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Elements for a Social and Solidarity Economy Financing (ESSF) Ecosystem.

By Yvon Poirier and Hamish Jenkins (RIPESS)[1]

Context

For more than two decades, a growing global movement composed of grassroots civil society organizations, international NGOs, academics, local and national governments, and some inter-governmental organizations such as ILO, UNRISD and OECD, has been promoting the Social and Solidarity Economy (SSE) as an alternative socio-economic model for the advancement of human well-being, social justice and economic and sustainable development. In particular, the United Nations Interagency Task Force on SSE (UNTFSSE) – founded in 2013 pursuant to demands by social movements for the UN system to promote SSE as a credible alternative to prevailing economic approaches – has demonstrated the strategic contribution of SSE to meet all 17 Sustainable Development Goals (SDGs) contained in the 2030 Agenda for Sustainable Development adopted at a UN Summit in September 2015. This is detailed in the UNTFSSE's latest position paper Advancing the 2030 Agenda through the Social and Solidarity Economy (2022).

In the last two years, major historic breakthroughs for the promotion of SSE took place at the multilateral and plurilateral levels. Following the landmark adoptions of the International Labour Conference resolution (ILC.110/Resolution II) on "decent work and the social and solidarity economy" and the OECD Recommendation on the Social and Solidarity Economy and Social Innovation in June 2022, the United Nations General Assembly brought these advances to the highest level of SSE recognition with the adoption of resolution (A/RES/77/281) "Promoting the social and solidarity economy for sustainable development". The UN and ILO resolutions provide for the first time a "universal" definition of SSE, highlighting the primacy of societal goals over profit and democratic and participatory governance, as also reflected in less detail in the OECD definition (see Box 1).

Box 1: Universal definition of SSE. The UN and ILO resolution provide a universal definition of SSE which *"encompasses enterprises, organizations and other entities that are engaged in economic, social and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits, as well as assets, [and] that social and solidarity economy entities aspire to long-term viability and sustainability and to the transition from the informal to the formal economy and operate in all sectors of the economy, that they put into practice a set of values which are intrinsic to their functioning and consistent with care for people and planet, equality and fairness, interdependence, self-governance, transparency and accountability and the attainment of decent work and livelihoods and that, according to national circumstances, the social and solidarity economy includes cooperatives, associations, mutual societies, foundations, social enterprises, self-help groups and other entities operating in accordance with the values and principles of the social and solidarity economy."*

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Executive Summary

This paper provides background on UNTSSE's knowledge of existing and new SSE-friendly financial instruments and lessons learnt from past experiences of the SSE movement with international financial institutions listed in Operational Paragraph (OP) 3 of UN General Assembly Resolution A/RES/77/281, which states:

3. Encourages multilateral, international and regional financial institutions and development banks to support the social and solidarity economy, including through existing and new financial instruments and mechanisms adapted to all stages of development.

The value of OP 3 is that it opens the potential to help address the financing gap facing most SSE entities around the world. Social and solidarity financing mechanisms such as cooperative banks, credit unions or rotational funds (set up as an alternative to ill-suited conventional banking) usually rely on local savings that are typically well below the demand for credit. This therefore calls for the availability of concessional external finance, of which the entities listed under OP 3 could be a major source, provided the right institutional ecosystems are in place.

In examining pathways to implementation of OP 3, it is essential to place the potential role of international financial institutions within the broader development finance ecosystem of complementary actors, ranging from donors providing Official Development Assistance (ODA), UN Sustainable Development Cooperation Frameworks coordinated by UN Resident Coordinators and UN Country Teams and their national government counter-parts, to SSE micro-finance and capacity-building organizations backed by enabling SSE laws and policies and supportive national and local government institutions committed to SSE development.

A multistakeholder approach is, or should be, at the heart of SSE financing (SSEF). A territorial SSE ecosystem has typically the following building blocks: capacity-building, investment and funds, market access (including public procurement), enabling policy and regulatory environment, knowledge transfer, data and measurement, and awareness/mobilization. These generic elements of a functional SSE ecosystem are largely reflected in OP 1 of the UN resolution and the "nine building blocks" of the OECD Recommendation. This SSE ecosystem of complementary actors (including SSE associations and networks (including SSEF intermediaries), universities, and research and training centres and a variety of hybrid institutional set-ups in between) undertake multiple supporting activities for SSE entities, including capacity-building and access to finance and markets. It is essential to consider SSE financing as part of this broader supporting SSE ecosystem to generate successful sustainable development processes and outcomes.

This paper first explores past exchanges between the SSE community and international development financial institutions. This started with a dialogue between SSE actors and international development banks during a major event organized by FIESS in Montreal in 2011. The exchange showed an openness to SSE on the side of the banks, but it did not lead to follow up due to capacity constraints from the side of SSE actors.

A much more productive exchange took place during an event organized by UN-NGLS and the World Bank Group in 2014 in Washington DC. Besides the World Bank, the meeting included representatives from the African Development Bank (AfDB), Asian Development Bank (ADB), the Inter-American Development Bank (IDB) and the European Bank for Reconstruction and Development (EBRD). Presentations on the value of SSE to meet sustainable development objectives and the role that international development financial institutions can play in filling the SSE financing gap were made by representatives of UN-NGLS and RIPESS. Key findings from this meeting can be summarized as follows:

- There is a strong interest from these financial institutions to support SSE, but some major stumbling blocks need to be overcome:
- Within their respective mandates, these institutions can interact directly with businesses (i.e. private sector) without authorisation from governments, but funding directly CSOs requires prior government authorization. In principle this means that SSE organisations could present themselves as a sub-set of the private sector to access funds to support SSE economic activities. This does not prevent SSE organisations to also act as a CSO actor.
- A key challenge is the fact that many, if not most, SSE economic entities are small, or even very small. International development banks are accustomed to finance very large projects such as in infrastructure (e.g., transportation, hydroelectricity, or renewable energy), in which international development banks can invest directly. However, the "transaction costs" of administering small grants/loans (understood in the broad sense to include the time spent to evaluate the borrower's creditworthiness, the conditions in which it operates, additional support needed, etc.), make it not feasible for such large financial entities to finance SSE entities directly.
- One option is the creation (or consolidation) of intermediary financial structures at country and local levels to manage funds provided by the Banks. Such entities, governed by a multistakeholder democratic organisation would be part of a broader SSE ecosystem described above to ensure knowledge of the needs, conditions and capacities of the applicants and additional non-financial support needed is provided to develop and thrive. The advantage of such an intermediary institution is that it could manage funds coming from other sources such as ODA and other public and private funds, including pension funds in countries where they exist. (The Trust Fund of the *Chantier de l'économie sociale* in Québec province (Canada) is such an example of a mechanism that works well.) It is essential that the pooling of multiple funding sources, including potentially from the private sector do not follow donor-driven or investor-driven priorities (which has been observed through certain "impact investment" processes), but are genuinely driven by grassroots needs and priorities determined through democratic and participatory processes of co-construction.

A concrete follow-up resulted from this exploratory meeting, whereby relations between the African Development Bank (AfDB) and RENAPESS (a RIPESS member in Mali) were established. Since the Mali government had adopted in October 2014 a National Policy for Support of SSE, as well as an action plan that required funding, RENAPESS President Madani Koumaré had the opportunity to engage in meetings with the AfDB. The National policy had, as one of the important goals, setting up a patient capital fund. They agreed in principle to finance a feasibility study for setting up an intermediary mechanism that could manage funds from the AfDB for (often small) SSE entities. Terms of reference (TOR) for the study were prepared by Madani (see document in French in Annex 1). The AfDB was ready to finance the feasibility study, of which the costs were estimated at about 100,000€. The expert for the feasibility study would have been chosen by RENAPESS, as agreed with AfDB. Following preparation of an agreement, a representative from the AfDB travelled to Bamako for the official signature in December 2015. However, the delegate from the concerned Ministry did not show up and the project came to an abrupt halt. (The presumption, never confirmed, is that the civil servants wanted to keep control and did not agree to a project prepared by the network.) The end of the project was an unfortunate setback, but clearly demonstrates the potential for collaboration with international development banks.

Recommendations based on this experience were presented by UN-NGLS during a session on SSE partnerships at the first UNTFSSE technical symposium held in Rome on 4 November 2016, which included creation/consolidation of intermediary SSE platforms to channel effectively large funds from multiple sources to SSE entities on the ground.

This paper also details RIPESS engagement in the Financing for Development (FfD) processes and attempts to include SSE financing on the FfD agenda. RIPESS did not succeed in integrating SSE in the outcome of the third FfD Conference held in Addis Ababa in July 2015, but managed to include it in CSO Declaration to Conference (which itself was an achievement given the lack of knowledge of SSE by most CSO networks that have participated in FfD processes over the last two decades). RIPESS proposes the possibility to engage in the likely fourth FfD Conference to be held in 2025. UN FfD processes formally involve international financial institutions, including multilateral and regional development banks. To meaningfully engage, however, would require at least one year of preparations.

The paper also provides: a non-exhaustive catalogue of research and documentation on existing and new SSE financing instruments and mechanisms (which however do not treat of SSE entities' cooperation with international development financing institutions, which is a novel terrain); reflections on the key (but often under-estimated) role of philanthropic and international NGOs' support to building the global SSE movement; disappointments with engagement in the international "aid effectiveness" processes; a list of some SSF institutions and practices; and future perspectives.

The central message of this paper is the following: in order to implement OP3 of the UNGA Resolution is the need to combine: (a) the UNTFSSE's accumulated knowledge of existing and new SSE-friendly financial instruments and mechanisms adapted to all stages of development and territorial contexts; with (b) a generic approach to build and strengthen Intermediary SSE financial structures that can pool funds from a variety of sources (including international financial development institutions listed in OP3), which are embedded within broader territorial SSE ecosystems of complementary supporting actors, to irrigate funds to SSE entities in the most optimal way to realize the SDGs from the local level upwards.

Box 2: About RIPESS and the authors

The Intercontinental Network for the Promotion of Social Solidarity Economy (RIPESS) was born from a bottom-up process of coalition-building across continents that was instrumental in forging a common identity among different strands of grassroots organizations practising democratically governed economic activities to primarily meet societal goals, later collectively conceived as "social and solidarity economy" (SSE). The first in a series of international meetings on the Globalization of Solidarity was held in Lima in 1997, where activists from a wide range of social movements, NGOs, researchers, and practitioners from around the world gathered to begin developing the elements of a more concrete global SSE movement. This set the stage for the formal establishment of RIPESS in 2002, as "a global network of continental networks committed to the promotion of Social Solidarity Economy" in Latin America and the Caribbean, North America, Europe, Africa, Asia and Oceania. Each continental network is composed of national and sectorial networks in over 75 countries, which provide strong territorial and substantive anchoring to promote intercontinental cooperation and advocacy at different levels.

Yvon Poirier is presently Special Advisor on advocacy and governance at RIPESS. He also has participated as a RIPESS representative in the United Nations Inter-Agency Taskforce on Social and Solidarity Economy (UNTFSSE) since the first meetings with formal participation of non-governmental observers in early 2014, where he was notably involved in all the steps (from 2016 to 2023) of the process leading up to the adoption of the UN Resolution on SSE (A/RES/77/281). He has been involved in RIPESS in many different roles since March 2004, including as a member of the Board of Directors from 2013 to 2020. He is Secretary of the Board of the *Canadian Community Economic Development Network (CCEDNET),* a RIPESS member. He has co-authored different publications. A first document published in 2015 examines the origins of many concepts related to SSE Social Solidarity Economy and related concepts Origins and Definitions: An International Perspective. A second paper published in 2016 is about legislation and policies Legal and political recognition of social solidarity economy (SEE). An overview on SSE public policies and guidelines**.** He studied Political Science at Laval University in Quebec City (Canada). All his life, he has been active in social movements, cooperatives and non-profits. His is now a retired college teacher and union activist.

Hamish Jenkins is presently Geneva Representative of RIPESS and worked in different capacities at the United Nations Research Institute for Social Development (UNRISD), the United Nations Non-Governmental Liaison Service (UN-NGLS) and the International Labour Organization (ILO) between 1997 and 2023. While at UN-NGLS, he played an important role in co-founding the UNTFSSE established in September 2013. He is author or co-author of a number of SSE-related publications including: *Guidelines for Local Governments on Policies for Social and Solidarity Economy* (UNRISD Research Report. January 2021); "Historic Breakthrough for Social and Solidarity Economy at the International Labour Organization" (UNRISD Working Paper 2023-02); and several chapters of the *Encyclopedia of the Social and Solidarity Economy: A Collective Work of the United Nations Inter-Agency Task Force on SSE (UNTFSSE)*: "Activism, Social Movements and the Social and Solidarity Economy" (Chapter 1 – co-authored with Yvon Poirier); "Local and Territorial Development Plans and the Social and Solidarity Economy" (Chapter 47); and "Supporting Organizations and Intermediaries for Social and Solidarity Economy" (Chapter 55). Before working in institutions of the UN system, he was a civil society activist and researcher. His academic training is in development studies.

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Elements for a Social and Solidarity Economy Financing (ESSF) Ecosystem.

Introduction
This paper provides background on UNTSSE's knowledge of existing and new SSE-friendly financial instruments and lessons learnt from past experiences of the SSE movement with international financial institutions listed in Operational Paragraph (OP) 3 of Resolution A/RES/77/281, which states:

3. Encourages multilateral, international and regional financial institutions and development banks to support the social and solidarity economy, including through existing and new financial instruments and mechanisms adapted to all stages of development.

The value of OP 3 is that it opens the potential to help address the financing gap for SSE. Social and solidarity financing mechanisms such as cooperative banks, credit unions or rotational funds (set up as an alternative to ill-suited conventional banking) usually rely on local savings that are typically well below the demand for credit. This therefore calls for the availability of concessional external finance, of which the entities listed under OP 3 could be a major source, provided the right institutional ecosystems are in place. This paper will explore, based on experience acquired in the last decade, possible paths, and some specific proposals, to move in this direction.

However, besides instruments and mechanisms by the institutions mentioned, this endeavour must be part of a larger development finance ecosystem including:

- Government agencies that provide Official Development Assistance (ODA)
- Programs from UN Agencies such as ILO, UNDP, under country UN Sustainable Development Cooperation Frameworks coordinated by UN Resident Coordinators and UN Country Teams and their national government counterparts (see primer in Annex 2).
- INGOs based or funded by OECD citizens and countries. Just to name a few: Action Aid (UK), Terre Solidaire (France), WIEGO (global)
- INGOs providing volunteers (members of IVCO)
- SSE Financing (SSEF) Networks such as INAISE and World Council of Credit unions
- Microfinance
- Traditional practices such as roscas and tontines (Africa)
- Local SSEF institutions like credit unions (Canada) and community banks (for example in Bolivia and Brazil
- Investments funds (Trust fund in Quebec province)
- SSEF intermediaries (to match available funds to the needs).
- International CSOs in the Financing for Development (FfD) movement.

Many of the above are complementary. A multistakeholder approach is, or should be, at the heart of SSEF. A territorial SSE ecosystem has typically the following building blocks: capacity-building, investment and funds, market access (including public procurement), enabling policy and regulatory environment, knowledge transfer, data and measurement, and awareness/mobilization. These generic elements of a functional SSE ecosystem are largely reflected in OP 1 of the UN resolution and the "nine building blocks" of the OECD Recommendation. This SSE ecosystem of complementary actors (including SSE associations and networks (including SSEF intermediaries), universities, and research and training centres and a variety of hybrid institutional set-ups in between) undertake multiple supporting activities for SSE entities, which can include co-creation and implementation of SSE legislation, SSE development plans, policies and programmes; and a range of support services, varying from advocacy and promotion of SSE interests in public policy arenas to capacity building and access to finance and markets. SSE function and can develop best with supportive national and local government institutions committed to SSE development. It is essential to consider SSE financing within this broader SSE ecosystem for the financing parts to generate positive sustainable development processes and outcomes.

Before exploring avenues and proposals, we need to share what exists and what we have learned in the last decade or two.

A-Exploring past exchanges between the SSE community and international development financial institutions

A.1-At the **FIESS** event held in Montreal in on October 17-19, **2011**, the program had a panel on this subject. The FIESS event, attending by 1 600 participants in person and 350 on-line (for plenary sessions), had a theme public policies and SSE.

Plenary Round table
Dialogue Between actors of the Social and Solidarity economy and international development Banks.

Description
A unique opportunity for players in the social and solidarity economy to take part in a discussion with representatives from multilateral and regional development banks on the importance of the social and solidarity economy as a development solution. What initiatives (policies, projects and resources) should these organizations implement to support the development of the social and solidarity economy? how can access to the appropriate financial tools be ensured?
Participants

- Gemma Sacristan, Senior financial analyst, Inter-American development Bank
- Alessandro Pio, Resident director General North America Representative Office (NARO), Asian development Bank
- Angelo Fuchs, directeur, département d'économie sociale et solidaire, Banco nacional do desenvolvimento econômico e Social (BndeS), Brésil
- Justin Murara representative, African development Bank
- Luis Eduardo Salcedo, representative, RIPESS Latin America and Caribbean
- Djakagbe Kaba, assistant Secretary General to the government, Guinea
- Sunil Chitrakar, Representative, Asian alliance for Solidarity economy, Nepal

During the discussion, all the Banks indication openness to add criteria to include SSE.
Unfortunately, at that time, RIPESS members in regions did not have the capacity to propose such criteria to the Banks.

A.2 In **2014**, at the occasion of the 11th Annual Meeting of United Nations and International Organisations Civil Society Focal Points organized by the United Nations Non-Governmental Liaison Service (UN-NGLS), the World Bank Group, the International Monetary Fund and the Inter-American Development Bank held in Washington (November 17-18), one of the break-out sessions focused on SSE. Excerpt from the Summary Report of the event:

Breakout Session 4 — What are Effective Approaches to Operational Collaboration with Civil Society? How Can Financial Institutions Support Actors in the Social Solidarity Economy (SSE)?

