



A map of social enterprises and their eco-systems in Europe

Country Report: France

European Commission

This report provides a non-exhaustive overview of the social enterprise landscape in France based on available information as of August 2014. Although a range of stakeholders were interviewed to verify, update and supplement the information collected from secondary sources, it was not possible to consult all relevant stakeholders within the constraints of the study.

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Headline summary

Definition(s) and concepts

There is a legal form of social enterprise, the Société Coopérative d'intérêt Collectif (SCIC), created in 2002. SCICs are the legal embodiment of the idea of a social cooperative that is an enterprise with social objectives. However, most social enterprises in France use the form of an association because it is flexible and cheaper.

Policy and legal framework

There is no formal policy or legal framework specific to social enterprise, concepts of social economy or social and solidarity economy, even without clear legal definitions, prevail. Political recognition of the sector is strong and reflected by the existence of specific structures within government as well as various initiatives including recent legislative works. The Supreme Council for Social and Solidarity Economy was created and its composition was confirmed in 2010.

Public support and initiatives

There are no formal policies specifically defined to support social enterprise. In general, the public support system (but also non-government initiatives) is geared toward specific types of entities (e.g. associations) or specific type of contribution (e.g. work integration) rather than specific group of organisations defined as social enterprises per se. It is unlikely that this will change. However there are a range of initiatives that target social enterprises, often with the support of EU funds.

Networks and mutual support mechanisms

Networks and mutual support mechanisms are well established in France. They are involved in the plethora of aspects relating the social and solidarity economy including active advocacy with the authorities.

Marks, labels and certifications

There are no formal social enterprise marks or reporting.

Social investment

There is a well established investment community associated with the broader solidarity economy. There remain market failures in providing adequate levels of investment, related to weaknesses on the demand side (e.g. lack of awareness) and supply side (e.g. lack of risk taking, high transaction costs)

Spectrum of social enterprises

The established policy interest is in society and solidarity economy. This includes a wide range of organisations combining certain features of social enterprise. Those that can be seen as institutionalised forms of social enterprise include the SCIC (Société coopérative d'intérêt collectif), Enterprise for the reintegration of economic activity (approximate to WISE) and Régie de quartier. SCIC does not appear to be widely accepted as the basis of a social enterprise.

Yet, there are also a number of organisations that de facto meet the EU operational criteria of social enterprise. Those can be found among: public utility cooperatives, mutuals, non-profit organisations (associations and foundations) with commercial activities, and mainstream enterprises pursuing an explicit and primarily social aim.

Scale and characteristics

In 2011, published data indicated there were approximately 215,000 organisations included in the category of social economy: 180,000 associations, 24,000 cooperatives, 7,200 mutuals and around 1100 foundations. Based on authors own estimates using published data on different legal forms that

make up the solidarity economy and which fulfil the EU operational definition there are between 6,000 and 28,000 social enterprises operating in France. There were, however, only 315 SCIC as of 2013.

There is a wide range of business models used, reflecting the long evolution of the social economy in France. Based on the analysis of models associated more strongly with the operational definition, the predominant model is the enterprise for reintegration of economic activity (of which there are four types), broadly WISE, although this term is not used.

Factors constraining the start-up and development of social enterprises

Access to finance remains the biggest constraint, in particular at the start-up stage. The lack of commonly accepted measures of social impact to demonstrate the benefits generated by social enterprises limits their ability to attract external finance from investors. Other barriers include under-utilisation of social clauses in public procurement.

1 Definitions and concepts of social enterprise in France

Although France has been a pioneer in the development of the broader concept of 'social economy', the term of social enterprise is fairly new. It has entered the French debate only in the early 2000s in parallel with growing scale and strength of social economy organisations representing very diverse structures and characteristics. The effort to capture this diversity in a more precise way was promoted by sector organisations, academics and increasingly also by the state. All in the context of gradually retrenching welfare state and growing propensity of many social economy organisations to achieve more sustainable models where social mission could go hand in hand with classical economic activity.

This section examines the historical context and the recent evolution of the debate on social economy, social and solidarity economy and finally the social enterprise concept more specifically.

1.1 Origins

The concept of 'social enterprise', although becoming more popular, is still much less common than the concept of 'social economy' and more recently, 'social and solidarity economy'.

Social economy is an old concept, and in the French context it appeared in the 19th century. Its emergence was strongly influenced by utopian socialism, labour and Social Catholicism movements. In 1980, the Chart of Social Economy¹ set out the thematic scope of the concept. The intended role of social economy organisations in the whole economy were sketched out. One year later the concept was officially recognized by public authorities², also with some institutional consequences, with the Interministerial Delegation on Social economy (Délégation interministérielle à l'économie sociale) established within the prime minister office³.

The social economy is recognized as a set of economic organizations operating under a few key principles such as primacy of service over financial profit, democratic governance involving members/employees or restrictions regarding the redistribution of profit. It has traditionally embraced specific legal forms: cooperatives, mutual benefit societies, associations and foundations. As of 2011, there were approximately 215,000 organisations included in the category of social economy: 180,000 associations, 24,000 cooperatives, 7,200 mutuals and around 1100 foundations⁴.

This set of organizations represents a third sector emphasizing participative governance and a non-profit orientation which makes it different from both the capitalist for profit sector that relies upon the corporate governance and from the public sector and public governance. Their contribution in terms of public benefit tends to be expressed through the concept of 'social utility'.

And indeed, the social economy movement with its rich tradition and well embedded institutions has become the fertile ground for the development of social enterprises, emerging as a subset of its activity.

¹ CEGES, 2014. La Charte de l'économie sociale. Available at: <http://www.ceges.org/index.php/ceges/presentation/leconomie-sociale-et-solidaire>

² Le décret du 15 décembre 1981. Available at: http://www.legifrance.gouv.fr/jopdf/common/jo_pdf.jsp?numJO=0&dateJO=19811220&pageDebut=03472&pageFin=&pageCourante=03472

³ M. Mendell, B. Enjorlas and A. Nova, 2010. L'économie sociale au service de l'inclusion au niveau local: Rapport sur deux régions de France: Alsace et Provence – Alpes – Côte d'Azur. OECD ; as well as E.Bidet (dir.), L'économie sociale, un secteur d'avenir, Problèmes politiques et sociaux, N°798, La documentation Française, 1998

⁴ Observatoire national de l'ESS, 2012. Atlas commenté de l'économie sociale et solidaire, Dalloz-Juris Editions, 2012

From the late 1990s, the concept of social economy was challenged in France by the concept of 'solidarity economy' which progressively evolved into an integrated concept of 'social and solidarity economy' incorporating also organisations such as work integration enterprises, fair-trade organisations or even some typical companies on the perimeter of the social and solidarity economy.

1.2 Development pathways and the evolving landscape

France, with the long tradition of civil and participative society, well established cooperative movement and numerous and diverse base of associations, has been naturally predestined to become a strong centre for the development of social economy organisations. Yet the sector has been facing both, challenges and new opportunities which have translated into its dynamic evolution, especially over the recent years.

Restructuring of the welfare state to drive more efficiency (e.g. in the health care sector) along with social changes such as ageing population or persistently elevated unemployment with all their implications, opened new niches for those social economy organisations who were able to fill the gap in service provision.

In addition, gradual changes in financing took place as well. Between 2005 and 2011, the amount of state subsidies provided to associations shrank by 17 per cent whereas the value of public contracts increased by 73 per cent⁵.

More recently, in particular in the aftermath of the economic crisis, there has been a marked increase in the activism of the state seen in the growth in number and scale of initiatives undertaken by public authorities to stimulate the growth of the social economy/social and solidarity economy. New institutions, new available sources of finance as well as new legislative efforts have clearly benefited the sector and contributed to its higher recognition, among the broader public audience. In parallel, existing support organisations have strengthened and new ones have emerged. Six out of 9 major support and network organisations⁶ were established after 2000,

Nonetheless, the growth of the sector did not lead to a clear consensus among the various stakeholders (academics, policy makers, representatives of the sector) regarding definitional boundaries of the social economy. The concepts of social economy, social and solidarity economy and more recently social enterprise exist with often significant differences in views in terms of which is most adequate. There has been also no broad consensus on the typology of organisations that should (or should not) be considered within these various concepts. The lack of consensus and floating boundaries reflects the dynamic of the sector.

1.3 Current concepts and ideas on social enterprise

In France, the concept of social enterprise is not well recognised, but the term 'social enterprise' is gaining some visibility even though it has still no precise definition or legal status. Interestingly, interviewees from the French Supreme Council of Social and Solidarity Economy and Euclid Network pointed out that instead of 'social enterprise', the term 'social entrepreneurship' is often used in the French context, although even here definition remains uncertain.

The French government initiated in 2001 a report on the 'enterprise with a social finality' which resulted in the enactment of the specific legal status of SCIC (*société coopérative d'intérêt collectif*)⁷ in 2002. SCICs are the legal embodiment of the idea of a social cooperative that is an enterprise with social objectives. The status of SCIC was introduced by a series of relatively simple amendments to existing co-operative legislation.⁸ It shifts the emphasis from what an organisation's corporate form is to what its objective is. SCIC's legal

⁵ H. Sibille, V. Tchernonog, 3 December 2013. *Inventer pour préparer l'avenir*. Le Monde

⁶ For the full list, see Table 2.3

⁷ As a result of modification of already existing law (loi du 10 Septembre 1947, revised in 1992)

⁸ In particular the co-operative law 47-1775 of 1947

status may be seen as the closest French legal form reflecting the social enterprise model, although it is rarely referred to as such.

Mouves⁹, an umbrella organization representing social enterprises which is particularly active in advocacy among public authorities, came up with the following definition of a social enterprise: *'an enterprise with a social, societal or environmental aim and a limited profit orientation, trying to associate their stakeholders to the governance'*. This definition is just one among others and there are no broadly agreed criteria to identify social enterprises. For example Avise¹⁰, another influential organization promoting social enterprise in France, insists more on *'the collective dimension of a social enterprise and therefore their embeddedness in the social economy tradition'*.

The most common opinion in France appears to be that social enterprise is a sub-set of 'the social and solidarity economy'. This view is reflected in the authorities' stance¹¹ and is particularly evident when one looks at the project of 'Law on Social and Solidarity economy'¹², which was adopted by the Parliament on July 21st 2014¹³. Apart from the organizations traditionally considered as part of the social and solidarity economy due to their legal status (associations, mutual, cooperatives, foundations), the law is inclusive by recognizing also non statutory organizations operating under a commercial status but including in their operating rules several fundamental features like democratic governance, search of a social utility, limited distribution of profit by statutory rules, existence of collective reserves, etc. Social utility, as defined in the law, is not a legal definition that could be understood on a general level but is related to a set of criteria to appreciate whether a firm can or cannot be considered as serving a social utility and therefore be included into the perimeter of ESS as a non-statutory member.

Furthermore, the law reinforces the existing label of 'solidarity enterprise' and renames it as 'solidarity enterprise with a social utility'. The 'solidarity enterprise with a social utility' may become in the French context the official version of social enterprise combining several features: (1) it is labelled as a 'social and solidarity economy' organisation, (2) it has a limited profitability due to its social orientation and (3) accepts limits on the dispersion of employees' wages within the organisation. More details about the law can be found in Section 2 of this report.

One of the chief characteristics in terms of approach to social enterprise in France is an emphasis on innovation (both technological and social)¹⁴ created by social enterprises which preserves or even reinforces their ability to achieve social impact¹⁵. The importance of social innovation has been for instance reflected in regional and national schemes explicitly referring to this term (e.g. in the eligibility criteria for financial/non-financial support).

For further discussion on the definitional aspects refer to Section 3.2.

⁹ Mouves, 2013. Available at: <http://mouves.org/l-entrepreneuriat-social/definition-de-lentreprise-sociale-au-sens-du-mouves-mouvement-des-entrepreneurs-sociaux>

¹⁰ Avise, 2013. Available at: <http://www.avise.org/spip.php?rubrique181>

¹¹ Interview with representative of Ministry of Social Cohesion/French Supreme Council of Social and Solidarity Economy

¹² French Ministry of Economy and Finance, 2013. Available at: <http://www.economie.gouv.fr/benoit-hamon-presente-projet-de-loi-economie-sociale-et-solidaire>. An updated version is available at: <http://www.senat.fr/dossier-legislatif/pjl12-805.html>

¹³ Ministry of Finance and Economy, 2014. Law on Social and Solidarity Economy. Available at: <http://www.economie.gouv.fr/ess-economie-sociale-solidaire>

¹⁴ Institut Godin, *L'innovation sociale en pratiques solidaires*, January 2013, Available at: http://www.lexpress.fr/actualite/qu-est-ce-que-l-innovation-sociale_1245336.html

¹⁵ R, Spear. 2012. Discussing Paper, Peer Review on Social Economy.

Box 1 Key findings

The concept of social enterprise, although increasingly popular, is still much less frequently used than the concepts of social economy or social and solidarity economy, and there is neither broad consensus nor common understanding among key stakeholders (academics, policy makers, representatives of the sector) on what type of organisations specifically should be labelled as social enterprises. Quite often though, the stress is placed on the fact that the social enterprise, besides social impact, should also demonstrate entrepreneurial orientation and economic sustainability.

The prevailing character of the terms social economy or solidarity and social economy is for instance demonstrated by terminology used in recent public support initiatives: '*Law on Social and Solidarity Economy*', '*Minister of Social and Solidarity Economy*', '*Supreme Council for Social and Solidarity Economy*'¹⁶. Moreover, there seems to be also a lack of clarity and consensus as regards the terms social economy and social and solidarity economy. It can be observed that sometimes various stakeholders quote exactly the same data (e.g. total employment in the sector) but still use two different terms alternately.

A new Law on Social and Solidarity Economy brings more clarity and provides the first legal and positive definition of social and solidarity economy. It allows as well to extend the perimeter traditionally admitted for SSE to new organizations that, for some of them, identify themselves with the model of social enterprise. However, it seems implausible that the full consensus on what type of organisations should be defined in France as social enterprises will be reached shortly. Also because the key stakeholders including most of the network organisations and the authorities seem to favour the broader term 'social and solidarity economy' and see 'social entrepreneurship' as a certain movement within it which does not require rigorous definition.

¹⁶ French Ministry of Finance and Economy. 2013. Available at: <http://www.economie.gouv.fr/cedef/economie-sociale-et-solidaire>

2 The ecosystem for social enterprise in France

Eco-system is a term used to describe the environment within which social enterprises operate¹⁷. The following section outlines its main components such as existing legal framework, specific public institutions and schemes deployed by the state as well as key network and support organisations and the main characteristics of the French social investment market.

2.1 The policy and legal framework for social enterprises

In France the concepts of social economy or social and solidarity economy prevails. Political recognition of the sector, leaving aside the terminological differences, is strong and reflected by existence of specific structures within government as well as various initiatives including recent adoption of the new law.

In May 2012, the French government appointed a Minister of the Social and Solidarity Economy placed within the Ministry of Finance and Economy.¹⁸ However, this post has been recently replaced by a Secretary of the State for Trade, Crafts, Consumer Affairs and the Social and Solidarity Economy at the Ministry of Economy¹⁹. Earlier, the Supreme Council for Social and Solidarity Economy was created and its composition was confirmed in 2010²⁰.

It should be noted that interviews within this study were carried before the decision to replace the Minister of the Social and Solidarity Economy by the Secretary of the State for Trade, Crafts, Consumer Affairs and the Social and Solidarity Economy was taken. The previous decision to establish the separate post of Minister for Social and Solidarity Economy was very welcomed by many relevant actors. For instance, representative of the large French mutual²¹ stated that one decisive contact point at ministry level as opposed to several inter-ministerial decision centres certainly facilitates dialogue and cooperation. In the same vein, representative of Euclid Network stated that the new Minister's post located within strategic Ministry of Finance and Economy, creates one, strong representative advocate with direct access to decision-making centre within the government.

There was only one interviewed stakeholder who questioned whether the creation of the separate post of Minister of Social and Solidarity Economy is the most optimal approach, suggesting a better approach would be to strengthen the key ministries such as energy, housing, economy or social affairs if their staff was complemented by new team members responsible uniquely for social economy matters.

The establishment of the post of Minister of Social and Solidarity Economy addressed directly the key argument presented by the authors of the OECD Report²² from 2010 asserting that one of the major weaknesses of national policies concerning social economy is their fragmentation and lack of strong advocacy within the centre of government. As of February 2014, the team supporting the Minister of Social and Solidarity Economy comprised of 16 full time employees (12 in the cabinet and 4 in the inter-ministerial mission). The Minister drew also on the resources of the Ministry of Finance and Economy. The replacement of the Minister of SEE by the Secretary of the State for Trade, Crafts, Consumer Affairs and the Social and Solidarity Economy at the Ministry of Economy has

¹⁷ European Commission, 2011. Using social business to improve the European economy. Available at: http://europa.eu/rapid/press-release_SPEECH-11-779_en.htm?locale=en

¹⁸ European Commission, 2012. Social Economy – laying the groundwork for innovative solutions to today's challenges. Available at: <http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=1397&moreDocuments=yes&tableName=news>

¹⁹ Secrétaire d'État chargée du Commerce, de l'Artisanat, de la Consommation et de l'Économie sociale et solidaire

²⁰ Décret number 2010-1230

²¹ Representative of Mutuelle Générale de l'Éducation Nationale (MGEN) was interviewed December 20th, 2013.

