

Financing solidarity

Local
and social
economy
projects

2004



CAISSE D'ÉPARGNE

- 1 Editorial
- 2 What are LSEP?
- 4 Which are the areas of intervention of LSEP?
- 6 Visiting the regions
- 8 LSEP: key figures
- 12 How do LSEP work?
- 16 LSEP and beyond



L for Local

LSEP are local initiatives, primarily in the territory of each Caisse d'Epargne

S for Social

LSEP are for people seeking independence or who are disadvantaged socially and economically

E for Economy

projects supported by the Caisse d'Epargne Group must directly or indirectly generate an economic activity

P for Project

the Caisse d'Epargne Group finances initiatives rather than a structure intended to help strengthen social cohesion




Cover page : Fédération des amicales laïques - Nantes (44)
On this page : Formation pour la restauration du patrimoine du Berry - La Châtre (37)

Promoting job creation, ensuring greater daily independence for people in difficulty, strengthening social ties... All these issues are part of the mission of Caisse d'Épargne, the french savings banks. Local and social economy projects are a unique mechanism which we use to support the initiatives of men and women using their energy to generate business and to stimulate and energize the local community. We provide the financial help needed to carry out projects. In the last four years, we have invested more than EUR 130 million throughout France in nearly 6,600 projects. In the following pages, we want to pay homage to everyone involved in these projects: the beneficiaries, the associations, the support networks for new businesses, the representatives of cooperative shareholders, who are increasingly involved in this process, and our own staff, whose expertise is indispensable for the success of our programme. We want to thank everyone and to express our pride in the fact that we have joined hands to go beyond our banking business in the service of reaching an ever increasing number of the general public.



Nicole Moreau,
Chairwoman, Fédération Nationale
des Caisses d'Épargne



Charles Milhaud,
Chairman, Management Board,
Caisse Nationale des Caisses d'Épargne

2,350
projects

financed in 2004

EUR **50.6**
million

allocated in 2004

Creation
of new businesses:

5,000
jobs

generated since 2001

Micro-entrepreneurs:
credits totalling more than

EUR **28**
million

since 2001



What are LSEP?

LSEP are local initiatives in the general interest financed by Caisse d'Epargne. In modern terms, these projects reaffirm the bank's original commitment to society.

A mechanism which is taking root

Confirming the Caisse d'Épargne's historic commitment, the law of 25 June 1999 granting them cooperative status provided for local and social economy projects (*LSEP*), a unique mechanism in the banking industry.

2004 once again showed just how firmly the LSEP mechanism has taken root and grown, thanks to the commitment of 31 Caisse d'Épargne units.

Reaching more and more people

LSEP are intended for vulnerable individuals and those seeking independence, such as the disabled, elderly or ill people, the long-term unemployed, people isolated from society, etc. However, LSEP funds are not granted directly to private individuals but to organisations with projects. Only micro-entrepreneurs wishing to set up a new business with official assistance receive direct support.

Evaluation of LSEP : a major step forward!

In 2004, more than 80% of all Caisse d'Épargne units launched an evaluation programme to assess the contribution of the financed projects to social cohesion. After an initial training phase, the evaluators – mostly representatives of cooperative shareholders – meet the project managers to verify progress, analyse results for the beneficiaries, etc. At the same time, evaluation of LSEP allows Caisse d'Épargne to strengthen its ties with the organisations concerned and to become more familiar with the needs of the most fragile population groups. The first aggregate results are expected in 2005.

6,600
projects

financed since 2001

Concrete action

To achieve these objectives, Caisse d'Épargne uses the services of specialists in the field, such as networks set up to provide assistance to micro-entrepreneurs, associations, foundations, non-profit organisations, social integration enterprises and other local players, such as cooperatives in the public interest. These players represent the needs of the final beneficiaries.

LSEP are financed four ways: subsidies, loans, capital investments or contributions of assets or expertise.

Preparing the future

Management of LSEP reflects the changing needs of society. In 2004, protection of the environment became an integral part of project analysis, selection and evaluation in order to ensure their compatibility with the sustainable development strategy pursued by the Caisse d'Épargne Group. Thus, a LSEP must not have a negative impact on the environment.



Which are the areas of intervention of LSEP?