Active Moderator: John Garrison, Senior Civil Society Specialist, World Bank

Biljana Radonjic Ker-Lindsay, Head, Civil Society Engagement Unit, EBRD Civ

Andres Falconer, Partnership Coordinator, Global Partnership for Social Accountability, World Bank

Hamish Jenkins, Senior Programme Officer, UN-NGLS

Sylvain Browa, Director, Aid Effectiveness, Save the Children

Yvon Poirier, Board Member, Inter-Continental Network of the Promotion of Social Solidarity Economy (RIPESS)

This session examined the approaches being undertaken by World Bank Group (WBG) and EBRD to increase operational collaboration with civil society, from both an MDB and CSO perspective. It also explored how the development community, including international financial institutions, could collaborate in providing training, capacity building, and the provision of adequate access to affordable long-term finance to help lift the potential of SSE organizations. The moderator, ***Mr. John Garrison*** *(WBG), began the session by presenting the World Bank's "Civil Society Engagement Continuum" in order to help define what is meant by "operational collaboration" – as distinct from other forms of engagement, such as policy dialogue or consultation. The continuum comprises five steps: information dissemination; policy dialogue; consultation; operational collaboration; and institutional partnerships. The WBG has found that the greater involvement CSOs have with the Bank, the higher level of influence they can also have. WBG – CSO relations have evolved significantly on the first three levels over the past thirty years, but hopefully they will they also advance along the last two steps of the continuum – collaboration and partnerships – going forward.*

Mr. Andres Falconer *(WBG) made a presentation on the Global Partnership for Social Accountability (GPSA). He explained that while citizen engagement at the WBG often means citizen's participation in Bank-financed operations, GPSA tries to flip this by using Bank operations to encourage CSOs to engage with governments and improve governance. GPSA has three components: funding (funds CSOs directly and not through governments), knowledge-sharing, and global partnerships. It is an instrument largely geared to promoting efficiency, accountability, and quality of public services. In order to be funded, grantees need to demonstrate that their proposal will address concrete problems of poor public services and/or governance. A ground-breaking feature is that CSOs have the same voting power as government and donor agency representatives on the GPSA Steering Committee which decides who receives funding.*

Ms. Biljana Radonjic Ker-Lindsay *(EBRD) talked about the EBRD's experience in engaging CSOs, which goes beyond the requirements of its policies on public information and environmental and social issues. She explained that EBRD is an international financial institution that focuses on private sector investments in 35 countries in Eastern Europe, Central Asia, and the Middle East. EBRD has a dedicated unit in charge of institutional engagement with civil society, which has traditionally focused on information disclosure, policy* *dialogue and consultations. Most recently, the unit has started collaborating with civil society and enhancing capacity of local community groups and CSOs when there is a link with EBRD's investments and policy dialogue activities in relation to: i) sustainable energy and resources; ii) economic inclusion; and iii) investment climate and governance issues. Through this new initiative, the EBRD utilizes CSOs' outreach to their own constituencies as an additional channel to raise awareness among the local communities and stimulate new patterns of social behaviour. It also focuses on improving CSO institutional capacity, technical expertise and communication and advocacy skills.*

***Mr. Sylvain Browa** (Save the Children) spoke about Save the Children's experience in engaging with official donor agencies and posed some framing questions. While Save has had some effective but limited experiences in collaborating operationally with the WBG through project financing, their sense is that CSOs are still not considered full-fledged "clients" or partners of the Bank and other MDBs. The question, Mr. Browa asked, is what will be next frontier look like in these evolving relations? Will operational staff within MDBs evolve to truly treat CSOs as strategic partners rather than secondary service providers? Can MDBs effectively help CSOs engage governments without fear, and bridge the gap between CSOs and the private sector? Finally, who are the ultimate "clients" of these MDBs, governments or the citizens they are supposed to represent?*

***Mr. Hamish Jenkins** (UN-NGLS Geneva) talked about the United Nations' experience with the emerging "social and solidarity economy" (SSE) sector. This is a term which refers to social enterprises that adopt an alternative, non-profit economic approach geared to helping communities achieve sustainable development objectives. While this movement is largely invisible in most policy circles, the UN created an inter-agency task force on SSE (TFSSE) which now includes 19 agencies and observers from the SSE sector. The TFSSE published a Position Paper last July: Social Solidarity Economy and the Challenge of Sustainable Development. One of the tasks this body is exploring is whether MDBs and other financial institutions can provide financial support to this sector in a sustainable fashion.*

***Mr. Yvon Poirier** (Intercontinental Network for the Promotion of the Social Solidarity Economy – RIPESS), one of the observers in the TFSSE, complemented Mr. Jenkin's presentation by noting that most SSE groups don't define themselves as traditional CSOs. Unlike microfinance, the overall focus is on promoting sustainable social enterprises which benefit whole communities. He gave examples from Africa and Asia of investments needed to improve business activities in low-income communities. This requires establishing partnerships with financial institutions as well as local/regional governments. The potential of SSE enterprises lies in their ability to involve community members, empower women through their leadership roles in these social enterprises, and create new jobs.*

In the discussion that followed, participants brought up a number of issues, including the specific experiences of other MDBs in the area of civil society engagement. The Asian Development Bank (ADB), for instance, is currently piloting co-financing with CSOs of large infrastructure projects (their most recent experience is partnering with World Vision on a large housing construction project). They feel that it is desirable to collaborate with CSOs, but it is difficult to figure out with whom as very few CSOs have the size and/or flexibility to support large-scale development efforts. The African Development Bank (AfDB) representative explained that they don't have a granting mechanism for civil society, but are developing other forms of engagement, such as mapping out CSOs in different countries and sectors. They have set up an advisory group to guide their engagement efforts. The Inter-American Development Bank (IDB) *maintains CSO advisory committees in 26 countries which provide advice on IDB policies and programmes at the country level. They also annually convene CSOs from these committees and other CSOs from throughout the region to discuss regional policies and programmes. Their civil society unit is now working to convince IDB staff that operational collaboration with CSOs should be considered a "business opportunity," but it takes time to change staff perceptions. The Global Environment Facility (GEF) faces similar challenges and opportunities. While the GEF has an independent and strong network of CSOs (composed of some 500 CSOs) that has been monitoring and participating in GEF activities for over 20 years, there are questions about how representative and broad-based it is. More recently, five large international CSOs (including the WWF, IUCN, and Conservation International) have become "implementing agencies" and will start channeling GEF grants to smaller CSOs.*

In terms of SSEs, a participant argued this sector should be seen as a natural partner for MDBs since it aims to promote economic growth through small enterprises and job creation. In addition, it is generally just as expensive for the private sector to lend to small enterprises as it is to a huge companies, thus MDBs should consider financing SSE ventures [which implies finding ways to overcome the challenge of managing small loans and grants (including evaluating credit-worthiness), which can be done by funding SSE through intermediary structures at national and local levels that know the needs, capacities and conditions of grassroots SSE actors and can provide complementary non-financial support]*[2]. Another participant noted that there are many innovative civil society engagement approaches being implemented by the MDBs and UN agencies, but they are quite distinct in nature with varying degrees of speed and impact. There was a final discussion on the true motivations behind these engagement initiatives and whether they reflected institutional priorities or were more geared to improve the image of the MDBs. Colleagues at the WBG noted that engagement with civil society did indeed start out as a way to protect its image and respond to street protests some 30 years ago, but that today CSOs are increasingly seen as part of the Bank's strategy to strengthen the development impact of its work on the ground.*

In the presentation made at the workshop (see Annex 3), specific proposals were presented as a way forward. An interesting discussion happened after the presentations. All three regional banks (ADB, AfDB and the InterAmerican DB) representatives welcomed the suggestions and proposals and said that they would be open to further dialogue.

The two-day conference did provide possible lessons for the future. The banks, including the World Bank explained that in their mandates, they could interact directly with businesses (ie. private sector) without authorisation from the governments in the respective countries. However, for funding directly to CSO organisations, most countries require prior authorization. This implies that SSE organisations must consider that they are in the private sector to access funds to support SSE economic activities. In other words, SSE organisations have the right to access the same financial tools as traditional private businesses. In other words, SSE is a sub-sector of the private sector, since in any case it is not in the public sector. This does not prevent SSE organisations to ALSO act as a CSO actor.

A.3 After the World Bank meeting in Washington, relations between the Africa Development Bank (AfDB) and RENAPESS in Mali were established. Since the Mali government had adopted in October 2014 a National Policy for Support of SSE, as well as an action plan that required funding, a RIPESS colleague,

[2] Clarification in square brackets brought by organizer after publication.

Madani Koumaré, the RENAPESS president, had meetings with the AfDB. The National policy had as one of the important goals setting up a patient capital fund. They agreed in principle to finance a feasibility study for setting up an intermediary mechanism that could manage funds from the AfDB for (often small) SSE entities). Terms of reference (TOR) for the study were prepared by Madani (see document in French in Annex 1). The AfDB was ready to finance the feasibility study using a leftover funding from a credit line provide to Mali. The estimated cost of the feasibility study would have been about 100 000€. An agreement was prepared for signature. A representative from the AfDB travelled to Bamako for the official signature in December 2015. The delegate from the concerned Ministry did not show up and the project stopped. The presumption, never confirmed, is that the civil servants wanted to keep control and did not agree to a project prepared by the network. Choosing the expert for the feasibility would have been done by RENAPESS. The AfDB had agreed to this. The end of the project was an important setback, but clearly demonstrates the potential for collaboration with international development banks.

A.4 At the first UNTFSSE technical symposium held in Rome on November 4, 2016, Hamish Jenkins who was at UN NGLS presented at a session on SSE partnerships the following suggestions. based on learned the experience of the Washington event at the proposal made by RENAPESS to the AfDB.

Redirecting long-term concessional finance to support SSE partnerships

- *Mapping of existing multistakeholder regional and national SSE platforms*
- *Mapping of public and private financial institutions offering long-term concessional finance or grants for social/environmental purposes (at international and regional levels) who may be interested to finance the scaling up of well-designed SSE partnership initiatives through the intermediation of regional/national SSE platforms*
- *Encourage or facilitate the creation of decentralized mechanisms to establish partnerships between these financial institutions and SSE platforms (e.g. to provide guarantees, low cost credit, grants, undertake needs assessments, training and capacity-building, etc. for local SSE initiatives) [start with jurisdictions with enabling SSE legal and policy environment?]*
- *Longer term: support the creation of intermediary SSE platforms where they do not exist.*

The full presentation is in Annex 4.

B-History of SSEF advocacy by RIPESS and allies

B.1 In 2008, RIPESS attended the Accra (Ghana) CSO meeting on aid effectiveness. The CSO forum was held on August 31 and September 1, before the High-Level Forum of September 2-4 of donor and recipient of aid countries. The driving force for the CSO forum was to reintroduce the importance of CSOs in aid processes, since the Paris Declaration of 2005 on the effectiveness of aid had reduced the role of civil society as partners in aid.

The CSO forum was an important success as related in the report ACCRA (2008)-CSO. This was an occasion for RIPESS to understand and get involved in the promotion of aid to those that really need aid. This was also an occasion to meet many organisations that have similar views as ours towards a people-centred development. However, even if it would have been important for RIPESS to involve itself more, it was not possible to do so, mostly because of lack of capacity at the time (no funding).

B-2-The UN set up in 2013 an International Committee of Experts on Sustainable Development Finance (ICESDF). On May 12th, 2014, RIPESS submitted contributions for the ICESDG to consider so that SD Finance is aligned with the need of organisations at the grassroots.

B-3 RIPESS participated in the dialogue session on financing for development with civil society on April 9th, 2015, at the UN. For this occasion, RIPESS prepared a document, which was uploaded on the meeting website. The "Social Solidarity Economy (SSE) and Financing for Development (FfD) concept note" prepared for the occasion outlined the importance of adding an SSE approach in Financing for Development. The purpose of this session was to prepare FfD3 in Addis Ababa in July 2015.

B-4 RIPESS participated in the CSO parallel event at Addis Ababa. Even with the strong presence of CSOs, the Addis Ababa Action Agenda (AAAA) for financing the upcoming 2030 Agenda did not include anything significant for a different approach in financing development. Not surprisingly, SSE was not included. However, our proposal to include SSE in the CSO declaration was approved.

B-5 From its beginning in 2014, RIPESS has been a member of the FfD CSO group. We have collaborated with this group led by organisations such as EURODAD, LATINDAD, SIDS (Society for International Development) and many others. They organized the CSO parallel meeting in Addis in 2015 and they organised many activities at the UN every year to interact and have impact on all meetings concerning the international financial infrastructure. RIPESS co-hosted a workshop at the Tunis World Social Forum in March 2015. This year, RIPESS participated in the annual ECOSOC FfD Forum at the UN on April 17 to 20. *UN members at the FfD are examining convening for 2025 the **FfD4**, a decade after FfD3 in Addis Ababa***.** This could be an occasion to include the principle of SSE financing. This signifies preparing at least a year in advance.

B-6 In a conference organized by the Asia Solidarity Economy Council (the Asia member of RIPESS) in Kuala Lumpur (November 2011), different workshops on finance were held on subjects such as microfinance. There were presentations on SSE financing relating to Islamic financial institutions. The ILO policy brief on Mapping the Social and Solidarity Economy Landscape in Asia Spotlight on Malaysia published in 2021 explains well the relations to SSE. Islamic finance institutions also exist in many African countries.

C-Research and documentation on SSE financing

The following is a non-exhaustive catalogue of research and documentation on existing and new SSE financing instruments and mechanisms. They do not treat of SSE entities' cooperation with international development financing institutions, which is a novel terrain. Some of the financing instruments mentioned have been subject to criticism or reservations such "impact investing", to the extent that the priorities in terms of impact are pre-decided by private investors rather than the collective decisions of the SSE entities and local communities concerned (and creates risks of "social washing", as recently pointed out by the G20

Sustainable Finance Working Group[3]). However, most financial mechanisms and instruments mentioned are widely supported by the global SSE community.

C-1 The ILO (2018-2019) Research Project on **"Financial mechanisms for Innovative Social and Solidarity Economy Ecosystems"** was undertaken by the European Research Institute on Cooperatives and Social Entreprises (Euricse). This very detailed research, including 8 country case studies (Ecuador, Québec, Morocco, Republic of Korea, Italy, Cabo Verde, Columbia and Luxemburg) describes well existing SSE infrastructure. However, it does not include the aspect of the possible contribution of Multilateral Development Banks (MDBs) or ODA.

C-2-Chapter 7 of UNRSID research on Guidelines for Local Governments on Policies for Social and Solidarity Economy, also explores the different possibilities to *Access to finance for SSE*. These Guidelines, published in January 2021 were a joint partnership between UNRISD and GSEF

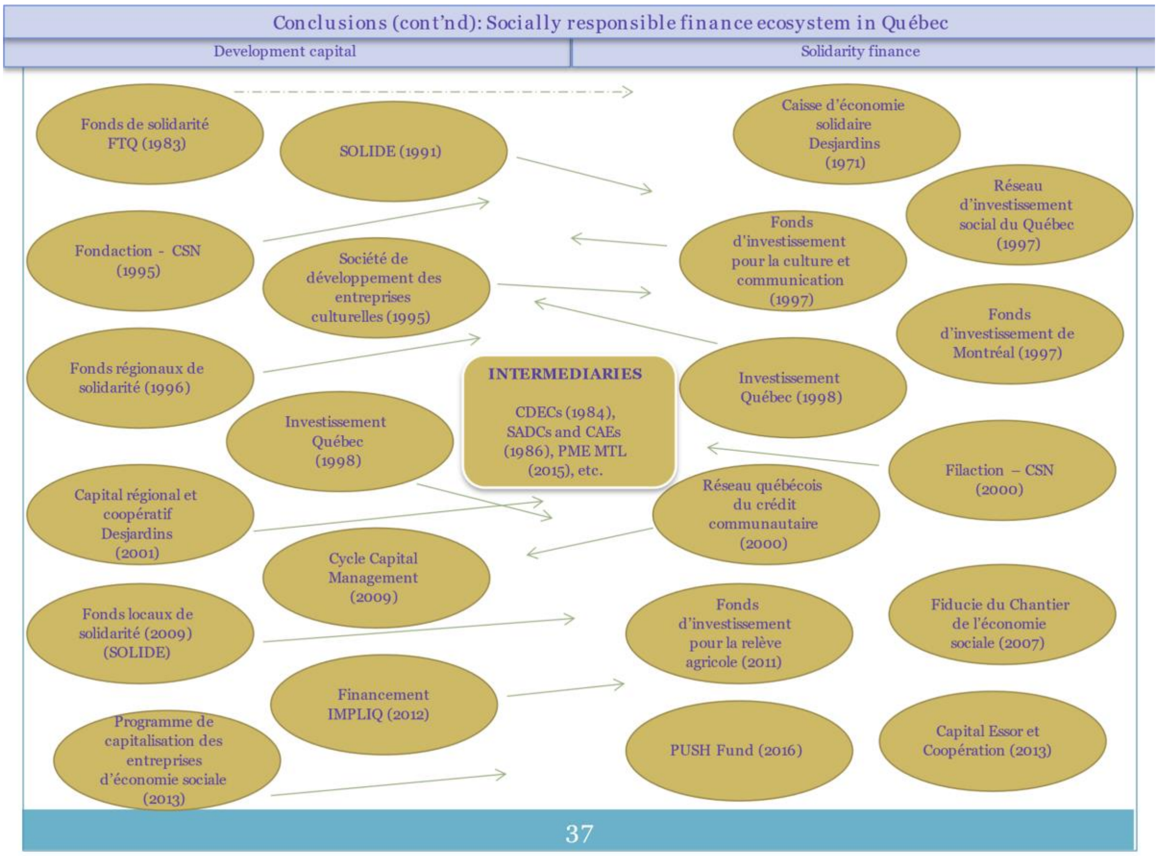
C-3 Pact for Impact published Thematic guide #1 : Financing of the Social and Solidarity Economy (SSE). This Guide also explores options for financing SSE.