²² M. Mendell, B. Enjolras and A. Nova, 2010. L'économie sociale au service de l'inclusion au niveau local: Rapport sur deux régions de France: Alsace et Provence – Alpes – Côte d'Azur. OECD

been seen as a sign of weakening importance of the Social and Solidarity Economy on the government's agenda.

As already briefly introduced in section 1.2, in July 2013 government presented the legislative draft which was considered to become a primary legal base encapsulating key aspects related to the social and solidarity economy sector in France ('Law on Social and Solidarity Economy'²³). The Law was adopted by the Parliament in July 2014 and for the first time, the concept of a social and solidarity economy has been granted a legal definition. Apart from involving associations, cooperatives, mutuals and foundations, it also includes other legal entities following certain principles typical for the sector. Box 1 below presents more details.

Box 1: Law on Social and Solidarity Economy – main provisions

The law on Social and Solidarity Economy was adopted by the Parliament on July 21st, 2014²⁴.

As defined by the Article I of the law, Social and Solidarity Economy (SSE) is a way of undertaking the economic activities. Rather than specifying narrow and restrictive definition of an organisation belonging to the SSE, it provides the set of criteria to appreciate whether an organization can or cannot be considered as the one providing a social utility and therefore whether it can be included into the perimeter of SSE. Those criteria include foremost²⁵:

- Existence of the objective other than just profit sharing;
- Democratic governance (must be explicitly defined in the statute of the organisation) envisaging the access to information and the opportunity to take part in the decision making process (to all parties engaged in the running of the enterprise) which is not solely based on the capital contribution and/or ownership;
- Management of the organisation complies with the following principles:
 - Majority of the profit is devoted to running and development of the company;
 - Existence of the obligatory reserves which are indivisible and can not be redistributed.

Furthermore, the law stipulates that SSE consists of cooperatives, mutual (including insurance mutuals), foundations, associations and régies. Importantly though, SSE may consist also classical enterprise, which ensured in its statute, the fulfilment of the following conditions:

- All conditions as stipulated by Article I of the law (see above);
- Possess 'social utility' (based on Article 2 of the law) which encapsulates, *inter alia*: (i) support of vulnerable people whether because of their economic, social status or personal circumstances – those beneficiaries can be customers, members, employees, users or beneficiaries of such organisation, (ii) addressing the social exclusion and social inequality (economic, social, cultural, educational or in access to healthcare) as well as reinforcement of territorial cohesion, (iii) contribution to the sustainable development in economic, social, environmental areas as well as energy transition and international solidarity. All under condition that it also meets (i) and (ii).

In addition, the Article 3 of the law envisages that Supreme Council of Social and Solidarity Economy adopts, on a proposal of its members, a guide²⁶ on good practices defining the conditions for continuous improvement of best practices of companies in the Social and Solidarity Economy as defined in Article 1 of this law. These conditions shall take into account the characteristics of each of

²³ French Ministry of Economy and Finance, 2013. Projet de la loi Economie Social et Solidaire. Available at: <http://www.economie.gouv.fr/files/pjl-ess-dp.pdf>

²⁴ Law on Social and Solidarity Economy, 2014. <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

²⁵ Article 1 of the Law on Social and Solidarity Economy, 2014. <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

²⁶ Law indicates that the guide on good practices includes: (i) aspects related to the democratic governance, (ii) business strategies, (iii) territorialisation of economic activities and employment (iv) remuneration policy, issues related to health and safety at work environment, professional training, (v) relations with beneficiaries of social enterprises (vi) equality between men and women, non discrimination, aspects relate to the diversity.

the different legal forms of the social and solidarity economy sector and existing legal obligations, regulations and agreements. Law also envisages that once a year, General Assembly of enterprises of Social and Solidarity Economy presents during the debate the information on the application of the criteria included in the guide whereas every 3 years Supreme Council of Social and Solidarity Economy will publish the evaluation report from the application of criteria.

The law equips Supreme Council of Social and Solidarity Economy²⁷ with important competences. These include:

- The consultation of Supreme Council of Social and Solidarity Economy regarding all legislative projects regarding Social and Solidarity Economy and Social Entrepreneurship;
- Supreme Council of Social and Solidarity Economy contributes to the definition of the National Strategy for the Development of Social and Solidarity Economy;
- Supreme Council of Social and Solidarity Economy publishes, every 3 years, report on the equality between women and men in the area of Social and Solidarity Economy.

Furthermore, the law includes new measures regarding the employee participation e.g. it enables them to take up legal steps allowing the take-over of the company - either fully or by facilitating the increase in their share of total capital. The law also aims at encouraging the establishment of Territorial Centres for Economic Cooperation (**Pôles territoriaux de coopération économique**) creating the structure of cooperation between the Social and Solidarity Economy organisations, typical business, local governments, and centres of research and vocational training²⁸.

Chamber of Social and Solidarity Economy is the body responsible for the promotion of the organisations of Social and Solidarity at the national level (as defined by the Article 5) while Regional Chambers of Social and Solidarity Economy are responsible for the promotion at the local level.

Another important government initiative has been the creation of Supreme Council for Social and Solidarity Economy. It gathers members of public authorities and representatives of the social economy concentrating on key aspects vital for the sector development such as consultations on new legislative proposals or the promotion of the sector. Its composition was confirmed in 2010²⁹. Likewise, the gradual increase of importance attached to the social economy sector has been also marked by the creation of a new post within the French Economic, Social and Environmental Council dedicated specifically to consult on the issues directly impacting the sector.

Interviewees, both social enterprises and representatives of network organisations, see the new law as a meaningful step forward in the development of the sector.

2.2 Public support schemes targeting social enterprises

In general, the public support system (but also non-government initiatives) is geared toward specific types of entities (e.g. associations) or specific type of contribution (e.g. work integration) rather than specific group of organisations defined as social enterprises *per se*. Moreover, it is unlikely that this will change any time soon.

The number of available public support schemes and general interest of public authorities in the development of social economy/social enterprises is one of the highest among EU Member States. In particular since the crisis, the authorities have become more active in the area of social economy considering support for this sector as one of the policy responses to the crisis. It should be noted though that EU funds play a relatively small role in the French

²⁷ Article 4.IV stipulates that Supreme Council of Social and Solidarity Economy consists also the representatives of the National Parliament, Senat, Economic Council, regional authorities, companies of Social and Solidarity Economy, Regional Chambers of Social and Solidarity Economy, and others.

²⁸ French Ministry of Finance and Economy. 2013. Le portail de l'Economie et des Finances. Available at: <http://www.economie.gouv.fr/benoit-hamon-presente-projet-de-loi-economie-sociale-et-solidaire>

²⁹ Décret number 2010-1230

context. Table 2.1 provides an overview of the typology of the relevant publically funded schemes.

Table 2.1 Overview of publicly funded schemes specifically designed for or targeting social economy organisations/social enterprises

Support type	Are there any schemes specifically targeting social enterprises?	Are any of these schemes funded by ERDF/ ESF?
Pre-start support (e.g. incubators)	✓	n/a
Awareness raising (e.g. awards)	✓	X
Social entrepreneurship education (e.g. school for social entrepreneurs)	✓	✓
Business support (e.g. business planning, management skills, marketing etc.)	✓	✓
Training and coaching schemes	✓	✓
Investment readiness support	✓	✓
Dedicated financial instruments	✓	✓
Physical infrastructure (e.g. shared working space)	✓	n/a
Collaborations and access to markets	✓	X
Networking, knowledge sharing, mutual learning initiatives	✓	✓

As regards to initiatives directly contributing to supply of finance, public investment bank (BPI) was established at the end of 2012.³⁰ Its capitalisation reaches EUR 500 million, however, only some part of funds have been devoted to the creation and development of social economy organisations as BPI supports also classical SMEs. In this respect, narrowly defined social enterprises as specified in Table 3.1 are eligible but not listed in a particularly explicit way as potential beneficiaries. BPI offers various types of instruments including equity investment, loans, guaranties as well as technical assistance at the pre, interim and post investment phase³¹. (For more initiatives focusing on development of social investment market see section 2.6).

Other recent initiative worth noting is the further development of the National Social and Solidarity Economy Observatory and the on-going improvement of the recognition of the social economy, notably through the integration of social economy modules into teaching programmes³².

2.2.2 Public procurement: Social clauses

Integrating social considerations into public procurement procedures is seen as a potentially robust mechanism supporting social enterprises. Despite the fact that 'social clauses' have been available in France for more than 10 years, the proportion of public procurement procedures with 'social clause'³³ is still small. According to the research of National

³⁰ [Loi n° 2012-1559 du 31 décembre 2012 relative à la création de la Banque publique d'investissement \[archive\]](#), sur Légifrance, 1er Janvier 2013

³¹ <http://www.economie.gouv.fr/banque-publique-dinvestissement>

³² According to the CNCRES, in 2012 there were 72 degree courses (undergraduate and graduate levels) related to the social and solidarity economy to be compared with 26 in 2007

³³ One of the common example of the 'social clause' is additional rewarding of bidders from the construction sector who commit to deliver the project with the workforce hired from local communities or workforce composed of long-term unemployed

Observatory on Social Economy from 2010, as of 2009 only 1.9 per cent of all public contracts for delivery of goods and/or services for EUR 90,000 or above included such a clause which constitutes only a fraction of EUR 80 billion of total value of public contracts. In general, social clauses were more frequently used by local communities (2.7 per cent of all contracts) than central authorities (0.5 per cent of all contracts).

More recent data, however, suggests some progress. In 2010, 2.5 per cent of public contracts at the value of EUR 90,000 or above contained social clauses with further increase up to 4.1 per cent in 2011. As of 2011, there were 646 actors out of 5560 using public procurement procedures who declared their use of the social clause in procurement³⁴.

It is also important to note that 'social clauses' may still favour the typical enterprises if offered goods or services are delivered with sufficiently high level of positive social impact.

In general, it is believed that more extensive usage of 'social clauses' will be only possible if it is preceded by a more positive response from public authorities (e.g. mayors of cities, relevant decision makers in central government and state agencies responsible for public procurement) as adequate instruments and procedures allowing wider usage of 'social clauses' are already in place³⁵.

Furthermore, there has been a clear view expressed by CNEI and MOVES regarding the use of 'social clauses' and more strict 'reserved clauses' conditioning access to the public contracts to explicitly selected type of legal structures. Use of the latter category is seen as too radical and unjustified interference which could undermine the cooperation between the enterprises of reintegration and classical for profit organisations competing for the public contracts.

Use of EU Structural Funds

There seems to be no specific study providing the quantitative estimation on the amount of EU financing directed to French social economy organisations or social enterprises more specifically. Though, there are some sporadic research attempts to estimate the absorption of the third sector in general. Viviane Tchernonog³⁶ for instance conducted surveys on associations and EU funded financing represents about 1 per cent of their total revenue. In general, it seems that EU structural funds play relatively small role for the French social economy although again, lack of recent and comprehensive data requires caution.

One of the major French organisations operating also as an intermediate institution providing access to EU funds for social economy organisations is AVISE. According to its interviewed representative, two major EU funds applicable for broadly defined social economy organisations but not less importantly narrowly defined social enterprises are European Social Fund and European Regional Development Fund.

- Under ESF, particularly relevant is theme 4: Investment in human capital, resources, innovation and international cooperation. Although it is not explicitly devoted to social enterprises, they may be eligible as long as they create new employment, provide training or promote social inclusion e.g. by employment of labour market excluded groups;
- Under ERDF, there are a number of relevant regional programmes with some aiming at support of creation of new infrastructure and growth of social enterprises.

It is anticipated that in new programming period 2014-2020 new instruments targeting uniquely social enterprises will be established.

³⁴ P. Loquet, 2012. Les clauses social bilan et perspectives. Available at: <http://www.patrickloquet.fr/sites/www.patrickloquet.fr/files/Clauses%20sociales%20bilan%20de%20l%27ann%C3%A9e%202011%20et%20perspectives.pdf>

³⁵ P. Loquet. 2011. Les clauses sociales dans les marches publics: la cruauté des chiffres. Available at: <http://www.alternatives-economiques.fr/doc53264>

³⁶ See for instance surveys conducted by Viviane Tchernonog from National Centre for Scientific Research – University of Paris 1.

Some consulted social enterprises expressed the concern about substantial time lags between the request for disbursement within already running EU funded projects and actual transfer of financing as a reason leading to the temporary lack of liquidity with its all implications.

Initiatives by regional government

Initiatives of regional governments in France are numerous and significant when compared with their peers in other EU Member States.

However, there are also regional variations in the number, dynamics and scope of government's supported initiatives in France. Rhône Alpes Region is an evident example of a leading and hugely important region as regards the development of the social and solidarity economy with a plethora of initiatives backed by regional authorities and the highest number of jobs in absolute term within social and solidarity economy with the exception to Ile de France³⁷. For instance, the authorities have been supporting the Forum of Solidarity Employment ('Le Forum de l'emploi solidaire'³⁸), one of the largest employment fairs in the region established to promote employment in the sector with already sixth edition taking place in 2013. Another regular initiative (already 7th edition in 2013) has been Solidarity Meetings ('Les Rencontres Solidaires'³⁹) composed of dozen of parallel organised events such as debates devoted to innovation in social economy, public consultations, workshops and networking events. In addition, the Region has also been providing direct financial support. One example is the iDéclic Solidaire⁴⁰, programme targeting the social and solidarity economy organisations willing to undertake new projects or expand existing ones leading to an increase in employment. Support in the form of subvention for initial investment and/or functioning cannot exceed EUR 60,000 and must be matched with a minimum 20 per cent of own capital. List of eligible beneficiaries reflects broadly the social economy definition and includes associations, cooperatives, mutuals and work reintegration enterprises. In Rhône Alpes Region, there are also 4 Territorial Centres for Economic Cooperation (Pôle Territorial de Coopération Economique). As of 2012, there were 20 Territorial Centres for Economic Cooperation in the whole country.

The French Region of Provence-Alpes-Côte d'Azur has established a regional development strategy that recognises the important role of the social economy. One of the key pillars of the strategy is the regional PROGRESS Programme oriented specifically to social economy development. It involves the creation of an observatory of the social economy and a permanent committee responsible for monitoring of the sector. The regional strategy supports also the development of local clusters of enterprises through annual agreements for the public funding for collaborative projects among the firms under condition that they contribute to the job creation and economic development⁴¹.

Frequently cited, and broadly considered as a successful even though many outcomes are yet still to come, has been the project launched in 2005 by Regional Council of Languedoc-Roussillon Region providing support services to social innovation projects. Initiative forms a cooperative group composed of local authorities and entities from social and fair economy (for more see Table 2.2). Its key activities are built around the business incubator for social enterprises (start-ups and developing ones), school for social entrepreneurs and advocacy activities on behalf of the sector. For visibility purposes, all the services have been

³⁷ However, Bretagne (140,000 or 13.6 per cent) and Pays de Loire (156,000 or 12.6 per cent) are the regions with the highest share of salaried jobs in SSE when compared to total employment in the region.

³⁸ Le Forum de l'emploi solidaire, 2013. Available at: <http://www.forumemploi-solidaire.org/>

³⁹ Rencontres Solidaires en Rgône-Alpes, 2013. Available at: <http://www.rencontres-solidaires.org/index.php/events/rencontres-solidaires-2013/>

⁴⁰ iDéclic Solidaire, 2013. Available at: http://www.rhonealpes.fr/TPL_CODE/TPL_AIDE/PAR_TPL_IDENTIFIANT/168/18-les-aides-de-la-region-rhone-alpes.htm

⁴¹ European Commission, 2013. Social Economy and social entrepreneurship, Volume 4.

communicated under single label '*REALIS*'. Programme has benefited from EU structural funds, regional funds and private support and it has received very high attention from regional social economy stakeholders. One of the important advantages of the programme highlighted by observers is its coherence with the structure of regional economy which relies strongly on tourism and has considerable proportion of elderly population with high demand for social care services⁴².

⁴² European Commission, 2013. L'innovation Social en Languedoc-Roussillon. Available at: <http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/monitor/index.cfm?q=p.support&n=13833>

Table 2.2 Examples of regional social enterprise support initiatives

Topic	Initiative and its features
Name of initiative	<i>L'innovation Social en Languedoc-Roussillon</i>
Years of operation	Initiated in 2005
Geographical scope of the initiative	Regional (Languedoc-Roussillon)
Target population	Social entrepreneurs (at start-up and development phase)
Aims and objectives of the initiative	Favourable structure of regional economy combined with active organisations of social economy. Initiative aims overall support (networking, grant seeking and business cooperation) of social economy sector and in particular job creation and enhancement of social innovation.
Financing of the initiative	EUR 500,000 for the year 2011 including European Regional Development Fund. ⁴³
Role of EU funding (if any)	EUR 170,000 grant for the year 2011
Form of support	Pre-start support (Social Enterprise Incubator); Awareness raising (one coherent labelling); Entrepreneurship education (school for social entrepreneurs); Provision of business support (e.g. business planning, management skills, investment readiness etc.); Assistance in research for financial support; A shared working space; Networking, knowledge sharing, mutual learning.
Delivery/ implementation mechanism	REALIS, réseau actif pour l'innovation sociale en Languedoc-Roussillon
Examples of innovation	Coherence with structure of regional economy, concentration of various activities in one centre
Achievements of the initiative	Since its establishment, the initiative led to creation of 6 cooperatives and employment of 57 persons (where 36 in insertion). 3 other cooperatives are currently under creation; Social Entrepreneurs school: created at the beginning of 2009, educated 45 managers; Organisation of Social Innovation Conventions in 2009, 2010 and 2011 with over 2000 participants each year.
Evaluative evidence	n/a

⁴³ <http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/monitor/index.cfm?q=p.support&n=13833>

2.3 Other specialist support and infrastructure available to social enterprises

There is a plethora of schemes funded from public sources. Likewise non-publically funded instruments have been established. Instruments include: network organisations offering various type of advice promoting social innovation, business schools offering courses on social entrepreneurship, and suppliers of finance targeting social economy organisations/ social enterprises. For examples of certain type of initiatives offered by some support organisations see the Table 2.3 below.

