

Focus :

FUNDING OVERVIEW

CONFERENCE

[FIN3]

Room Wangari Maathai
Palais Brongniart

Wednesday, September
19, 2012

SYNERGY THINKING ON INNOVATIVE ECONOMIC AND HYBRID FUNDING MODELS

MAIN FINDINGS

In response to the fundamental challenges of human development – public health, combatting exclusion and preserving the commons – new economic models are emerging today, which are founded upon hybrid forms of financing (solidarity savings, government guarantees, long-term bonds, private partnerships, investment/donation combinations, etc.). These new models are also founded upon shared governance and integrating civil society. Although there are many alarming observations to be made, such as land grabbing, problems with access to water, infant mortality, social divide, and others, the successes presented during this session trace out the path towards a paradigm shift. These include the ‘three T’s’ model put in place by Veolia Environnement to help social entrepreneurs who practice innovation to seek solutions within their immediate surroundings for increasing economic efficiency while also working for the common interest. Therefore, opening up to a greater extent is the future trend. Audacious alliances can be seen across the pharmaceutical industry, between NGOs, celebrities, savers, farmers, local inhabitants, large companies and communities, showing how crucially important and pressing it is to place people at the heart of the economy once again.

SPEAKERS

Philippe Cacciabue
Executive Director, Foncière Terre de Liens

Anne Charpy
Founder and Chairwoman, Voisin Malin

Olivier Gilbert
Social Innovations Delegate, Sustainable
Development Department, Veolia Environnement

Marie-Ange Saraka-Yao
Director, Programme Funding Team, GAVI Alliance

MODERATOR

Angela de Santiago
Chairwoman and CEO, Youphil

SUMMARY OF INTERVENTIONS

Olivier Gilbert points out that he deals with finance given his role in charge of projects aiming to provide access to essential services for impoverished populations. Veolia is responsible for providing essential services through its public services management contracts rather than as a finance specialist. He recalls the history of Veolia, which stretches back to the Second French Empire, when it was created in order to respond to the political will of making large cities like Lyon healthier for their inhabitants by putting forward the proposal of handing over the management of public services to a private stakeholder. Today, the group has spread its presence to 74 countries. It is the first global group working on the environment (cleanliness, water, energy, transport). Although the group works for private clients, particularly industrial ones, its main market is that of communities and governments, who entrust the company with upgrading their public services. These contracts set objectives related to protecting the environment and socio-economic development in the areas in question. With full regard for the equality of all in public services as a principle, these objectives must be adapted in order to ensure accessibility for all, regardless of the user's ability to pay. One of the main obstacles to be removed from partnerships which bring together a number of different stakeholders, including public authorities, is that of seeking funds for works which aim to improve services and broaden service access across a given region. In order to do away with this obstacle, great rigour and context-relevant innovation is needed (developing customised loans, cross-financing, revolving funds, setting up financial packages with international donors, etc.). In this regard, in the water services operating profession, it is common to put together a financial package for an offer in accordance with the so-called 'three T's' rule: "tariffs, taxes, transfers", to which a fourth 'T' could be added, "time" (long-term investment returns). Beyond funding, a significant challenge is to be found in "going the last mile": once the large investments have been harnessed, how can projects for developing access to services be truly adapted to the needs of target populations (taking into account their needs, their ability and desire to pay, their current service usage and the inner

workings of the community they are part of). This is where cooperation with partners such as NGOs and social entrepreneurs comes into play, as well as sociologists, and it is at this point that one can speak about societal engineering. As for adapting services to the needs of impoverished populations, innovation has to be applied to finance, but also to the relationship with the population, marketing, legal and technical aspects, etc.

