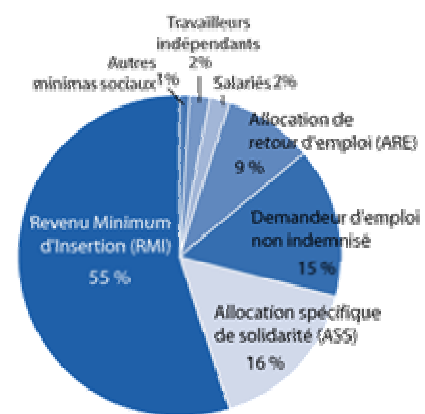
⁵ National associations group together CIGALES in regions, areas or cities: there are 4 (Ile de France, de l'Ille et Vilaine, du Nord-Pas de Calais et de l'Est (Franche Comté et Lorraine) and they are made up from an initiative coming from at least three CIGALES. They coordinate work carried out by different clubs.

⁶ (nominated solidarity company) has the drive and development of the CIGALES movement and guarantees the use of CIGALES regulations and charter. It also supports partnership between CIGALES and other similar networks such as Garrigue, Bourse aux Financements Solidaires and looks after the politics of communication and promoting solidarity savings. The federation is a member of Finansol, INAISE and MES (Mouvement pour l'Economie Solidaire)

Ethical Finance: publicly financed companies

CAISSE SOCIALE DE DEVELOPPEMENT LOCALE – is an association that began in 1998 to support the creation of jobs and economic activity in Bordeaux by granting unsecured loans for businesses and those setting up projects. In 2002 it granted 55 loans. It is financed by public resources and does not therefore regard solidarity finance.

AIDIE⁷ - Association pour le Droit à l'Initiative Economique: is a non profit company, founded in 1988 by three people based on the Grameen Bank model. It finances and supports people who are in difficulty and excluded from the banking sector who would like to start up small businesses, thus using their credit access to enter and become integrated in the traditional banking circuit.



L'ADIE has some loans (solidarity loans, development loan, no guarantee loans which are taken out directly or in partnership with certain banks. Since 1989, AIDIE has granted more than 23,500 loans contributing in the creation of 22,566 work places. 94.5% of the loans are refunded and after 2 years, 72% of all companies are still active. In 2003 5,300 solidarity loans were issued to set up 4,279 businesses and 5,135 work places: this result represents a 16% progress in contrast to 2002. Aidie's beneficiaries are above all people who live in urban areas and there are specific finances to support local youth that may be underprivileged or migrants. Another target group are people who receive a minimum wage. With regards to quality of finances given, there is a constant growth in trade, whilst there has been a decrease in the building and handcrafts services since 2002.

An unemployed person can approach a AIDIE branch in order to have his/her project evaluated and to request financing. During this period, AIDIE takes on a role of supporting and advising the individual and where a loan is granted, it also helps the entrepreneur in his/her initial business start up from a managerial, administrative, political, commercial and communicative point of view through self help meetings.

⁷ 08-10-2003 Habilitation de l'Adie dans le cadre de la loi Bancaire. Habilitation de l'Adie dans le cadre de la loi Bancaire (article 511-6 du code Monétaire et Financier) qui autorise certaines associations à emprunter pour prêter.

Aidie commits itself to:

- 1) Fixing a date within 10 days of the application;
- 2) Fixing a meeting at home or at one of the centres that is not more than 60km away;
- 3) Communicating the evaluation deadline (motivated and defined) within 4 weeks max of the meeting and paying any possible finances within 10 days;
- 4) Bringing together beneficiaries and Aidie partners (volunteers, business advisors, social services) upon request;
- 5) Offering skilled people to respond to problems;
- 6) Respecting the right to privacy

Aidie finances setting up small businesses, S.R.L's and cooperatives with various amounts according to different projects that can reach €15,000. It offers €10,000 to work out a development plan, solidarity loans that have market rates at a maximum of €5,000 in 2 years, zero interest loans that have no guarantees (no guarantee loans), loans that have a growing interest rate for small businesses, a system of caution money and multiple guarantees, training and guidance services. Funds are directly available from AIDIE or are given by bank partners and are paid back by beneficiaries according to precise deadlines. AIDIE often works in synergy with state funds. AIDIE loans can be paid back within a max of 24 months, apart from no guarantee loans which have a longer deadline.

Prêt solidaire de création (max 5 000 euro): pour démarrer une entreprise.