2.4 Networks and mutual support mechanisms

The French eco-system is characterised by a richness of various structures and support initiatives established by social economy organisations and other government and non-government stakeholders. Different types of network/support organisations mark their presence in the sector. These are for instance network organisations, associations supporting particular segments of social economy (cooperatives, reintegration enterprises, SCICs), organisations providing financial support or those which conduct independent research. Table 2.3 provides the snapshot on some of the most important ones. It is commonly believed that coming years will bring their further development and strengthening.

However, despite the range of support institutions, national expert assisting the study team in the preparation of this report indicated two specific sources of tensions within the system:





- Between organizations that may sometimes have different aims and interests;
- Between the most institutionalized organizations which are well represented and the less formal or developed organizations that are less visible and influential.




It is undisputable that the strong position of social economy in France creates a supportive and friendly environment for social enterprise. However this range and variety can lead to contradictory views between various organisations as regards to their preferred definition of 'social enterprise' and the type of entities that should and should not be considered as 'social enterprise'.

The French eco-system also includes initiatives aiming at an increase in the cooperation between social enterprises and classical profit-driven companies which are however keen to leverage the positive social impact of their businesses. Ashoka France coordinates one of such initiatives called 'Hybrid Value Chain'⁴⁴. Apart from promoting the values of social business among typical profit-seeking companies, the platform also provides business opportunities for both types of organisations which are interested in collaboration facilitating management networking or trainings. The Hybrid Value Chain is not limited to French territory and has been implemented in many other countries, some outside the EU.

⁴⁴ Ashoka France, 2012. La Chaîne de Valeurs Hybride. Available at: <http://france.ashoka.org/la-cha%C3%A9ne-de-valeur-hybride-le-syst%C3%A8me-ashoka-pour-d%C3%A9velopper-%C3%A0-grande-%C3%A9chelle-la-cr%C3%A9ation-de-valeur>

Table 2.3 Examples of social economy (support) networks, associations and pacts that engage in advocacy, mutual learning and facilitation of joint action

Name of organisation	Year of establishment	Overview	Objectives	Type of support delivered
AVISE 	2002	<p>Created by la Caisse des Dépôts (long-term public investor) and representatives of social economy, AVISE provides the support to all types of social economy organisations. It operates on the territory of whole country.</p> <p>AVISE works also as a key institution redistributing EU funds to Social Economy organisations.</p>	<ul style="list-style-type: none"> ■ To increase the number of new enterprises in social economy and improve the performance of existing ones by strengthening of internal capacity as well as external advocacy; ■ Creation of new jobs. 	<ul style="list-style-type: none"> ■ Redistributor of EU funds (in particular ESF); ■ Network platform for public authorities, local communities, social economy entities and typical enterprises; ■ Communication activities: organisation of events, dissemination of various publications: reports, newsletters; ■ Provision of trainings;
MOUVES 	2010	<p>MOUVES provides advice and support to all types of social enterprises and aims to favour their creation and development. Its creation was partly driven by the economic crisis and the need of coordinated response.</p>	<ul style="list-style-type: none"> ■ To develop social enterprises; ■ Creation of new jobs. 	<ul style="list-style-type: none"> ■ Social enterprise awareness and training; ■ Favour social practices within traditional firms and social innovation; ■ Develop a European network of social enterprises.
Les Scop 	2011	<p>Les Scop is a network of Scops (sociétés coopératives et participatives) financed by member cooperatives and managed by elected representatives from Scop. The Scop's network accompanies the creation and development of cooperative companies.</p>	<ul style="list-style-type: none"> ■ The support to individual entrepreneurs in the pursuit of their initiatives; ■ Promotion of existing and creation of new SCIC (Sociétés Coopératives d'Intérêt Collectif). 	<ul style="list-style-type: none"> ■ An introduction to creating a company ■ Accompanying and monitoring activities over the life of the company ■ Financing, Training and Inter-professional exchanges ■ Representation among economic, political and social organisations
CNEI 	1988	<p>The Comité National des Entreprises d'Insertion is a network of social entrepreneurs. It gathers more than 600 reintegration enterprises representing 37,000 jobs in 15 different sectors.</p>	<ul style="list-style-type: none"> ■ The support of its members in the development of their operations; ■ Provision of sustainable jobs for people facing social and professional difficulties; 	<ul style="list-style-type: none"> ■ Help in the acquisition of certifications; ■ Advice on possible financing schemes; ■ Training and information on the sector; ■ Networking and experience sharing; ■ Lobbying on behalf of the members;

Name of organisation	Year of establishment	Overview	Objectives	Type of support delivered
France Active 	1988	<p>Network whose objective is to help people to create their own firm. It targets two types of projects:</p> <ul style="list-style-type: none"> ■ Social enterprises; ■ Self-employed workers. <ul style="list-style-type: none"> – It is supported by funds from la Caisse des Depot, ESF, public sources. – It has extensive regional network with over 40 contact points across the country. 	<ul style="list-style-type: none"> ■ Provision of finance to social enterprises. 	<ul style="list-style-type: none"> ■ Mobilises public and private funds for further assistance to social enterprises; ■ Project advisory.
Centre of Regional Resources for Social Economy 	2007	<p>Association created by public entities including the Regional Council of Ile-de-France and territorial administrations as well as different stakeholders. The annual budget is around EUR 1 million.</p>	<ul style="list-style-type: none"> ■ Development of social economy in the Ile-de-France region; ■ The support to social entrepreneurs; ■ Building public awareness; ■ Promotion of research on social economy. 	<ul style="list-style-type: none"> ■ Information centre for Social Economy organisations; ■ Support to selected entrepreneurs: assessment of their project, assistance in access to finance, development of their network.
Centre des Jeunes, des Dirigeants, des Acteurs, de l'Economie Sociale 	1985	<p>Gathers together around 1000 leaders of social and solidarity economy organisations including large financial cooperatives, mutual and key reintegration enterprises as well as 10 regional delegations of social economy organisations.</p>	<ul style="list-style-type: none"> ■ Promotion and development of social economy sector organisations. 	<ul style="list-style-type: none"> ■ Conducts periodical research on social economy ecosystems; ■ Platform of networking and exchange of views/experience; ■ Lobbying on behalf of its members.

Name of organisation	Year of establishment	Overview	Objectives	Type of support delivered
Council of Enterprises and Employers of Social Economy 	2001	Network of employers and organisations of Social Economy	<ul style="list-style-type: none"> Promotion of social enterprises; Representation of stakeholders of the social economy vis-à-vis public authorities. 	<ul style="list-style-type: none"> Advocacy with Public authorities Promotion of the model of Social Economy; Conducts the research on Social Economy; Member of several National and European networks.
CNCRES 	2004	It represents and coordinates the activities and interests of regional Chambers of Social Economy.	<ul style="list-style-type: none"> Support regional structures of Chambers of Social and Solidarity Economy. 	<ul style="list-style-type: none"> Represents Regional Chambers at the national level; Advocates for their interest with public authorities; Promote organisations of Social and Solidarity Economy; Promotes social innovation.

2.5 Marks, labelling and certification systems

To the knowledge of the study team and the country expert, in France there is currently no label or mark scheme designed to promote social economy or social enterprises more specifically.

Regarding the system for measuring and reporting of the social impact, there is awareness, also among the public stakeholders⁴⁵ and network organisations⁴⁶, that the development of such system is essential. However, no coherent approach yet exists. Since 1996 Le Bilan Sociétal⁴⁷, the tool/procedure taking into account other than financial metrics has been developed by the Centre des Jeunes, des Dirigeants, des Acteurs, de l'Économie Sociale (CJDES). It is suitable for social economy organisations as well as classical for-profit enterprises. Bilan Sociétal resembles an audit procedure, and involves specific qualitative analysis based largely on a designed questionnaire which focuses on 15 main domains (and around 320 questions) such as environmental impact of the entity, degree to which governance mechanisms in the organisation are based on the democratic principle as well as other aspects such as impact on the local community or simply the ability of the organisation to compete on the market and secure sustainable growth⁴⁸. The completed audit may serve as a starting point for improvement actions. Yet Bilan Sociétal is not a label and is not used often in external communication, but as an internal management tool. Among its weaknesses is the absence of external verification and the risk of biased responses⁴⁹. The tool is not commonly known and recognised by many key stakeholders in the sector.

2.6 Social Investment market

The social investment market has existed in France for about 20 years and relative to other Member States, it is characterised by some as one of the most developed in Europe⁵⁰. It is still immature but has been growing, in particular over the last five years. Public initiatives such as new funds/banks or tax incentives have had a very meaningful impact on the evolution of the market and the amount of available finance. There has been also some perceptible rise of interest in the sector seen among conventional banks.

Social investment is high on the policy agenda in France. At national level, the French Government has taken the following measures/action:

- At policy level the 'Law on Social and Solidarity Economy' has entered into force in 2014⁵¹. One of the principal objectives of the new law is to amplify financing available for social and solidarity economy organisations, primarily through more precise definition of the sector, reinforcement of 'solidarity enterprise' so that it can benefit from higher financing devoted to projects characterised by 'social utility' and legal changes which will allow mutuals' investment into associations.

⁴⁵ French Supreme Council for the Social and Solidarity Economy (CSESS) indicate the development of the coherent measurement system as one of the crucial aspects in its position paper presented in Strasbourg during the 'Social Entrepreneurs: Have Your Say' event which took place in January 2014.

⁴⁶ Clear view on the importance of social impact metric system expressed by the representative of CNEI, in particular in order to justify public support measures and higher involvement of private investors.

⁴⁷ CJDES, 2014. Le Bilan Sociétal. Available at : http://www.cjdes.org/1093-Le_Bilan_Societal

⁴⁸ CJDES, 2014. Le Bilan Sociétal. Available at: http://www.cjdes.org/43-eme_partie_Questionnaire_Structure_generale_des_domaines

⁴⁹ RSE News, 2014. Du Bilan Social au Au Bilan Sociétal. Available at : http://www.rsenews.com/public/dossier_social/bilan_societal.php?rub=2

⁵⁰ Stanford Social Innovation Review, 2013. Financial Revolution? Yes we can. Available at: http://www.lecomptoirdelinnovation.com/src/documents/2013-10-15-@ssi_financial-revolution_yes-we-can.pdf

⁵¹ Projet de loi sur l'Economie sociale et solidaire (ESS) published on 24 July 2013 (<http://www.economie.gouv.fr/files/pjl-ess-dp.pdf>)

- New financing tools and schemes have been set up or are being considered to promote social investment:
 - There are tax incentives for social economy/philanthropy: 50 per cent of donation to NGOs is exempted from taxation. Also, individuals can benefit from a tax credit up to 66 per cent of the donated amount⁵²;
 - The Caisse des Dépôts - a public long-term investor - the most important fund in France (30 per cent of funds) - offers two interesting support measures to social investment:
 - Fund of funds⁵³: these funds invest in other funds, with a focus on social entrepreneurship;
 - Caisse des Dépôts made EUR 500 million available for long term leases available to social enterprises.
 - Socially-oriented pension funds: Since January 2010, it is mandatory for each French company with more than 50 employees to provide a socially-oriented pension scheme to its employees. These pension schemes (FCPES – *Fonds Commun de Placement d'Entreprise Solidaire*) invest from 5 to 10 per cent of their funds in social enterprises or social funds. As of end 2011, socially-oriented pension schemes accounted for more than EUR 1.7 billion from which more than EUR 110 million were invested in social funds or social enterprises (plus EUR 600 million from other sources).
 - As a part of Future Investments Programme (*Programme d'Investissements d'Avenir*), a budget of EUR 100 million has been allocated to fund social enterprises. The priority goal is to develop existing companies to promote the creation or consolidation of 60,000 jobs in nearly 2,000 companies through loans to be repaid by 2019 at the latest⁵⁴;
 - Launch of a Public Investment Bank (BPI⁵⁵) – part of the investment made by the BPI will be exclusively channelled to social economy organisations. National Committee of Reintegration Enterprises (CNEI) expressed the view that loan guarantees envisaged as one of the main instrument provided by the BPI, shall constitute a meaningful support for many WISE struggling to secure the loan⁵⁶;
 - At regional level: Few Regions are active in supporting social investment, e.g. Region Ile de France, which made EUR 2 million EUR available to support social investment.

2.6.1 The supply of finance

There are several main types of players in the social investment market in France:

- **Public or publicly supported agencies.** Key ones are France Active, and Adie;
- **Public investors.** With eminent examples of BPI and Caisse des Dépôts.
- **Impact funds/responsible investing funds.** According to KPMG and ALFI survey on European Investing Responsible Funds, as of 2012 there were 30 socially responsible funds⁵⁷ in the country with total capitalisation of approximately EUR 900 million;

⁵² Official Site of the French Administration, 2014. Impôt sur le revenu: réduction pour dons à des organismes d'intérêt général. Available at: <http://vosdroits.service-public.fr/particuliers/F426.xhtml>

⁵³ Fonds de fonds

⁵⁴ J.Faure, 2012. Preparing the ground for innovative responses to current challenges. Peer review on Social Economy

⁵⁵ Banque Publique d'Investissement. Available at: <http://www.bpifrance.fr/>

⁵⁶ Interview with the representatives of CNEI which took place in January 28th/29th, 2014.

⁵⁷ Understood as those investing in (i) microfinance funds, (ii) Social Entrepreneurship and Solidarity funds, (iii) Social impact funds, (iv) venture philanthropy.

- **Cooperative Banks.** France has a number of social banks including Crédit Cooperatif, Crédit Agricole, Credit Mutuel or Banque Populaire which in a more or less explicit way offer financing to the organisations of social economy. In fact, they are often categorised as an organisation of social and solidarity economy themselves. The most common type of product is loan. Nonetheless, no aggregate data on the scale of financing provided to the organisation of social economy is available. Cooperative Banks play an important role in the financing of social and solidarity economy, stressing particularly active role of Crédit Cooperatif.
- **Solidarity Finance.** Major players in the field are CIGALES⁵⁸ which legally operate as associations and La société financière de la NEF⁵⁹ which is a financial cooperative. They provide the financial support to projects according to their environmental, social and/or cultural utility. There is also a label called FINANSOL⁶⁰ introduced in 1997 which serves to distinguish solidarity financial products – but not the organizations themselves though;
- **Conventional Banks.** Rising awareness about social economy concept and better performance of the sector in comparison to the rest of the economy over the last years, in particular solid resistance to the crisis, has attracted interest of some conventional banks. In general, there seems to be higher awareness and higher readiness of conventional banks to invest in social economy in comparison to other Member States. For instance, BNP Paribas has separate team specialising in social entrepreneurship and microfinance and envisaged over EUR 200 million for investment between 2013 and 2015⁶¹. Nonetheless, it is believed that the involvement of conventional banks is still way below the potential, primarily due to lack of commonly accepted metrics of social impact and perceived risk and rate of return from social investment⁶²;
- **Venture philanthropy.** These are active in France (6 as of 2011) and the country is listed among top 3 in Europe in terms of their number⁶³;
- **Family offices.** There is no available data on existing number of family offices including those which actively invest in social economy organisations/social enterprises. However, only in Paris there are at least 24 family offices⁶⁴ with some already engaged in social impact investment.

As already indicated, many finance suppliers (in particular private investors) perceive social investment as relatively risky with the expected return rate which does not compensate for the level of risk⁶⁵.

Unlike in some Member States, in France organisations of social and solidarity economy have in principle access to the whole portfolio of financial instruments starting from subventions through guarantees⁶⁶, grants, loans, equity⁶⁷, mezzanine, and relatively new channels such as crowdfunding⁶⁸.

⁵⁸ Club d'Investisseurs pour une Gestion Alternative et Locale de l'Épargne Solidaire. Available at: <http://www.cigales.asso.fr/> See also: : http://www.lemonde.fr/argent/article/2014/05/26/la-premiere-banque-ethique-francaise-sur-les-rails_4426311_1657007.html

⁵⁹ Société coopérative de finances solidaire. Available at: <http://www.lanef.com/>

⁶⁰ FINANSOL, 2014. Available at: <http://www.finansol.org/>

⁶¹ BNP Paribas, 2013. BNP Paribas s'engage sur un objectif ambitieux de soutien à l'entrepreneuriat social et à microfinance: plus de 200 million d'ici 2015. Available at: <http://www.bnpparibas.com/actualites/presse/bnp-paribas-sengage-objectif-ambitieux-soutien-lentrepreneuriat-social-microfinanc>

⁶² Opinion expressed during the interview with representative of Ministry of Social Cohesion/French Supreme Council of Social and Solidarity Economy and Euclid Network.