Anne Charpy explains why she created Voisin Malin in 2010. Businesses and local authorities find it difficult to offer their services, which are often unwelcome or hardly used. However, one resource which can provide a response to this problem is local inhabitants, who want to do something for their neighbourhood, who have their own skills in languages, teaching and relationships. This is both an individual dynamic and a joint project which makes the most of the way in which different profiles, cultures and experiences complement one another within the network. When people are recruited they are given a part-time permanent contract, since this is work to be combined with other employment. They call door to door within a 15 minutes' walking distance in their local area. They carry out surveys in order to better get to know the needs and support that inhabitants need in managing their day-to-day activities, such as water consumption, bus fares, sorting rubbish for recycling, health, etc. Voisin Malin works with large companies on a B to B basis. It signs partnership agreements which are based on an estimate of the number of hours worked in raising awareness. The other half of the association's budget comes from the general awareness raising mission funded by foundations and local authorities.

Philippe Cacciabue starts with the alarming observation regarding the changes to agricultural land use in France and in Europe, which means that increasingly less land is available: the land area equivalent of one entire French department is lost every seven years and land is subject to speculation which aims to detach its sales price from its economic value. Faced with this land grabbing which leads to the disappearance of farms, Foncière Terre de Liens is one of the first stakeholders to have thought out a financial solution which is based on several different tools: a land programme, a foundation and a voluntary network which supports local projects in setting up farms. In 2008, the

organisation launched its first public appeal to save up money in order to purchase land which would then never be put up for sale on the market again. Since then, it has raised 28 million euros from among members of the public, who have allowed, through their savings, for 200 farmers to settle onto roughly one hundred farm holdings. Terre de Liens' success has illustrated two points: the difficulties that farmers face in terms of access to land and the importance of a citizens' saving scheme for a society project. Terre de Liens has made good use of private resources in developing its tools. The challenge today is ensuring that there is acknowledgement for the common interest that the mission represents and a need to seek long-term structural funding.

Marie-Ange Saraka-Yao presents GAVI, an initiative set up in 2000, thanks to the rallying efforts from well-known figures such as Kofi Annan and Bill Gates, neither of whom wanted to give in to the fact that a child dies every 20 seconds from an illness which could have been prevented by a vaccine as a result of deficiencies in hospital infrastructure. There was no need to set up a new institution but rather to unite stakeholders on the issue of population immunisation by sharing out responsibilities, with stakeholders such as the WHO, UNICEF, pharmaceutical companies, independent experts, etc. GAVI drew up a five-year plan in order to tackle long development cycles for vaccinations (for living matter vaccines which incur high research costs and which require long production processes), to tackle production challenges (estimating the correct dosage), and distribution difficulties (ensuring a minimum coverage rate of 80%). In order to fund large quantities of low-cost vaccines (-70% of cost price), GAVI has set up innovative forms of financing. It issues bonds backed by the government for a period of 20 years and with a market guarantee of five years.

SUMMARY OF DEBATE WITH THE AUDIENCE

How can we seduce pharmaceutical companies without seducing the devil?

Marie-Ange Saraka-Yao admits that it is not always easy to work in line with company strategies. However, it can be noted that emerging markets have low purchasing power but a very large set of needs. By offering market guarantees, very reasonable prices can be reached. By using a call for tenders system, competition can be put up against Western companies by high performance companies from countries such as India and China balancing out the playing field.

And what about Greece?

Indeed, the most impoverished populations are not always those in the poorest countries. Talks are being held within GAVI on the situation of countries in the Global North.

How was Terre de Liens' fundraising organised?

Philippe Cacciabue answers that the organisation put out a number of successive savings appeals, issuing financial bonds publically with authorisation provided by the Financial Markets Authority. The fact that solidarity-based companies benefit from SME-type tax breaks contributed to the success of the fundraising programme, which was carried out via networks of volunteers and supported by partners who addressed a target audience which was varied but essentially already aware of small-scale farming and land issues.

REPORTER

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- La Foncière Terre de Liens : www.terredeliens.org
- GAVI Alliance : www.gavialliance.org
- Voisin Malin : www.voisin-malin.fr