

Value your impact with multi-capital accounting



Fermes d'Avenir and Ferme de Cagnolle

Fermes d'Avenir is a national association founded in 2013. Its mission is to support the development of agroecology, provide training and networking opportunities for stakeholders and professionals, and raise awareness among citizens and public authorities of ecological transformation in agriculture.

AMBITION

Accelerate the ecological transition of agricultural production models.

PROJECT STAKEHOLDERS

The farmers at Ferme de Cagnolle and the team at Fermes d'Avenir.

Period: 2018 to 2019.

How to assess the social utility of an activity with a social, societal or environmental purpose, and why? How to measure the contribution it makes, its impact? What are the benefits of such an approach for stakeholders? How to value the results?

There are many methods and assessment tools available, but they do not all serve the same aims. The choice rests on the challenges faced and resources available in particular. Each approach will need to be adapted.

In order to illustrate the plurality of such approaches and promote the results of assessments carried out, Avise – in partnership with Banque des Territoires, the French Ministry of Ecological and Solidarity Transition, the French National Agency for Territorial Cohesion (ANCT) and the European Social Fund – is publishing several case studies of social impact assessment, which are being added to the National Resource Centre for Social Impact Assessment that it runs.

Resource centre and case studies available online at www.avise.org

Fermes d'Avenir's approach and experimentation by Ferme de Cagnolle

BACKGROUND

As early as 2016, the Fermes d'Avenir network wanted to develop an accounting method that integrates natural and human capital. It then began to support farmers experimenting with an accounting valuation approach to the impact of their activities and preservation actions on nature and people. This approach, known as 'Comptabilité d'Avenir' (future accounting) within the Fermes d'Avenir network, is a multi-capital accounting method.

SCOPE

Experimentation with multi-capital accounting was carried out at Ferme de Cagnolle, a member of the Fermes d'Avenir network, in partnership with Dominique Ios, an expert in this area at Fermes d'Avenir.

METHODS USED

The multi-capital accounting approach implemented is based on the principles of the CARE-TDL (Comprehensive Accounting in Respect of Ecology- Triple Depreciation Line) method, developed in 2012 by J. Richard and A. Rambaud.

MAIN LEARNINGS

The approach enabled Ferme de Cagnolle to:

1. Identify the impacts of their agricultural activities;
2. Improve visibility of their overall performance, particularly the preservation of natural capital;
3. Define their business model and necessary support;
4. Identify means of action to better preserve their human and natural capital.

"This approach enabled us to produce an assessment of our activities, and to prove our effectiveness and commitment in the area of environmental protection. We were able to initiate discussions with local stakeholders in our area."

Benoît Le Baube,
farmer at Ferme de Cagnolle

PRESENTATION OF THE FERMES D'AVENIR NETWORK

FERMES D'AVENIR

The association Fermes d'Avenir was founded in 2013. Its purpose is to accelerate ecological transition through the development of agroecological farms. A member of Groupe SOS, Fermes d'Avenir currently employs 10 people.

“For Fermes d'Avenir, agroecological transition involves accounting for what matters, which means people and the planet, and not just financial capital.”

Dominique loos, accountancy expert at Fermes d'Avenir

The association initiates various actions to contribute to the development and promotion of agroecology:

- assistance with designing and creating agroecological farms;
- training for installation project owners;
- communication and influence to promote agriculture and its transitions.

A SYSTEMIC VISION

Through its systemic vision, Fermes d'Avenir offers a cross-cutting approach to preserving and restoring natural environments, working condition levels and accessibility to healthy food.

Through 11 unifying principles, Fermes d'Avenir campaigns for an agricultural model conducive to sustainable economic development, which protects jobs, the environment, soil quality, air quality, food, and the health of both producers and consumers:

1. A production site, on a human scale, based on the observation of local and natural ecosystems;
2. Organic-certified production, which does not use chemical plant protection products;
3. Regeneration of ecosystems and biodiversity by using agroecological practices;
4. Very strong local ties;

5. Research into solutions that lead to a low-carbon society and limit water consumption;
6. Reduced investment in financial capital, in favour of job creation;
7. An educational role in the area of sustainable diets and the pleasure of healthy eating;
8. Commitment to the change of model, particularly through great transparency regarding figures;
9. Diversity of revenue streams;
10. Fair distribution of value created in the community;
11. Possible rediscovery of local crop varieties and transformations aimed at strengthening local identities.



Illustration of a farm practicing agroecology - © Fermes d'Avenir

What is agroecology?

The French Ministry of Agriculture and Food defines agroecology as a way of designing agricultural production systems that are based on the functionality offered by ecosystems, in order to combine ecological, economic and social dimensions.

The aim is to maximise the use of nature as a production factor, while maintaining its capacity to renew itself.