C-4 Several relevant chapters in the UNTFSSE's Encyclopedia of the Social and Solidarity Economy, including Chapter 28 "Finance sector", which focuses primarily on the main actors in terms of structure and size, reviewing the different types of SSEOEs that supply financial resources through the various financial mechanisms that are detailed in Chapter 45 "Financing", and Chapter 55 "Supporting Organizations and Intermediaries" which describes different institutional forms of organizations that undertake multiple supporting activities for SSE entities, which can include design and implementation of SSE legislation, SSE development plans, policies and programmes; and a range of support services, varying from advocacy and promotion of SSE interests in public policy arenas to capacity building and access to finance and markets.

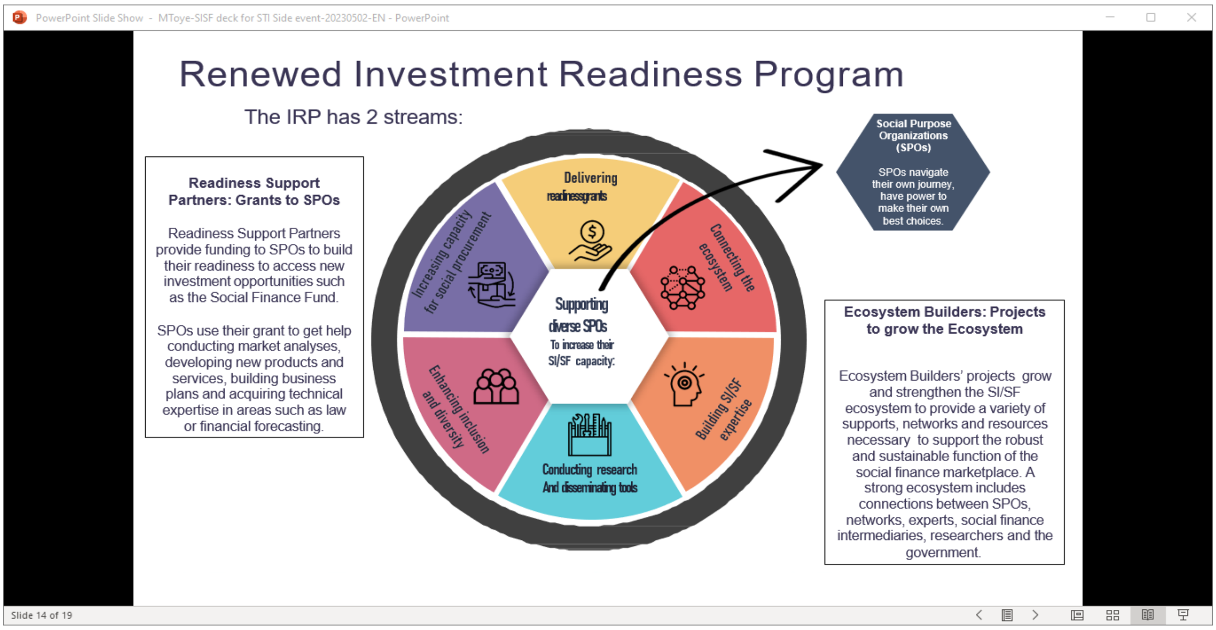
C-5 The OECD online tool Guidance note: Access to Finance as part of its series in the Social Entrepreneurship component of the Better Entrepreneurship Policy Tool developed by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

C-6 Marguerite Mendell of the Karly Polanyi of Political Economy at Concordia University (Montreal) in a presentation in Seoul on June 27, 2017, on *Solidarity Finance and Development Capital (Responsible Investment) in Quebec*, summarized in a graphic the Quebec finance ecosystem. (See presentation in Annex 5.)

[3] See G20 Sustainable Finance Working Group Deliverables, 2023



C-7 Michael Toye of the Canadian CED Network in presentation at side event on "Social Innovation Experiences from the Social and Solidarity Economy" co-organized by the UNTFSSE, RIPESS and others during the UN's 8th Forum on Science, Technology and Innovation on 2 May 2023, explained that in the rest of Canada, the SSE ecosystem is not so well developed and sophisticated as in Quebec, and requires a preparatory phase (supported by the Canadian Federal) called "Renewed Investment Readiness Program (IRP)" to build SSEOs capacities to become "ready" to accept reimbursable social finance capital and to develop the broader SSE ecosystem landscape. The next phase is to achieve a "self-sustaining social finance marketplace" with a government-financed Social Finance Fund (SSF) matched by private capital. The SSF operates as a "wholesaler" pooling funds from diverse sources and disbursing them to competent SSE intermediary structures (See presentation in Annex 6.)



D-A history of international support for SSE organizations and networks

The global SSE movement as we know it today would not exist if INGOs of different types had not supported the movement building at all levels, global, continents, countries and the local.

Even if SSE initiatives were popping up here and there, not always using the expression SSE, we can undeniably affirm that SSE (called then solidarity economy) emerged internationally with a meeting held in Lima Peru from July 1 to 4, 1997. This led to a second Globalization of Solidarity meeting in Quebec in 2001 and to the creation of RIPESS in 2002.

What is less know is how this was possible. Grassroots SSE organizations are in general quite small, and don't have the capacity, especially for those in the global South, to attend international events. For the Lima meeting, most of the funding came from organizations in the Americas linked to the Catholic Church like Development & Peace in Canada, the international agency of the Church. Funding for the 2001 was obtained from governments in Canada (Quebec province and the Federal government).

For the third conference in Dakar in November 2005, the core support for organizing the event was from two Canadian INGOs, Development & Peace mentioned above with funds (nearly 300 000€ over a four-year period) as well as the Canadian Center for International Studies (CECI), also based in Montreal. CECI has volunteers in over a dozen countries in the 3 «south» continents. On a continual basis, there were 2-3 volunteers as full time staff in the secretariat. More importantly for the movement building, the CECI offices in French speaking Western Africa countries supported the emergence of national networks in countries such as Mali, Burkina Faso, Guinea, etc. For the November 2005 forum, CECI also brought to the event organisations they were working with (Examples from Nepal and Bolivia).

For the 2005 event, support also came from France (volunteers), from CCFD (Catholic church INGO), Oxfam International (for international participants), etc.

Without going into further detail (since not the main purpose of this paper), it must be recognized that a certain number of INGOs supported the emergence of the SSE movement, and some still do. However, for different reasons some have stopped, or reduced, support most INGOs rely in part on government funding in most countries. For example, a lot of support was provided to capacity building of organisations. However, when the Conservative party with Stephen Harper became Prime Minister, the INGOs had to focus more on enterprise development and less developing strong civil society organisations in which SSE was involved.

The challenge is for SSE organisations, now that we have a UN Resolution, is to develop relations with the INGO sector.

E-Official Development Assistance (ODA)

Very few inroads have been made by SSE relating to ODA. However, as mentioned in the report of the 2008 aid effectiveness meeting in Ghana, ODA flows from donor countries to developing countries. After the Paris 2005 consensus on ODA, there was an important commitment on how ODA should be delivered. Unlike what was the case beforehand, donor countries pool together the funding for each country and the priorities are determined by the recipient countries ("country ownership"). They can decide to prioritize education or health. But they can decide to prioritize highways. According to the Accra Agenda for Action, developing countries governments should work more closely with parliaments and local authorities and should also engage with civil society organizations. In practice, finance ministers still have the final say on budget allocations. This suggests that National SSE networks, with a large constituent base should strengthen their advocacy on national governments to include SSE.

RIPESS also supports the request of countries in the Global South as well as all CSOs working in development, to abide by the UN Resolution requesting that ODA represent the equivalent of 0,7% of donors' gross national income (GNI).

Sometimes there is some support from Embassies. Some have some discriminatory funds the Embassy can use.

F-SSE finance institutions and practices

F.1 The *International association of investors in the social economy (INAISE) has been a long-time partner and ally for nearly 20 years.* INAISE is a RIPESS member since 2018.

F.2 Savings and loans cooperatives / credit unions. In some countries, there is collaboration in networking and are the banking institutions serving the SSE sector.

F-3 Some foundations and investments funds are present in the SSE of community sector. Except for a few such as the Foundation for the Progress of Humankind (FPH) or the Etica Bank Foundation, most have not supported SSE related approaches.

F-4 The Global Fund for Development of Cities (FMDV) does include SSE in it's work. FMDV is a member of the UNTFSSE, but has been less active in the last 3-4 years.

F-5 Most **microfinance** institutions are not in SSE. A few exist such as in Mali with MEREF SFD, MAIN in Africa, and others who are members of INAISE. An interesting example is ASSEFA in India which manages two nonbanking financial institutions, Sarva Jana Seva Kosh for livelihood / development finance and Sarvodaya Nano Finance Limited for credit facilities to rural women. When microfinance institutions are owned and managed by the local or national SSE networks, their governance assures they benefit to the community.

F-6 Many other approaches may pretend they are part of SSE such as Social Impact Bonds (SIBs) or impact investors. However, like CSR, there is no demonstration, no credible research, that these approaches improve the lives of people who are the "clients".

G-Future perspectives

Even if many initiatives and SSE financial institutions have been created and developed over the years, mainstreaming SSE in global financial institutions will be a daunting challenge.

The global financial system has a strangle hold on the development system. The 2015 Addis Ababa Action Agenda (AAAA) was supposed to organise financing for implementing Agenda 2030. Many NGOs, including RIPESS, held a CSO forum to provide recommendations to the official summit. For the CSO movement, the AAAA was "business as usual" and very disappointing. As the CSO sector expected, the AAAA has not lived up to address the major changes needed in local to global financial systems. It can be considered a huge failure, which explains in part why the world is going backwards to achieve Agenda 2030.

Over the last years, we have seen deterioration of financial support for the real needs at the grassroots. Instead, we have seen the emergence of PPPs which are like a gold mine for investors. Even if a bit less popular because of some "horror" stories of very bad examples, this approach is still prevalent. Global capital only invests if the return on investment (ROI) is significant. Achieving Agenda 2030, or eradicating poverty is not anywhere near a mainstream criterion for conventional private investment. Yet, Resolution A/RES/77/281 offers a very different investment path going forward if it is implemented within the genuine parameters of SSE (as defined in the Resolution) and the UNTFSSE steps up to the mark.

Conclusion

Our proposal is a concrete step (which should not be controversial but rather common sense) is the creation or consolidation of SSE multistakeholder intermediary organisations. This is essential to match the needs of SSE at the grassroots and country levels. This is also very important to have the capacity to negotiate directly with the MDBs and other funders. This also implies increasing the strength and capacity of SSE apex bodies at the country level.

Providing funds for the development of SSE economic organisations directly from a government ministry or department or non-SSE investment bank will probably lead to failure – such as was *de facto* the case in Mexico until 2018, when the National Institute of Social Economy (established pursuant to the social economy law adopted in 2012) drew lessons from its earlier mistakes: i.e., there was little point in funding SSE in the absence of strong networks of complementary actors in the field[4].

The central message of this note is the following: in order to implement OP3 of the UNGA Resolution is the need to combine: (a) the UNTFSSE's accumulated knowledge of existing and new SSE-friendly financial instruments and mechanisms adapted to all stages of development and territorial contexts; with (b) a generic approach to build and strengthen Intermediary SSE financial structures that can pool funds from a variety of sources (including international financial development institutions listed in OP3), which are embedded within broader territorial SSE ecosystems of complementary supporting actors, to irrigate funds to SSE entities in the most optimal way to realize the SDGs from the local level upwards.

[4] Presentation by Juan-Manuel Martinez Loubier, Executive Director of INAES, the National Institute of Social Economy of Mexico, at the at side event on "Social Innovation Experiences from the Social and Solidarity Economy" co-organized by the UNTFSSE, RIPESS and others during the UN's 8th Forum on Science, Technology and Innovation on 2 May 2023

ANNEXES
(Unpublished documents in reference)

Intercontinental network for the promotion of social solidarity economy
Réseau intercontinental de promotion de l'économie sociale solidaire
Red intercontinental de promoción de la economía social solidaria

www.ripess.org
info@ripess.org

Annex 1:
Terms of Reference of feasibility study for implementation of a SSE patient capital fund in Mali for the African Development Bank (July 2015 –prepared by Madani Koumaré, President of RENAPESS – now Coordinator of RIPESS)

TERMES DE REFERENCE
*****
ETUDES DE FAISABILITE DE LA MISE EN PLACE D'UN FONDS DE CAPITAL PATIENT POUR LE FINANCEMENT DES ENTREPRISES D'ECONOMIE SOCIALE ET SOLIDAIRE AU MALI

1. Contexte global et justification

Le Gouvernement du Mali a adopté le jeudi 09 octobre 2014 une Politique nationale de promotion de l'Économie sociale et solidaire (PNESS) dont les principaux axes stratégiques sont *1) le renforcement institutionnel, législatif et réglementaire, 2) le renforcement des capacités des organisations et des acteurs de l'ESS, 3) développement de l'information, de la formation et de la recherche et 4) l'administration et le Suivi-Evaluation de la mise en œuvre.*

L'un des aspects importants du résultat 2 de l'axe stratégique 2 porte sur « la création d'un fonds de capital patient pour l'accès des entreprises sociales et coopératives au crédit » adaptés à leurs réalités.

Le rôle important des entreprises d'ESS, des coopératives et mutuelles qui se créent abondamment dans les secteurs de l'artisanat, de l'agriculture, de la pêche, de la santé, des transports et des services de proximité pour la croissance économique et le développement social au Mali est irremplaçable. Cela est corroboré par l'analyse de la structure de la formation brute du capital national qui démontre, à tout point de vue, que ces entités économiques et sociales constituent le socle du décollage économique du Mali, en tant que principales sources de création de revenus et grandes pourvoyeuses d'emplois pour la majorité des jeunes et des femmes.

Ces types d'organisations d'économie sociale et solidaire étaient officiellement représentées au Mali, en 2012 par :

- 17 090 sociétés coopératives enregistrées avec : 741 000 adhérents, 12 milliards FCFA de chiffre d'affaires 2 000 emplois directs ;
- 175 mutuelles agréées en 2012 avec 265 545 612 612 bénéficiaires adhérents et 961 millions FCFA d'encaissements ;
- 125 institutions de finance solidaire 1 0069 425 sociétaires, 118,706 milliards CFA de ressources et 2 212 employés.

Malgré l'importance de la place et du rôle des organisations de l'ESS dans l'économie malienne en général, ce secteur reste confronté à d'énormes difficultés qui sont entre autres :

- Le poids des législatives et règlementations qui les gèrent ;
- Le déficit de ressources financières et matérielles nécessaires au développement des activités économiques et des entreprises d'Economie Sociale et Solidaire consécutif à l'absence de mécanisme de financement approprié,
- Le déficit de capacité des agents d'appui technique ;
- l'insuffisance de l'accompagnement technique (formation sur l'accès et l'utilisation du crédit, suivi….).

Il y a donc un besoin pertinent de réaliser une étude permettant, entre autres, d'évaluer les impacts réels et les garanties d'un mécanisme de capitalisation qui permette le financement approprié des entreprises et coopératives d'ESS, tout en définissant les modes de gestion financière, technique et matérielle d'une part, les outils pratiques et les produits financiers éprouvés, d'autre part.

Le fonds de capital patient est un levier important pour le développement de l'économie sociale et solidaire. Sa vocation de renforcer l'accès des organisations de l'ESS au crédit adapté, via des institutions de micro finance/finance solidaire disposant de ressources appropriés pour ce faire, nécessite une intervention de l'État et des partenaires d'appuis (coopérations, organismes de développement, secteur privé citoyen, investisseurs sociaux…) à hauteur des objectifs de développement social, de création d'emploi et de revenus de la politique dont il s'est dotée.

Si l'on considère que les liens sociaux et l'impact sur l'emploi, l'insertion des personnes et des territoires, la préservation de l'environnement... relèvent de l'intérêt public, il devient légitime que l'État et les collectivités publiques contribuent au financement des finances solidaires. Des fonds spécifiques peuvent être créés pour cela.

La présente étude souhaitée par l'unité de pilotage opérationnelle de la PNPESS se justifie par l'importance de démontrer le bienfondé des investissements d'argent public et la solidarité financière des partenaires techniques et financiers, ainsi que du secteur privé « citoyen », dans la constitution d'un fonds dédié.

2. Compréhension de quelques concepts clés

➢ **Economie sociale et solidaire** :

- l'ensemble des activités de production et de distribution de biens et de services, menées par les sociétés coopératives, les mutuelles, les associations et autres organisations.
- le terme « ***économie*** »**,** renvoie à la production et à la distribution concrètes de biens et de services ;
- les qualificatifs « ***sociale et solidaire*** »**,** renvoient à la rentabilité sociale des activités, l'entraide et la solidarité mutuelle, la recherche de l'autonomie, la promotion de la créativité, …

➢ **Entreprise d'économie sociale**

Les entreprises d'économie sociale sont constituées en organismes à but non lucratif ou en coopératives. Elles entretiennent des liens étroits avec les collectivités locales et les milieux où elles sont implantées et sont en mesure de reconnaître et interpréter les nouveaux besoins sociaux en émergence et y répondre de façon concertée.

Les organisations qui produisent des biens et des services mettent à contribution des populations ou des segments de population qui sont marginalisés ou exclus de l'économie dominante en favorisant leur intégration sociale et économique.

L'économie sociale et solidaire est donc un concept englobant qui renvoie à un large spectre d'initiatives. Présente aussi bien dans les centres urbains que dans le milieu rural, elle participe à une économie plurielle et questionne le concept de développement qui privilégie le « tout au privé » ou le « tout au public ».