The three key areas of intervention are initiatives to find or create jobs for the unemployed, to empower people in socially, physically or psychologically vulnerable situations, and to re-establish or restore social ties between individuals and the community. Employment is the highest priority.

Employment

Financing micro-entrepreneurs

The purpose is to arrange credits allowing unemployed people and individuals without access to traditional finance to create or take over a business. Their access to banking services is also facilitated, including a bank account, special rates, etc. To be eligible, such micro-entrepreneurs must be assisted by a professional network.

Providing support for assistance networks

Caisse d'Épargne may complement the budget of funds granting personal loans or guarantee funds, contribute to grants for equipment or contribute human expertise. To this end, national agreements have been signed with major assistance networks: Adie, Les Boutiques de Gestion, France Active and France Initiative Réseau.

Integration through employment

In order to give people who are unemployed a better chance to join the labour market, Caisse d'Épargne supports the projects of integration associations or businesses which provide vocational training and programmes to help people readjust to the daily routine of a job.

Empowerment

Learning basic skills

LSEP grant access to essential social skills, such as reading and writing, counting, driving, knowledge of mechanisms to access social benefits and allowances, management of one's personal budget and bank account, new technologies, etc.

Improving independence

LSEP are used to finance initiatives to preserve the independence and social life of the elderly and disabled so they can continue to live at home and move about despite disabilities or to break with their isolation.

Satisfying basic needs

Having a home and electricity, eating, dressing, moving about, etc. are absolute necessities to avoid exclusion. Caisse d'Épargne supports the projects of associations allowing the poorest to live in acceptable conditions.

Social ties

Using culture and sports to integrate people

Caisse d'Épargne supports projects designed to involve isolated people in local events, sports competitions or even initiatives to preserve venues for cultural or sports activities.

Protecting the environment

LSEP may be used to restore or protect the environment provided they contribute to social cohesion.

2005, the international year of micro-credit

On 18 November 2004, the UN officially declared 2005 the international year of micro-credit.

"In many countries, micro-finance has turned out to be an effective weapon against poverty and hunger. It permits genuine improvement of the lives of people, particularly those who most need it",

said Kofi Annan, UN Secretary General on this occasion.

In support of this initiative, Institut Mondial des Caisses d'Épargne declared in a resolution that the International Year of Micro-Credit 2005 creates opportunities

"not just to obtain credit but also to access other basic services, such as savings, insurance and payment instruments".

Visiting the regions

Caisse d'Epargne de Bourgogne

The tree of knowledge

Forests are not just the preserve of natural sciences. Forests allow us to understand the concept of sustainable development in a simple way. With the financial support of Caisse d'Epargne, the Forestiers du Monde association created and provided teachers with an educational manual entitled *Bâtir la Forêt* (Building the Forest). Its purpose is to assist students with an original project: creating genuinely biodiverse forests in agricultural sites. This initiative brought together students from rural and downtown communities, who joined hands to put theory into practice and to position themselves as advocates of the most sustainable development!

Forestiers du Monde

Caisse d'Epargne de Flandre

Colourful values

It isn't always easy to promote such values as friendship, sharing, respect, knowledge and tolerance. Yet this was the challenge in which the Art Com Ciel association managed to involve the inhabitants of five sensitive neighbourhoods in the suburbs of Lille. At the initiative of Hassane Naftaouaih, a professional painter, 400 young people and adults were able to express themselves free of charge in the medium of painting, with the support of Caisse d'Epargne, which financed the necessary supplies. In December 2004, 150 works were exhibited in city hall. Under the sign of "Lille: European Capital of Culture in 2004", this initiative made culture accessible to everyone.

Art Com Ciel

Caisse d'Epargne de Lorraine

A cooperative to cross the hump

With a long industrial tradition, the Est-Mosellan employment area remains a fertile pool of business initiatives. However, many micro-entrepreneurs are on their own and overwhelmed by the number of decisions to make, including legal, accounting, financial, social security, tax, etc. The Cap Entreprendre job and business cooperative is a resource centre which puts expertise in these areas at the disposal of its members. It helps people with a project to study feasibility, provides support for risks and even grants entrepreneurs the status of cooperative employees. Together with local employment and economic development players, Caisse d'Epargne has helped Cap Entreprendre get started by financing its office and communications equipment.