ACCOUNTING VALUATION METHOD

BACKGROUND AND CHALLENGES

As a network, and as part of its advocacy efforts, Fermes d'Avenir seeks to highlight the many externalities and impacts of its member farms. In 2016, building on innovations in accounting, the association developed an experimental reference framework for multi-capital accounting named 'Compta d'Avenir'. The aim is to supplement accounting practices in order to promote a new way of measuring and valuing the impacts of agricultural activities.

Fermes d'Avenir first identified the externalities of agroecological projects and then established the state of the art of impact assessment and valuation methods. Through the mobilisation of stakeholders and experts, it has been possible to describe the benefits of agroecology, thereby meeting accountability requirements in respect of funders, institutional actors and the general public.

IDENTIFICATION AND VALUATION OF IMPACTS

Step 1: Identification of the externalities of agroecological activities

The potential positive externalities of the Fermes d'Avenir network's member farms are defined according to six impact types, which directly affect natural, human and economic capital.

The six identified impact types are:

1. Ecological benefit;
2. Employment;
3. Cultural and educational benefit;
4. Health and food;
5. Economic performance;
6. Agronomic performance.

"To achieve the transition of ecosystems and organisations, we need to change the way projects are managed, which means changing measurement methods and our approach to accounting."

Dominique loos, accountancy expert at Fermes d'Avenir

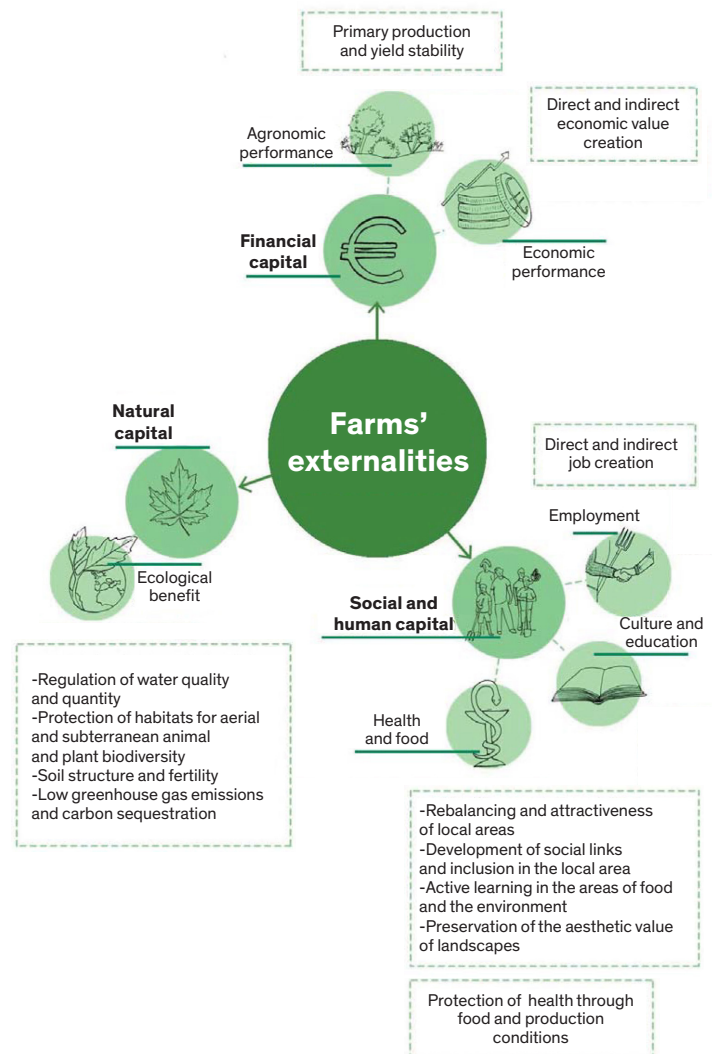


Illustration of the six impact types and externalities of farms in the Fermes d'Avenir network.

Source: Fermes d'Avenir's advocacy (p.36)

Step 2: State of the art of impact measurement and valuation tools

In this state of the art, impacts are classified according to the stakeholders, territorial level and sectors involved. Based on their characteristics, methods and tools are classified to assess and value these impacts.

ACCOUNTING VALUATION METHOD

EXPERIMENTATION WITH A PILOT PROJECT



Following this first phase of impact identification, **Fermes d'Avenir initiated experimentation related to the multi-capital accounting method. The aim was to redefine the economic performance of agroecological farms by using accounting to illustrate the creation and destruction of economic and extra-financial value.**

A first experiment with multi-capital accounting was conducted in the Fermes d'Avenir network in 2017, in close collaboration with the Ecological Accounting Chair run by AgroParisTech Foundation (CARE-TDL method), ComptaDurable, and France's National Research Institute for Agriculture, Food and Environment (INRAE).¹

The approach was implemented by three farms, assisted by a scientific and technical committee, and resulted in initial observations and learnings related to this experimental accounting framework.