⁶³ EVPA, 2012. The EVPA Survey. Available at: <http://evpa.eu.com/knowledge-centre/what-is-vp/industry-data/>

⁶⁴ Gestion-de-mon-patrimoine.com. Available at: <http://www.gestion-de-mon-patrimoine.com/liste-des-family-offices-a-paris/>

⁶⁵ Centre d'Analyse Stratégique, 2013. Rapport – l'entrepreneuriat social en France. Available at: <http://www.strategie.gouv.fr/content/rapport-l%E2%80%99entrepreneuriat-social-en-france>

⁶⁶ See for instance the instruments offered by France Active: http://www.franceactive.org/upload/uploads/File/113443_solutions_financement_franceactive.pdf

Crowdfunding is likely to play an increasing role in the development of the social economy (for different reasons: e.g. the need for transparency, ease of access, shared risk management, communication of projects). Examples of crowdfunding websites involved in social economy include: SPEAR, Arizuka, Finance utile, MicroDon, Octopousse or WiSEED.

Loans and subsidies are most commonly used whereas equity seems to be rarely available instrument, especially from private venture capital, and Initial Public Offering is largely out of the scope of consideration. There are many reasons why equity is hardly used but one could mention the lack of understanding of this fairly nascent field among equity investors⁶⁹.

Besides, as social enterprises are mostly micro entities with limited capital requirements, this often make them barely attractive for venture capital which typically seeks financial deal above certain threshold (e.g. due to high due diligence or management costs per deal). In addition, factors such as general perception of realistic rate of return from social impact investment and level of risk do not help. In addition, certain type of legal structures such as association, exclude a priori the equity investment. Generally, limited access to long-term capital and financing through equity are seen as material obstacles for the development of the sector⁷⁰.

Box 2 presents the summary findings from the sample of finance providers who are active in social investment market in France. It is important to note that this group should not be seen by any means as representative for the whole population of social investors in France.

Box 2: Findings from interviewed investors and SIFIs⁷¹

Interviewed investors and SIFIs (See Annex 2 – Finance suppliers) invest about 5 million per year in projects they select based on their own assessment criteria. Although assessment grids vary between each player – each developed by their own – they all cover similar, 'good social practice' criteria, including management practice, corporate social responsibility, employability, training policy, diversity, quality of the strategy and organisation, etc. Below are some aggregated findings from these interviews:

- Once the assessment is satisfactory, they provide social economy organisations with between EUR 100,000 and EUR 5 million, depending on the project;
- The investment may take the form of equity and quasi mezzanine instruments, revenue participation, bonds and to a lower extent loans (general and unsecured);
- The expected financial return is between 3-15 per cent over 5-7 years;
- Most interviewed finance suppliers also provide additional services such as expertise, guidance and counselling (methodological, business and governance coaching);
- Main barriers holding up the development of social investment market include lack of information and understanding about social investment in general, including the risk and possible return.

⁶⁷ See for instance instruments offered by Cigales, Equisol or France Active. Available at: <http://www.atelier-idf.org/entrepreneurs/financement/>

⁶⁸ See for instance *Le rapport sur le financement de l'Economie sociale et solidaire*. Available at: <http://proxy-pubminefi.diffusion.finances.gouv.fr/pub/document/18/15091.pdf>

⁶⁹ C. Blazy, 2011. *Le financement des entreprises sociales. Une comparaison France – Californie*. Available at: <http://mpira.ub.uni-muenchen.de/33220/>

⁷⁰ M. Mendell, B. Enjolras and A. Nova, 2010. *L'économie social au service de l'inclusion au niveau local: Rapport sur deux régions de France: Alsace et Provence – Alpes – Côte d'Azur*. OECD

⁷¹ See Annex 2 (Finance suppliers)

As regards to social enterprises defined in a narrow sense based on the typology indicated in Table 3.1, public funding is an essential source of financing for all type of enterprises of reintegration by economic activity⁷² (entreprise de l'insertion par l'activité économique). Forms of financial support vary between specific types of enterprises of reintegration by economic activity from tax exemption, through the financing of the salaries of employees up to typical investment financing.

The French Ministry of Finance and Economy estimates that total cost of subventions diverted to enterprises of reintegration by economic activity in 2011 was between EUR 1 billion and 1.2 billion⁷³. Yet it is believed that the structural shift in the financing model of enterprises of reintegration by economic activity is a matter of time (similar to French associations) and the importance of subventions will diminish at the expense of the public contracts as well as increasing ability to generate the revenue from the market activities⁷⁴.

As regards to SCICs, CG Scop (Confédération Générale des Sociétés Coopératives de production) considers that their capitalisation is fairly good (on average EUR 300,000). SCICs can also benefit from public financing. As of 2010, 56 per cent of SCICs declared that they obtained the subvention, most frequently in the form of co-financing of employees' remuneration, less frequently in the form of investment capital. Subventions accounted for an average 14 per cent of SCICs' turnover⁷⁵ as of 2010 and the recent survey on 150 SCICs revealed that this proportion declined to circa 12 per cent as of 2012. CG Scop also estimates that in general SCICs do not benefit from more substantial public financial support (*de minimis*) than classical for profit French SMEs from the same sectors.

It is important to note that due to existing legal restrictions (shares cannot be traded publicly), equity investment is in principle very unlikely in SCICs' case.

2.6.2 Demand for finance

Findings from the interviewed finance suppliers suggest that demand has been growing over the last five years and further growth is expected in the medium term. Interviewees asserted that they can only meet part of the demand (10-50 per cent depending on the SIFI). In most cases external financing is sought for working capital, fixed asset acquisitions and scaling-up of the operations.

More generally, the study undertaken by OpinionWay for Le Comptoir de l'Innovation in the period between November 2011 and April 2012 covering 62 main French social enterprises, 50 solidarity based investors and group of 1041 individuals representative for the French population, came up with following findings⁷⁶:

- EUR 252,000 is the average amount of financing that the 50-solidarity based investors surveyed are willing to put in a social enterprise;
- 67 per cent of social enterprises declare that their social mission is not threatened if they have to provide their investors with a return close to 5 per cent;
- 67 per cent of investors are ready to accept the return-rate close to 5 per cent;

⁷² Enterprises of reintegration by economic activity are form of Work Integration Social Enterprises (WISE), term frequently used in other countries.

⁷³ French Ministry of Finance and Economy, 2013. Le financement de l'insertion par l'activité économique. Available at: http://www.igf.finances.gouv.fr/webdav/site/igf/shared/Nos_Rapports/documents/2013/2012-M-073-02%20IAE.pdf

⁷⁴ Sénat de la république française, 2013. Etude d'impact - projet de loi relative à l'économie sociale et solidaire. Available at: http://www.senat.fr/leg/etudes-impact/pj12-805-ei/pj12-805-ei.html#_Toc362370132

⁷⁵ Les SCICs en chiffres, 2011. Available at: http://www.les-scic.coop/export/sites/default/fr/les-scic/media/documents/SCIC_enchiffres_def.pdf

⁷⁶ OpinionWay, 2012. Le financement des entreprises sociales. Available at: http://www.opinion-way.com/pdf/opinionway_pour_le_comptoir_de_l_innovation_-_le_financement_des_entreprises_sociales_en_france.pdf

- 60 per cent of French would be willing to invest in a bank product that includes the funding of social enterprises.

2.6.3 Market gaps/ deficiencies

- There is a gap between supply and demand of social finance as the amount of available funding still does not meet the level of demand, in particular at the start-up stage. However, it should be noted that some social enterprises exhibit low investment readiness and in general are not perceived as viable investment;
- Although it is difficult to generalise due to the lack of available data, some interviewees stated that more than lack of available money, social economy organisations/ social enterprises are unaware about available sources;
- Recently adopted Law on Social and Solidarity Economy tackles to some extent the issue of insufficient finance;
- Lack of consensus regarding definition of social economy/social enterprise creates additional obstacle for some actors (e.g. public authorities) in terms of establishing support schemes;
- Inability to measure the social impact. There were attempts to measure the social impact of social investment but it was concluded that it still lacks accuracy;

2.7 Overview of the key actors in the social enterprise ecosystem

Table 2.5 outlines the key actors/ agencies of the social and solidarity economy eco-system in France. This list is not exhaustive.

Table 2.4 Key actors/agencies of the social and solidarity economy eco-system

Type of institution/organisation	Name
Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures	<ul style="list-style-type: none"> – Ministère de l'Economie Sociale et Solidaire; – Ministère des Affaires Sociales et de la Santé; <ul style="list-style-type: none"> ○ La Direction Générale de la Cohésion Sociale – Centre d'Analyse Stratégique ; – Conseil National des Chambres Régionales de l'Economie Sociale; – Le Conseil Supérieur de l'Economie Sociale et Solidaire.
Customers – authorities contracting social enterprises	– Central, regional and local authorities ⁷⁷
Organisations promoting, certifying and awarding social business labels	There is no organisation which awards social business label in France
Institutions, civil society initiatives or other social enterprises promoting social entrepreneurship education and training, and presenting role models	– <i>Le Labo de l'économie sociale et solidaire (ESS).</i>
Organisations that have the capacity act as an observatory and to monitor the development and to the assess needs and opportunities of social entrepreneurs/social enterprises	<ul style="list-style-type: none"> – Observatoire national de l'ESS ; – Institut National de la Statistique et des Etudes Economiques (INSEE); – Comité National des Entreprises d'Insertion.
Providers of social enterprise start up and development support services and facilities (such as incubators)	<ul style="list-style-type: none"> – L'Atelier/ Centre des ressources régional de l'Economie Sociale et Solidaire; – Ashoka France;

⁷⁷ Note that among public authorities, local and regional authorities tend to contract more frequently than central ones.

Type of institution/organisation	Name
Business support	<ul style="list-style-type: none"> – Provided by various network and support organisations as well as finance providers, within the whole financing package.
Facilitators of learning and exchange platforms for social enterprises/ research and academic networks	<ul style="list-style-type: none"> – Odyssem; – L'Association pour le développement de la documentation sur l'économie sociale; – EMES Network France; – CIREC France; – Institut Polanyi; – Institut Godin; – ADDES; – RIUESS; – AES.
Social enterprise (support) networks, associations	<ul style="list-style-type: none"> – Movement des entrepreneurs sociaux (MOUVES); – The Comité National des Entreprises d'Insertion (CNEI); – Confédération générale des Scop; – Confédération générale des Sociétés Coopératives d'Interet Collectif; – Conseil des Entreprises, Employeurs et Groupement de l'Economie Sociale (CEGES); – L'Union des Employeurs de l'Economie Sociale et Solidaire.
Key providers of finance	<ul style="list-style-type: none"> – l'Agence de valorisation des initiatives socio-économiques (AVISE); – Banque Publique d'Investissement; – Caisse des Dépôts et Consignations; – Le Comptoir de l'innovation; – Crédit Coopératif; – France Active; – Le Fonds d'innovation sociale des ESH; – La Société financière de la Nef.

3 Mapping of social enterprises in France

3.1 The spectrum of social enterprises in France

There is no broad consensus on the full list of organisations that should be ultimately considered as a part of the social economy or social and solidarity economy. This applies to social enterprises specifically.

An inclusive approach is generally taken. So besides associations, cooperatives, foundations and mutuals that are typically considered as the core of the social economy, there has been a tendency to go even further and include even certain classical, in principle profit oriented companies which, however, seek to strengthen the social dimension of their business. In this even more inclusive approach building on the social economy typology, the social and solidarity economy concept has prevailed.

As regards to social enterprise, the label is much less common and there is even less consensus (if at all) among key stakeholders on which entities should be considered as such. Section 3.2 presents the list of potentially eligible organisations (from Table 3.1) which serves a departure point for the extraction of the type of entities which could be seen as social enterprises. Yet, one should bear in mind that the following approach is very restrictive and should be seen as one of many possible classifications.

3.2 Application of operational definition: determining the boundaries

As a result of Task 1 of this study, the Operational Definition of Social Enterprise was produced comprising a number of eligibility and mapping criteria. Taking into account the common understandings and stakeholder positions outlined above, the following seeks to apply the Operational Definition to move to an understanding of the spectrum of organisations and enterprises in France that might be considered to be 'social enterprises'.

Table 3.1 draws a distinction between specific types of organisations which 'fully' meet the operational definition, and those which meet them to some extent - 'partially', as well as those which should be placed out of the scope of the 'social enterprise' typology – 'out' or finally fall into 'boundary cases'. This categorisation, based on existing literature and elaborated in consultation with the country expert, has been used as a guiding note for sampling exercise and further interviews with social enterprises. Hence, in the subsequent part of the report the social enterprise term refers only to those which 'fully' meet the operational definition.

It is vital, however, to stress two issues at this point. Firstly, the approach where all operational criteria had to be largely met turned out to be very restrictive in the French context. Strict application of criteria eliminates the vast majority of social and solidarity organisations from the scope of the research. Secondly, bearing in mind the richness of forms of organisations and diversity of views as regards to preferred definitions, the following approach should be seen as an exercise demonstrating a possible outcome when strict criteria are applied.

Not surprisingly, this classification does not reflect the views of all key stakeholders. On the contrary, the most common view was that these criteria seem too restrictive. For instance, the French Supreme Council of Social and Solidarity Economy, Council of Enterprises, Entrepreneurs and Groupement of Social Economy (CEGES) and Euclid Network expressed views that the application of all operational criteria is far too orthodox approach and leaves outside many of the relevant organisations. Likewise, Ashoka France favours the approach where legal status plays a much less important role than the actual social impact of the entity and therefore proposes a much more inclusive approach as regards to classification whether a given organisation is or is not a social enterprise⁷⁸. On the other hand, General Confederation of Social and Participative Cooperatives (CGSCOP⁷⁹) does not see the

⁷⁸ Interview with ASHOKA representative which took place on October 10th 2013.

⁷⁹ View expressed by key experts in the <http://www.les-scop.coop/sites/fr/>

inclusion of entire population of SCICs (Société coopérative d'intérêt collectif) into the category of social enterprise as accurate. This is because in CGSCOP's view, not all SCICs have a social objective. However, as the legal framework for SCIC indicates that '*it is a cooperative society created with the aim to produce goods or services of collective interest with a social utility*', it appears justified to maintain it within the proposed classification.

Finally, the approach of MOUVES to some degree resembles the one taken in this study. It implies certain number of criteria divided into mandatory and optional ones. Among the former, it includes for instance social impact embedded in the statute of the entity, limitation on profit redistribution or cap on salary dispersion between the lowest and highest one in a given company (with maximum proportion 1-10). One of the key rationales behind the MOUVES approach is the intention to clearly separate Corporate Social Responsibility (CSR) from social entrepreneurship⁸⁰.

In general, the available data on social enterprises as defined in the Table 3.1 is scarce. For this reason, references to specific information concerning SCICs (Société coopérative d'intérêt collectif), specific organisations which fall into the category of enterprises of reintegration by economic activity (entreprises d'insertion par l'activité économique) and Régies de quartier, complement available data on broadly defined social economy only when possible.

⁸⁰ Interview with MOUVES representative which took place on 21st January, 2014.