Cap Entreprendre

What micro-entrepreneurs have to say

Between emergency and personal accomplishment

Most micro-entrepreneurs who benefit from a LSEP have only one solution: to create their own job.

"I know it won't be easy but my goal is to get out of assistance."

"As no one is giving me work, I've decided to give myself work."

"What I want is to work!"

Others see it as an opportunity to realise a project:
"I've wanted to strike out on my own for a long time, and that's what I finally did."

"I'd never really thought of working as a self-employed professional. But it's a fact that I've never really enjoyed having someone over me."

Caisse d'Épargne Ile-de-France Nord**Helping people to get well**

Based in Montfermeil, the Horizon Cancer association focuses on the post-medical difficulties of former cancer patients. Such people need psychological as well as material support to restore their confidence and to help them find a new job or a new home or to avoid financial exclusion. Eighty volunteers assist them personally by telephone, handling more than 300 calls a month. Caisse d'Épargne has financed the emergency allocations of former patients pending administrative recognition of their situation.

Horizon Cancer**Caisse d'Épargne de Bretagne****Pooling energy**

It is quite possible to help improve the independence of the poorest population groups while improving the environment of an entire region. Based in southern Brittany, the Emmaüs Community of Rédéné houses 45 companions who, with the support of three full-time employees, help salvage, sort and improve the value of a wide range of objects and waste. In order to meet the latest standards, the association decided to review its procedures and to modernise its equipment. The LSEP helped finance a new sorting shop, the floor sealing works and the installation of a wood burning boiler currently used to supply energy for the greenhouses of Lorient city.

Emmaüs**Caisse d'Épargne Val de France-Orléanais****Supporting sports**

Basketball teams can make an entire city more civilized or friendly... That is the challenge taken up by ASELQO, an Orléans-based association focusing on difficult neighbourhoods. In the autumn of 2004, it launched the first street basketball tournament, attracting the participation of 400 kids from the city and its suburbs. This initiative helped the participants to develop their sense of organisation and commitment and respect for others in group situations. Caisse d'Épargne supported this project, and the final was watched by 2,700 spectators in the Palais des Sports arena.

ASELQO (Association sportive et de loisirs des quartiers d'Orléans)**Caisse d'Épargne Loire Drôme Ardèche****Supporting adolescents in difficulty**

The *Maison pour Vivre* association manages a centre for delinquent or socially isolated children and adolescents. Its concept is underpinned by an original idea : offering every one of these marginalized young people their own space where they can gradually recover their independence in daily life. The installation works were financed with the support of the Ardèche district and Caisse d'Épargne. Today, 40 minors have a more suitable place to live.

Maison pour vivre

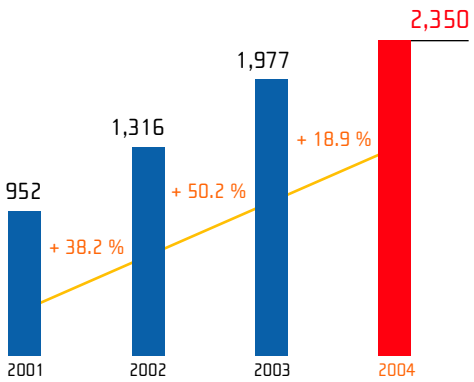


LSEP: key figures

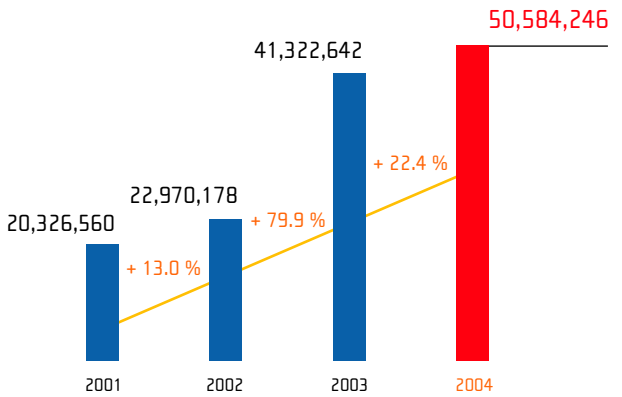
The annual LSEP budget reflects the results of Caisse d'Épargne units and amount of interest on the shares.

This amount can therefore be expected to vary from year to year.