L'économie sociale s'inscrit dans une économie plurielle. À côté de l'économie publique et de l'économie privée à but lucratif, l'économie sociale reconnaît explicitement la dimension sociale de l'économie, comme en témoignent ses principes et ses règles de fonctionnement. Elle ne vise pas à remplacer et n'est pas en opposition à l'économie publique et privée. En tant qu'économie associative, elle poursuit des objectifs qui procèdent d'une rationalité spécifique : utilité sociale, prise en charge individuelle et collective, revitalisation d'une collectivité, création d'emplois, etc. Les initiatives de l'économie sociale sont à même de mobiliser des ressources humaines, communautaires et financières souvent négligées par l'économie dominante.

Le marché et l'état sont des acteurs majeurs que l'économie sociale ne remet pas en question mais ils ne sont donc pas les seuls pôles qui régissent le développement. L'économie sociale et solidaire y ajoute la **prise en charge par la société civile** d'une **perspective d'intérêt collectif.**

- **Economie sociale :** ensemble de politiques, de stratégies, d'actions, de règles et de mesures de gestion des inégalités et des injustices sociales qui concourent à la promotion sociale et à la réduction de la pauvreté à travers la production et la redistribution équitable des biens et des services.

- **Entreprenariat collectif :** toute forme d'entreprise fondamentalement à but non lucratif, basée sur les principes de solidarité, de démocratie participative, de mutualisation des moyens de production et de distribution équitable des revenus. C'est une forme particulière d'entreprise dans laquelle on trouve la figure centrale de l'entrepreneur mais dont la conception de l'activité économique allie rentabilité et changement social.

- **Finance solidaire** : **alternative au système de financement classique. Elle consiste à mobiliser et/ou à rendre accessibles aux organisations et acteurs de l'Economie sociale – souvent exclus du système bancaire classique - les services financiers de base (épargne et crédit) et/ou à orienter l'épargne vers des activités à caractère solidaire et éthique.**

La finance solidaire a vocation à financer le développement économique communautaire et les entreprises d'économie sociale. On trouve diverses formes à travers le monde incluant entre autres, différentes manières de créer une épargne collective pour répondre aux inégalités et injustices sociales.

En définitive, c'est un système financier conçu pour apporter au travers de structures et d'outils spécialisés, des financements et des projets générateurs de développement économique durable et d'intégration sociale.

- **Capital social** : agrégat des ressources réelles ou potentielles qui sont liées à l'adhésion à un groupe. Il se réfère à la valeur collective de tous les "réseaux sociaux" et les inclinaisons qui résultent de ces réseaux dans une logique de réciprocité.

- ***Capital patient :*** fonds de capital/placement financier concessionnel à long terme permettant d'accorder des prêts à des conditions favorables et à un grand nombre de porteurs d'initiatives et d'entreprises de l'ESS pour démarrer leurs activités, leurs entreprises et financer des activités/investissements structurants.

3. Etat des lieux des institutions de micro finance (IMF) au Mali

Les institutions de micro finance ou systèmes financiers décentralisés (SFD) regroupent une diversité d'expériences d'épargne et de crédit, selon leur taille, le degré de structuration, la philosophie, les objectifs, les moyens techniques, financiers et humains mis en œuvre par les populations à la base, avec ou sans le soutien technique et/ou financier de partenaires extérieurs, en vue d'assurer leur autopromotion économique et sociale.

Généralement les IMF se retrouvent sous les principales formes suivantes au Mali :

- les institutions mutualistes ayant comme activité unique ou principale la distribution du crédit;
- les coopératives d'épargne et de crédit ;
- les sociétés de capitaux anonymes ayant pour vocation la collecte de l'épargne et la distribution du crédit ;
- les organisations pour lesquelles l'octroi de crédit est une activité subsidiaire.

Selon les informations récentes de l'association professionnelle des SFD (AP/SFD), le secteur financier malien se présentait comme suit en 2013.

« La situation de crise que traverse le secteur, dans le contexte de mise en vigueur de la nouvelle loi, engendre des défis majeurs dont le plus crucial demeure celui de l'assainissement du secteur, gage de sa viabilité et de la durabilité de l'offre de services financiers au profit des populations dans un environnement empreint de sécurité et de confiance ».

Le secteur est animé et encadré par trois organismes relevant du secteur privé et du secteur public : l'APSFD – Mali, le CPA/SFD et le CCS/SFD.

La BCEAO et la Commission bancaire assurent le contrôle des SFD visés par l'article 44 de la loi 10 – 013 du 20 mai 2010;

Données du secteur au 31/12/2012

Nombre de SFD	125
Nombre de points de services	1.108
Membres/Clients	1.785.155
Encours de crédits (millions FCFA)	81.090
Encours d'épargne (millions FCFA)	65.710
Encours de crédits en souffrance (millions FCFA)	4.26
Taux de portefeuille à risque	5%.

L'année 2013 a été marquée par les effets pervers de la crise politico – sécuritaire née du coup d'état de mars 2012 avec comme conséquence immédiate l'isolement politique et économique du Mali ayant exacerbé les difficultés du secteur de la micro finance :

Le diagnostic des 32 SFD effectué par l'AFD a permis d'obtenir 2 catégories de SFD :

La catégorie 1 composée des SFD qui nécessitent des mesures particulières de la tutelle à court terme : 24 SFD retenus sont classés en trois niveaux, en fonction de la nature des mesures que peut prendre la tutelle telles que définies par la loi.

La catégorie 2 composée des SFD ne nécessitant pas de mesures spécifiques à court terme de la tutelle mais des appuis techniques et financiers (8 SFD).

Il faut y ajouter une troisième catégorie composée des « petits SFD isolés à rattacher », s'ils présentent un potentiel de viabilité.

Par ailleurs, selon la BCEAO, le taux de bancarisation enregistré était de 12,33% en 2012 dont 7,06% pour les SFD contre 5, 27% pour les banques.

4. Problématiques

Le crédit en tant que concept économique et financier est un moyen de recours pour le financement des besoins d'investissements-production et/ou de consommation. Faire crédit, c'est faire confiance.

Les banques classiques fondant leur confiance sur des critères de solvabilité ne considèrent que la surface financière de leurs clients et la disponibilité de garanties matérielles sérieuses pour octroyer un crédit avec un minimum de risque. Cette tendance les conduits naturellement à drainer les capitaux vers ceux qui peuvent satisfaire ces conditions l'épargne de toute leur clientèle, dont celle également des pauvres, qui en sont exclus à cause de la faiblesse de leurs revenus individuels et de l'absence de « garanties sérieuses ». La faiblesse de revenu n'est pas pour autant la seule contrainte qui amène les banques classiques à ne pas financer les activités des couches démunies. En effet les différentes discussions et concertations avec les banques révèlent qu'elles ne sont pas suffisamment outillées pour soutenir des activités à faible besoin financier.

En plus, l'administration de ces petits crédits comme au niveau des crédits financés par les banques, demande beaucoup de temps, donc des frais qui dépassent les capacités financières des activités initiées par ladite couche défavorisées. Comme dans la plus part des pays en développement, depuis les années 1980, l'importance des couches défavorisées et pauvres au Mali, amena des organisations, institutions et structures non gouvernementales à encourager ces populations exclues ou méconnues du système bancaire classique (urbains et rurales) à initier des structures de financement alternatif ou de proximité. Ces structures de financement alternatif à capital variable et à but non lucratif ont pour objet la promotion, la collecte de l'épargne locale et l'octroi de crédit à partir des ressources considérées comme argent « chaud » que les adhérents ont eux-mêmes constituées.

Cependant, le Mali à l'instar d'autres pays dans le monde connait une pauvreté qui se manifeste dans la pratique par l'absence ou la faiblesse d'accès aux équipements et services sociaux de base relatifs à l'éducation, à la santé, à l'alimentation, au logement, à l'exercice d'activités productives et socioculturelles ainsi qu'à la sécurité et à un environnement sain.

La lutte contre la pauvreté qui constitue aujourd'hui un enjeu mondial a suscité partout dans le monde, sur tous les continents la contribution du secteur financier à divers égards, que ce soit dans les pays riches ou dans les pays pauvres.

Même aux États Unis la pauvreté n'a pas laissé indifférent le secteur financier qui a apporté sa contribution sous forme de « Community Bank ».

Quant aux pays traditionnellement pauvres comme le Mali, les formules n'ont pas manqué d'originalité avec, toutefois, la même constance à savoir : faire profiter aux populations démunies, généralement par le biais d'institution spécialisées, des retombées de financement de tous ordres, que ce soit pour la consommation ou pour production.

Particulièrement au Mali, les IMF ont été créées et encouragées pour s'attaquer d'abord à la lutte contre la pauvreté (l'éradiquer ou la réduire tout au moins). Par vocation, les IMF offrent des services financiers à des personnes à revenus modestes qui n'ont pas accès au secteur financier formel. Le nombre d'IMF (Cf. tableau ci-dessus) avec leurs unités de base constitue, à la fois, une force et une menace à cause des déviations des objectifs, des crises de croissance et de gouvernance.

La grande majorité des IMF n'apporte plus les réponses structurantes à l'exacerbation de la pauvreté et de la vulnérabilité des populations. Cette situation est encore plus regrettable pour les entreprises de l'ESS qui ont absolument besoin de crédit pour se développer.

4. Contraintes spécifiques

4.1. Du cadre légal :

Historiquement, en Afrique de l'Ouest, la Banque Centrale des États de l'Afrique de l'Ouest, avec l'appui technique du Projet d'Appui à la Réglementation sur les Mutuelles d'Épargne et de Crédit (PARMEC) a élaboré en concertation avec les états membres de l'Union Monétaire Ouest Africaine (UMOA), la loi portant réglementation des institutions mutualistes et coopératives d'épargne et de crédit. Cette loi a été adoptée par le Conseil des Ministre de l'UMOA en décembre 1993 à Dakar et a connu de nouvelles évolutions en 2007.

La Loi N°10-013 du 20 mai 2010 portant réglementation des Systèmes Financiers Décentralisés et son décret d'application n° 10 - 315 du 03 juin 2010 entrés en vigueur après leur promulgation par le Président de la République.

D'autres instructions ont été édictées par la BCEAO pour compléter la loi dont les innovations majeures sont:

- l'extension de la réglementation à l'ensemble des SFD.
- la suppression du statut de groupement d'épargne et de crédit (GEC). Il est énoncé dans les dispositions finales et transitoires que la suppression des GEC est constatée. Ceux en activité disposent d'un délai de 2 ans, à partir de l'adoption de la nouvelle loi, pour se conformer aux nouvelles règles.
- l'instauration d'un régime unique d'autorisation d'exercice (agrément).
- l'instauration d'une nouvelle réglementation comptable propre aux SFD (nouveau référentiel comptable).
- l'implication de la BCEAO dans le processus d'autorisation des SFD et de leur contrôle.
- les exigences nouvelles en matière de production et de communication de l'information financière périodique aux autorités.).
- la participation de la BCEAO à l'instruction des dossiers de demande d'autorisation.
- l'intervention de la BCEAO et de la Commission Bancaire dans la surveillance des institutions qui ont atteint un certain niveau d'activité (article 44).
- la certification obligatoire des comptes pour les SFD d'une certaine taille financière.
- l'obligation pour le SFD, dans les 3 mois suivant leur inscription sur le registre des SFD, d'adhérer à l'Association professionnelle des SFD.
- le renforcement des pénalités et un pouvoir de sanctions conféré à la banque centrale et à la commission bancaire.

4.2. Des facteurs limitant l'accès des plus faibles au crédit :

- le déphasage entre les législations en vigueur et les réalités socioéconomiques et professionnelles des acteurs et des secteurs concernés ;
- l'insuffisance et l'inadéquation des fonds de crédits et des refinancements des SFD à vocation sociale et solidaire ;
- l'insuffisance de fonds pour satisfaire les demandes de crédit adaptés au besoin des pauvres dont la majorité est constituée de femmes, de jeunes en situation difficiles et de personnes handicapées ;
- la faible maîtrise des coûts élevés de la gestion et de l'accompagnement du crédit;
- la faible capacité d'autogestion des systèmes par les membres ;
- la marginalisation des communautés de base défavorisées par l'éloignement et le manque d'information ;
- le taux d'analphabétisme élevé surtout chez les femmes ;
- le déficit de gouvernance en général des instances dirigeantes,
- le flou dans les rapports entre les SFD et leurs adhérents ;
- les pesanteurs socioculturelles qui empêchent les femmes d'entreprendre économiquement et de contractualiser librement.

5. Objectifs

5.1. Objectif général

Evaluer la faisabilité technique et financière du projet de création d'un fonds de capital patient prévue par la PNPESS du Mali qui permettra de doter les institution de finance solidaire en ressources financières longue et bon marché pour qu'elles puissent améliorer leurs offres de crédit aux entreprises sociales et coopératives d'économie sociale et solidaire.

5.2. Objectifs spécifiques

1) Identifier et préciser les postulats empiriques démontrant la valeur ajoutée d'un fonds de capital patient dans le développement de l'ESS, à travers l'accès des entreprises et coopératives d'ESS au crédit pour financer leurs besoins en fonds de roulements et d'équipements de production dans les conditions adaptées à leur réalité et au contexte de pauvreté au Mali.

2) définir le cadre normatif approprié, les sources de financement pertinentes et pérennes, les projections des besoins d'investissement, les compétences techniques, les produits spécifiques ainsi que les règles de gestion/fonctionnement et les critères d'accès aux produits financiers par les entreprises d'ESS et les coopératives;

3) analyser les coûts et bénéfices pour les capitaux à investir par cycle préalablement défini;

4) proposer des pistes de dispositions incitatives que le gouvernement doit prendre dans le court, le moyen et le long termes.

5) Proposer un plan stratégique quinquennal avec le plan d'opération pour la première année et les modalités de suivi-évaluation y afférents.

6. Résultats attendus

Les résultats attendus au terme de l'étude sont les suivants :

1) les postulats empiriques démontrant la valeur ajoutée d'un fonds de capital patient dans le développement de l'ESS, à travers l'accès des entreprises et coopératives d'ESS au crédit pour financer leurs besoins en fonds de roulements et d'équipements de production dans les conditions adaptées à leur réalité et au contexte de pauvreté au Mali sont identifiés et davantage précisés à travers :
    a. les impacts sur le capital social et les liens sociaux,
    b. la définition des indicateurs de performances financière et sociale,
    c. le renforcement des institutions de micro finance/finance solidaire dans leur mission de lutte contre la pauvreté … ;

2) un cadre normatif approprié, des sources de financement pertinentes et pérennes, les projections des besoins d'investissement, les compétences techniques, les produits spécifiques ainsi que les règles de gestion/fonctionnement et les critères d'accès aux produits financiers sont définis;

3) les coûts et bénéfices pour les capitaux à investir par cycle préalablement défini sont connus;

4) des pistes de dispositions incitatives que le gouvernement doit prendre dans le court, le moyen et le long termes sont clairement proposées ;

5) un plan stratégique quinquennal avec le plan d'opération pour la première année et les modalités de suivi-évaluation y afférents sont élaborés.

7. Méthodologie possible

L'étude se veut exhaustive et pointue. Cela exige une méthode fondée sur les analyses quantitatives et qualitatives de l'ensemble des acteurs, des institutions et organisations, des politiques et stratégies en faisant ressortir leurs forces et faiblesses ainsi que les potentialités et obstacles pour la mise en place d'un fonds de capital patient dans le secteur de la micro finance.

7.1. Préparation de l'étude :

Rencontre de cadrage entre les consultants et l'unité de pilotage opérationnel de la PNESS:

7.2. **Etude documentaire** : les consultants rechercheront et exploiteront les documents de référence, des **expériences** antérieures ayant des liens avec leur mandat.

7.3. **Conception et validation des outils**. Il s'agit pour les consultants de concevoir l'ensemble des outils qui seront administrés sur le terrain pour les fins de l'étude. Ces outils feront ensuite l'objet de validation au niveau de l'unité de pilotage.

7.4. **Etude de terrain** :

Collecte des données : il s'agit de consulter et d'enquêter auprès des structures et organisations publiques, privées, associatifs concernées par l'ESS en général, les intervenant dans le secteur de la micro finance en particulier, des personnes ressources et des acteurs cibles prioritaires à la base et des organismes d'appui à la coopération au développement afin de recueillir les informations pertinentes, les attentes, les préoccupations et les recommandations sur le projet de création du fonds de capital patient.

7.5. **Cartographie des bassins d'opportunités pour le fonds de capital patient**

7.6. **Rédaction du rapport** : il s'agit d'analyser les données recueillies afin d'élaborer un rapport faisant ressortir les résultats attendus.

7.7. **Livrables et validation :**

- Un rapport de démarrage à présenter au terme du premier mois d'intervention
- Un rapport provisoire
- Un rapport final

Tous ces rapports sont soumis à l'Unité de pilotage pour observation et validation.

8. Profil du consultant

Compte tenu des enjeux qui sont inhérents au secteur de micro finance et de la vision d'inclusion et de partage que sous-tend la stratégie de mise en œuvre du plan d'action quinquennal 2015-2019 en général et du plan d'action annuel 2015-2016 en particulier, il est recommandé que l'étude soit réalisée par une équipe mixte d'experts (ou de structures) étrangers et nationaux tenant compte du genre.

Il est requis pour chaque expert, ou structure, un minimum de dix (10) ans dans le domaine de l'ESS, de la micro finance et de l'ingénierie financière, avec des expériences en Afrique et surtout dans des pays qui ont capitalisé des savoirs et des bonnes pratiques en matière de finance solidaire et d'implémentation des fonds de capital patient.

Le consultant devra cependant proposer sa propre compréhension de la mission avec une méthodologie prenant en compte les attentes de l'étude.

9. Durée de l'étude :

L'étude, y compris la période la validation du rapport final, sera réalisée en 45 jours francs à partir du 20 août 2015.