Prêt progressif de 1 000 puis 2 000, 3 500 et 5 000 euros : pour financer une petite activité économique.

Prêt de développement : pour développer une entreprise existante, investir dans du nouveau matériel, augmenter son stock, diversifier sa marchandise.

Prêt d'honneur (max 5 000 euro): pour permettre au créateur d'augmenter ses fonds propres en complément du prêt solidaire.

Prêt de matériel : pour tester une activité, disposer d'un matériel de vente sur les marchés, d'un véhicule.

Taux d'intérêt

Pour les prêts solidaires : 5,72 % au 1 janvier 2004

Pour les prêts d'honneur : 0%

Aidie's loans are granted according to a valuation carried out by credit committee which is made up of volunteers from the industrial or banking sector and bank partner representatives, who decide on a basis of the individual entrepreneur's skill and determination as well as the project's validity.

AIDIE is mainly financed by public funds: Agence Nationale pour l'Emploi (ANPE),

Direction Générale à l'Emploi et à la Formation Professionnelle (DGEFP), Direction Générale de l'Action Sociale (DGAS), Délégation Interministérielle à la Ville (DIV), Direction des Entreprises Commerciales, Artisanales et de Services (DECAS), Délégation à l'Aménagement du Territoire et à l'Action Régionale (DATAR), Fonds d'Action et de Soutien pour l'Intégration et la Lutte contre les Discriminations (FASILD), Caisse des Dépôts et Consignations (CDC), but also has partnerships with banks such as Crédit Mutuel, Banques Populaires, Caisses de Crédit Municipal, Caisses d'Epargne, Crédit Coopératif, Crédit Immobilier de France. AIDIE's supporters are: BNP Paribas, BDPME, BEL, CIC, Société Bordelaise, Crédit Agricole DDP, Financière Atlas, Fondation JM Bruneau, Fondation Lormouët, Fondation Macif, France Télécom, Groupe Développement, Groupement des entreprises de Loire Atlantique, Paca Entreprendre, Secours Catholique, Sys-com.

ADIE supports its projects thanks to issuing solidarity finance products, such as LIVRET JEUNE SOLIDARITE EMPLOI ADIE, managed by Crédit Coopératif. In May 2002 AIDIE was acknowledged as a “solidarity enterprise”.

FRANCE ACTIVE – set up in 1988 thanks to funding from the Fondation de France dalla Caisse des Dépôts et Consignations, which is a national agency that sets up businesses, together with a Credit Union, the MACIF foundation and other no profit organisations, bringing together 34 national funds which have been created (through public and private group support and the banking community) to finance individual or collective business activities for those in disadvantaged areas. France Active offers guarantees for bank loans through France Active Garantie, a company that manages State guarantee funds for business women (FGIF), to publicise economic activity (FGIE), to develop protected ateliers (FGAP), to set up and develop solidarity companies (FGES). In addition, France Active invests the funds it has gathered thanks to solidarity finance products (Codesol), communal investment funds at Crédit Mutuel France Emploi and Epargne Solidaire, Sicav Eurco Solidarité and solidarity communal investment funds Insertion Emplois and AG2R Isica Solidarie⁸, as well as associative contribution contracts.

France Active has also given life to SIFA (Société d'Investissement France active), a company that invests exclusively in commercial companies (SA, SARL, SAS, SCOP) through a minor capital quota (from 5 to 10%).

Since 1988 France Active and Fondi Territoriali have contributed to creating or securing 47,000 jobs, by supporting micro businesses in all sections of economic activity.

In 2003, nearly 35 million euro were mobilised in supporting 7,070 jobs, of which more than 80% are for people who are in difficulty, reaching nearly 13,000 entrepreneurs. France Active has offered 17 million euro worth of loans and 14 million euro in bank loan guarantees, whilst 4,17 million were invested in permanent capital through SIFA, FCP Insertion Emplois and associative contribution contracts.

IDES - Institut de Développement de l'Economie Sociale, an anonymous company created in 1983 to finance cooperatives and companies working within social economy and/or those who work with people in difficulty through their own funds and managing guarantee funds. Since its start, IES has helped 255 companies for a sum of €31,700,000 allowing for or maintaining 10,000 new jobs.