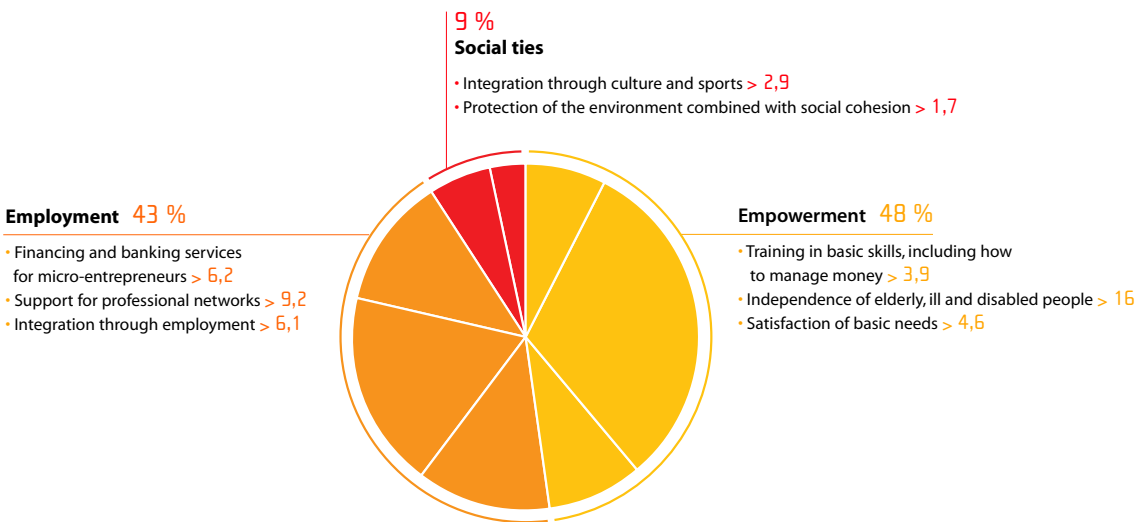
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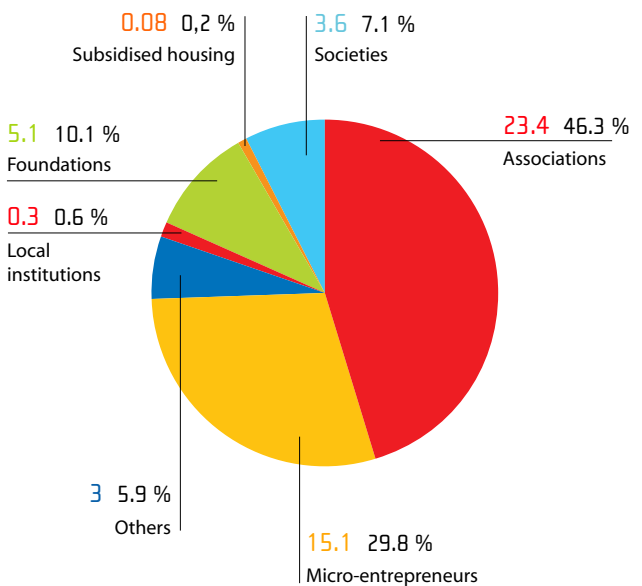
Number of LSEP per year



Amount allocated per year (EUR)



Breakdown by area of intervention (in EUR million)



Breakdown by beneficiaries (in EUR million)

Banking services for micro-entrepreneurs have priority

Caisse d'Epargne not only grants loans to allow micro-entrepreneurs to set up their own business but also makes it easier for them to obtain banking services. 22 Caisse d'Epargne units have opened business accounts for micro-entrepreneurs. More than half grant preferential rates and some even waive all charges during the term of the loan.



How do LSEP work?

Projects presented to Caisse d'Epargne must meet a number of key criteria to be eligible for a LSEP.

Prerequisites for a LSEP

A project can only be considered for LSEP finance if it includes:

- a project manager, i.e. the party with legal and financial responsibility for the project, whether it be an association, a non-profit organisation or the micro-entrepreneur himself;
- a purpose, divided into precise and measurable quantitative and qualitative objectives;
- a target audience, i.e. one or more people in difficulty or looking for independence;
- resources, i.e. the assets and services used by the project organisation to carry out the planned action;
- possible partners who can help finance the project;
- a schedule, i.e. the project period is determined in advance;
- a financing plan and a budget;
- an evaluation mechanism, i.e. the possibility to evaluate the project in retrospect, particularly the gap between projections and actual results.

