WHEN COMPANIES COMMIT TO THE FIGHT AGAINST POVERTY, IT WORKS!

Every alarm has been sounded! Although the poverty level had been steadily decreasing since the end of the second World War and up until the beginning of the 2000s, the tendency has now been reversed. The number of people living underneath the poverty line in France has increased by almost 1 million over the last 10 years (2005-2015). This is a historical shift.

A few indicators remind us of this situation’s unbearable scope: according to INSEE, France has 8.9 million people living under the poverty line and 26% of the households where the person of reference is under 30 years old are poor. 3.8 million people are without shelter or live in deplorable conditions. 21% of the population under 25 are unemployed. Slums have reappeared in our country and are now ‘home’ to 6,000 minors.

Everywhere in France, actors of the social sector are developing new and innovative methods to respond to the magnitude of these challenges. However, without the appropriate means, their ambition and actions are limited.

An entire new generation full of energy and the desire to involve themselves are looking to actively contribute to the social well-being and the reduction of inequalities.

The moment has arrived to create the conditions for a fundamental change and to reinvent our social model.

*TOWARDS A NEW COMMITMENT BY COMPANIES IN THE FIGHT AGAINST POVERTY*

The French President is expected to present a new anti-poverty proposal, in front of Congress on July 9th. This is the opportunity for France to set the example of a more responsible economy and to propose a new program of company engagement against poverty: The Local Corporate Endowment.

This Local Corporate Endowment Against Poverty would consist of a voluntary allocation of 2% of a company’s net result towards programs that fight poverty and the exclusion of young adults on the same local territory as the company’s.

Such an amount, 2%, would allow concrete actions to be financed in the company’s environment which would give greater sense to the social responsibility imperative.

Voluntary, because there would be no obligation. The only constraint would be for the company to communicate each year on the expenses attributed under the Endowment. If no allocation of resources is made then the company will simply need to justify this choice once a year on their website or their annual report, and specify the reason (investments to finance, restructuring, acquisition, etc.).

A minimum threshold of net result would be established in order to avoid the potential strain the Local Endowment Fund Against Poverty could cause on the smallest and most fragile companies.

The particularity of this endowment is that the company would select, on their own, the projects of their choice in order to help the most destitute, specifically children and young adults on their territory: food aid, medical support, improvement of housing conditions, access to fundamental educational elements essential for any social integration, individual care, return to employment, support for handicapped persons, integration through sports or culture.

This endowment would also be subject to the fiscal advantages under the Aillagon law, which allows companies to benefit from a 60% tax reduction on the amount donated. The expense for the company would thus only represent 0,8% of their net result.

Break Poverty Foundation developed this concept of a Local Endowment Fund Against Poverty and tested the program on a specific territory, the city of Romans sur Isère, where poverty statistics are close to twice the national average (22% for the entire population, 30% regarding the population less than 30-years old). With the support of the Mayor, the major local companies were involved. The results of the pilot program speak for themselves. Out of the 21 companies contacted, 15 have announced that they will support one or more projects among the ones we had presented. A few weeks after the pilot’s launch, 125 000€ had already been collected to finance these projects in Romans, a city of 33 000 residents. With the contribution of the town hall, 1 million euros could be raised over 3 years. The scope of the impact such a measure would have at the national level is easily imaginable.

This company’s new social commitment corresponds to the growing expectations of millennials, this generation of young graduates and entrepreneurs motivated by the desire to bring about change and who hope to join a company that goes beyond solely the creation of economic wealth.

Far from being a strain to companies, the Local Corporate Endowment Against Poverty must be perceived as an investment for the future of their territory.

No company wins in a world that loses. Confronted by the increasing pauperization in the French society, of its young generations and its suburbs, the Local Endowment Fund Against Poverty will favor the mobilization of companies and foster new local partnerships to eradicate poverty.

*Denis Metzger, President of Break Poverty Foundation*

**BREAK POVERTY FOUNDATION**

At Break Poverty Foundation, we believe that transformative solutions exist to give all children and young adults, hope that they will build their future outside of the vicious poverty cycle.

We have chosen to focus on the causes of poverty to better prevent it. We identify and accompany projects that have a strong potential in France and internationally in the following areas: early childhood support, school dropout prevention, access to first employment and support for single parent households.

We implement these projects on the long-term in order to obtain the most important and durable impact. We actively mobilize all actors, and most notably companies, in this fight against poverty.

Break Poverty Foundation is an endowment fund based in Paris. Created by Denis Metzger, Chairman of Chequers Capital, a leading private equity investor in Europe, the endowment fund has Serge Papin, Véronique Saint-Olive, Christian Dargnat and Pierre Derieux as administrators.