IDES's resources come from the State, great players within the social economy sector and from Caisse des Dépôts et Consignations. IDES is part of the ESFIN group, made up of 5 other structures: ESFIN PARTICIPATIONS, a liability capital company; SPOT, which finances new cooperatives; SOFICATRA, an European company that finances cooperative projects at an European level; ESFIN

⁸ This last company allocates 10% of savings to SIFA and can be e può essere sottoscritto solo dai salariati che aderiscono ai Plan d'Epargne Entreprise (PEE), Le Plan d'Epargne Interentreprises (PEI), Le Plan Partenarial d'Epargne Salariale Volontaire (PPESV), Le Plan Partenarial d'Epargne Salariale Volontaire Interentreprises (PPESVI).

GESTION, a management company that acts on behalf of third parties, FONTANOT PARTECIPAZIONI (communal investment fund).

ALSACE FINANCEMENT SOLIDAIRE – a no profit organisation set up in 2002 to contribute in integrating people in difficulty into the socio-economy, in creating and developing cultural and social activities through granting no guarantee loans or finances no security funds to social economic and solidarity structures in Alsace. It offers a solidarity finance product: a communal investment fund called Placement Equitable, that is managed in collaboration with ETHYS.

Ethical Finance: asset management companies

ETHYS – a company that manages portfolios set up in 2001 to manage ethical and solidarity funds. Ethys manages three communal investment funds in partnership with Alsace Financement Solidaire: FCP Placement équitable, FCP Priorité Sociale Actions, FCP Priorité sociale obligations. It is also possible to contribute to developing social and solidarity economy by becoming an Ethys shareholder.

MACIF - a company that manages portfolios set up in 1997 and partners with France Active. It manages the MACIF CROISSANCE DURABLE ET SOLIDAIRE fund and the ethical finance fund FCPES MACIF CROISSANCE DURABLE ET SOLIDAIRE ES. The first allows members to subscribe 10% of the SIFA savings (FRANCE ACTIVE's investment fund), which invests credit in companies who work with people in need, the rest is invested in companies which are socially responsible. The fund generated a profit of 14.69% in 2003.

OFIVALMO – a company that manages portfolios, one of the three sectors of the OFIVALMO group, set up in 1971 in the mortgage sector. OFIVALMO manages a communal investment fund (FCPE SOLIDAIRE DEVELOPPEMENT ET SOLIDARITE), a product that is only accessible to individuals and employers who benefit from savings wages-based mechanisms (PEE, PEI, PPESV, PPESVI), which has investments in (from 5 to 10% of deposits) in Garrigue, Habitat & Humanisme, Autonomie and Solidarité.

La finanza etica: traditional banks

CREDITO MUNICIPALE DI NANTES – an institutional bank that began in Nantes in 1813 to help people in financial difficulty and which in 1955 became a public institution for social assistance. Since 1984 it is a credit institution within the solidarity finance sector, through the Fondes association (Fonds de Développement Solidaire) and collaborates with France Active and ADIE.

In 1997, the Credito Municipale di Nantes, founded FONDES together with France Active and Association Inter-Comité d'Entreprise ACENER. FONDES is an association that financially supports initiatives that favour people in need, helping them to access bank loans thanks to a constitution of guarantee funds and granting no guarantee loans from their own funds with France Active's support. From its fund, FONDES has taken on 550 projects, financed 150 for a sum of 750,000 Euro.

In addition, Crédit Municipal de Nantes has set up a investment fund called Munisolidarité Placement, that contributes in facilitating credit access to people who are generally excluded: Munisolidarité Placement devolves a part of its financial remuneration to a guarantee fund for local investment (FONDES Pays de la Loire) destined to support local economic development in countries which have The Loira. The minimum investment is 150 euro and there is no maximum; investments are advised for 2 years but it is possible to withdrawl earlier. The nominal rate is 2.80 % whilst the current rate is 2.76 %.

Other financial products belonging to Credito Municipale, regarding those who are economically disadvantaged, are a "Stabilità loan", increased by local collective donations and granted upon proposed criteria and the REDUCTO loan, that see the bank acquiring all credit and debit belonging to a person, which it then issued in a single loan that is refundable at a rate of 8.10%.

CREDIT MUTUEL – a mortgage bank set up a 100 years ago. Today, it is the fifth French bank group. As a community bank, it develops partnerships at a local level with Adie and France Active, that finance through communal investment fund savings belonging to Crédit mutuel France Emploi. This fund annually devolves half of its' funds to France Active.