10. Date - Lieu de dépôt des offres et mode de sélection du prestataire :

Les consultants intéressés par la présente demande d'étude doivent faire parvenir leurs offres technique et financière séparées, par courrier électronique ou en copies dures, au plus tard le 15 août 2015, avant 16 heures, à la Direction nationale de la protection Sociale et de l'Economie Solidaire, sis au quartier du Fleuve, Bamako……………………………….

Courier électronique : dnpses@yahoo.fr ; ………………………………..

11. Source de finance :

Les ressources du plan d'action quinquennal de la PNESS.

Annex 2

United Nations Sustainable Development Cooperation Framework
***A Short Primer*[5]**

Four key objectives:

1. Articulate the United Nation's collective response to help countries address national priorities and gaps in their pathway towards meeting the SDGs. The Cooperation Framework is a vehicle for **supporting economic transformation, offering options to reframe economic policies and practices around sustainability** for inclusive, diversified and job-intensive economic transformation that advances the rights and well-being of all citizens, strengthen economies and protects the planet.
2. Must embody the spirit of partnerships that are at the core of the 2030 Agenda. That means partnerships with host governments -- but also **partnerships with all stakeholders** – civil society, academia, parliaments, the private sector, bilateral partners - to leverage strengths and drive transformative change.
3. Must help turn our collective promise to **leave no one behind into tangible action for people on the ground**, especially those furthest behind. UN country teams will need, more than ever, to move **beyond national averages** to look at **more specific data,** with a **strengthened focus on inclusion and tackling inequalities**.
4. Must **provide UN country teams with the tools to tailor responses to a Member State's specific needs and realities**, ensuring that all entities, whether present on the ground or not, can effectively support national implementation of the 2030 Agenda.

Some Key elements relevant for implementation of OP 2 of GA RES 77/281

General Assembly resolution 72/279 elevates the United Nations Development Assistance Framework (now renamed the United Nations Sustainable Development Cooperation Framework) as "**the most important instrument for planning and implementation of the UN development activities at country level in support of the implementation of the 2030 Agenda** for Sustainable Development (2030 Agenda)". The Cooperation Framework now guides the entire programme cycle, driving planning, implementation, monitoring, reporting and evaluation of collective UN support for achieving the 2030 Agenda**. United Nations entity-specific country programmes are derived from the Cooperation Framework, not vice versa.**

The Cooperation Framework is **a vehicle for supporting economic transformation**. With countries emphasizing economic growth as especially important to their development, the Cooperation Framework provides **specific guidance on reframing economic policies and practices around sustainability for inclusive, diversified and job intensive economic transformation that leaves no one behind, protects the planet and strengthens the ecological foundations of economies**. The UN development system's support focuses on fostering patterns of growth that improve the distribution of incomes, increase economic diversification, and take full advantage of appropriate technologies and innovations. This includes valuing properly and fully the many non-monetized activities in the modern economy, such as unpaid care work,

[5] Excerpts from United Nations Sustainable Development Cooperation Framework Guidance, June 2019

informal labour and the provision of essential services. It requires a departure from past practices in production and consumption, and the embrace of new technologies and patterns of behaviour that sustain low-carbon and resource- and energy-efficient growth.

The **priorities** of the Cooperation Framework are directly **derived from the UN development system's analysis of country priorities and needs, as expressed, for example, in national planning and budgetary frameworks, and from other analytical inputs**. Preparing national development plans and frameworks are typically participatory processes that evolve from extensive multistakeholder consultations and situational analyses. They identify national medium-term strategic priorities that are often situated within a long-term vision document, and increasingly are aligned with the SDGs as well as regional and subregional development commitments. In this context, the Cooperation Framework should align its targets and indicators to the extent possible to relevant targets and indicators in national development plans, which should in turn be informed by the SDGs. The UN development system has a role in supporting the Government to prepare a national SDG indicator framework.

The Cooperation Framework strengthens the UN development system's accountability for the collective support it provides to countries in achieving the 2030 Agenda. This necessitates, among others, **strengthening national and local mechanisms, institutions and processes to monitor and report on SDG implementation, including through the High-level Political Forum and Voluntary National Reviews**.
The Cooperation Framework significantly **broadens the concept of partnerships**. It goes beyond the previous notion of "implementing partners" to embrace all entities and individuals identified as critical to forging sustainable development solutions in line with UN values. Based on the UN development system's policy expertise and its comparative advantages, its normative agenda, and its ability to leverage, influence and unlock a broad range of resources for development, the Cooperation Framework reflects: (a) the expectations national stakeholders have of the UN development system's contribution to national development; (b) a shared vision and strategic priorities of the United Nations, framed within the broader landscape of partners; (c) the strategic partners with whom the UN system will work in pursuit of development solutions; (d) how the UN system and its partners will contribute to accelerating progress towards the 2030 Agenda; and (e) the financial and non-financial commitments of the UN system and partners in the wider context of the financing required to reach the SDGs in the country.

The Cooperation Framework is the central framework for joint monitoring, review, reporting and evaluation of the UN development system's impact in a country in achieving the 2030 Agenda. **Under the leadership of the Resident Coordinator (RC), UN development entities are expected to contribute their expertise, tools and platforms in a coherent, integrated and synergistic manner**, in line with their respective mandates and as agreed in the Cooperation Framework. **The United Nations Development Programme (UNDP) has a specific role in assisting the RC and UN Country Team (UNCT) to deliver an integrated and multidimensional approach to the SDGs**. General Assembly resolution 72/279 (paragraph 32) calls on UNDP to be "...the support platform of the UN development system, providing an integrator function in support of countries in their efforts to realize the 2030 Agenda".

The Cooperation Framework period is flexible to allow for alignment to national cycles and ensure a responsive framework in changing country contexts. The **recommended time frame is three to five years.**
National/UN Joint Steering Committee (JSC): The JSC is **co-chaired by the RC and the most senior representative of the central Government counterpart** for the UN system. Its membership includes key

partners identified in the Cooperation Framework for joint contributions to national priorities and the 2030 Agenda. The JSC ensures strategic direction and oversight of the Cooperation Framework; alignment with national, regional and international development processes, mechanisms and goals; and **links with other processes such as the Voluntary National Reviews.**

A **JSC review takes place at least once a year**. The RC presents the One UN Country Results Report, evaluation reports, and evaluation management responses and action plan. This is **an opportunity to amend the Cooperation Framework to ensure continued relevance** in the face of evolving national circumstances. During the review, the JSC co-chairs will determine if a formal revision of the Cooperation Framework is required, or changes can be documented in the annual review report and reflected in the next joint workplan.

The UN development system and/or the JSC may decide to have **advisory committees to support their work, such as a civil society committee**, youth committee or private sector committee.

Annex 3:

RIPESS Power Point Presentation at SSE session with multilateral and regional development banks (17-18 November 2014, Washington D.C.)

Réseau intercontinental de promotion de l'économie sociale solidaire
Intercontinental Network for the Promotion of the Social Solidarity Economy
Red intercontinental de promoción de la economía social solidaria

11th Annual Meeting of UN and International Organizations Civil Society Focal Points

What are effective approaches to operational collaboration with civil society? How can financial institutions support actors in the social solidarity economy (SSE)?

Yvon Poirier
RIPESS Board of Directors

Examples of Civil Society – SSE organisations

- Federation of Community Forestry Users Nepal (FECOFUN)
- Artisanal Fishers Savings and Credit Mutual of Guinea (MÉCREPAG)
- Social Entreprise development Foundation (SEND) West Africa (Ghana, Liberia an Sierra Leone)
- Association for Serva Seva Farms (ASSEFA) - India
- National Network for the Promotion of SSE (RENAPESS) - Mali

Federation of Community Forestry Users, Nepal

- A Federation of 12 500 community Forestry Users Groups
- FECOFUN is the largest civil society organisation in Nepal with about 8 million people (25 million in Nepal). About 75% of forest under community management
- Livelihoods : timber and NTFP (non-timber forestry products) and family farming
- PROJECT : Adding value with sawmills, furniture manufacturing, etc.
- FUNDING : Investment for the manufacturing businesses and training workers

MECREPAG

MUTUELLE D'EPARGNE ET DE CREDIT DES PECHEURS ARTISANS DE GUINEE

MECREPAG
Valorisons notre épargne
Mutuelle d'épargne et de crédit des pêcheurs artisans de Guinée

MÉCREPAG-(Artisanal Fishers Savings and Credit Mutual of Guinea)

- Established in 2007. In 2014, branches in 10 out of the 17 fishing ports in the country.
- About 3 100 members, fishing boat owners, woman who sell and smoke the fish, boat carpenters, engine repair, etc. Membership is 60% women.
- A self-managed microfinance institution with elected Board by members. Local credit committees elected locally. Most staff are from the community.
- Different categories of loans, from 100$ to 4 500$ (for 42hp outboard motors)
- Savings are not enough for the loans (about 35% only)

Funding needs

- The most important need is for outboard motors. The boat owners buy the motors on a Lease-loan basis. Once the loan is paid to the Mutual, they become owners. The owner provides 25% in cash and the 75% are paid in a 12-18 month period.
- The need is for 50 outboards, but the Mutual can buy only 10. A long-term investment of 180 000$ would allow to buy the other 40, and with repayment, could respond to the needs in the following years.
- Training in all aspects is also a necessity : from governance of the Mutual, managing the loans, health and safety and meetings standards for export of smoked fish.

SEND WEST AFRICA
GHANA • LIBERIA • SIERRA LEONE

- Projects is agriculture, savings and loans credit unions in Ghana, etc.
- In Sierra Leone, most activities are in Kailahun district, a district in the center of the Ebola outbreak
- Out of 506 infected woman in the district, 170 died. Out of these, 31 were beneficiaries of SEND activities in micro-finance, in Agriculture Business Centers and in Livelihood projects. Each had an average of 6 dependants.
- The main actions of SEND are food distribution, radio program and fund raising in Ghana. Activities are organised by the SEND partner, the Kailahun Women in Governance Network

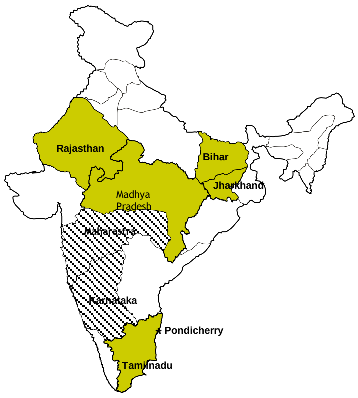
Funding needs

- The micro-finance activities are stalled. Clients are unable to repay since they are unable to have economic activities and they need to pay for basic needs such as food.
- One the crises is over, needs will be evaluated and economic activities will restart again.
- The SEND supported projects are at the core of educating and sensibilizing the population on how to protect themselves and stop the virus. They distribute food and take care of children who have lost parents.
- SSE and Civil Society organisations are also key in disaster or moments of crises.

Association for Serva Seva Farms (ASSEFA)

- Created in 1968 on Gandhian principles
- A brief overview
  - 11 000 villages (about 5 million people)
  - Based on village assembly's and women's Self-Help Groups (SHG) - 27 000
  - Holistic approach : agriculture, schools, health, micro-finance, gender equality, cooperatives for dairy coops and fruit juices, peace and non violence, sustainable development, etc…

Operational Areas and Outreach



One of the projects needing investment

- Improving 5 000 hectares of farm land in Tamil Nadu – 4 000 farmers and family would improve income
- Cost : 50 000 Rs (about 800$ USD) per hectare
- Total investment needed : 400 000$
- Can pay interest and start reimbursing capital in the 3rd year

National Network for the Promotion of SSE (RENAPESS) - Mali

- RENAPESS is a national network of 62 civil society organisations from all sectors of civil society in Mali
- Since 2010, has worked the the government to co-construct policies supportive of SSE in Mali
- After many delays, in part due to the coup d'état in 2012, the *Public policy in support of SSE* (PNESS) was adopted by the Council of Ministers on October 9, 2014

Action plan for implementing the public policy

- RENAPESS is formally recognized as partner
- Four strategic priorities
- Adopt new legislation and regulations for SSE enterprises ;
- Reinforce the capacity of the actors ;
- Reinforce information, communications and research related to SSE;
- Improve appropriate funding mechanisms for enterprises in SSE.

Necessary funding

- **Total cost: 28 719 250 000 Francs CFA (about 50 million USD)**
- **Strategy 1 : 4 138 250 000 (4,11%)**
- **Strategy 2 : 21 110 000 000 (46,38%)**
- **Strategy 3 : 2 869 000 000 (9,99%)**
- **Strategy 4 : 602 000 000 (2,10%)**

Sources of funding

- About 1/3 is already guaranteed for the health mutuals
- For the other 2/3, expectorations are :
  - National government (38%)
  - African development bank (31,5%)
  - International NGO volunteers and funding (12%)
  - Member organisations (6%)
  - RENAPESS (5%)
  - Local governments (4%)
  - Other (3,5%)

International funding for SSE in Mali

- Training
- Capacity building
- Appropriate resources for long term loans for SSE enterprises

Thoughts about funding mechanisms

- The main avenue is to have access to patient capital (long term investment) for SSE enterprises such as cooperatives of other types of community managed business in order to improve economic activity and increase revenue to uplift people out of poverty. Unlike micro-finance, the focus is the enterprise and not the individual person.
- Partnerships with existing SSE financial institutions such as savings and loans credit unions, Community Development Financial Institutions (CDFI), and in some cases new institutions, are needed for managing the funds. The networks and organisations need to be involved in the design and management, along with others such as government departments, etc.

More....

- All stakeholders in development need to work together at the country and local level, including international organisations providing funding and / or volunteers and specialists
- Besides SSE enterprises, infrastructure to meet the needs at the local and regional level, such as roads, schools and health clinics and hospitals. Some communities produce more food than they need, but there is no access to roads to access markets in metropolitan areas

The potential of SSE enterprises

- The involvement of community members, farmers and fisherfolk, families, often in very great numbers ensure a stable and resilient environment
- There is a track record of lifting people out of extreme poverty
- Woman are in most instances at the core of the organisations, and in many cases are the majority of members involved
- The potential for youth job creation is important
- Sustainable livelihoods are at the core

The greater picture : more than economy

- Most SSE activities have low ecological footprint
- Empowerment of women in society in general, leadership skills, increasing education, and positive impact in empowering women at the family level
- In many cases, the organisations strengthen social capital in the community, develop solidarity within the community with people of different religions and ethnic backgrounds
- When disasters or crises hit, SSE organisations, since they are a network of people, often decentralised, can effectively respond with food or care (for example, a Tsunami, an earthquake or Ebola)
- SSE organisations are quite safe from corruption
- A strong civil society is essential for a real democracy

A proposal/suggestion

- Create a workgroup with the different stakeholders in order to create mechanisms that are agreed upon. Co-construction of mechanisms is essential.

Annex 4

Presentation on redirecting long-term concessional finance at the first UNTFSSE technical symposium (4 November 2016, Rome)

Background Note for Exchange Session II: Partnerships
Prepared by UN-NGLS

The UNTFSSE, along with Member States of the International Leading Group on SSE, have identified the social and solidarity economy (SSE) as a strategic means of implementation of the 2030 Sustainable Development Agenda. In its latest position paper, the UNTFSSE, shows the relevance of SSE with respect to all of the 17 Sustainable Development Goals (SDGs). SSE distinguishes itself from the conventional private sector, by notably pursuing economic activities that seek to meet social and environmental objectives rather than profit maximization, within democratic governance structures. This different approach thus offers considerable scope to recalibrate economies toward more sustainable and inclusive patterns and increase chances of meeting various sustainable development goals ranging from poverty eradication, the promotion of decent work, food security, gender equality and sustainable production and consumption, to name a few.

The 2030 Agenda places multistakeholder partnerships as a core means of implementation of the SDGs. During the negotiations, this did not go without controversy, since much of the discussion focused on public-private partnerships (PPPs) with the corporate private sector. PPPs in the conventional sense are meant to tap into both the know-how and financial resources of the corporate private sector, but many actors have cautioned, based on empirical evidence, that ill-conceived PPPs can lead to the privatization of benefits and socialization of costs as a result of such projects.

Actors in the SSE movement, supported by a number of Member States, have called to broaden the concept of partnerships to embrace multistakeholder SSE partnerships. The effective multiplication of such partnerships can play a decisive role in scaling up successful SSE initiatives as a means to realize the 2030 Agenda. The UNTFSSE, in terms of both its UN agencies and observer members, could play a central role in coordinating global efforts to boost SSE partnerships.

A core entry point for the value of such partnerships is to address the financing gap facing SSE initiatives. The UNTFSSE spent considerable time analyzing this challenge. The dominant drive toward high short-term returns makes access to long-term affordable finance a challenge for the real economy in general, especially SMEs, but it is especially acute for SSE actors who do not seek profit maximization and have long term goals. In response to this, many SSE initiatives include "solidarity finance" activities, such as in the form of cooperative banks, credit unions or rotational funds. However, these have to rely on local savings that are typically well below the demand for credit. This therefore calls for the availability of concessional external finance.

Preliminary discussions with various large international public and private financial institutions with long term development aims (ranging from regional multilateral development banks, bilateral donors to social impact investors) suggest that while SSE initiative seem well worth supporting, the sizes of the portfolios they manage are so large that they do not have the capacity to handle SSE micro-projects one by one. This hurdle can be overcome through multistakeholder partnerships taking the form of "SSE platforms" at various territorial levels that would act as intermediaries between external financial institutions and actors on the ground. Such platforms would bring together all the relevant actors concerned. These would include notably: the various SSE sectors (that often do not speak with each and miss opportunities to develop synergies among sectors); local authorities (who can help coordinate multistakeholder dialogues and supportive public policies for a cohesive SSE territorial project); local solidarity finance institutions (which can act as conduits for external finance toward SSE initiatives); and local research institutions and universities (which can play not only an analytical and empirical data gathering role, but also potentially become SSE training centres for aspiring SSE entrepreneurs as well as policy-makers - in addition to help undertake needs assessments and evaluations of the impacts of SSE initiatives that would be required by external donors). The financing dimension of such partnerships would thus require not only long-term concessional finance, but also a grant dimension.