Table 3.1 Classification of various type of organisations based on the degree of conformity with the operational definition

Spectrum	Organisational labels	Rational for classification
Fully IN	SCIC (Société coopérative d'intérêt collectif), Entreprises de l'IAE (Insertion par l'activité économique), Régies de quartier	<p>All 3 forms meet in principle all of the listed eligibility criteria which are specified in their legal status including engagement in economic activity, aim oriented to the delivery of public benefit, democratic governance and distribution of profits according to defined rules and procedures.</p> <p>However, a more nuanced approach is needed when assessing the independence from public authorities. According to the law, local authorities can be one of the founding member holding up to 25 per cent of capital. In case of Régies de quartier and Entreprises de l'IAE, both often sign contracts with public authorities for the inclusion of certain number of person into the workforce and hence, from this point of view, there is some potential limit to independence. Yet, public support is essential but does not automatically create the dependency relationship. On the contrary, some studies argue that diversified revenue mix (combination of public, private market and non-market private resources) can be a factor of stability and autonomy.</p> <p>*Note that Entreprises de l'IAE encapsulate four specific structures:</p> <ul style="list-style-type: none"> ■ reintegration workshops (les ateliers et chantiers d'insertion), ■ reintegration enterprises (les entreprises d'insertion), ■ intermediate associations (les entreprises de travail temporaire d'insertion), and; ■ enterprises of temporary work reintegration (les entreprises de travail temporaire d'insertion).
Partially IN	Associations in the social, cultural, environmental fields , Workers cooperatives (SCOP), organic coops (BIOCOOP), Coopératives d'activité et d'emploi (CAE), Services de soins et d'accompagnement mutualistes (SSAM), Organizations in the field of solidarity finance (finance solidaire), Coopératives d'utilisation du matériel agricole (CUMA), etc.	<p><i>Associations in the social, cultural, environmental fields</i>: Although vast majority pursue the social aim and meet the listed eligibility criteria, some of them may be controlled by or too much dependent on public authorities and may not have any income derived from economic activities.</p> <p><i>Workers cooperatives</i>: This form undoubtedly meets 2 essential eligibility criteria (entrepreneurial dimension and independence and governance) but according to the fields of activity they may fail to meet the criterion of social dimension having no orientation toward the delivery of public benefit.</p> <p><i>BIOCOOP</i>: The fundamental question is whether a cooperative oriented to service to its members can be considered as serving the public interest and not only a common interest shared by members. The answer seems 'rather not', unless the promotion of organic food and/or the promotion of local food is considered as public interest.</p> <p><i>CAE</i>: The question is whether a cooperative oriented to service to its members can be considered as serving the public interest not only a common interest shared by members. Yes if considering that their basic aim is to contribute to the work integration process of persons who fail to enter the regular labour market (many of them are in fact included in IAE).</p>

Spectrum	Organisational labels	Rational for classification
		<p><i>SSAM</i>: They are legally non-profit, oriented towards the provision of social services. But their diversity makes it difficult to consider all of them in the field.</p> <p><i>Organizations in the field of solidarity finance</i>: This category of organisations may often meet all of the criteria. Close to 'FULLY in category'. But a wide use of the term "finance solidaire" can sometimes create a confusion between organizations that are themselves very close – if not inside - the defined perimeter of social enterprise (La Nef or Cigales for example) and financial products proposed by organizations which clearly cannot be considered as social enterprises (commercial banks for example).</p> <p><i>CUMA</i>: The question is whether a cooperative oriented to service to its members can be considered as serving the public interest and not only a common interest shared by members. Yes if emphasizing their contribution to community development in rural areas. Another problematic aspect concern the criterion of engagement in an economic activity. A CUMA does not receive market resources as such but provides services (agricultural machines especially) to its members who need them for their economic activity.</p>
Boundary cases	ESAT (Etablissement et service d'aide par le travail), EHPAD (Etablissement d'hébergement pour personnes âgées dépendantes), Pôles territoriaux de coopération économique (PTCE)	<p><i>EAST</i>: According to the law, an ESAT is not an enterprise but a structure providing handicapped persons with an activity and a socio-medical support.</p> <p><i>EHPAD</i>: The legal status must be considered as they can operate under for profit, public or nonprofit legal status.</p> <p><i>PTCE</i>: Depends on how are organized and what is the role played by social and solidarity economy actors in these networks whose aim is to cooperate for the local development. They are not related to a well identified legal form (most of the time they will operate as an association) which makes even more difficult precise categorization).</p>
Out	Most professionals cooperatives (agricultural coops, retailers coops, etc.), Most cooperative banks , Religious organisations , Trade unions	<p><i>Most professionals' cooperatives</i>: Not oriented towards the delivery of public benefit.</p> <p><i>Most cooperative banks</i>: Not oriented towards the delivery of public benefit.</p> <p><i>Religious organizations</i>: No entrepreneurial dimension.</p> <p><i>Trade unions</i>: No entrepreneurial dimension.</p>

3.3 Measurement of social enterprises

The following section outlines the existing frameworks for data collection covering social economy organisations and – where possible – also social enterprises as understood in this study. It also presents estimations of the size of respective sectors.

3.3.1 The collection of data on social enterprises

The timeliness, accuracy and scope of available data on the social economy in France is comparatively high. Yet in France as in a number of other European countries, comprehensive statistics on social enterprise still do not exist (except those produced by INSEE – see below). This absence is chiefly explained by the absence of agreement regarding the definition of social enterprise. Data on social enterprises specifically, as defined in the Table 3.1, is scarce and collected mainly by their representative organisations.

Since 2005, National Institute of Statistics and Economic Studies (INSEE⁸¹) has been publishing annual data on the level of employment in major types of organisations considered typically as a part of the social economy sector: cooperatives, mutualities, associations and foundations. The data is broken down to regional level. As of September 2013, the most up-to-date data were for 2011. The methodology applied in the data collection is less nuanced than the approach presented in the Table 3.1. For instance, it does not distinguish between different types of cooperatives.

Statistics produced by INSEE are widely used by representatives of the sector and when possible, extended by primary data collection. One example is National Observatory on Social Economy (Observatoire National de l'Economie Sociale et Solidaire⁸²). It has regional networks of 15 offices and collaborates also with research centres and universities and provides for instance annual updates on the number of social economy entities, employment level, characteristics of workforce (sex, age), sectors of activity, legal forms or size⁸³.

Besides INSEE, there are also other coordinated efforts to collect the data in a systematic way, in particular among certain organisations representing specific subgroups of social economy:

- **National Committee on Reintegration Enterprises** (Comité National des Entreprises d'Insertion⁸⁴) runs National Observatory on Reintegration Enterprises collecting data on economic activities of its members accounting for approximately 50 per cent of all reintegration enterprises in the country. Data provides insights on key indicators such as annual turnover, number of employees per category and sex, redistribution of reintegration enterprises according to specific sectors or tax contribution to the central budget.
- **General Confederation of Social and Participative Cooperatives** (Confédération générale des Sociétés Coopératives et Participatives⁸⁵). Data has been collected on annual basis since 2002 using the survey questionnaire circulated directly to each SCIC. Hence, it covers the whole population. As for September 2013, the latest publicly available figures cover the time period up until 2011 (including) and provide the information on the number of SCICs, regional and sectorial distributions well as their ownership structure.

⁸¹ INSEE, 2013. L'économie sociale. Available at: http://www.insee.fr/fr/themes/detail.asp?ref_id=eco-sociale

⁸² Observatoire National de l'Economie Sociale et Solidaire. 2013. Available at: http://www.cnres.org/accueil_cnres/observatoire_de_less

⁸³ Observatoire National de l'Economie Sociale et Solidaire, 2011. Départs à la retraite des effectifs salariés de l'EES et stratégies des entreprises pour y faire face. Available at: http://www.cnres.org/upload/iedit/1/209_1499_Etude_departs_retraite_ESS_2011.pdf

⁸⁴ CNEI, 2013. Available at: http://www.cnei.org/index.php?option=com_flexicontent&view=category&cid=127&Itemid=83

⁸⁵ CGSCOP, 2013. Available at: <http://www.les-scic.coop/sites/fr/les-scic/documentation/chiffres-cles>

It should be also noted that there are already some established links in terms of data collection and analysis between INSEE and some organisations representing the sector such as above mentioned General Confederation of Social and Participative Cooperatives (CGSCOP) as well as AVISE, Ashoka, France Active or Mouves. Therefore, existing cooperation combined with broader consensus of different stakeholders regarding the way the social enterprise is defined in France, linked also to the recently adopted law may result in the significant improvement and extension of the available data.

There are also other one off data collecting exercises such as various opinion pools or incidental surveys⁸⁶.

The remainder of this section draws on data collected on established 'movements' such as social economy/ social and solidarity economy (which partly overlap with the concept of social enterprise). And therefore, the measurement and mapping that follows is imprecise (as the true population of social enterprise and these populations do not perfectly overlap) and incomplete (because there is a share of social enterprises that is emerging and growing outside these established movements).

3.3.2 Presence and scale of social enterprises

According to INSEE, in 2011 employment in social economy in France was estimated at 2.32 million employees: circa 10 per cent of total employment (25.77 million) and 13.3 per cent of country's private employment (both figures represent one of the highest share in the EU)⁸⁷. Social Economy accounted for approximately 10 per cent of national GDP⁸⁸, an equivalent of EUR 193 billion.

More recently, according to the figures provided by Ministry of Economy and Finance, social economy sector accounts already for over 2.4 million employees. Government also estimates that there are over 200,000 entities of social economy in France. These figures, although broadly in line, are slightly lower than calculations of National Observatory on Social Economy concerning number of social enterprises which assumes that by the end of 2011 there were 229,000 Social Economy organisations (over 80 per cent were associations⁸⁹).

Table 3.2 presents existing estimates on the size of social economy in France. It is important to remember that these data cover a much broader spectrum than social enterprises as defined by the Operational Definition.

Table 3.2 Existing estimates of the economic weight of social economy entities

Year	Number of social economy entities	Number of people employed by social economy entities	Total business population	Total number of people employed	Social economy entities as a % of the total business population
2012	222,912	2,341,346	2,340,000	25,798,400	9.5
2011	220,000	2,327,175	2,381,963	25,777,823	9.2
2010	235,531	2,229,981	2,513,679	25,694,011	9.4
2009	217,225	2,298,835	2,193,030	25,639,500	9.9
2008	214,944	2,259,656	2,361,827	25,885,123	9.1

⁸⁶ See for instance KPMG Barometer of Social Entrepreneurship available at: http://www.convergences2015.org/Content/biblio/BES%20C2015_2012_ENG_web.pdf

⁸⁷ R. Spear, 2011. Discussing Paper, Peer Review on Social Economy, France 2012

⁸⁸ Ibidem

⁸⁹ Those which conduct economic activity and employ staff

Year	Number of social economy entities	Number of people employed by social economy entities	Total business population	Total number of people employed	Social economy entities as a % of the total business population
2007	214,665	2,245,713	n/a	25,550,793	n/a

Source: INSEE, *Observatoire de l'Economie Sociale et Solidaire, estimates of Conseil des Entreprises, Employers et Groupements de l'Economie Social*, R. Spear: *Peer Review on Social Economy, France 2012*, Eurostat, European Commission – SBA Fact Sheet.

As already discussed the proposed operational definition for social enterprise and subsequent classification (see Table 3.1) is much less inclusive than typically used term of social economy. Therefore, if one considered only the type of entities which 'fully' meet the operational criteria, the number of organisations categorised as social enterprise will be much lower. It is estimated that in 2010 there were around 190 SCICs⁹⁰, 120 Régies de quartier and approximately 4,000 enterprises of reintegration by economic activity. For the sake of clarity, it must be noted that the latter case, however, encapsulates four specific types of entities: reintegration workshops, reintegration enterprises, intermediate associations and enterprises of temporary work reintegration.

At this point it is worth noting that although it has been already more than 10 years since SCICs was established as a legal form, their number is still very modest despite recent growth from circa 190 in 2010 to 315 at the end of 2013. The representative of the General Confederation of Social and Participative Cooperatives (CG SCOP) identified several possible explanations. Firstly, marginal awareness of the existence of the legal vehicle. Secondly, more favourable treatment of associations⁹¹ (also in terms of fiscal treatment) which are often seen as more suitable structures. He also stated that '1 member 1 vote principle' and the restrictions on the redistribution of the profit and or company's assets in case of its administration limited interest.

In total, in 2010 there were approximately 4,310 organisations that fully meet the operational criteria of social enterprise assumed in this study (see Table 3.3). Yet, if the criteria were relaxed and one would also consider for instance workers cooperatives (SCOP), figure would raise considerably as there were 2,165 SCOPs employing circa 43,000 persons as of 2012⁹². Similarly each additional relaxation of criteria would subsequently lead to very significant increase in the organisations that could be considered as social enterprise.

Table 3.3 Statistics on social enterprises which FULLY meet the criteria stipulated in the operational definition.

Year	Number of social enterprises	Number of people employed by social enterprises	Total business population (i.e. not just social enterprises)	Total number of people employed	Social enterprises as a % of the total business population
2011	Total: 5512 (not including Régies de quartier) Enterprises of reintegration by economic activity: 5300	n/a	2,381,963	22,622,093	n/a

⁹⁰ In the interview the representative of the CG SCOP stated that there were around 315 active SCICs as of December 2013.

⁹¹ Defined as per law from July 1901.

⁹² Les Scop. Available at: <http://www.les-scop.coop/sites/fr/les-chiffres-cles/>

Year	Number of social enterprises	Number of people employed by social enterprises	Total business population (i.e. not just social enterprises)	Total number of people employed	Social enterprises as a % of the total business population
	SCICs: 212 ⁹³				
	Régies de quartier: n/a				
2010	<u>Total:</u> 4,310	<u>Total:</u> 129,727	2,513,679	22,669,852	0.0017
	SCICs: 190 ⁹⁴	2,527			
	Enterprises of reintegration by economic activity: 4000 ⁹⁵	120,000			
	Régies de quartier: 120	Régies de quartier: 7,200			
2009	<u>Total:</u> n/a	<u>Total:</u> n/a	2,193,030 ⁹⁶	22,609,225	n/a
	SCICs: 164	SCICs: n/a			
	Enterprises of reintegration by economic activity: n/a	Enterprises of reintegration by economic activity: 112,000			
	Régies de quartier: n/a	Régies de quartier: n/a			
2008	<u>Total:</u> n/a	<u>Total:</u> n/a	2,361,827	22,799,096	
	SCICs: 133	SCICs: n/a			
	Enterprises of reintegration by economic activity: 3,456	Enterprises of reintegration by economic activity: 107,000			
	Régies de quartier: n/a	Régies de quartier: n/a			

Source: *Observatoire de l'Economie Social et Solidaire, Les SCIC en chiffres, CNLRQ, Observatoire Socio-économique des Caractéristiques des Activités des Régions, DARES, European Commission – SBA Fact Sheet.*

⁹³ Ibidem

⁹⁴ In the interview the representative of the CG SCOP stated that there were around 315 active SCICs as of December 2013.

⁹⁵ Out of circa 4000 of the broad category of enterprises of reintegration by economic activity, the subset of insertion enterprises (entreprises d'insertion - EI) and enterprises of temporary work insertion (entreprises de travail temporaire d'insertion - ETTI) accounted for around 1260 enterprises.

⁹⁶ Eurostat, 2013. Annual Enterprise Statistics. Available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sbs_na_sca_r2&lang=en

Table 3.4 Estimated scale of social enterprise in France (2011)

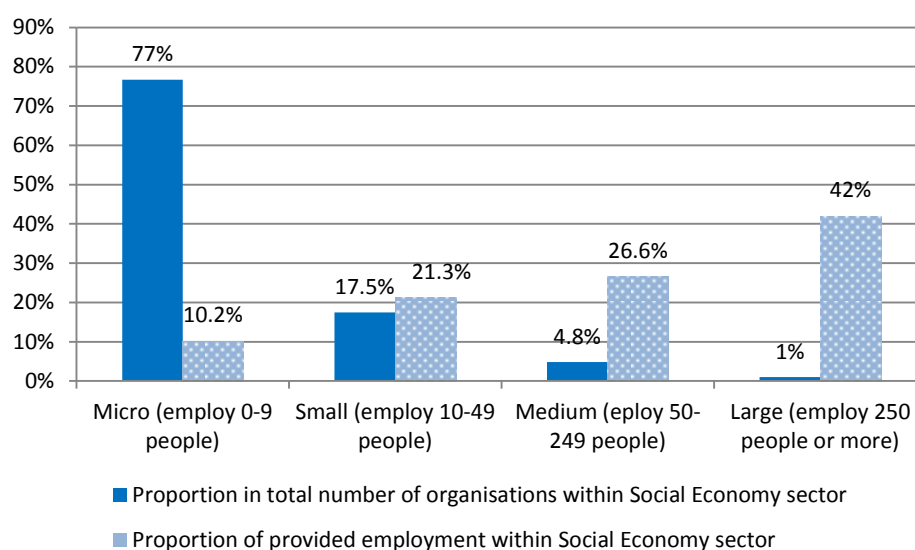
Type	Total number (registered)	Lower bound		upper bound	
		% meeting criteria	Estimated number of SEs	% meeting criteria	Estimated number of SEs
Société coopérative d'intérêt collectif (SCIC)	220	100%	220	100%	220
Enterprise for the reintegration of economic activity	5,300	100%	5,300	100%	5,300
Régies de quartier	120	100%	120	100%	120
Associations*	190,000	0%	0	10%	19,000
Foundations	1,376	0%	0	10%	138
Cooperatives*	26,112	0%	0	10%	2,611
Mutuals	7,442	10%	744	10%	744
Total:	230,570		6,384		28,133

Note: the data should be treated as indicative range estimates only. They are based on indicative (and often subjective) assessment of the share of social enterprises among particular groups of entities and other assumptions. The reference periods for which data are available differ and are not available on a regular basis as time series. 2011 has been selected as a reference year given that exist data for various types or organisations either for 2011 or a close period

3.4 Characteristics of social economy entities and social enterprises

The social economy in France constitutes mainly micro and small entities (94.5 per cent of all of the population) and there are only a few large organisations (see Figure 3.1). However, if one looks at the number of employment provided by social economy, importance of large organisations (employing more than 250 people) cannot be neglected as they contribute to approximately 42 per cent of total employment in the social economy sector with the eminent example of some organisations hiring more than 5000 employees such as Caisse d'épargne-Banque populaire (banking sector), Macif (insurance), Maif (insurance), Matmut (insurance), Croix-rouge française (humanitarian aid), Association des paralyses de France (social care) or AFPA (vocational training)⁹⁷.

⁹⁷ CEGES, Rapport Annuel 2011. L'entreprise sociale en mouvement.

Figure 3.1 Size bands of social economy as for 2010

Source: INSEE DADS 2010/ Observatoire National de l'ESS

Note: In fact, these proportions are similar to the whole economy

As regards to social enterprises defined in a narrow sense based on operational definition, there are no estimations on the proportion of micro, small, medium and large organisations as regards to Régies de quartier and enterprises of reintegration by economic activity. However, available data for two out of four specific structures of enterprises of reintegration by economic activity shows that on average reintegration enterprises employed 13 employees, reintegration workshop 19 employees (as of 2008) whereas typical Régie de quartier employed 41.5 full time employees (as of 2010).

As regards to SCIC, as of 2012, 76 per cent employed less than 10 employees (stable proportion since 2010) and 24 per cent employed more than 10 persons. In addition, as of 2011, average employment in SCIC stood at 13.6 employees and the largest SCIC employed 304 persons.