Requesting an application file

LSEP finance must be requested from the Caisse d'Épargne in the area where the project will be based. Application files can be obtained from the General Interest Manager at each Caisse d'Épargne.

Ethical rules for all participants in the LSEP process

An Ethics Charter is currently being developed to help guide the representative of cooperative shareholders and the other participants in the LSEP process – employees, cooperative shareholders, independent experts, partner associations, etc. Until the launch of this charter, the participants must comply with such principles as : existing laws and regulations, the standards of the Caisse d'Épargne Group, rules on conflicts of interest, confidentiality, respect for individuals, etc.

Selecting file

Each Caisse d'Épargne has its own file approval channel. Broadly, acceptable files are forwarded to a selection committee, generally made up of employees, representatives of cooperative shareholders and experts. The selection committee submits chosen candidates to the Management Board of Caisse d'Épargne.

Delivery of funds

Caisse d'Épargne signs an agreement with the project organisation. It pays the funds to this organisation and may organise a joint ceremony during which the funds are handed over in the presence of representatives of cooperative shareholders or opinion leaders.

Follow-up

Once a project has been completed, it will be evaluated by Caisse d'Épargne.

Role of the representatives of cooperative shareholders

The representatives of cooperative shareholders are involved in the entire process. They may help determine the primary areas of intervention of their Caisse d'Épargne unit; they propose projects; they help review, select, follow up and evaluate projects and they help look for volunteers to provide project managers with support.



LSEP and beyond

Caisse d'Épargne's social commitment extends well beyond LSEP. Specialised units strengthen the Group's initiatives in three areas where it is historically present : independence of elderly, ill or disabled people; basic skills and knowledge of money; and heritage.

A part of this actions is financed in the form of LSEP.

Fondation Caisses d'Épargne pour la solidarité

Recognised as an entity in the public interest in 2001, the Foundation fights dependence and isolation due to age, illness, disabilities or illiteracy.

This non-profit organisation manages a network of 60 units throughout French territory: 55 medical residences for 3,800 elderly, ill or disabled people; 3 hospitals which treat about 4,000 patients a year; 2 tele-assistance services with 3,000 subscribers and a household services unit which helps more than 800 elderly people still living at home.

The Foundation is directly involved in the fight against illiteracy. Its "Savoirs pour réussir" initiative (Knowledge means success) offers young people an opportunity to upgrade basic knowledge with the support of volunteer teachers, including Caisses d'Épargne cooperative shareholders.

The Foundation also supports and finances innovative projects as part of its general interest operations. Donations by Caisse d'Épargne units and subsidiaries allow the Foundation to forward innovative social solutions.

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Finances & Pédagogie

Specialised in training and financial education for young, vulnerable and debt-ridden individuals, Finances & Pédagogie was set up more than 45 years ago by Caisse d'Épargne.

This association provides local services and has therefore opted for a decentralised organisation (24 operational sites). It offers selected information about money, budget management, the use of loans and management of banking relations. It also provides micro-entrepreneurs with the information needed to manage their personal finances in light of their business

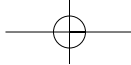
projects. Lastly, it offers assistance professionals (social assistants, family tutors, home assistants, staff in retirement homes, etc.) an opportunity to complete their knowledge of technical aspects and to implement specific initiatives against exclusion, particularly prevention of debt overhang. In 2004, almost 60,000 people were educated and trained, i.e. more than 2,800 sessions and 7,900 training hours.

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Fondation Belem

Recognised as an entity in the public interest and set up in 1980, this Foundation is the custodian of the Belem, the sole survivor of the great fleet of 19th-century French square-rigged sailing ships and the only vessel of its age (108 years) still to sail. Its purpose is to promote France's sailing traditions and objects, and to maintain and operate the Belem as a training ship. Every year, the Belem receives 1,000 to 1,500 trainees as well as groups from companies and local authorities. At the initiative and with the assistance of Caisse d'Épargne, more voyages are organised for educational or integration purposes, particularly using LSEP. The Foundation makes sure the Belem attends a number of nautical events in France and other countries to represent the French flag.

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