This stylized description of such SSE partnerships is what many SSE actors describe as an "SSE ecosystem" needed for a change of scale. The UNTFSSE could play a global coordinating role in such endeavours, acting a repository of knowledge of these partnerships, aggregating best practices and helping to facilitate pilot initiatives in various regions. One example is a pilot project currently under construction between the African Development Bank and the SSE national platform of Mali (RENAPESS), to undertake a needs assessment with a view to channeling long term finance for SSE initiatives in the country.

In concrete terms, the UNTFSSE, under the leadership of a core group of its UN agencies and observer members, could undertake the following activities (subject to mobilization of adequate extra-budgetary resources):

Redirecting long-term concessional finance to support SSE partnerships

- Mapping of existing multistakeholder regional and national SSE platforms
- Mapping of public and private financial institutions offering long-term concessional finance or grants for social/environmental purposes (at international and regional levels) who may be interested to finance the scaling up of well-designed SSE partnership initiatives through the intermediation of regional/national SSE platforms
- Encourage or facilitate the creation of decentralized mechanisms to establish partnerships between these financial institutions and SSE platforms (e.g. to provide guarantees, low cost credit, grants, undertake needs assessments, training and capacity-building, etc. for local SSE initiatives) [start with jurisdictions with enabling SSE legal and policy environment?]
- Longer term: support the creation of intermediary SSE platforms where they do not exist

Annex 5:

Power Point Presentation by Marguerite Mendell, Karly Polanyi of Political Economy at Concordia University (Montreal) in Seoul on June 27, 2017, on Solidarity Finance and Development Capital in Quebec

Solidarity Finance and Development Capital (Responsible Investment) in Quebec
A Synthesis
June 2017

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Presentation Seoul, South Korea, June 27, 2017

Plan

2

1. Introduction
2. Co-operative funds
3. Workers funds
4. Community based funds
5. State funds
6. Hybrid funds
7. Private funds
8. Institutional and Financial Innovation "Hybridity" in social finance in Québec
9. Enabling Policy for Social Finance
10. Conclusion

1. Introduction

3

- ***Québec at a glance***
  - The only majority French-speaking society in North America
  - 87 *municipalités régionales de comté* (Regional County Municipalities) and 14 cities or cities with agglomeration that have the competence of an MRC
  - 17 administrative regions
  - Québec has the most diversified economy in Canada. Each of its regions has a distinct economic base, some depending largely on their natural resources
  - The largest of the 10 provinces in Canada by surface area (1,667,441 km^2 – three times the size of France)
  - In Canada, Québec ranks second with a population of 8.3 million people (2016)
  - Montreal (largest city) 1.75 million (island); 4.06 million (metropolitan area)
  - Half of its inhabitants occupy less than 1% of the territory in the most highly urbanized areas
  - Unemployment rate for Québec – 7.1% (2016); variability across and within regions
  - Unemployment rate for Canada – 7% (2016)

Introduction (cont'nd)

4

- The place of "social" finance** today in Québec and other regions of the world
  - A response to the financial crisis?
  - A new model? Palliative, residual, marginal? Filling a gap?

    OR
  - Re-embedding finance in the economy?
  - Re-embedding the economy in society?
- Growing interest in social enterprise/social entrepreneurship
- How to situate this in the context of the social and solidarity economy

***Socially responsible finance is the designation we use for the total sum of solidarity finance (social economy) and development capital (triple bottom line, other legal forms) in Quebec*

Introduction (cont'nd)

5

- Today's financial markets are disconnected from
  - territory ; the real economy; political regimes
- "Social innovation" in finance
  - Previous and ongoing innovations to create access to capital
    - Long history of credit unions/cooperative financial institutions; social banks
    - Micro-credit/microfinance, community development loan funds, etc.
    - Legislating the banks – the USA – Community Reinvestment Act (1977)
  - Access to capital is still not adequately met
  - Today, innovations respond to a search for "ethical" alternatives
    - Socially responsible investment
    - The new role of foundations as investors
    - The rapidly growing "impact investment" market
    - Crowd funding (including equity)
    - Community Bonds; Green Bonds

Introduction (cont'nd)

6

- In Québec
  - Responsible investment**
    - **Development capital** that uses venture capital to achieve socio-economic objectives (triple bottom line; "impact")
      - Job creation, local and regional development, environmental protection or training of workers
    - **Solidarity finance** includes various financial institutions, actors, tools available for collective enterprise (NPOs and cooperatives) and the financing of community economic development
      - Governed by actors in the community
      - Loans with or without guarantee
      - Contributes to rebuilding social capital within communities
      - Co-construction of demand and supply

***Socially responsible "finance" also includes institutional funds*

Introduction (cont'nd)

Key historical moments in the evolution of solidarity finance and development capital in Québec; selected examples
(mutual , cooperative, labour, community, state, hybrid, private)

1800	1900	1970's	1980's	1990's	2000 +
• Sociétés de secours mutuels (1840)	• Mouvement des caisses d'épargne et d'économie Desjardins (1900)	• Caisse d'économie solidaire (Caisse d'économie des travailleuses et travailleurs – Québec) (1971)	• Fonds de solidarité (FTQ) (1983) • Community Economic Development Corporations (CDEC) (1984) • Régime d'investissement coopératif (1985) • Réseau des sociétés d'aide au développement des collectivités (SADC) et des centres d'aide aux entreprises (CAE) /Community Futures (1986)	• SOLIDE (1991) • Fondaction de la CSN (1995) • Société de développement des entreprises culturelles (1995) • Fonds régionaux de solidarité (1996) • Fonds locaux de solidarité (1996) • Réseau d'investissement social du Québec (1997) • Fonds d'investissement de Montréal (FIM) (1997) • Fonds d'investissement pour la culture et communication (1997) • Investissement Québec (1998) – cooperative, social economy, Fonds du développement économique (mandatory) • Local Development Centers (1998) – Local investment fund, Social economy enterprise development fund	• Filaction (2000) • Réseau québécois du crédit communautaire (2000) • Capital régional et coopératif Desjardins (2001) • Fiducie du Chantier de l'économie sociale (2007) • Plan d'action gouvernemental pour l'entrepreneuriat collectif (2008) • Fonds d'initiative et de rayonnement de la métropole (2009) • Cycle Capital Management (previously the Fonds d'investissement en développement durable) (2009) • Local solidarity fund – social economy (2009) • Fonds d'investissement pour la relève agricole (2011) • Financement IMPLIQ (2012) • Capitalization of Social Economy Enterprises Program (2013) • Social Economy Act (2013) • Plan d'action gouvernemental en économie sociale 2015-2020 • Fonds Essor et Coopération (2013) • An Act mainly to implement certain provisions of the Budget Speech of 4 June 2014 and return to a balanced budget in 2015-2016 • PME MTL, SDE, etc. (2015) •PUSH Fund (2016) •Fonds INNOGEC (2017)

Co-operative funds (cont'nd)

10

- *Capital régional et coopératif Desjardins* (CRCD), established in 2001, is managed by *Desjardins Entreprises Capital régional et coopératif* (DECRC), a venture capital fund management arm of the *Mouvement des caisses Desjardins*
  - Because it is a publicly traded company, offers attractive tax benefits, and is managed by DECRC, this is a hybrid fund serving socio-economic objectives
  - Assets of $1.8 billion (2016)
  - CRCD and partner funds (CRCD entrepreneurial ecosystem) supported the growth of 417 companies, cooperatives and funds across Québec
  - Commitments totalling $1 billion
  - Created or maintained 71,300 jobs

Co-operative funds (cont'nd)

11

- CRCD entrepreneurial ecosystem
  - *Capital croissance PME s.e.c.* fund (2010)
    - Invest in Québec's small- and medium-sized businesses, amounts not exceeding $5 million
    - CRCD and the *Caisse de dépôt et placement du Qué*bec agreed to invest equal amounts totalling a maximum of $220 million (CRCD had disbursed $104.2 million of its total commitment of $110 million in 2016)
    - Since 2010, the Fund has committed a total of $191 million in 184 companies
  - Partnership agreement with the Caisse has created the *Capital croissance PME II s.e.c.* fund (2014)
    - Additional amount of $230 million invested over a three-year period
    - In 2016, the two partners added $90 million for an amount of $320 million to extend the investment period until December 2017
    - Since 2010, the Fund has committed a total of $183.2 million in 176 companies
    - CRCD's interest in CCPME II is 50%

Co-operative funds (cont'nd)

12

- CRCD is the sponsor of the *Desjardins–Innovatech S.E.C.* fund (2005)
  - The fund has undertaken to inject a total of $85 million to support Québec technology or innovation businesses through each stage of their development in partnership with specialized organizations located in various regions of Québec
  - $68.5 million to support a total of 54 companies and funds (2016)
  - CRCD's interest in the fund is 54.5%
- *Société en commandite Essor et Coopération* (2013)
  - Support the creation, growth and capitalization of cooperatives in Québec
  - Invested $30 million, of $85 million, in 16 cooperatives (2016)
  - CRCD's interest in *Essor et Coopération* is 94.6%

3. Workers funds

13

- The Québec National Assembly passed legislation in June of 1983 to create the *Fonds de Solidarité des travailleurs et des travailleuses du Québec* (*Fonds de solidarité FTQ*)
  - The *Fonds de solidarité FTQ* is considered one of the most important sources of risk capital in Canada and the most important worker solidarity fund internationally
  - The *Fonds de solidarité FTQ* is a trustee (investor) in the *Fiducie du Chantier de l'économie sociale,* the first patient capital (quasi-equity) fund established in Québec
  - Assets of $12.2 billion (2016)
  - Invested $7.6 billion in 2,636 enterprises
  - Created or maintained 187,414 jobs

Workers funds (cont'nd)

14

- In 1991, the *Fonds de Solidarité FTQ* and *the Union des municipalités régionales de comté* (UMRC) created SOLIDEQ to establish SOLIDE (*société locale d'investissement pour le développement de l'emploi*) throughout the province
  - The creation of the SOLIDE was in response to the need for small local funds; SOLIDE are situated within local intermediaries (community economic development corporations, local community centers) across Québec
    - While the *Fonds de solidarité* was key in the initiative to develop SOLIDE, it may be considered "hybrid" given the partnerships between SOLIDE and the UMRC
  - In 2009, the SOLIDE were called *fonds locaux de solidarité* and were given the mandate to invest in social economy enterprises (cooperatives and not-for-profit enterprises/organizations)
    - Investment of $122 million (2016) by 73 FLS
    - Created or maintained 35,395 jobs

Workers funds (cont'nd)

15

- In 1995, the *Confédération des syndicats nationaux,* the second largest labour federation in Québec, established *Fondaction de la CSN pour la coopération et le développement de l'emploi*
  - *Fondaction* prioritizes those enterprises committed to participatory governance, self-management, social economy enterprises and enterprises engaged in environmental protection
  - *Fondaction* is a trustee (investor) in the *Fiducie du Chantier de l'économie sociale,* the first patient capital (quasi-equity) fund established in Québec
    - Assets of $1.5 billion (2016)
    - Invested $1 billion in SMEs
    - Directly supported 365 SMEs and funds
    - Created or maintained, directly or indirectly, 32,103 jobs

Workers funds (cont'nd)

16

- In 2000, *Fondaction* created *Filaction*
  - *Filaction* is a non-profit organization which invests in SMEs in Québec in all the branches of industry, particularly in the culture, the environment and the social economy
  - *Filaction* partners with other organizations contribute to increase the capital available to these SMEs including
    - 22 investment funds that have invest $16 million for women (Femmessor) and ethnocultural minorities entrepreneurship projects (Fonds mosaïque et Fonds afro-entrepreneurs) or in tourism (Fonds tourisme PME) (January 2017)
    - Economic impact of $308 million through direct investments in 227 SMEs since 2001

4. Community based funds

17

- In the 1990's a variety of community based funds including loan circles and loan funds, were created to respond to the persistent unavailability of small loans
  - The *Association communautaire d'emprunt de Montréal* (Montreal Community Loan Association) was established in 1990, the first community based loan fund in Canada
  - ACEM distinguished itself from a financial institution in that its objectives were to serve a marginalized population unable to access loans from banks and to support only those projects that could demonstrate both economic viability and social utility
    - Since its founding, has issued $3.6 million in 374 loans (2016)
    - Created 483 jobs and maintained 1,373 jobs
    - Reimbursement rate (average): 94%

Community based funds (cont'nd)

18

- In 2000, the *Réseau québécois du crédit communautaire* was created to develop and promote community credit for well being and elimination of poverty
  - Since 2000, $15 million invested (2016)
  - Created or maintained 9,582 jobs and 4,987 enterprises
  - More than $1.1 million invested by 12 community funds and 10 loan circles
  - Reimbursement rate (average): 89%

Community based funds (cont'nd)

19

- Community Bonds (crowd funding)

  New initiative; innovation in solidarity finance in Quebec

  Three community bonds launched in Montreal 2016-2017 piloted by TIESS, (*Territoires innovants en économie sociale et solidaire*)

  - $20,000: $1,000 (max. $5000 p.p) ; 5 years; 2% per year
  - $100,000: $500 (max. $10,000 p.p); 5 years; 2% per year
  - $50,000: $1000 (max. $10,000 p.p.); 5 years; 2% per year

  A fourth initiative is currently a "work in progress". Others will follow.

5- State funds

20

- Since the end of the 1990's *Investissement Québec,* a public fund, offers finance for social economy enterprises
  - Financing for collective entrepreneurship (co-operatives and NPOs)
    - Minimum financing: $50,000
    - Provides access to a moratorium on the repayment of the capital and interest for 2 years
    - Short- or long-term financing (up to 25 years for capital assets)
    - Number of financing operations: 57 (2015)
    - Amount approved: $103.4 million
  - Capitalization of social economy enterprises
    - New tool of capitalization (2003): amount of financing varies between $25,000 and $500,000 according to the nature of the project
    - Number of financing operations: 6 (2015)
    - Amount approved: $200,000
    - Created or maintained 36 jobs
    - $30 million should be invest from 2015 to 2020 (mentioned in the 2015-2020 Action Plan on Social Economy)

State funds (cont'nd)

21

- An Act mainly to implement certain provisions of the Budget Speech of 4 June 2014 and return to a balanced budget in 2015-2016
  - **126.2.** A regional county municipality may take any measure to promote local and regional development [to support entrepreneurship, including social economy entrepreneurship… or adopt various entrepreneurship development strategies]
  - **118.82.3.** the central municipality must maintain a service point for each of the […] territories [that form the Island of Montréal]
    - 6 services point for 19 boroughs and 15 reconstituted cities
  - **284.** The rights, obligations, assets and liabilities that […] are those of a local development centre […] become those of the regional county municipality whose territory it serves

State funds (cont'nd)

22

- In 2015, establishement of PME MTL, following the abolishment of the *centres locaux de développement* (local development centres)
  - A network that fosters local economic activity by promoting entrepreneurship and employment throughout Montréal Island
  - Six service hubs offers a full range of professional services for private-sector and social economy entrepreneurs
    - *Fonds PME MTL* and *Fonds local de solidarité* (FLS) *Montréa*l support start-ups and growing companies and help maintain jobs
      - *Fonds PME MTL*: maximum of $300,000
      - FLS Montréal: maximum of $100,000
        - Variable term
        - Interest rates vary according to risk
    - *Fonds de développement de l'économie socia*le (social economy development fund)
      - Subsidy between $5,000 and $50,000 for the enterprise or organization
    - *Fonds Jeunes Entreprises* (young business fund); subsidy must be combined with a loan from the *Fonds PME MTL*
      - Non-repayable financial contribution of up to $15,000
    - *CréAvenir* (offered jointly with Desjardins) to support young entrepreneurs; financing must be combined with a loan from the *Fonds PME MTL*
      - Up to $10,000 in a given business (subsidy: 30% and loan, 70%)

6. State funds (cont'd)

23

- In 1987, the federal government embarked on a program to support community based initiatives in low-income regions across the country
  - The Community Futures Development Program is the result of the merger of several earlier programs designed to revitalize poor rural regions
  - These corporations, known as *sociétés d'aide au développement des collectivités (*SADC) in Québec, are the responsibility of Canada Economic Development for Quebec Regions
    - Each SADC has a development fund which is available for investment in local enterprise development, including the social economy
    - 57 SADCs and 10 *centres d'aide aux entreprises*
      - Each year (average): financially contributed to over 5,000 projects with a total value of $60 million (2015)
      - Each year (average): financially contributed to over 1,250 social economy projects with a total value of $7.6 million (2015)

Hybrid funds

24

- The *Réseau d'investissement social du Québec* (1997)
  - It is considered a hybrid fund because of the multi-sectoral composition of its principal investors, its board of directors and partners, an extraordinary mix of social actors in Québec society committed, by this engagement, to the promotion of social economy enterprises
    - Investors in RISQ include the Royal Bank of Canada, the *Confédération des caisses populaires et d'économie Desjardins*, *Banque Nationale du Canada*, *Bank of Montreal*, Alcan Aluminum Ltd., *Groupe Jean Coutu (PJC) Inc.*, *Fondation Marcelle et Jean Coutu* and the Québec government($10.5 million in 1997, including 50% from Québec government)
      - It provides both loans and loan guarantees up to $50,000
        - From 1997 to 2015, 556 projects for a total of $23.1 million (pre-start-up loans and capitalisation)
        - Created or maintained 8,432 jobs
      - In addition, RISQ offers technical assistance
        - 403 projects for a total of $1.8 million
  - Contribution of $10 million from the Québec government in 2016
    - 50% is a loan and 50% is a non-repayable financial contribution

Hybrid funds (cont'nd)