3.4.1 Legal forms

Depending on whether one considers the entities typically enumerated as a part of social and solidarity economy or only those which meet all operational criteria for social enterprises undertaken in this study, the number of legal forms being a subject of analysis would differ very substantially. Under this section, only the legal forms of entities which in principle meet all the operational criteria namely SCICs, enterprises of reintegration by economic activity and Régies de quartier are discussed.

Table 3.5 The legal forms adopted by narrowly defined social enterprises and their key features

Label	Legal form	Key features
SCIC (Société Coopérative d'Intérêt Collectif ⁹⁸)	Cooperative company of common interest operate under the statute of public limited company (p.l.c) or limited company (Co. Ltd.)	<ul style="list-style-type: none"> ■ Enables to associate employees and users and at least another different type of following actors (therefore minimum 3 including employees and users) namely, employees, volunteers, users, local governments, associations, etc. around one project; — Local government can not hold more than

⁹⁸ Law n. 2001-624 from 17th July 2001. Available at: <http://www.les-scic.coop/sites/fr/les-scic/les-scic/textes-loi.html>

Label	Legal form	Key features
		<p>20 per cent of the capital</p> <ul style="list-style-type: none"> ■ Pursue socially beneficial goals; ■ 1 member 1 vote principle as well as accumulation of profit in the form of indivisible reserves guaranteeing autonomy; ■ Allows transformation of association into SCIC; ■ Stipulates minimum level of profit (57.5%) that must be transferred into reserve. Also, in case of the liquidation of the SCIC, this reserve is indivisible and needs be transferred to the new legal entity serving the collective interests; ■ SCIC can benefit from public subvention; ■ The distribution of dividends from the capital is always affected by the size of public subvention.
Enterprise of reintegration by economic activity	<p>Can operate under the status of the company/commercial status, association or SCOP/SCIC.</p> <p>Enterprise of reintegration by economic activity may exist represented under the following forms:</p> <ul style="list-style-type: none"> ■ reintegration workshops (les ateliers et chantiers d'insertion), ■ reintegration enterprises (les entreprises d'insertion), ■ intermediate associations (les entreprises de travail temporaire d'insertion), and; ■ enterprises of temporary work reintegration (les entreprises de travail temporaire d'insertion). 	<ul style="list-style-type: none"> ■ Aim at social and professional integration of some part of the employed staff; ■ Need to comply with the same fiscal, legal and economic obligations as typical companies, for instance need to offer market prices; ■ Enterprise of reintegration by economic activity Provide temporary employment for maximum 24 months for a given individual; ■ Enterprise of reintegration by economic activity can benefit from the public subventions; ■ Can benefit from the subvention of maximum EUR 9,681 per full time post in reintegration per year. There is also a cap on the maximum number of reintegration posts subsidised by the state per each year currently oscillating around 15,000;
Régie de quartier	Operate under the status of association.	<ul style="list-style-type: none"> ■ Employees are inhabitants of the district where Régie de quartier operates; ■ Can benefit from the public subvention; ■ The label of Régie de quartier is granted in the result of attestation procedure conducted by CNLRQ based on Charte of Régies de Quartier⁹⁹; ■ Democratic governance as in any association; ■ Caps on redistribution of profit/assets as in any

⁹⁹ Comité National de Liaison des régies de quartier, 2013. La Labellisation. Available at: http://www.cnlrq.org/dev_reseau.php?id_theme=12&id_rub=95

Label	Legal form	Key features
		association;
		■ No legal rule making asset lock compulsory.

It is important to note that in case of enterprises of reintegration by economic activity, there has been perceptible increase of the number of entities choosing the commercial status at the expense of the status of association. One of the underlying causes was apparently higher likelihood of receiving the external financing (predominantly from conventional banks) when entity uses the commercial status as oppose to the status of association¹⁰⁰.

3.4.2 Business model

Source of income

There is no aggregate data on the annual turnover of the all types of organisations constituting the social economy sector in France. The lack of reliable data concerns in particular associations. However, National Observatory on Social Economy sheds some light on certain segments of the sector¹⁰¹:

- Annual turnover of insurance mutuals in 2011: EUR 21.6 billion;
- Annual turnover of health mutuals in 2011: EUR 20.7 billion;
- Annual turnover of cooperatives in 2012: EUR 288 billion;
- Annual turnover of work cooperatives (SCOP) in 2012: circa EUR 3.9 billion¹⁰²;
- Annual budget of French association in 2012: EUR 80 billion.

Social economy organisations in France draw on hybrid resources based partly on membership fees in case of mutuals, revenue from delivered services and products in case of cooperatives and mix of membership fees, revenue from services and products and financing from public (subsidies, co-financing of salaries) and private sources (donations) in case of associations¹⁰³. In addition, as already highlighted, there has been a clear shift in financing of associations (account for around 80 per cent of employment in social economy) since at least last 7 years. Financing through subsidies has been gradually diminishing while revenue from public contracts grew by 73 per cent since 2005. Therefore, the revenue from subsidies and public contract represent currently 24 and 25 percent of associations' revenue respectively¹⁰⁴.

As regards to social enterprises fully meeting the criteria stipulated in the operational definition (see Table 3.1), total turnover of reintegration enterprises in 2011 (one out of four structures classified as enterprises of reintegration by economic activity) was EUR 517 million¹⁰⁵ and increased by 9.3 per cent from 2010. On average, French SMEs turnover increased by only 4.7 per cent in this period.

¹⁰⁰ Interview with the representative of CNEI on January 29th 2014.

¹⁰¹ Observatoire de l'Economie Sociale et Solidaire, 2012. Panorama de l'économie scial et solidaire. Available at: <http://www.cncres.org/upload/gedit/12/file/observatoire/Panorama%20national%20ESS%202012%20-%20CNCRES%20basse%20def.pdf>

¹⁰² Les SCOP, 2013. Les Chiffres Clés. Available at: <http://www.les-scop.coop/sites/fr/les-chiffres-cles/>

¹⁰³ Observatoire de l'Economie Sociale et Solidaire, 2012. Panorama de l'économie scial et solidaire. Available at: <http://www.cncres.org/upload/gedit/12/file/observatoire/Panorama%20national%20ESS%202012%20-%20CNCRES%20basse%20def.pdf>

¹⁰⁴ H. Sibille, V. Tchernong, 3 December 2013. *Inventer pour préparer l'avenir*. Le Monde.

¹⁰⁵ CNEI, 2013. Observatoire des entreprises d'insertion. Available at: http://www.cnei.org/index.php?option=com_flexicontent&view=category&cid=127&Itemid=83

Data on enterprises of reintegration by economic activity indicate that on average around 78 per cent of their revenue comes from economic activities¹⁰⁶. This may suggest their relative readiness to operate in the competitive environment, without significant assistance from the state.

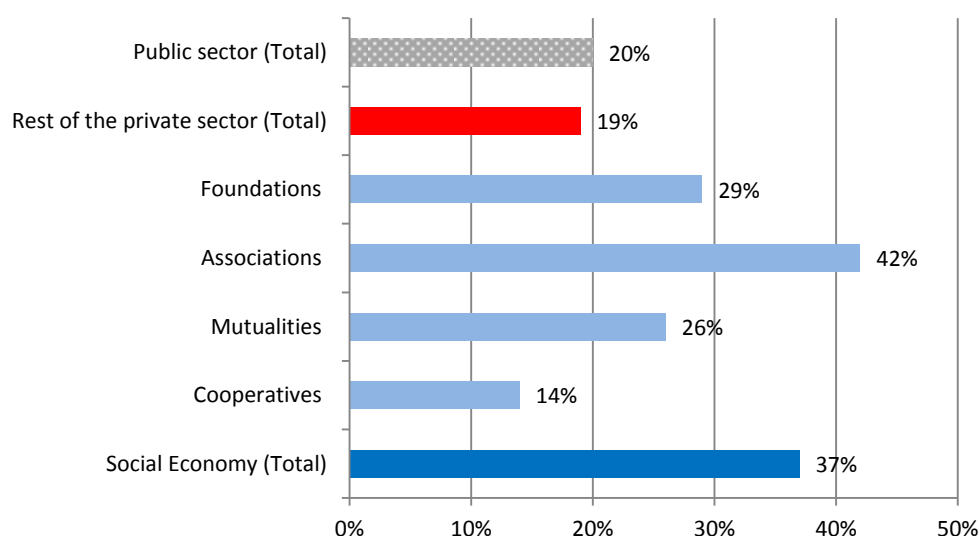
Regarding SCIC, their total turnover was around EUR 118 million in 2011. Moreover, there has been significant dynamic in turnover increase among SCICs. On average annual turnover almost doubled since 2007 and reaching the level of EUR 625,000 in 2011. 28 per cent of them reported annual turnover above EUR 500,000.¹⁰⁷

Regarding Régies de quartier, their turnover as of 2010 was around EUR 100 million with an average value of EUR 730,000 per organisation. Subsidies including contributions to the employees' salaries represented circa 60 per cent of all turnover of the group¹⁰⁸.

Use of paid workers

Figure 3.4 presents details on the type of employment in social economy. Share of part-time workforce is higher than in the rest of private sector and the public one and accounts for approximately 37 per cent of total workforce. Part-time employment is particularly widespread in associations (42 per cent). All associations, cooperatives, foundations and mutuals considered by INSEE as a part of social economy cohort (See Table 3.2) offer paid employment. Paid employment has been in fact one of the criteria used by INSEE in its calculations. However, associations considered by INSEE account for only around 12 per cent of all registered associations in France¹⁰⁹.

Figure 3.2 Part-time employment in social economy sector



Source: Insee DADS 2010 – Traitement Observatoire national de l'ESS / CNCRES - Champ: France entière

As regards to social enterprises defined in a narrow way based on operational definition, vast majority of employment (92.5 per cent) is provided by various types of enterprises of reintegration by economic activity. Paid employment is a rule rather than exception. In case of many enterprises of reintegration by economic activity, temporary contracts are the

¹⁰⁶ CNEI, 2013. Observatoire des entreprises d'insertion. Available at:

http://www.cnei.org/index.php?option=com_flexicontent&view=items&cid=75&id=201&Itemid=89

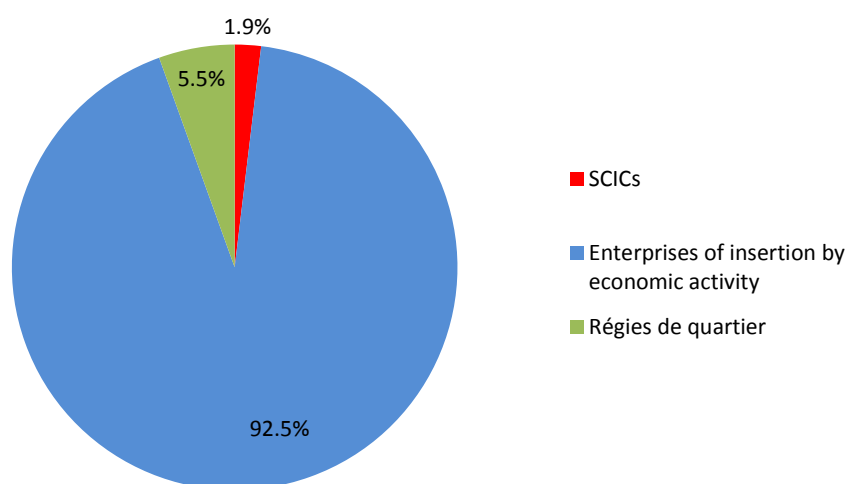
¹⁰⁷ Les SCIC, 2011. Les Scics en chiffre. Available at: http://www.les-scic.coop/export/sites/default/fr/les-scic/media/documents/SCIC_enchiffres_def.pdf

¹⁰⁸ Observatoire Socio-économique des Caractéristiques des Activités des Régies, 2011. Available at: http://www.cnlrq.org/rubs.php?id_rub=9&id_rub2=9

¹⁰⁹ Fédération ASSO, 2013. Available at: <http://asso1901.com/index.php?l=fr>

underlying principle. In addition, the expert from the National Committee of Reintegration Enterprises (CNEI) confirmed the existence of stable trend regarding the proportion of publically supported posts in the total number of employees hired by enterprises of reintegration by economic activity. More specifically, the share of the employees with the reintegration contracts whose reintegration into labour market is the essential aim for the reintegration enterprise has been gradually declining at the expense of regular employees not covered by reintegration contracts, typically better qualified and possessing specific set of skills. Some of the reasons for this decline have been the cap on the number of reintegration contracts¹¹⁰ which are subsidised by the state as well as competitive pressure of classical for-profit organisations and hence the increasing need of skilled labour. This has been particularly visible in the construction sector¹¹¹.

Figure 3.3 Employment in the social enterprises (narrow definition)



Source: Les SCICs en chiffres, CNLRQ, DARES

Social impact

As regards to social and solidarity economy organisations such as association, cooperatives, foundations and mutuals, in broad terms, the social impact is reflected in the nature of services they provide or goods they produce.

This differs from the narrowly defined social enterprises group where enterprises of reintegration by economic activity also known as WISE are most numerous (See Table 3.3). WISE, by definition and in practice, aim social impact through people they employ, albeit with still significant emphasis on the social character of services¹¹². In case of Régies du quartier, each has rather specific form and way of operating and some may chose the reintegration in the labour market as a distinct approach whereas others' social impact may be reflected in features of the services/goods they deliver. More clarity can be observed in case of SCICs which largely exercise their social impact through services/good they provide.

3.4.3 Fields of activity

There are few sectors of French economy where social economy organisations have put particularly marked stamp. As can be seen from Figure 3.4, the share of social economy

¹¹⁰ The limit of publically subsidised reintegration contract has been set at approximately 15,000 contracts per year.

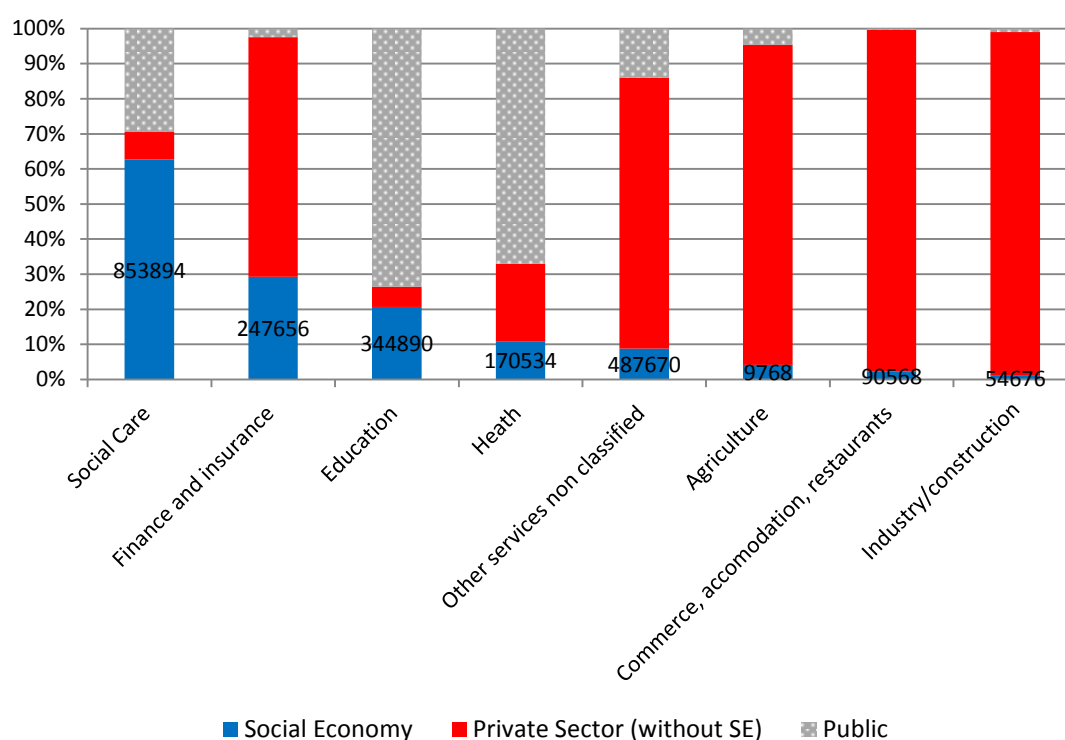
¹¹¹ Interview with the representative of CNEI on January 29th 2014.

¹¹² Comité National des Entreprises d'Insertion, 2013. Available at: http://www.cnei.org/index.php?option=com_flexicontent&view=items&cid=75&id=201&Itemid=89

entities in the social care sector as regards to the total number of employees exceeds over 60 per cent, which accounts for over 850,000 jobs. It is estimated that on average 9 on 10 disabled persons rely on services provided by the social economy organisations. Moreover, 45 per cent of care houses for elderly people¹¹³ are run by the entities from the sector. There is a clear link between social impact, which is in principle particularly evident in services provided directly to vulnerable groups of society, and the willingness to maximise it by many social entrepreneurs and therefore their concentration in social care sector is not surprising. It is also likely that the sector will experience further growth due to the factors such as population ageing.

Other important segments of the economy with significant share of social economy entities are finance/insurance¹¹⁴ and education. In former case, this is largely determined by strength of certain French cooperatives and mutuals operating in the financial sector. In the latter, vocational training and educational services have been traditionally strong areas of presence for many NGOs including associations. Presence of social economy organisations in industry and construction sectors is marginal as regards to typical private sector companies though.