A study produced by the firms Auxilia and ComptaDurable, along with Fermes d'Avenir, notably shows that this experiment raised awareness among members of the Fermes d'Avenir network and contributed to the development of advocacy in support of multi-capital accounting.

"We are seeking to totally move away from those [extra-financial] practices employed by conventional businesses, in order to give rise to a new generation of social businesses, which put economic efficiency to work for the general interest."

Extract of Fermes d'Avenir's advocacy statement

"There are several accounting methods available; organisations in the Social and Solidarity Economy can use this accounting method to value their positive externalities."

Hervé Gbego, president of ComptaDurable

EXPERIMENTATION OBJECTIVES

Inspired by the work of J. Richard and his method CARE-TDL (Comprehensive Accounting in Respect of Ecology-Triple Depreciation Line), **the multi-capital accounting approach developed by Fermes d'Avenir, in collaboration with Auxilia and ComptaDurable, aims to support ecological transition by developing an alternative accounting method.** The ambition with this approach is to maintain resources by accounting for social and environmental impacts in the farms' financial documents. These impacts are seldom included in traditional accounting systems and the main economic development indicators.

The objectives of multi-capital accounting are to:

- 1. Highlight all forms of capital impacted by the farm's activities;**
- 2. Directly integrate these elements in the farm's financial statements (profit and loss account, balance sheet);**
- 3. Measure the farm's economic, environmental and social performance as accurately as possible.**

This alternative accounting method stands out from traditional extra-financial reporting systems by fully integrating extra-financial elements in the farms' annual accounts, which allows greater transparency and a clearer view of reality.

Based on a strong sustainability approach, this accounting method would ensure a high level of protection of natural and human resources.

The strong sustainability approach to development

Developed by Marshall and Daly, the principle of strong sustainability defends the idea that one form of capital cannot be substituted for another. Considering that resources have limits, their depletion would lead to the destruction of capital components.

¹ Project supported by Fondation IRIS, Fondation Léa Nature and WWF.

ACCOUNTING EXPERIMENTATION APPROACH

BACKGROUND AND CHALLENGES

Ferme de Cagnolle

Located in the south-west of the natural region of Périgord Noir, Ferme de Cagnolle is a 13-hectare farm. It has achieved organic farming certification and employs two people full-time. Founded in 2008, with the aim of pursuing an agritourism operation, their main activities are related to agriculture (market gardening, arboriculture and aquaponics) and training.

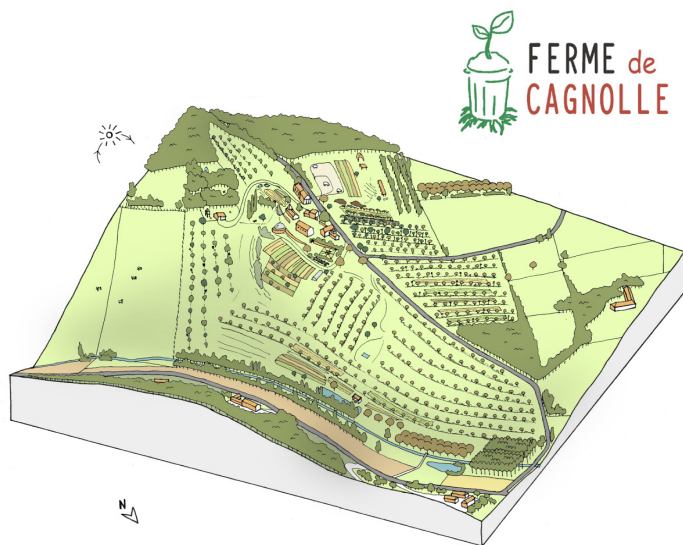


Illustration of the site of Ferme de Cagnolle
Source: Ferme de Cagnolle

Origin of the approach

Wishing to demonstrate their contribution to ecological transition, the farmers at Ferme de Cagnolle decided to experiment with the multi-capital accounting method developed by Fermes d'Avenir. In 2018, Ferme de Cagnolle reached out to Fermes d'Avenir for assistance with the valuation of their positive externalities.

In addition to the valuation of Ferme de Cagnolle's impacts, the aim of assistance provided by Fermes d'Avenir was to put forward an economically viable development model for the farm and its local area.

"We wanted to highlight all of the efforts put into protecting the soil and producing healthy food, as well as the development of our practices going well beyond the criteria included in organic farming specifications."

Benoît Le Baube, farmer at Ferme de Cagnolle

OBJECTIVES OF THE APPROACH

1. Value efforts undertaken to achieve agricultural production that respects health and the land;
2. Build arguments that encourage local stakeholders to pursue a change of agricultural model;
3. Promote the deployment and development of this accounting method.