25

- *La Fiducie du Chantier de l'économie sociale* created by the *Chantier de l'économie sociale* in 2007 is the first "patient capital" fund in Québec
  - The Fiducie responds to the unmet need for long-term capital in the social economy by creating a new investment product (form of debenture) repayable after 15 years – Loans of between \$50,000 to \$1.5 million
    - Start-up and Expansion Financing
    - Real Estate Financing Community
    - Housing Financing
  - The fund was initially capitalized by Canada Economic Development (\$22.8 million)
  - Investors (trustees) in the Fiducie include the *Fonds de solidarité* (\$12 million), *Fondaction* (\$8 million) and the Québec government, through *Investissement Québec* (\$10 million)
  - In 2015, interest relief for an other 5 years on the Québec government investment
    - Since 2007, 192 investments of \$49 million (2016)
    - Created 3,183 jobs and generated investments of \$337 million

Hybrid funds (cont'nd)

26

- In order to enable housing coops and housing nonprofits to carry out major renovations without raising rent, the *Fiducie du Chantier de l'économie sociale* and its partners, the *Fonds immobilier de solidarité FTQ* (\$21 million), SSQ Financial Group (\$10.5 million) and the J.W. McConnell Family Foundation (\$1 million) created, in 2016, a \$32.5 million patient capital investment fund called the *Fonds d'aide à la rénovation de l'habitation communautaire*
- Other partners
  - ***Association des groupes de ressources techniques du Québec***
  - ***Chantier de l'économie sociale***
- More than \$2 million (2016) invested in 3 coops (90 housings)
- This is a partnership example among others of the participation of workers funds in the financing of social economy

Hybrid funds (cont'nd)

27

- *Filaction, Fondaction* and the *Caisse d'économie solidaire Desjardins* created the Fonds INNOGEC, an innovation fund to support the governance and the management of social economy enterprises
  - The Québec government (*ministère de l'économie, de la Science et de l'Innovation* - MESI) is a partner
- $150,000 available for collective enterprises (of which 50% come from the MESI)
  - A non repayable financial contribution
  - A maximum of $15,000 to reduce up to 40% of the consultants fees (strategic planning, business plan, organizational diagnosis, market analysis or communication)
- The fund will be able to act in a complementary manner with other tools as the technical support program of the *Réseau d'investissement social du Québec* (RISQ) or the business succession program of the Centre de transfert d'entreprise du Québec (CTEQ)

Hybrid funds (cont'nd)

28

- PUSH Fund (Popular University Student Housing Fund – 2016)*
  - Concordia University Student Association initial investment of $1.8 million from the association capital fund accumulated over many years from a fee levy on all students
  - This fund was created to invest in affordable, high quality student housing for Concordia University students in Montreal initially and to develop similar housing projects for all students in Montreal
  - This fund will invest with partners in new initiatives
  - It is the first such initiative and is the foundation for the development of a larger student housing fund to be launched in the very near future, piloted by the *Fiducie du Chantier de l'économie sociale* and partners
- The initial investment by the PUSH Fund leveraged additional funding by several partners
  - *Fiducie du Chantier de l'économie* sociale ($1.1 million)
  - Central Mortgage and Housing Corporation (Government of Canada) ($3 million plus a guarantee)
  - City of Montreal ($500,000 subsidy)
- The first housing social economy housing unit (non-profit) will be ready for occupancy in the fall of 2018

* PUSH Fund is an innovation, because it is an investment fund for social economy student housing created by students

7. Private funds

29

- *Fonds d'investissement de Montréal* (FIM) in 1997
  - Purchase and renovation of real estate for cooperative and non-profit housing; initial investments
    - *Fonds de solidarité FTQ* ($2.5 million)
    - la *Fédération des caisses populaires Desjardins de Montréal et de l'Ouest du Québec* ($1.25 million)
    - National Bank of Canada ($400,000)
    - Royal Bank of Canada ($400,000)
    - *Hydro-Québec* ($400,000)
    - Claridge Investments Ltd. ($100,000)
  - In 2016, FIM obtained $20.3 million to buy and renovate affordable housing
    - Investors are: *Fondation J. Armand Bombardier*, J.W. McConnell Family Foundation, *Fonds immobilier de solidarité FTQ*, *Fondation Lucie et André Chagnon*, *Mouvement Desjardins*, National Bank of Canada, Stephen Bronfman, *Caisse d'économie solidaire*
  - Since 1997, investments of $16 millions contribute to renovate 31 apartment buildings for a total of more than $44 millions

8. Institutional and Financial Innovation "*Hybridity*" in social finance in Québec

30

- ***Financial Innovation***
  - Mix of investors in social finance
    - Public, private, collective
      - New forms of "*hybridity*"
  - New products
  - Working beyond barriers set by mainstream capital markets
    - Engaging mainstream investors (FIM, RISQ, etc.)
    - Venture/risk capital market – ESG/Triple Bottom Line Objectives
    - Challenge to expand this potential and create a hybrid "secondary market" – exit strategies to increase liquidity; no ownership

Institutional and Financial (cont'nd)

31

- Institutional (Social) Innovation
  - Intermediaries: SADCs, PME MTL, CDECs (Sud-Ouest, LaSalle-Lachine, Québec, Sherbrooke, Trois-Rivières), CLDs (some still exist), *sociétés de développement économique* (or others that replaced CLDs), *Chantier de l'économie sociale*
    - Integrated development strategy – "embedding finance"
    - Co-construction of demand and supply
    - Reduced information asymmetry
    - Design of new financial products/instruments
    - Risk management tools (better knowledge/communication between investors and projects; increased capacity to manage risk)
    - "One stop shopping" – "montage financier" (several sources of investment capital): *Collaborative processes*
    - Development of markets: *Increased viability of enterprises*
    - New means to evaluate investment potential; metrics
      - RISQ Guide for Social Economy Enterprise
      - *Fiducie du Chantier de l'économie sociale* – "*Observatoire*"
      - *Chantier de l'économie sociale* – training manuals: *Precursors to development of metrics/evaluation tools*
    - Ongoing process of innovation: *Collaborative multi-stakeholder governance*

Institutional and Financial (cont'nd)

32

- CAP Finance – solidarity finance network (2010)
  - Network of actors in solidarity finance
  - Formalization of collaboration
  - Presents an alternative to financial investment market in Quebec

- Members
  - *Fonds de solidarité FTQ*, *Caisse d'économie solidaire*, *Fiducie du Chantier de l'économie sociale*, *Fondaction*, *Filaction*, RISQ and *Réseau québécois du crédit communautaire*

Total "social finance" investments (responsible investing)

- Development capital and solidarity finance (2013) :over $11.6 billion
- Solidarity finance (2013) $1.6

(study conducted by CAP members and researchers, 2014)

9. Enabling Policy for Social Finance

33

- Numerous policy measures over the years
  - **Financial injections by government**
    - RISQ (1997)
    - Local development funds (eg. SADCs)
    - Co-funding with civil society organizations (SOLIDEs – social solidarity funds since 2009 – and MRCs)
    - One-off grants (eg. 2005- federal government $30 million; reduced to $22.8 million by the Conservative government)
    - Investments by government [eg- *Investissement Québec* - $10 million in la *Fiducie du Chantier de l'économie sociale* (2007); *Financement IMPLIQ* – $30.1 million (2012); Capitalization of Social Economy Enterprises Program - $3 million (2011)]
    - *Fonds d'initiative et de rayonnement de la métropole* (*Plan d'action gouvernemental pour l'entrepreneuriat collectif*): since 2009, more than 2000 projects (global investments of $2.5 billion)
    - *Plan d'action gouvernemental en économie sociale 2015-2020* (Social Economy Action Plan): anticipates a total investment of more than $100 million

Enabling Policy for Social Finance (cont'nd)

34

- Numerous…
  - ***Legislation***
    - 1983: creation of the *Fonds de solidarité FTQ* (federal and provincial)
    - 1985: *Régime d'investissement coopératif* (RIC) – tax advantages for cooperatives
    - 1995: creation of *Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi*
    - 2001: *Investissement Québec* – loans for collective enterprise (la Financière); capitalization loan or, in some cases, purchase preferred shares
    - 2001: *Capital régional et coopératif Desjardins* – legislation to permit public offerings and tax advantages
    - 2013: Social Economy Act
    - 2016: Legislation passed for equity crowd funding
  - ***Credit Enhancement***
    - 2001: *Investissement Québec*. Loan guarantees for non-profit organizations
  - ***Fiscal measures***
    - *Fonds de solidarité FTQ* and *Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi* (tax credits from federal and provincial governments)

Enabling Policy (cont'nd)

35

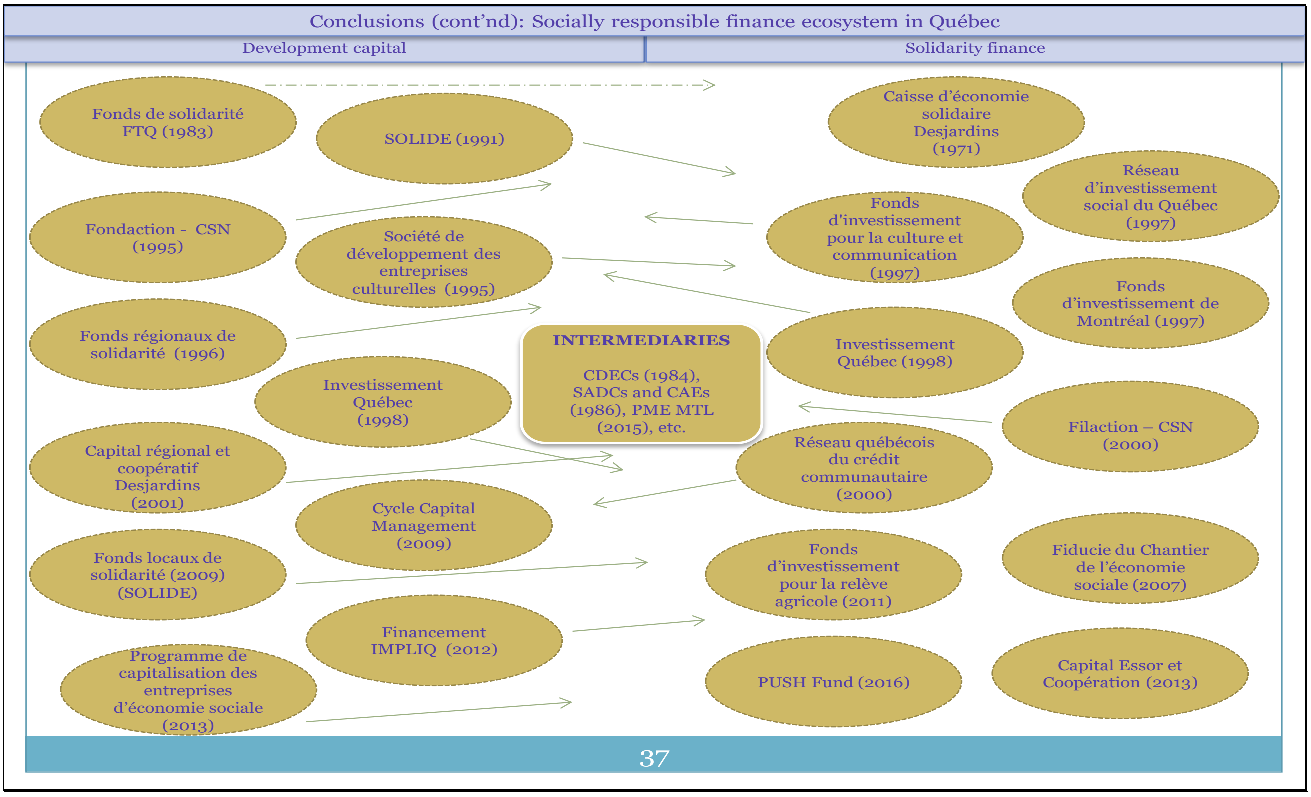
- Institutionalized Collaboration
- Multi-stakeholder governance
- Co-construction of Public Policy
- Ongoing process of co-construction
  - Regulatory environment
  - Standardization
  - Metrics
  - Development of a secondary market (ongoing challenge)

10. Conclusion

Financial and Institutional Innovation: A Québec Model

36

- Three pillars
  - (1) *Mobilization*
    - cooperative movement; labour movement; social economy; social movements; private sector
  - (2) *Concertation* (collaboration, co-construction)
    - New institutional spaces (intermediaries); dialogue; negotiation; co-design of new financial tools/products/instruments; co-design of new policies to enable their emergence, consolidation and growth; financial innovation to respond to local needs/potential
    - Integrated vs. sectoral approach
  - (3) *Enabling public policy*


Conclusions (cont'nd): Socially responsible finance ecosystem in Québec
Development capital
Solidarity finance
Fonds de solidarité FTQ (1983)
SOLIDE (1991)
Caisse d'économie solidaire Desjardins (1971)
Réseau d'investissement social du Québec (1997)
Fondaction - CSN (1995)
Société de développement des entreprises culturelles (1995)
Fonds d'investissement pour la culture et communication (1997)
Fonds d'investissement de Montréal (1997)
Fonds régionaux de solidarité (1996)
INTERMEDIARIES
CDECs (1984), SADCs and CAEs (1986), PME MTL (2015), etc.
Investissement Québec (1998)
Investissement Québec (1998)
Filaction – CSN (2000)
Capital régional et coopératif Desjardins (2001)
Réseau québécois du crédit communautaire (2000)
Cycle Capital Management (2009)
Fonds locaux de solidarité (2009) (SOLIDE)
Fonds d'investissement pour la relève agricole (2011)
Fiducie du Chantier de l'économie sociale (2007)
Financement IMPLIQ (2012)
Programme de capitalisation des entreprises d'économie sociale (2013)
PUSH Fund (2016)
Capital Essor et Coopération (2013)
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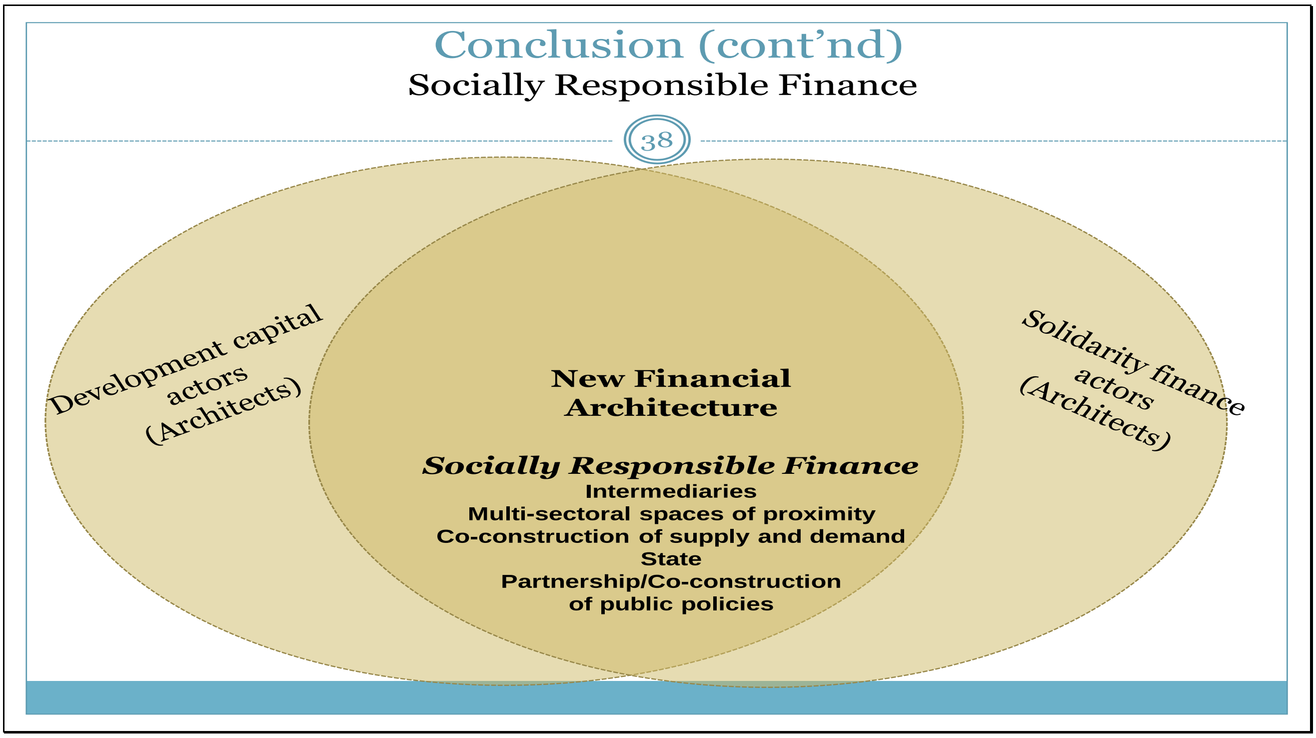

Conclusion (cont'nd)
Socially Responsible Finance
38
Development capital actors (Architects)
New Financial Architecture
Socially Responsible Finance
Intermediaries
Multi-sectoral spaces of proximity
Co-construction of supply and demand
State
Partnership/Co-construction of public policies
Solidarity finance actors (Architects)

Conclusion (cont'nd)

39

- Impact on local development
  - Investment decisions are taken on the basis of socio-economic or triple bottom-line objectives.
  - Role of local community
  - Thousands of jobs created or maintained every year
  - The intermediaries provide "one-stop shopping" opportunities across Québec where social economy enterprises can access mixed financing and support
    - Close relationships are formed in these spaces between social economy financial institutions and the organizations and enterprises in which they invest, and with different levels of government
    - This collaborative approach contributes to the viability of solidarity finance enterprises/organizations, considerably reducing the risk for investors
  - Challenge: How to attract private investors into this market
    - Institutional funds
    - Socially responsible investment
    - Impact investment

capture these trends for the social and solidarity economy

Conclusion (cont'nd)

40

- Theorizing social finance – The work to be done
  - Document the growing number of financial players involved
    - Social rates of return contest mainstream investment models
  - Contribute to the important work on metrics
    - Too many and too fragmented at the moment
  - Document the role of the state
    - As investor; as regulator; as facilitator
  - Document the role of "intermediaries"
    - Co-construction of demand and supply
    - Integrated development strategies – distributed governance
      - Better risk management; better chances of success
        - Social, economic and environmental outcomes

The Components for a New Model Exists

Annex 6:

Power Point Presentation by Michael Toye, Canadian CED Network on social innovation and social finance at the UNTFSSE side event on "Social Innovation Experiences from the Social and Solidarity Economy" during the UN's 8th Forum on Science, Technology and Innovation

(2 May 2023, virtual)

Why a Social Innovation and Social Finance Strategy?