CREDIT COOPERATIF – a bank group which began in the 19th Century offering a vast range of products and services, autonomous from both the State and big industrial and financial groups. Active in solidarity based financne, it is a partner for many solidarity financial institutions such as Adie, Caisse Solidaire Nord Pas de Calais, France Active, La Nef, Sidi, Sifa.

The Credit Cooperative has developed some ethical and shared banking products such as Carte Agir and Codesol that give between 50% and 100% of their profit to Nef, France Active, WWF France, France Terre d'Asile, Ligue des Droits de l'Homme, Médecins du Monde, Biocoop, UNAPEI.

Credit Cooperatif also manages a series of communal solidarity based investment funds:

- FCP CHOIX SOLIDAIRE, a communal fund that invests between 5% and 10% in bonds that are not quoted by European solidarity stakeholders, 45% in quoted bonds and the rest in bonds, according to indications given by an ethical committee which also assigns a part of savings (7.5%) to Nef, ADIE and the German Sozialwirtschaft bank.
- FCP EPARGNE SOLIDAIRE: a fund that gives 50% of its profits to AMI -Armée du Salut - Fondation de France -Institut Curie -Institut Pasteur -APF -FAF Handicap International -

Action Contre la Faim -Médecins du Monde -France Terre d'Asile -UNAPEI -France Active- Pays de Rennes Emploi and invests in European bonds and bonds offering a 1.38% profits.

Other financial products are:

- FCP EPARGNE SOLIDARITE HABITAT
- FCP FAIM ET DEVELOPPEMENT
- LIVRET AGIR through which 50% of interests are given to HABITAT E HUMANISME, AIDES, Action contre la faim, Agir abcd, Artisans du Monde, Fondation Energies pour le monde, Handicap international, Solidarités Nouvelle face au Chômage, Terre et Humanisme
- LIVRET CREDIT COOPERATIF - NEF
- LIVRET SOLIDAIRE DE LA CAISSE SOLIDAIRE NORD-PAS DE CALAIS
- PEP Nef
- LIVRET JEUNE SOLIDARITE EMPLOI ADIE where young savers between 12 and 25 years give a part of their profits (50%, 75%, 100%) to AIDIE which uses them for micro credit and guarantees
- SICAV EURCO SOLIDARITE, which gives a part (50%) of its profits to CCFD.

CAISSES D'EPARGNE – A banking group that channels a part of its profits in financing local and social economy, commercializing Insertion Emploi, an investment fund that invests 10% of its deposits in France Active and ECUREUIL 1,2,3... FUTUR fund, that invests in companies registered as socially responsible thanks to an evaluation carried out by an ethical committee.

Ethical Finance for Development: associations and NGO's

ECIDEC – An association that has been working in Benin since 1996 with a solidarity credit programme that affects 1,700 people and is financed by a network called “coup de pouce.” It brings together associations and individuals who deposit a minimum of €300. There are no interests and the sum lent is returned in full.

100% of this money goes to solidarity groups in Benin, who repay these loans with a 2.5% interest rate (around 30%) used to cover ECIDEC's financial expenses. Individuals are responsible for repaying loans, but if they are not repaid, then the whole group must pay. In addition to this, the solidarity groups must save 20% of the amount borrowed.

- **PLANET FINANCE** - an international solidarity organisation founded in 1998 from the idea and work of Jacques Attali (special advisor of political affairs to Francois Mitterrand) and Arnaud Ventura. It has been working for 5 years, supporting micro finance institutions in East Africa, China, India, Brazil, Mexico and Latin America and the former Soviet Union. It has branches and carries out fund raising⁹ in Italy, France, Belgium, the United Kingdom and the United States. Planet Finance uses the internet and new Information Technology to

develop the micro finance sector, strengthening its technical and financial capacities. The Technological Department supports the MFIs, by helping them to improve their use New

The Revolving Credit Fund aims to develop institutions, which over a medium period can reach many micro entrepreneurs, but which until today do not have enough financial autonomy nor great access to commercial finance from local banks or international funds. The Revolving Credit Fund offers loans at low interest rates, financing MFI's for a year or more, for an amount that varies between 10% and 50% of their loaned portfolio: in this way it's possible to support their successive claims for commercial loans from other institutions. The Revolving Credit Fund loans at an annual rate in Euro (only occasionally in local currency) and only to finance loans (not management costs). The loan amount varies between €5,000 and €40,000 and the interest rate is between 5% and 7% annually. Fund resources are made up of donations which can also be destined at a single MFI. Fund requests are validated by an analysis committee that gathers local information, thanks to local offices.