PREREQUISITES FOR IMPLEMENTATION

To properly implement this approach, the farmer at Ferme de Cagnolle and the method expert at Fermes d'Avenir needed to fulfil a certain number of prerequisites:

- Field visits to the farm;
- Measurement of the farm's sustainability using the IDEA4 method (Farm Sustainability Indicators 4th version), developed by a multidisciplinary scientific committee presided by Frédéric Zahm (INRAE);
- Familiarisation with the multi-capital accounting method and development of related skills.

The IDEA method

The IDEA (*Indicateurs de Durabilité des Exploitations Agricoles* – Farm Sustainability Indicators) method

assesses the overall performance of a farm based on 53 indicators (IDEA version 4). This indicator framework uses a two-pronged approach to analyse sustainability: three farm-related dimensions (agroecological, socio-territorial and economic) and five sustainability properties (global responsibility, local ties, resilience, production capacities and autonomy).



ACCOUNTING EXPERIMENTATION APPROACH

EXPERIMENTATION IN FIVE STEPS



The five steps of Ferme de Cagnolle’s experimentation with multi-capital accounting, Avise 2020

Step 1: Identify natural and human capital

Experimentation began with a self-assessment of mobilised capital by Ferme de Cagnolle. This self-assessment was based on the framework of the IDEA method (see box on page 5) and several interviews conducted with the farm’s various stakeholders.

SEVEN TYPES OF CAPITAL IDENTIFIED BY FERME DE CAGNOLLE

Natural capital

Soil capital, Biodiversity capital, Water capital, Atmosphere capital

Human capital

Heritage capital, Social capital and Societal capital

In this type of experimental approach, it is difficult to exhaustively identify all the capital types. The aim is rather to illustrate economic activity while taking into account existing constraints.

Step 2: Define levels of capital preservation and conservation

For each of the natural and human capital types identified, this step involves defining the criteria that ensure their level of preservation or renewal. The criteria, selected by the farmer, are established by triangulating scientific information with data produced ad hoc and gathered from the farm’s stakeholders (farmers and consumers). These criteria are broken down into quantitative and qualitative indicators: carbon assessment, farmers’ level of qualification, customer satisfaction, etc.

LEVELS OF CAPITAL PRESERVATION AND CONSERVATION AT FERME DE CAGNOLLE

The level of preservation of Water capital depends on the following criteria:

- Rainwater harvesting systems
- Localised irrigation
- Biological control, manual weeding, etc.
- Leaching barriers
- Use of carbon materials
- Covering with protective sheeting

The level of preservation of Social capital (a type of human capital) is formed of the following criteria:

- Decent pay for the farmers (based on interviews)
- Training for the farmers
- Intellectual motivation for the farmers
- Decent pay for WWOOFers (based on interviews)
- Placements for interns and WWOOFers

This type of accounting approach requires the existence of shared and standardised reference frameworks that enable the development of preservation-conservation indicators for the various capital types. These can help answer questions such as *How to determine the minimum threshold to preserve the diversity of species cultivated?* There is also the important challenge of producing data and making them available – particularly scientific and local data – in order to promote the deployment of this accounting approach.

Step 3: Develop capital preservation and conservation scenarios

This third step serves to establish scenarios to be implemented for Ferme de Cagnolle to attain the preservation levels identified in the previous step. This ideal action plan for the farm must ensure the preservation or renewal of capital used as part of the farm's activities. At this step, Ferme de Cagnolle highlighted the human and financial resources at their disposal to carry out these scenarios and establish a coherent action plan.

CAPITAL PRESERVATION AND CONSERVATION SCENARIOS AT FERME DE CAGNOLLE

In order to determine their scenarios, Ferme de Cagnolle asked itself the following question for each capital type identified: *“Based on my capacities, which strategy should I choose to implement to have the minimum effect on this capital?”*

Ferme de Cagnolle has based these considerations on the observation that an agroecological farm preserves natural capital by definition: its agricultural activities have little or no effect on natural capital, and can even restore previously degraded capital.

With this type of accounting experimentation, the aim is to identify the organisation's available resources and capacity to implement the scenarios. This is done in order to establish a coherent action plan and thereby reduce the negative impacts and increase the positive impacts of its activities, while adapting its business model.

Step 4: Implement capital preservation and conservation scenarios

Following the development of the action plan, this step involves implementing the investments and actions needed to best achieve the natural and human capital preservation and conservation scenarios. Ferme de Cagnolle was then able to highlight differences between implemented measures and those necessary to preserve and conserve capital. Operationally speaking, these differences are accounted for as costs (see illustration on pages 8 and 9). This penultimate step is a mixture of strategic coordination and management of the farm's activities to achieve a better fit between its capacities and the defined scenarios.