Figure 3.4 Sectors of activity of social economy entities as of 2010



Source: INSEE, clap 2008 – Traitement : Observatoire national de l'ESS / CNCRES

As regards to sectorial concentration of social enterprises fully meeting criteria stipulated in the operational definition (see Table 3.1), SCICs and reintegration enterprises do not concentrate heavily in any particular sector (see Figure 3.5 and 3.6), which is in slight contrast to reintegration workshops (see Figure 3.7). Having said that, in case of SCIC and reintegration enterprise organisations, significant proportion operates in broadly defined environmental sector (e.g. waste management) such as waste management or recycling. Between 2007 and 2010, three sectors with the highest rate of new SCICs were

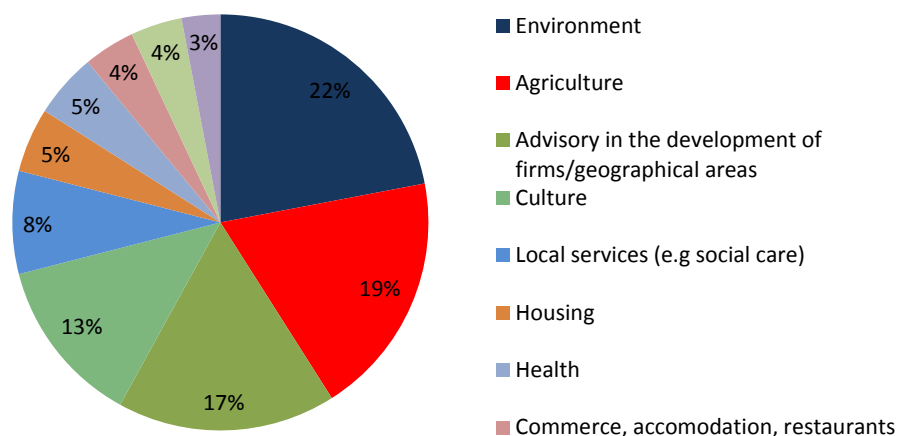
¹¹³ Le Lab de l'Economie Social et Solidaire. *L'entrepreneuriat social: une force de transformation de l'économie*. Available at: <http://www.lalabo-ess.org/?L-entrepreneuriat-social-une-force>

¹¹⁴ Note: including for instance cooperatives of financial sector

environmental sector (29 per cent of all newly created entities), agriculture (18 per cent) and culture (16 per cent)¹¹⁵.

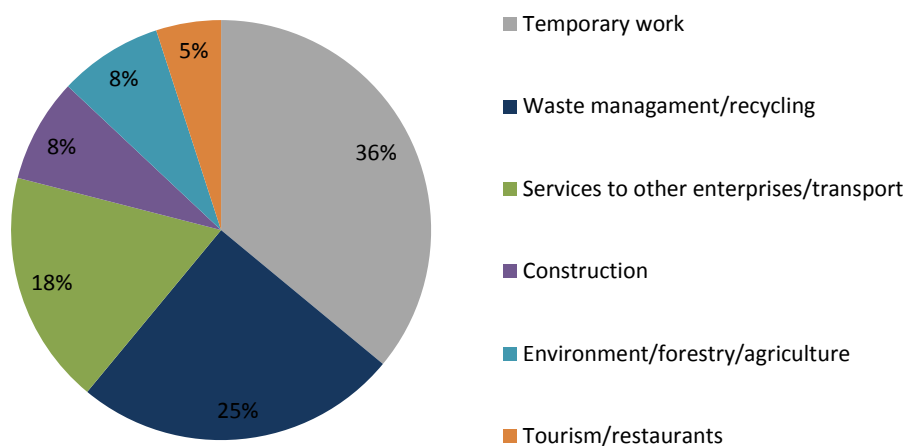
Régies de quartier, as opposed to SCICs and enterprises of reintegration by economic activity, often operate in more than one sector (see Figure 3.8)

Figure 3.5 Sectorial concentration of SCICs



Source: *Les SCIC en chiffres*

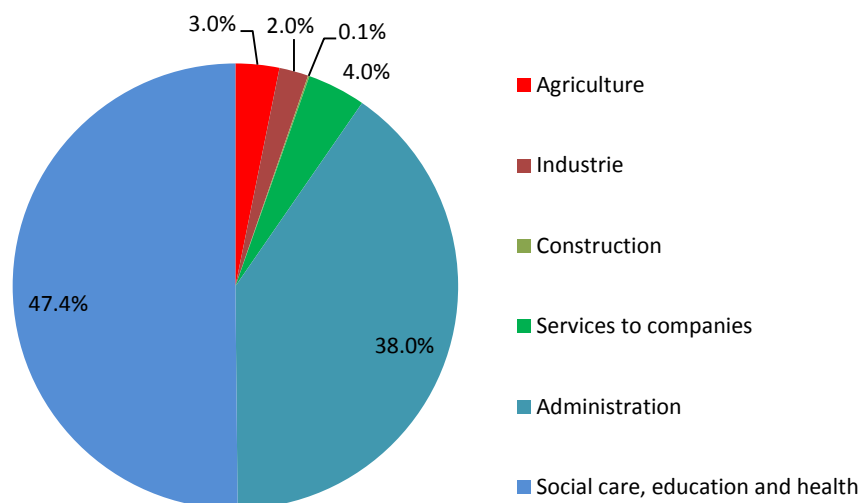
Figure 3.6 Sectorial concentration of enterprises of reintegration by economic activity



Source: *CNEI*

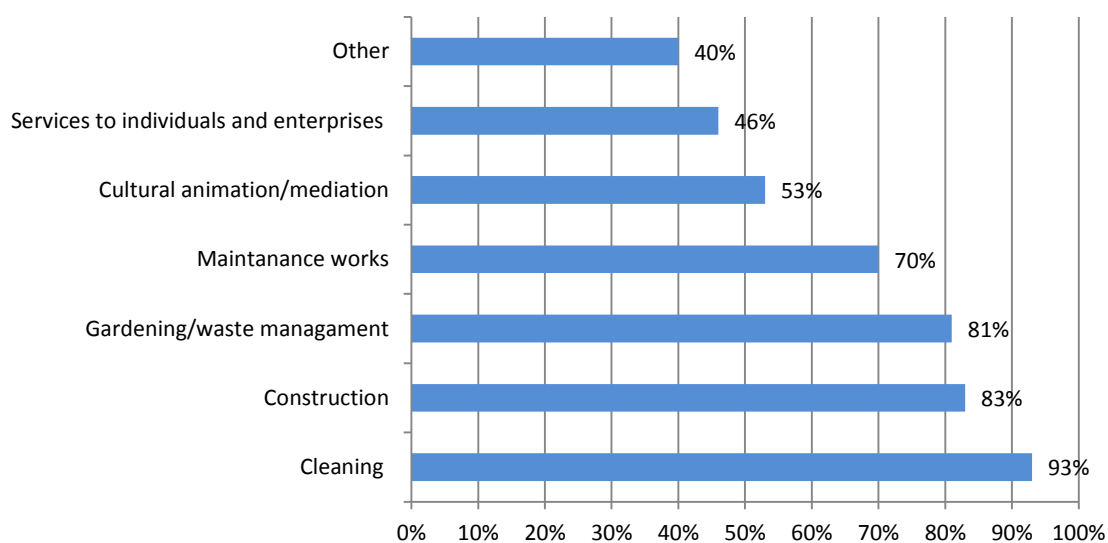
¹¹⁵ *Les SCIC en chiffres*

Figure 3.7 Sectorial concentration of reintegration workshop



Source: DARES Report, 2011.

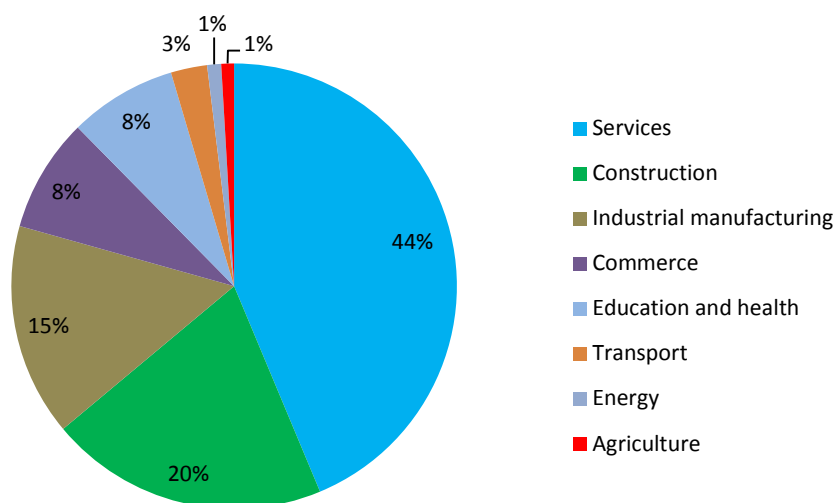
Figure 3.8 Sectorial distribution of Régies de quartier



Source: CNLRQ

As regards to sectorial concentration of worker cooperatives (SCOP) which meet partially the operational criteria, broadly defined services, construction and industrial manufacturing are three main sectors of activity (see Figure 3.9)

Figure 3.9 Sectorial distribution of working cooperatives



Box 3 presents the summary overview of typical fields of activity of social enterprises.

Box 3: Indicative list of fields of activity

- Training/ various forms of internships to help disadvantaged workers enter the labour market;
- Sheltered employment (where disadvantaged workers work for some hours per day with any or just symbolic remuneration);
- Full work integration tailored for disadvantaged people (with job addressed specifically to disadvantaged workers and wages comparable to market ones). There are around 15,000 state-subsidised posts offered by enterprises of reintegration by economic activity each year;
- Providing/improving social and health care for disadvantaged people
- Environmental mission:
 - Reducing emissions and waste,
 - Using natural resources efficiently in particular renewable energy
 - Drawing on the resources available locally.
- Practicing solidarity with developing countries through e.g. promoting fair trade
- Increasing the quality of life for all through producing services and products that meet collective needs and contribute to community and social capital development, through e.g.
 - Delivering social assistance and care services of general interest;
 - Social housing;
 - Producing and distributing healthy and affordable food;
 - Nurturing culture and arts;
 - Providing inclusive and sustainable services and facilities for tourism, recreation and well-being;
 - Providing public services such as community transport;
 - Organising and financing community development;

3.4.4 Target groups

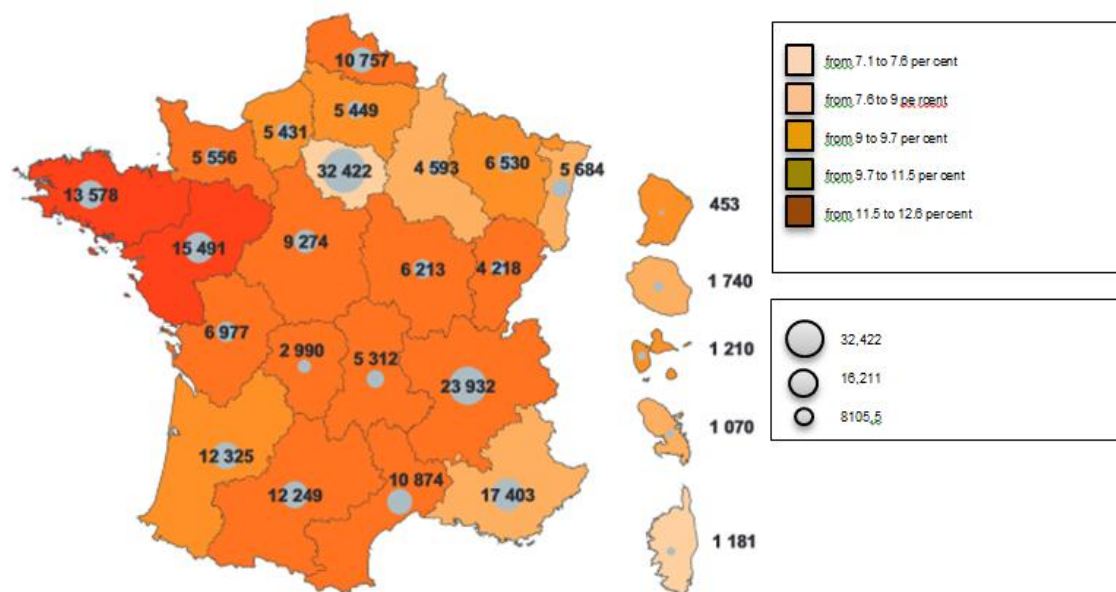
Social enterprises serve range of various groups starting from persons requiring assistance in order to (re)enter labour market (enterprises of reintegration by economic activity) through local communities (Régie de quartier) ending at regular customers interested in certain type

of services or goods (SCICs). It is worth to mention that many social enterprises are inherently embedded in local communities, characteristic that often distinguish them from classical profit-driven companies.

3.4.5 Regional geography of social economy organisations/social enterprises

It is not surprising that the capital region of Ile-de-France hosts the largest number of social economy organisations due to its population but its position is far more balanced by other regions than in comparison to distribution of classical small, medium and large companies (see Figure 3.10). Although there are 32,422 social economy organisations in Ile-de-France, other regions such as Rhône-Alpes, Provence-Alps-Côte d'Azur as well as two western regions of Bretagne and Pays-de-la-Loire (especially if considered as a proportion of all entities in the whole economy in these 2 regions) are certainly not overshadowed.

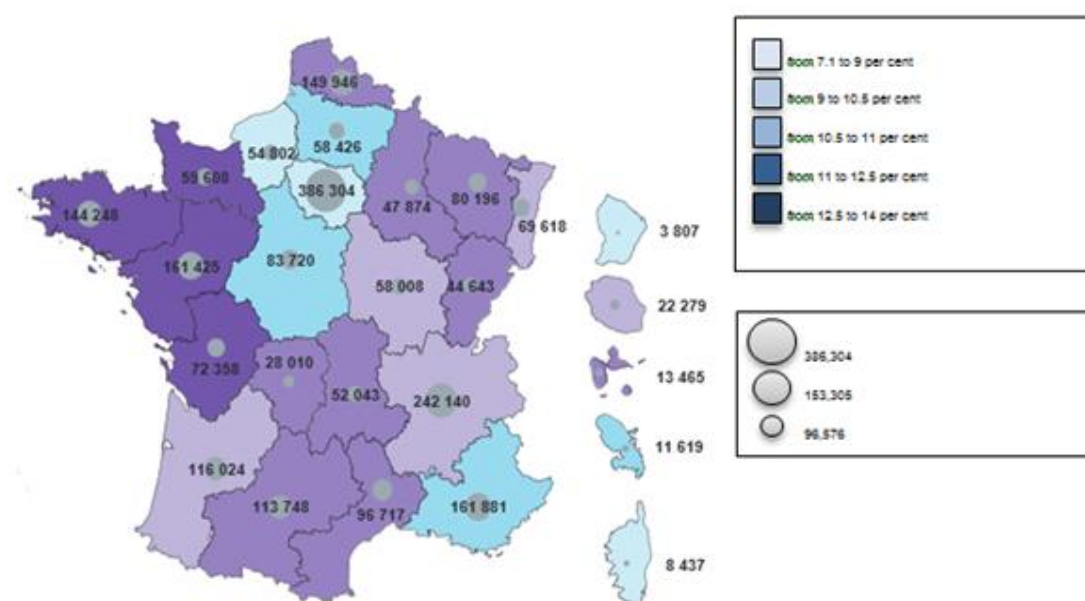
Figure 3.10 Number of social economy organisations by region and their share in total number of enterprises, as of 2011



Source: Observatoire National de l'ESS

Jobs within social economy sector are also more evenly distributed. While there were 386,304 posts in Ile-de-France, 4 regions in the West part of the country arise as a strong nursery of social economy, especially if one considers the proportion of jobs offered by social economy compared to total number of available posts (see Figure 3.11)

Figure 3.11 Employment in Social Economy sector by region and its share in the total regional employment, as of 2011



Source: Observatoire National de l'ESS

In general, social economy organisations exhibit strong localness. Many are embedded in the community and frequently do not operate further than within the limits of the region. Therefore, their decision making centres are often outside of Ile de France/Paris. For instance 75 per cent of 100 most important cooperatives have their headquarters in the region where they operate while 90 per cent of large French enterprises have their decision making centre in Ile-de-France/Paris.¹¹⁶

As regards to social enterprises meeting the operational definition, available data for SCICs shows that three leading regions in terms of number of operating SCICs are Ile-de-France, Languedoc Roussillon and Rhône Alpes with 19, 20 and 25 entities respectively as of 2011¹¹⁷. Table 3.4 provides the detail number of SCICs per region.