Information Technology, the Knowledge Department contributes to the capacity building of MFIs by providing trainings and information, as well as creating new tools to improve their knowledge on the sector (Risks Central, IKM program), the Rating Department in assessing MFIs, facilitates their financing by banks, investment funds and other multilateral institutions and lastly, The Financing Department, via the Planet Revolving Credit Fund directly participates in the financing of MFIs.

80% of Planet Finance is financed by donations given by large companies, banks, privates, French and international public institutions. Some large firms who are Planet Finance "Affiliate Partners" contribute both a minimum of €200,000 annually for a minimum of three years and services sharing expertise, they subsequently participate fully in the institution. The Affiliate Partners are: Arquites (human resources, offering consultancy) CAP GEMINI ERNST & YOUNG (computer management) ERNST & YOUNG, Oracle (management consulting and computer

⁹ There is also an Italian branch, a non profit association set up in **2003**. It's official representatives are Massimo Ponzellini (Vice président et administrateur délégué, Patrimonio dello Stato S.p.A., Rome, and Vice President of Banque Européenne d'Investissement, Luxembourg) and Fiorenza Resta. **Paola Belloti** is head of mission, whose aim is to carry out fund raising and research. **Planet Finance Via Plinio 38, 20123 Milano, Italie, tel : +39 (02) 29533458, fax : +39 (02) 20404375**

services) OrangeFrance (telephone, also sponsorship activities) SANOFI-SYNTHELABO (pharmaceutical products, financial support) SAUR (specialised in water, energy and solid waste management in Europe and abroad) VIVENDI UNIVERSAL (supports New Technologies). Other firms supporting Planet Finance are Macromedia, Lexmark, Microsoft, Banque Populaire.

Public bodies also have shares in Planet Finance (Agence Intergouvernementale de la Francophonie, the InfoDev programme and the World Bank, Microenterprise Best Practices (MBP) which is the research and learning component of the Project for Microenterprise Innovation of the U.S. Agency for International Development, the Groupe Caisse des Dépôts, L'Agence Française de Développement and the European Commission's ASIA ITC programme.

The Technological Department works in providing Information Technology support to Micro finance institutions and NGO's working within the sector. It does this through research and by donating hardware and telephones to the MFI's as well as setting up a website. The Knowledge Department offers an on line bookshop and free on line information courses about micro finance and on line tutored training sessions.

The Planet Finance team also offers Micro finance institutions with rating services, according to an evaluation method called G.I.R.A.F.E. This approach is requested by Micro finance institutions that want to know which MFI's are better to work with or by MFI's themselves as a self assessment. This type of assessment can be co financed by international institutions.

Planet Finance is a professional organisation, but it isn't a self sustainable institution as it's financed through donations and sponsorship, has a high interest rate on its' loans as well relying greatly on people carrying out work experience and volunteers. According to other French stakeholders working within the sector, the institution does not appear completely transparent and although it offers a good model of finance for development, it doesn't seem to be a particularly indicative example of ethical finance.

Ethical finance for development: financial companies

COFIDES NORD-SUD – a financial cooperative set up by Terre des Hommes France and the Peoples Solidaires association in 1995, aimed at proposing new forms of solidarity in both the North and South. It connects ethical savings in the North with the financing of small businesses in the South. A Social Economy Union¹⁰, COFIDES is a network of 140 people and 50 private stakeholders who

¹⁰ formule, qui s'inspire à la fois des statuts de la coopérative et de la société anonyme, permet de rendre un service de nature économique ou commerciale tout en respectant les valeurs du monde associatif.

have subscribed to one or more social quotas. It is managed by an international guarantee fund of local banks in the South.

Cofides guarantees people to set up a company, trading or service, seeking at the same time to lighten creditor's guarantee rates. Each association's productive project, whether it is individual or from a saving's or credit bank, can be subjected to a COFIDES assessment. An Evaluation Committee approves a project, based on advice given by experts, but it is the Executive Board who makes the final decision, based on a detailed dossier, evaluating the loan receiver, local bank, a figure who acts as a go between COFIDES and the loan receiver and the beneficiary's ability to payback the loan.