IMPLEMENTATION OF SCENARIOS BY FERME DE CAGNOLLE

Examples of activities and investments carried out by Ferme de Cagnolle to preserve and conserve their natural and human capital:

- Restoration of the farm's buildings
- Massive input of organic materials
- Agroecological business model
- Preservation of social links by receiving members of the public on the farm
- Agroforestry project
- Implementation of training and apprenticeships

Through this step, it was possible to highlight differences between the necessary restoration costs and the measures introduced by the farm, illustrated on the following page.

In accounting terms, implementation of the scenarios is recorded as expenses on the profit and loss account (depreciation lines) and requires rigorous treatment and follow-up analysis.

Step 5: Accounting and producing the integrated annual accounts

The final step involves translating all of the previous elements into the accounting documents. Ferme de Cagnolle used spreadsheet software to apply this integrated approach to extra-financial elements in their accounts. Their accounts (presented on pages 10 and 11) illustrate the method with the presence of a triple depreciation line (financial, natural and human capital) in the profit and loss account. The CARE-TDL accounting result is recorded on the balance sheet, in order for it to be taken into account in the organisation's financial equilibrium, which enables the farm to consider its business model in light of its impacts on natural and social capital, in accordance with agroecological principles.

While it does not require as much scientific knowledge, this step involves specific accounting competencies in order to value the organisation's impacts in relation to the objectives that it has set itself.

ACCOUNTING EXPERIMENTATION APPROACH

ILLUSTRATION OF STEPS 3 AND 4 - CALCULATION GRID FOR CAPITAL MAINTENANCE SCENARIOS

	Necessary restoration costs to preserve capital according to the scenarios [step 3]	Costs of measures initiated by the farm to preserve or restore capital [step 4]	Differences observed between the necessary restoration costs and the measures introduced on the farm
NATURAL CAPITAL	€13,907	€15,998	€2,091
Water	€3,278	€2,206	€-1,072
Rainwater harvesting systems	€714	€0	€-714
Localised irrigation	€357	€0	€-357
Biological control, manual weeding, etc.	€714	€714	€0
Leaching	€0	€0	€0
Use of carbon materials	€703	€703	€0
Covering with protective sheeting	€789	€789	€0
Biodiversity	€7,012	€5,919	€-1,092
Atmosphere	€800	€629	€-172
Soil	€2,817	€7,244	€4,426.54
HUMAN CAPITAL	€77,223	€47,355	€-29,869
Social	€50,746	€24,504	€-26,242
Decent pay for the farmers	€39,079	€18,122	€-20,957
Training for the farmers	€947	€789	€-158
Intellectual motivation for the farmers	€2,842	€395	€-2,447
Decent pay for WWOOFers	€6,930	€4,250	€-2,680
Placements for interns	€947	€947	€0
Societal	€4,474	€2,526	€-1,947
Heritage	€22,004	€20,325	€-1,679

Calculation grid for capital maintenance scenarios,
table produced by Avise

Differences observed between the necessary Water capital restoration costs and preservation measures introduced by Ferme de Cagnolle

1. Assessment of Water capital preservation-conservation costs amounts to €6,556 over a 2-year period.
 - ▶ Water capital is recorded, as a gross value, on the liability side of the balance sheet for year Y (see page 10).
2. Water capital preservation costs for year Y amount to €3,278 per year, i.e. the theoretical cost of preservation from use of this resource, whether or not it is preserved.
 - ▶ Depreciation is recorded as expenses on the profit and loss account.
3. Preservation and conservation measures implemented by Ferme de Cagnolle amount to €2,206.
 - ▶ With the CARE-TDL method, this amount is allocated to Water capital and is offset as restoration profit, which reimburses part of the capital.
4. The difference observed is that between the preservation-conservation costs (€3,278) and actions implemented by Ferme de Cagnolle (€2,206), i.e. a negative differential of €-1,072. This negative difference is explained by the abandonment or postponement of certain measures, such as the setting up of a drip system and localised irrigation.

Differences observed between the necessary Social capital restoration costs and preservation measures introduced by Ferme de Cagnolle

1. Assessment of Social capital preservation-conservation costs amounts to €101,492 over a 2-year period.
 - ▶ Social capital is recorded, as a gross value, on the liability side of the balance sheet for year Y.
2. Social capital preservation costs for year Y amount to €50,746, i.e. the sum of depreciation of assets forming this capital.²
3. Preservation and conservation measures implemented by Ferme de Cagnolle amount to €24,504.
 - ▶ With the CARE-TDL method, this amount is allocated to Social capital and is offset as restoration profit, which reimburses part of the capital.
4. For year Y, renewal of Social capital is not guaranteed, since differences between necessary preservation costs and measures introduced amount to €-26,242.

² Decent pay for the farmers: €39,079; Training for the farmers: €947; Intellectual motivation for the farmers: €2,842; Decent pay for WWOOFers: €6,930 and placements for interns: €947. This depreciation is calculated on the basis of data from qualitative interviews with stakeholders.