- A collective awareness is emerging that we need to **think and act differently** if we are to create better social, economic and environmental outcomes in communities.
- Governments have upheld a traditional approach to economic growth by focusing on stimulating innovation in the private sector. However, there is an opportunity to take a broader approach to innovation by encouraging all sectors to work together by supporting the contribution of charities, non-profits and co-operatives to improved economic growth and community development.
- Investing in social innovation and social finance will:
  - Enable and support **communities and social purpose organizations** across Canada to make real progress on issues that matter
  - Deliver better and measurable outcomes in Government priority areas (e.g., housing, youth, reconciliation, accessibility)
  - Make Canada a global leader in social innovation and provide new tools to help Canada meet the UN Sustainable Development Goals.

Social Innovation and Social Finance Strategy Timeline

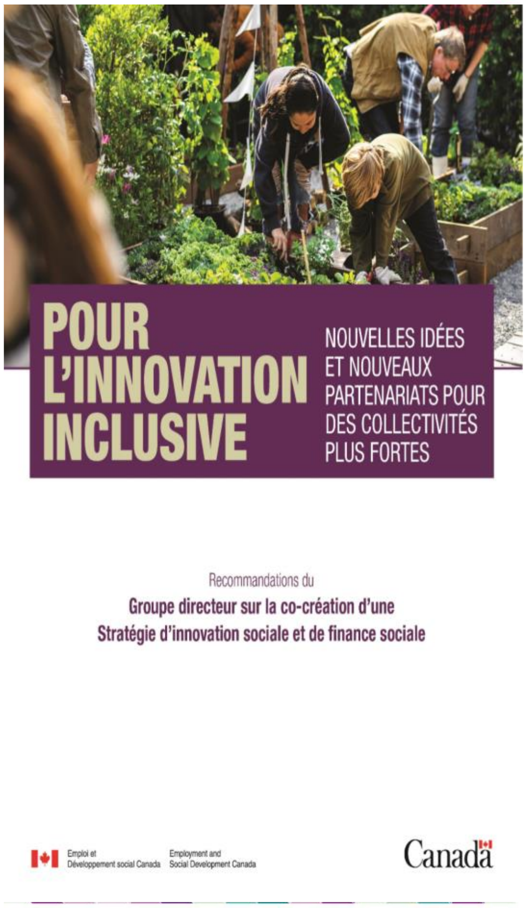
- **2015:** Mandate Letter Commitment for Minister of Families, Children and Social Development: Work with the Minister of Employment, Workforce Development and Labour to develop a Social Innovation and Social Finance strategy.
- **2018:** Establishment of Canada's first-ever Social Innovation and Social Finance Strategy, based on 12 recommendations, recognizing the importance of SPOs in addressing the persistent and complex social problems faced by Canadian communities.
- **2019:** the Government adopted three foundational elements of an SI/SF Strategy, drawing from the 12 recommendations: the Investment Readiness Program (IRP), Social Finance Fund (SFF), and Social Innovation Advisory Council
- **2021:** Mandate Letter Commitment for Minister of Families, Children and Social Development: Continue advancing the Social Innovation and Social Finance strategy, including fully implementing the Social Finance Fund and launching the Social Innovation Advisory Council.

The IRP supports SPOs in building capacity to become investment-ready so that they can participate in Canada's growing social finance market.

The SFF supports SPOs in accessing flexible financing opportunities to help them grow, innovate, and enhance their social and environmental impacts.

3


INCLUSIVE INNOVATION
NEW IDEAS AND NEW PARTNERSHIPS FOR STRONGER COMMUNITIES
Recommendations of the
Social Innovation and Social Finance Strategy Co-Creation Steering Group
Employment and Social Development Canada
Emploi et Développement social Canada
Canada


POUR L'INNOVATION INCLUSIVE
NOUVELLES IDÉES ET NOUVEAUX PARTENARIATS POUR DES COLLECTIVITÉS PLUS FORTES
Recommandations du
Groupe directeur sur la co-création d'une Stratégie d'innovation sociale et de finance sociale
Emploi et Développement social Canada
Employment and Social Development Canada
Canada

Social Purpose Organizations (SPOs)

Social Purpose Organizations (SPOs) are in every community and straddle many sectors. They include non-profits, charities, co-operatives, hybrid social enterprises, and mission focused for-profits. **SPOs work on addressing persistent problems such as mental health, homelessness and housing, food insecurity, climate adaptation, income insecurity, and inequality.** SPOs are critical in serving those that are disproportionately affected by these problems, including women, youth, Indigenous and racialized communities.

Social Purpose Organizations are essential to Canada's recovery and advancing impact in communities everywhere

170,000+	25,000	588,000*	$30.7 B*
Charities & non-profits	Social enterprises	People employed	Contribution to GDP

*As of Q1-2021

A growing number of SPOs are looking to **diversify their revenues** through the sale of goods and/or services (i.e., creating social enterprises). They direct those revenues to fulfill their mission and build their resilience. Sale of goods and services are among SPOs' **fastest-growing revenue sources.**

79%	90%
Sales	Investments

(% of revenue growth between 2007-2019)

Revenue generating enterprise is often a pre-requisite to being investment ready.

5

Areas for Action

The Steering Group made recommendations along six interconnected areas for action that should be implemented through an integrated approach

- Capacity and Skills
- Funding and Capital
- Market Access
- Policy and Regulatory Environment
- Knowledge Transfer, Data and Impact Measurement
- Awareness and Mobilization

Governance and Public Service Infrastructure: to support the integration of the strategy across the areas for action, including enabling framework legislation

Twelve Recommendations in the *Inclusive Innovation* Report

1. Anchor commitment and long-term policy action toward social innovation and social finance in Canada through legislation
2. Establish and fund a multi-sectoral Social Innovation Council to advise the federal government
3. Create a permanent Office for Social Innovation
4. Improve social purpose organizations' access to federal innovation, business development and skills training programs
5. Establish a multi-departmental Social Innovation Ecosystem Program
6. Launch a Social Finance Fund
7. Ensure federal funding practices support and enable social innovation
8. Incorporate social procurement guidelines, tools and training opportunities into the Government's focus on a cohesive sustainable procurement plan
9. Address the legal and regulatory issues impeding charities and non-profits from engaging in social innovation, social finance, and social enterprise
10. Initiate a series of controlled regulatory experiments, or "sandboxes," to explore and experiment with new regulatory models
11. Establish a Social Innovation Evidence Development and Knowledge Sharing Initiative
12. Coordinate a nation social innovation and social finance awareness campaign

7

Three actions to date

1. Anchor commitment and long-term policy action toward social innovation and social finance in Canada through legislation
2. Establish and fund a multi-sectoral Social Innovation Council to advise the federal government
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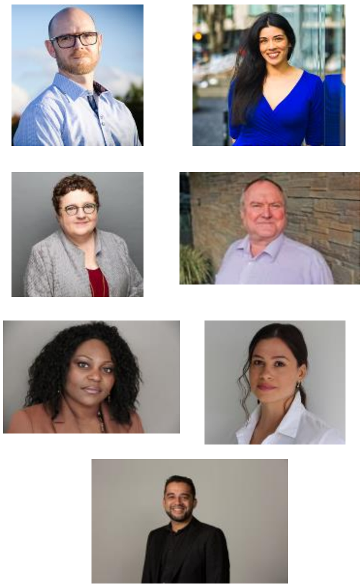
8

The Social Innovation Advisory Council

- Seven members (could be up to 12)
- Appointed to a 3-year term in February 2023

Chairperson: Michael Toye
Vice-Chairperson: Lauren Sears
General Members: Jane Bisbee, Rupert Downing, Roselyne Mavungu, Katie Miller, Ajmal Sataar

For more information:
https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/advisory-council/members.html



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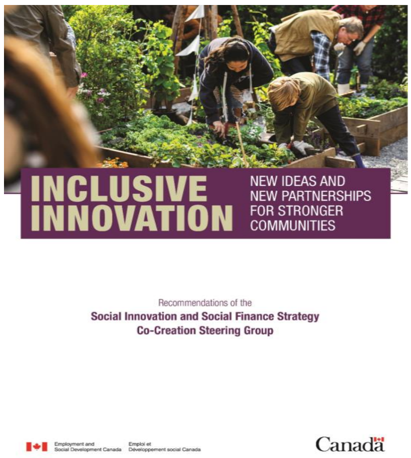
Objectives:

- advancing inclusive social innovation and social finance approaches
- supporting the growth of social purpose organizations in Canada, including charities, non-profits, social enterprises, co-operatives and businesses with a social mission

Some key priorities:

- the remaining recommendations of the SI/SF Strategy Co-Creation Steering Group
- the future direction on the SI/SF Strategy initiatives already being implemented
- emerging issues of relevance to the SI/SF Strategy and social purpose organizations



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Canadian CED Network
Réseau canadien de DÉC

THE INVESTMENT READINESS PROGRAM

12

Investment Readiness Program History

March 2019 — Budget 2019

- Invests $50 million over two years into a pilot Investment Readiness Program (IRP).
- Purpose was to build skills and capacity of social purpose organizations (SPOs) to access social finance and get ready for the Social Finance Fund (SFF).

BUDGET2019

June 2019 — Program Launch

- The IRP pilot launched on June 12, 2019.
- Implementation began in summer and early fall 2019 with:
  - 5 Readiness Support Partners delivering readiness grants to SPOs.
  - 19 ecosystem builder partners.

Investment Readiness Program

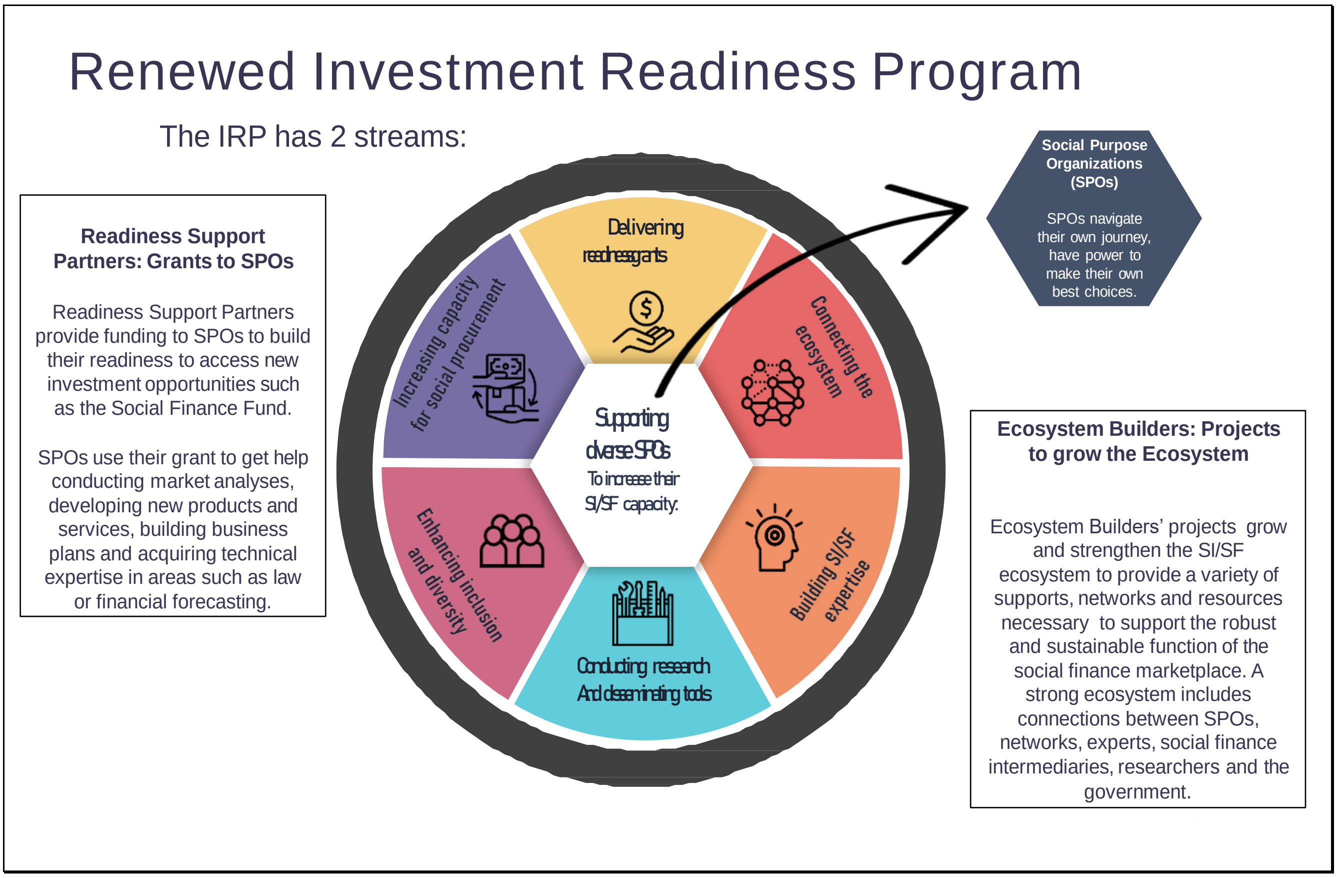
Mid-2019 to June 2021 — Pilot Program Implementation

- Partners completed their IRP activities in June 2021.
- Formative Program Evaluation Report received Oct. 2020 highlighted the continued need for the program, as well as the success of the program design.
- Summative Evaluation received September 2021 reports overall positive SPO experience and highlights that more time is needed to reach more SPOs and be more inclusive.

Now — IRP Renewed

- The IRP renewed in Budget 2021 for $50 million over 2 years.
- Program launched July 2022 in Ministerial announcement
- 5 Readiness Support Partners delivering readiness grants to SPOs and 22 ecosystem builder partners
- Delivery extended into 2023-2024 to fulfill intended 2 year implementation period

BUDGET 2021


Renewed Investment Readiness Program
The IRP has 2 streams:
Readiness Support Partners: Grants to SPOs
Readiness Support Partners provide funding to SPOs to build their readiness to access new investment opportunities such as the Social Finance Fund.
SPOs use their grant to get help conducting market analyses, developing new products and services, building business plans and acquiring technical expertise in areas such as law or financial forecasting.
Delivering readiness grants
Connecting the ecosystem
Building SI/SF expertise
Conducting research And disseminating tools
Enhancing inclusion and diversity
Increasing capacity for social procurement
Supporting diverse SPOs
To increase their SI/SF capacity.
Social Purpose Organizations (SPOs)
SPOs navigate their own journey, have power to make their own best choices.
Ecosystem Builders: Projects to grow the Ecosystem
Ecosystem Builders' projects grow and strengthen the SI/SF ecosystem to provide a variety of supports, networks and resources necessary to support the robust and sustainable function of the social finance marketplace. A strong ecosystem includes connections between SPOs, networks, experts, social finance intermediaries, researchers and the government.


THE SOCIAL FINANCE FUND
15

What is the Social Finance Fund (SFF)?

The **$755 million** SFF is a repayable program that will accelerate the growth of Canada's social finance market and help Social Purpose Organizations (SPO) access flexible and affordable financing. The SFF is expected to launch in early 2023, with an initial allocation of up to $400M over 5 years.

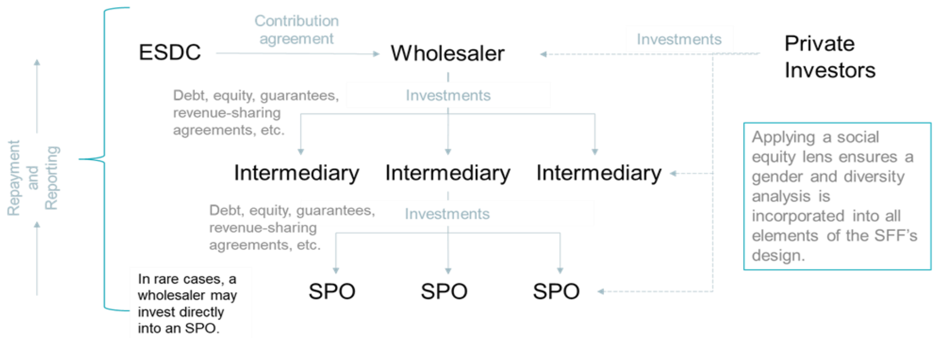
The fund will direct a minimum of $100M of SFF capital towards investments that support gender equality, and $50M of the SFF has been invested in the Indigenous Growth Fund (provides capital to Indigenous-led businesses) through the Business Development Bank of Canada. The fund will also aim to leverage a minimum of two dollars in private capital for each dollar in federal support.

Goals of the SFF

1. Attract new private sector investment into the social finance sector
2. Ensure funds reach equity-deserving groups across a variety of different regions and sectors
3. Increase the capacity of social purpose organizations to generate social and/or environmental impacts by improving access to affordable and flexible financing
4. Support existing social finance ecosystems and help create a vibrant, self-sustaining social finance market

16

SFF Funding Structure



Definitions

Wholesaler = Investment management company that invests in financial intermediaries. Sometimes referred to as a "fund of funds".

Intermediary = Investment management company that invests into companies E.g., Credit union, venture capital firm

17