If the evaluation is positive, COFIDES sends the local bank a certified guarantee and the amount guaranteed is deposited in one of COFIDES' bank partners, which in turn, certify it, thus avoiding overseas transference costs.

COFIDES affiliates working with associations in the South can arrange an agreement protocol with COFIDES so that local banks have COFIDES' guarantee thus completing the guarantee (between 50%-60%) given to COFIDES members. COFIDES

In partnership with UCODEP in Burkina Faso, different conventions have been set up for a medium credit of €45.73; a guarantee for a thousand entrepreneurs working within rural development processes. In Mali, a micro business was financed along with a micro finance institution (Jemini). In Togo, a credit savings bank was established called ACM (Action contre la misère).

offers its customers the possibilities to: buy capital quota, open a Solidarity Current Account that are part of COFIDES NORD SUD loans: in this case, the amount deposited in the current account do not provide guarantees but cannot be withdrawn in the first year. The account interest rates are established annually based on the rate of inflation. It is also possible for members to invest in COFIDES buying personal bonds. The interest rate is variable and determined by an inflation index.

SIDI - Solidarité Internationale pour le Développement et l'Investissement, SPA was set up in 1983 by CCFD (Comitato Cattolico contro la Fame e per lo Sviluppo) to extend and vary its work within the economic sector. It's managed by CCFD in collaboration with Crédit Coopératif, Caisse des Dépôts et Consignations, Epargne Solidarité Développement and Congrégation des Soeurs Auxiliatrices.

SIDI's capital is €5,320,000 divided between:

- 30% CCFD
- 58% Two religious congregations
- 25% from 345 Associazione Risparmio Solidarietà Sviluppo's shareholders
- 10% from other partners (Agence Française de Développement, Caisse des Dépôts et Consignations, Crédit Coopératif, Société Coopérative Autonomie et Solidarité, SICAV Nord-Sud Développement)
- 4% from foreign partners (Alterfin, Cordaid, Oikocredit, Oïkos)

SIDI is specialised in providing financial and technical support for savings structures and credit for micro businesses, which aim to support small 'non creditworthy' entrepreneurs in developing countries. SIDI finances associations, NGO's, MFI's, savings' banks and credit unions present in 25 countries in Africa, Asia, Latin America, the Mediterranean and East Europe. Today, its' portfolio

stands at more than €2.8 million, in loans and shared returns and in 2001 it carried out more than 300,000 loans between €50 and €5,000.

SIDI offers finance, loans, guarantees, resource negotiation services (donations and loans) to partners in the North as well as services that strengthen partners' working capacity, such as backing institutional activities, supporting organisations and their management. There are, finally, research and development activities promoted by SIDI to fulfil technical and financial partnerships. These are carried out through analysis and supporting tools for the decision making process.

Financing: carried out over a longer period (between 3 and 10 years. There are different types of financing: bonds, loans, resource negotiation services, guarantees deposited in other banks or institutions.

Support: Governance and institutional support, support and counselling to the internal organisation and support to operational activities.

Technical assistance: developing financial products, information and management systems, materials and procedures.

In order to receive credit from SIDI a micro finance institution has to make an application, describing its work and demonstrating its last three years budgets. This application is then evaluated by a local expert through a field study, which is then verified by a Committee.

SIDI's financial resources come from its own capital (5.32 million Euro), income from the mutual fund "Hunger and Development", funds negotiated with public and private organisations and from revenue generated from CCFD's portfolio.

In addition to acquiring capital shares (1= 152 euro), customers can invest in a mutual fund "Hunger and Development." This is the first French financial investment product towards solidarity, which was set up in 1983 by CCFD and Crédit Coopératif, divided into three parts, having different financial criteria: "Trésorerie", "Equilibre", "Horizon 2003".

Applying for this product for a minimum quota of €196,70 results in half being donated to eight charities of the customers choice: in addition to CCFD (which receives 90% of loans, thus sustaining SIDI), there are also Agir ABCD, CFSI, CIMADE, Frères des hommes, Terres des hommes, Institut Belleville, Communauté du Chemin Neuf. In 2003, the fund gained 2.12% from over 4,000 members.

SIDI also invests in Sicav "Eurcosolidarité" which finances these associations and integrates disadvantaged people into the workforce in Central and Eastern Europe as well as in France. It also supports "France Active" and "Solidarités Nouvelles face au Chômage". Today, this sicav has a capital of €30 million and approx. 900 members.