ACCOUNTING EXPERIMENTATION APPROACH

ILLUSTRATION OF STEP 5 – FERME DE CAGNOLLE'S MULTI-CAPITAL INTEGRATED ACCOUNTS

Recording and monitoring of Water capital on the balance sheet and the profit and loss account.

1. Recording of gross Water capital on the liability side of the balance sheet, i.e. €6,556, and recording on the asset side.
2. Recording of depreciation of the Water asset, i.e. €3,278, on the asset side of the balance sheet and in the operating expenses as a depreciation expense of Water capital.
3. Recording of implemented preservation measures, i.e. €2,206 on the liability side of Water capital, regarded as reimbursement of the capital and accounted for as revenue in the profit and loss account. The net liability of Water capital amounts to €4,349.

	ASSET	Gross	Depreciation and provision (to be deducted)	Net	LIABILITY	Gross	Reimbursement	Net
Financial	Financial assets	231,791	71,760	160,032	Financial capital	149,981	0	149,981
	Capital assets	205,781	71,760	134,022	Equity	124,316	0	124,316
	Current assets	3,296	0	3,296	Provision for contingencies and charges	0	0	0
	Cash	22,714	0	22,714	Debts	25,665	0	25,665
Natural	Natural assets	27,815	13,907	13,907	Natural capital	27,815	15,999	11,816
	Soil asset	5,635	2,818	2,818	Soil capital	5,635	7,244	-1,609
	Biodiversity asset	14,023	7,011	7,011	Biodiversity capital	14,023	5,919	8,103
	Water asset	6,556	3,278	3,278	Water capital	6,556	2,206	4,349
	Atmosphere asset	1,601	800	800	Atmosphere capital	1,601	629	972
Human	Human assets	154,446	77,223	77,223	Human capital	154,446	47,355	107,092
	Heritage asset	44,007	22,004	22,004	Heritage capital	44,007	20,325	23,683
	Social asset	101,492	50,746	50,746	Social capital	101,492	24,504	76,988
	Societal asset	8,947	4,474	4,474	Societal capital	8,947	2,526	6,421
					CARE-TDL RESULT			-17,727
	ASSET TOTALS	414,052	162,890	251,162	CAPITAL TOTALS	332,242	63,353	251,162

	Conventional accounting method	Compta d'Avenir - Integrated accounts method
Operating revenue	41,503	121,816
Turnover (sales)	29,533	29,533
Self-consumed production	400	400
Contribution of volunteers ³		16,960
Subsidies and other revenue	11,570	11,570
Renewal of natural and human capital		63,353
Renewal of soil		7,244
Renewal of biodiversity		5,919
Renewal of water		2,206
Renewal of the atmosphere		629
Renewal of heritage		20,325
Renewal of social links		24,504
Renewal of society		2,526
Operating expenses	30,165	138,255
Supplies	3,006	3,006
Other supplies	16,771	16,771
Farm rent, land	0	0
Taxes and duties	924	924
Payroll expenses	2,622	2,622
Consideration for the contribution of volunteers	0	16,960
Depreciation expenses	6,842	6,842
Depreciation expenses/Natural and human capital		91,130
Depreciation of soil		2,818
Depreciation of biodiversity		7,011
Depreciation of water		3,278
Depreciation of the atmosphere		800
Depreciation of heritage		22,004
Depreciation of social links		50,746
Depreciation of society		4,474
Operating income	11,338	-16,439
Financial revenue and expenses	-1,443	-1,443
Exceptional revenue and expenses	156	156
Financial and exceptional income	-1,287	-1,287
Tax on profits	0	0
ACCOUNTING INCOME	10,051	-17,727

³ Unpaid work by volunteers is valued based on the hourly rate of the French minimum wage (SMIC) in order to be accounted for by the Compta d'Avenir method



Calculation grid for capital maintenance scenarios, table produced by Avise based on documents provided by Fermes d'Avenir

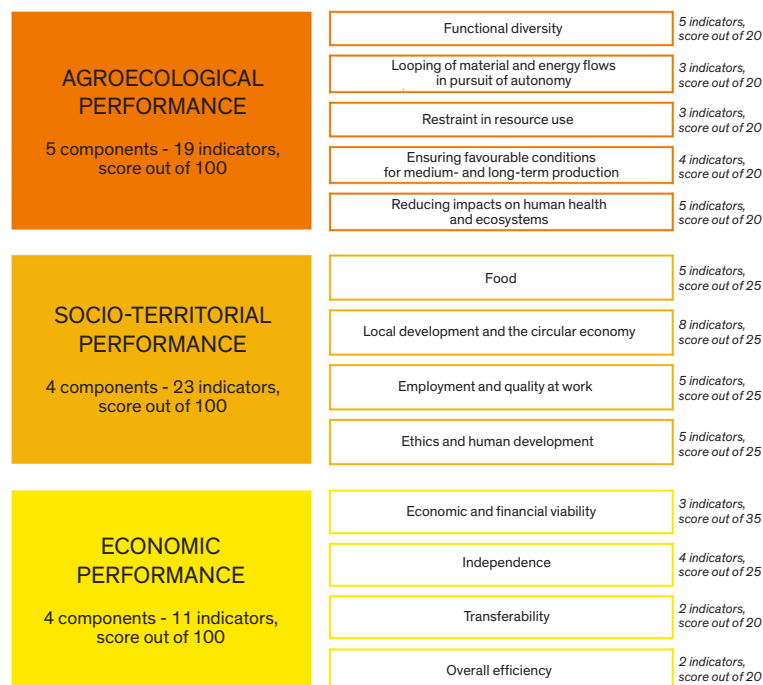
Ferme de Cagnolle's multi-capital profit and loss account, table produced by Avise based on documents provided by Fermes d'Avenir

FOCUS ON AN ASSESSMENT TOOL

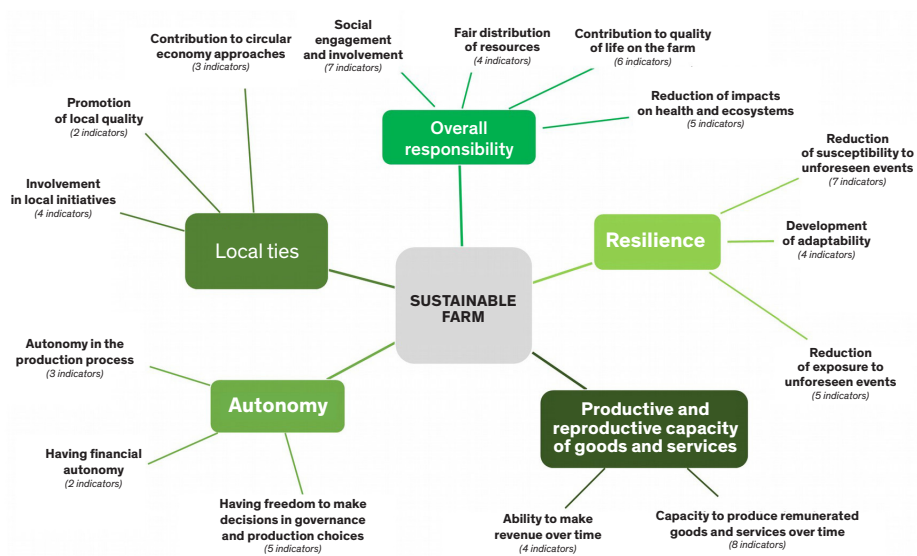
The IDEA method's indicator framework

Ferme de Cagnolle's overall performance results are based on a reference framework containing 53 indicators that is part of the IDEA 4 method presented below. This indicator framework can be interpreted through performance dimensions or the five sustainability properties.

Interpretation through the three dimensions



Interpretation through the five properties



ASSESSMENT AND TEACHINGS

ACCOUNTING RESULTS THAT ARE IN KEEPING WITH THE IDEA METHOD

Despite their agroecological activities, Ferme de Cagnolle's financial capital accounts for nearly two thirds of the farm's mobilised capital. **Ferme de Cagnolle's activities have little impact (5%) on their Soil, Biodiversity, Water and Atmosphere capital**, which is consistent with the observation made by Fermes d'Avenir regarding the capacity of agroecological practices to preserve natural capital.

Social, societal and heritage capital represent nearly half of total capital. According to the farmers at Ferme de Cagnolle, social debt will remain relatively high as long as the farm's revenue does not enable them to earn decent pay. In addition, this experiment made it possible to doubly value (financial and human capital) efforts undertaken in the restoration of buildings, which preserves the farm's heritage capital.

AN ACCOUNTING METHOD THAT SUPPORTS MANAGEMENT

The method measures and analyses the farm's economic, environmental and social performance, so that it is able to adapt its business model. Through the lens of conventional accounting, the farm's result is positive; whereas through this approach, its CARE-TDL result is negative. **The CARE-TDL method therefore provides greater transparency when looking at the farm's overall performance.**

The result highlighted gives a more accurate vision of sustainable and non-sustainable profits, by describing the need to strike a balance between the preservation of natural capital and the farmers' living conditions.

"This accounting approach enables us to ask the right questions and think about the choices we want to make, while maintaining a global vision of activities."

Thibaud Mehn, WWOOFer at Ferme de Cagnolle

A STRONG APPROACH TO SUSTAINABLE DEVELOPMENT

Promotion of the farm's agroecological approach among its partners

Building on evidence drawn from the experiment, Ferme de Cagnolle has been able to validate the benefits of their agroecological approach and initiate actions alongside their stakeholders:

- Beginning a conversation with their stakeholders, such as the Chamber of Agriculture;
- Supporting their subsidy applications;
- Explaining their engagement and production model to potential consumers.

Preservation of Ferme de Cagnolle's natural and human ecosystems

The non-substitutability of capital types is an incentive to implement a **cross-cutting sustainable development strategy covering all of the farm's activities.**

The CARE-TDL result shows that, in accounting terms, Ferme de Cagnolle is investing to preserve their natural and human ecosystem. We can assume that, in a context where multi-capital accounting is becoming more widely adopted, farms engaged in an agroecological approach would have above-average results, particularly given that their systemic approach enables the reduction of environmental and social debt.

AN APPROACH THAT IS COMPLEXIFIED BY A LACK OF SCIENTIFIC AND EMPIRICAL DATA

Despite the growing number of R&D actions, an absence of references is the main limitation identified by stakeholders in this experiment. The 'Comptabilité d'Avenir' (future accounting) approach requires national and even international standards, based on shared scientific data, to assist the completion of certain standardised indicators, such as levels of training, arduousness of work, conservation of biodiversity, air quality, etc. Furthermore, the development of empirical experiments, more suited to local contexts, would facilitate the application of this method, which remains theoretical.

PROSPECTS FOR THE METHOD

FERMES D'AVENIR, A RESOURCE PROVIDER

By providing assistance with experimentation, training sessions and resources, Fermes d'Avenir is helping to make the method more operational for farmers.

Alongside awareness-raising events, the association is looking to raise the profile of this approach among public authorities and in society.

The various experiments supported and assisted by the Fermes d'Avenir network are illustrated on its website.

EXPERTISE DEVELOPMENT: A SUCCESS FACTOR

The mobilisation of expertise, both technical and scientific, is necessary for the deployment of this accounting method.

Practical expertise enabled by the creation of a community of practitioners of this accounting approach would encourage sharing of resources and tools, as well as exchanges of experience and good practices.

The recent inauguration of the partnership-based Chair 'Comptabilité Écologique' (ecological accounting) – led by AgroParisTech Foundation, in partnership with Université Dauphine, Université de Reims, the French Ministry of Ecological and Solidarity Transition, LVMH, ComptaDurable, Ordre des experts-comptables (French institute of chartered accountants), CDC Biodiversité and Vertigo Lab, since September 2019 – demonstrates the ambition of some economic actors to promote this kind of accounting innovation.

"With this type of approach, it's important for each person to have a role that is clearly defined according to their expertise."

Hervé Gbego, president of ComptaDurable

TOWARDS A PARADIGM SHIFT?

As a tool shared by all economic actors, this multi-capital accounting approach is a relevant experiment for any actor looking to **promote its environmental and social impact**.

Through its complementarity with evaluative approaches, this type of integrated accounting can serve as an additional means of action to promote the ecological and solidarity transition, by ensuring an equal level of requirement to preserve financial, human and natural capital. Provided that it manages to become part of the international accounting system, this revolutionary method could reconcile finance, capitalism and ecology.

Eventually, this type of accounting could make it possible to channel funding through a system of ecological taxation: actors with high social and environmental added value would then receive recognition from public authorities for their contribution to the general interest.

"The approach is very comprehensive: methods and principles based on the conventional accounting model are easily transferable, but we had to put a lot of effort into defining criteria. The key is to ask yourself the right questions and maintain a global vision."

Benoît Le Baube, farmer at Ferme de Cagnolle



Market gardeners from Ferme de Cagnolle at the market of Belvès

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Publications by the National Resource Centre for Social Impact Assessment

Avise runs a National Resource Centre dedicated to Social Impact Assessment and produces many publications to raise awareness, develop skills in the area of social impact, and create synergies between companies in the Social and Solidarity Economy, financiers, assistance providers and decision-makers.

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These publications are available in French at: www.avise.org

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Awise and social impact assessment

In a world where the performance of economic actors is essentially measured by their financial returns, developing social impact assessment will help to establish the identity of an alternative economic model that sustainably and positively promotes society's transformation, while improving the social performance of social utility organisations.

With this in mind, Awise develops and runs the **National Resource Centre for Social Impact Assessment**, which has the following missions:

- inform about knowledge and progress in the area of social impact assessment;
- provide tools for skills development in social utility organisations and their ecosystem;
- experiment with new assessment practices;
- coordinate the various actors in order to create convergence.

Awise also runs Social Value France, the leading French network dedicated to social impact assessment, bringing together assessment practitioners and SSE organisations, as well as public and private financiers.



Awise is a non-profit organisation based in Paris since 2002. Its mission is to develop SSE & social innovation in France and Europe by supporting project leaders & helping to establish an ecosystem favouring their development. It coordinates action programmes covering every stage of social enterprise's life cycle. Its main objective is to drive essential change in our economy so as to make it more sustainable and more people-centric.

www.awise.org