Table 3.6 Société Coopérative d'Intérêt Collectif by region, 2011

Region	Number of SCICs
Rhône Alpes	25
Languedoc Roussillon	20
Ile-de-France	19
Provence-Alpes-Côte d'Azur	17
Midi-Pyrénées	15
Aquitaine	12
Pays de la Loire	12
Poitou-Charentes	11

¹¹⁶ Ministry of Economy and Finance, 2013. Available at: <http://www.economie.gouv.fr/economie-sociale-et-solidaire-de-quoi-parle-t-on>

¹¹⁷ Les SCICs en chiffres. Available at: http://www.les-scic.coop/export/sites/default/fr/les-scic/media/documents/SCIC_enchiffres_def.pdf

Region	Number of SCICs
Bretagne	10
Lorraine	8
Nord-Pas-de-Calais	7
Alsace	6
Bourgogne	6
Champagne-Ardenne	5
Basse-Normandie	5
Franche-Comté	4
Auvergne	3
Centre	2
Limousin	2
Picardie	2
Haute Normandie	1
Réunion	1

Source: Les SCIC en chiffres

3.5 Summary of mapping results

Without in-depth and systematic analysis of the broad spectrum of social/ solidarity economy organisations which would require very substantial effort and significant funding, precise estimation of the approximate number of all type of organisations in France that could largely meet the operational criteria is not possible. It is, however, clear that organisations operating under non-profit association statute would possibly account for the majority of organisations broadly meeting all eligibility criteria.

Table 3.7 Mapping the universe of social enterprises and social economy in France

Dimension	Criterion	Entities defined as social enterprises using strict criteria of operational definition			Other types of organisations traditionally regarded as social and solidarity economy organisations			
		Société coopérative d'intérêt collectif (SCIC)	Enterprises of reintegration by economic activity	Régie de quartier	Associations	Foundations	Cooperatives	Mutuals
Core criteria								
Entrepreneurial dimension	Engagement in economic activity	Yes	Yes	Yes	Yes, those considered as a part of the social and solidarity economy (approx. 14 per cent of all associations registered under the 1901 Law)	Yes, but due to lack of reliable data, it is not possible to establish what proportion exactly	Yes	Yes
Social dimension	Social aim (public benefit)	Yes	Yes	Yes	Yes, many of them ¹¹⁸	Yes, most of them ¹¹⁹	Minority of them. Pursuing collective interest of members is not often unequivocal with social aim	Yes, some of them. Nevertheless, many mutuals do not meet the public benefit criterion because they pursue the collective interest of their members only. Yet the units controlled by the mutuals to provide care services called Services de Soins et d'Accompagnement Mutualistes (SSAM) could be considered inside the perimeter of SE. According to the 2011 report

¹¹⁸ According to the data released by INSEE (2011), 56,000 associations are engaged in "public administration, education, health and social action" (but some of them may not meet all the independence and governance criteria). Besides them a share of the 110,000 associations engaged in "other services" could be included.

¹¹⁹ According to the data released by INSEE (2011), 979 foundations are engaged in "public administration, education, health and social action" (but some of them may not meet all the independence and governance criteria). Besides this group, a share of the 247 foundations engaged in "other services" could be included.

Dimension	Criterion	Entities defined as social enterprises using strict criteria of operational definition			Other types of organisations traditionally regarded as social and solidarity economy organisations			
		Société coopérative d'intérêt collectif (SCIC)	Enterprises of reintegration by economic activity	Régie de quartier	Associations	Foundations	Cooperatives	Mutuals
								released by the FNMF, some 700 SSAM are engaged in social and medico-social activities.
Independence and governance	Distribution of profits and/or assets according to defined rules and procedures	Yes	Not explicit, but de facto	Yes, as an association	Yes	Yes	Yes	Yes
	Profit cap - existence of profit cap/ limited profit distribution	Yes	Not explicit, but de facto	Yes, as an association	Yes	Yes	No explicit cap but specific rules concerning cooperatives define such possibility	Yes
	Asset lock - existence of asset lock	Yes	Not formally	Not formally	Not formally	n/a	Yes, if one considers the "the indivisible reserve" principle	Not formally
	Autonomy - organisational autonomy	Not explicit, but de facto	Not explicit, but de facto	Not explicit, but de facto	Depends on the share of public subsidy and/or the composition of the board of direction (CA)	Depends on the nature of the foundation (ex public foundation)	Yes	Yes
	Stakeholder participation - interests of relevant stakeholders are duly represented in decision-making processes	Yes by law (According to the SCIC legal framework, 3 different groups of members are required including necessarily employees and users)	The units operating under an associative status can be considered as including the interest of stakeholders in decision-making processes on the basis of the democratic governance. For	Yes according to the national chart	Encouraged, but not an imperative	Encouraged, but not an imperative	Encouraged, but not an imperative (except for SCICs)	Encouraged, but not an imperative

Dimension	Criterion	Entities defined as social enterprises using strict criteria of operational definition			Other types of organisations traditionally regarded as social and solidarity economy organisations			
		Société coopérative d'intérêt collectif (SCIC)	Enterprises of reintegration by economic activity	Régie de quartier	Associations	Foundations	Cooperatives	Mutuals
			units operating under the SA/SARL legal status, it is more difficult to say.					
Estimated number		220 (2011)	5,300 (2011)	120 (2010)	190,000 ¹²⁰ (2011)	1,376 (2011)	26,112 (2011)	7,442 (2011)
Estimated % meeting eligibility criteria (appx)		100%	100%	100%	~10% but this assumption is subject to a margin of as in-depth analysis would have to be conducted to establish the approximate share (e.g. filter through social aim criteria).	0 to 10% (guesstimate)	0 to 10% (guesstimate)	Minimum ~10%
Estimated number meeting eligibility criteria		220	5,300	120	0 to 19,000	0 to 138	0 to 2,611 (including the SCICs)	Minimum 700 (see social dimension criterion)
Mapping criteria								
Entrepreneurial dimension	Share of income derived from : fees (incl. membership fees); trading income; rental income on assets; income from public contracting (both competitive tenders and direct contracting); grants and donations etc.	Yes	Yes, they sell goods and services	Yes	Circa 60% generate some income from market sources	Some foundations can rely on resources without deriving them from trading or fees.	Yes	Yes

¹²⁰ Enterprises of reintegration operating under the associative legal status as well as Régie de quartier are included here.

Dimension	Criterion	Entities defined as social enterprises using strict criteria of operational definition			Other types of organisations traditionally regarded as social and solidarity economy organisations			
		Société coopérative d'intérêt collectif (SCIC)	Enterprises of reintegration by economic activity	Régie de quartier	Associations	Foundations	Cooperatives	Mutuals
	The use of paid workers	Yes	Yes	Yes	Yes, but only the subset considered as a part of social and solidarity economy.	Yes, but only the subset considered as a part of social and solidarity economy.	Yes	Yes
Social dimension	Fields of activity	Operate in all sectors of the economy including agriculture, culture, environment, various type of services.	Various sectors such as construction, waste management and others	Local development, services to community	Social services of general interest	Social services of general interest	Banking, retailing, agriculture	Insurance and financial services; Social services provision
	Target groups (customers/ users of goods and services provided)	Employees and users	Disabled, long term unemployed	Community members	Divers, depends on their main orientation	Divers, depends on their main orientation	Divers, depends on their main orientation	Not limited by status
Independence and governance	Transparency - a system for measuring and reporting of social impact	No formalised system	No formalised system	No formalised system	No formalised system	No formalised system	No formalised system	No formalised system
Other characteristics								
	Legal forms	A SCIC is a specific form of SCOP which is itself a limited company with specific rules	Mostly associations or limited companies	Associations 1901 Law	Associations 1901 Law	Foundation legal status	General cooperative law + Specific legal framework by type	Health insurance legal code; Mutuality of insurance legal framework

3.6 Social innovation

As already stated, one of the chief characteristics in terms of approach to social enterprise in France is relatively strong emphasis on innovation (mostly social but also to some extent technological)¹²¹ created by social enterprises which reinforces their ability to achieve social impact¹²². Importance of the social innovation has been for instance reflected in regional and national schemes explicitly referring to this term (e.g. in the eligibility criteria for financial/non-financial support). Some interviewees emphasised the particular capacity of social enterprises to deliver the innovative solutions in meeting social needs, the capacity that the state has been often lacking¹²³. For instance, many social enterprises operate very close to their users and are strongly embedded in their communities. It positions them very well in terms of the ability to identify the areas for improvement and the ability to come up with new solutions. The social innovation is also commonly debated by relevant actors.

Unlike in many other Member States, social innovation is not a term limited to a few organisations and some financing schemes already exist¹²⁴. Since 2007, Social Innovation Fund¹²⁵ exists in France financing innovative or experimental projects aiming at increasing the quality of life in the districts facing high social and/or economic difficulties. Between 2007 and 2012, it co-financed 148 projects for the total amount of EUR 4.75 million¹²⁶. It is envisaged that the budget of the Fund is going to be enlarged by additional EUR 20 million which would constitute one of the complementary measures related to New Law on Social and Solidarity Economy¹²⁷. Another example is the PhiTrust Partenaires¹²⁸ providing long term loans for social impact investors, particularly popular among enterprises of reintegration by economic activity.

In 2011, a CSESS working group focused on the aspect of social innovation. It came up with proposals aiming to defend a wider vision of innovation and of public action to promote it, making local areas the first ecosystems to support social innovation and join the actors of social innovation together in a network¹²⁹. Social innovation is becoming more important on the agenda of social and solidarity economy organisations and some authorities and this relates also to its financing. For instance, although the main state agency financing enterprises (OSEO) supports technological innovation but does not recognise (yet) the social innovation,¹³⁰ AVISE and Fondation Crédit Coopératif do.

3.7 Opportunities and barriers

Report of Centre of Strategic Analysis from 2013 indicates that the primary barrier for faster development of the sector is insufficient access to finance, in particular at the start-up stage¹³¹. And indeed, this view is often backed by the insights from the enterprises,

¹²¹ Institut Godin, *L'innovation sociale en pratiques solidaires*, January 2013, Available at: http://www.lexpress.fr/actualite/qu-est-ce-que-l-innovation-sociale_1245336.html

¹²² R, Spear. 2012. Discussing Paper, Peer Review on Social Economy.

¹²³ Interview with the representative of Euclid Network.

¹²⁴ For the list of relevant schemes see: <http://entrepreneur-social.net/innovation/ils-accompagnent/dispositifs-financement-dedies/>

¹²⁵ Le Fond innovation social des ESH. Available at: <http://www.esh.fr/fonds-innovation.aspx>

¹²⁶ Le rapport 2012-2013 du Fonds pour l'innovation sociale. Available at: <http://www.esh.fr/fonds-innovation.aspx>

¹²⁷ Project de loi Economie Sociale et Solidaire. 2013. *Entreprendre autrement pour créer des emplois dans nos territoires*. Available at: <http://www.economie.gouv.fr/files/pjl-ess-dp.pdf>

¹²⁸ PhiTrust Partenaires, 2014. Available at: <http://www.phitrustpartenaires.com/?askconditions=ok&lg=FR>

¹²⁹ J.Faure, 2012. Preparing the ground for innovative responses to current challenges. Peer review on Social Economy

¹³⁰ Social Innovation Exchange, 2013. Six Interview Series: Nicolas Hazard of Le Comptoir de l'Innovation. Available at: <http://www.socialinnovationexchange.org/ideas-and-inspiration/context/interviews/six-interview-series-nicolas-hazard-le-comptoir-de>

¹³¹ Centre d'Analyse Strategique, 2013. Rapport – l'entrepreneuriat social en France. Available at: <http://www.strategie.gouv.fr/content/rapport-l%E2%80%99entrepreneuriat-social-en-france>

academic research and has been also confirmed in course of interviews with MOUVES, CNEI and CEGES, three major network organisations. Interviewee from Ministry of Social Cohesion, however, pointed out that the problem may not be always the insufficient funding, but also lack of information about the available sources of funding which may in fact exist and be available. This would be apparently most valid in case of start-up and early development stage enterprises, often too young to be familiar with many existing sources of capital. It was also mentioned that availability of finance shall be seen in the broad perspective of the whole economy as classical profit-driven SMEs face frequently the identical problem.

Among other specific barriers related to financing, the same report highlights also the lack of commonly accepted measures of social impact to demonstrate the benefits generated by social enterprises limiting their ability to attract investors.

The list presented below enumerates other, frequently indicated types of barriers relevant in the French context based on reviewed literature as well as views expressed by interviewed social enterprises and institutional stakeholders:

- **Lack of clarity in terms of legal form of social enterprise.** Lack of universal and broadly accepted specific legal vehicle makes assessment whether a given organisation shall be considered as social enterprise difficult and subjective. Consequently, this constitutes the problem for some organisations which seek finance. Ashoka France asserts that absence of one broadly recognised legal form is also an issue for public authorities while planning and executing the measures designed to support the sector as it makes the precise identification of target group much more challenging¹³² The significance of this obstacles was highlighted in the recent impact assessment of 'Law on Social and Solidarity Economy'¹³³;
- **Weak credibility of social enterprises.** In particular at the start-up and early growth stage, many founders of social enterprise face lack of credibility which is partly related to the primacy of social impact over profit and hence scepticism of potential investors who are less familiar with the social enterprise concept. Also, some legal structures such as association exclude the usage of certain financial instruments like equity;
- **Underdevelopment of social clauses** which are still rarely available, also for enterprises of reintegration by economic activity¹³⁴.

Nevertheless, there are sound reasons to see the future of the sector with optimism. According to a CSA-Avise survey from December 2010, the social and solidarity economy is extremely attractive to French youth. 75 per cent of them think that they would be more motivated to apply for work in a social enterprise, 91 per cent stated that social enterprises have strong potential for growth and 48 per cent would be ready to create a social enterprise. Another survey commissioned by AVISE revealed that 81 per cent of French have confidence that social enterprises set the right direction for the development of the society while only 45 per cent stated the same as regards to the public authorities¹³⁵.

The social economy during the period of financial/economic crisis has demonstrated high level of resilience and difficult economic conditions do not seem to be more significant barrier than for any other business¹³⁶ To the contrary, some interviewed enterprises see the crisis as an opportunity and admit that there is a perceptible increase in interest from public authorities (refer for instance to the section 2.2) as well as new tangible opportunities for business development – engagement of social enterprises in the delivery of services which have been typically provided by public authorities as a response to the fiscal problems of the

¹³² Interview with Ashoka France representative which took place on October 10th 2013.

¹³³ Sénat de la République Française. 2013. *Etude d'impact – projet de loi relatif à l'économie sociale et solidaire*.

¹³⁴ Opinion of the Cabinet of the Minister of Social and Solidarity Economy in France.

¹³⁵ La Croix, 2011. Entreprises sociales. Tendances 2011. Available at: <http://www.entrepreneur-social.net/-Bibliotheque-.html>

¹³⁶ R. Spear, 2012. Peer review on Social Economy. France 2012.

state. Only in 2011 the employment in the enterprises of reintegration by economic activity increased twice as much as in the SMEs¹³⁷.

There has been a marked progress in the development of institutional environment of Social economy over last several years to mention only the establishment of the new post of Minister of Social and Solidarity Economy, creation of Public Investment Bank (BPI France), or numerous initiatives undertaken at Regional level¹³⁸. Nevertheless, it should be noted that this environment is geared toward broadly defined social and solidarity economy and not social enterprises defined in a more restrictive way. And indeed, this more inclusive approach is likely to prevail, with the implications concerning the form and scope of future initiatives and hence the evolution of the sector.

Below is presented the list of several factors contributing to the growth of social economy organisations in France and it seems plausible to assume that they may be in many instances similar for narrowly defined social enterprises:

- **Perceptible raise in attention of public authorities.** New institutional structures directly supporting the social and solidarity economy entities have been created. Public authorities have demonstrated a genuine interest in the development of the sector which also contributed to the increase in its visibility and recognition among general public. Moreover, it is plausible that in the foreseeable future social economy/social enterprises will continue to attract the increasing attention from French public opinion, authorities, finance providers, media, etc;
- **Increasing number of contracts from the public authorities.** In particular since the crisis when welfare system has been a subject of serious cuts, social economy organisations became one of the alternatives providing an opportunity for more cost effective delivery of certain services which were typically provided directly by the state. This trend seems to be confirmed by the existing data on financing of French associations. Between 2005 and 2011, the total amount of subventions dropped by 17 per cent whereas the total value of public contracts commissioned to associations increased by 73 per cent over the same period of time which gives the growth of over 10 per cent on annual basis¹³⁹. And although it is hard to extrapolate this trend to other social economy organisations or narrowly defined social enterprises due to lack of sufficient data, this shift in financing model from simple subvention to contractual form delivery of service for payment, may be a sign of maturing of the sector and its increasing ability to compete;
- Finally, some also argue that an ongoing shift from subventions to contracts has been also motivated by some concerns of public authorities whether the use of subvention in a specific context does not breach the EU rules on the state aid¹⁴⁰.
- **Gradual increase in the available financing (excluding subsidies).** It is not surprising that there is a relationship between supply of finance and dynamism in creation/development of social enterprises. Although it is difficult to assess how strong is the causality between increase of available finance and pace of creation/development of social enterprises, France Active and CNEI confirm its vitality as regards to enterprises of reintegration by economic activity specifically¹⁴¹. And as the insufficient access to finance is believed to be a primarily barrier for the development of social economy

¹³⁷ CNEI, 2012. Observatoire des entreprises d'insertion. Chiffres Clés.

¹³⁸ See for instance: Les régions agissent pour l'économie sociale et solidaire. Available at: <http://www.essenregion.org/>

¹³⁹ V. Tchernonog, 2013. Le financement public des associations entre subvention et commandes. Available at: http://www.associations.gouv.fr/IMG/pdf/27Juin_financement_public.pdf

¹⁴⁰ M. Mendell, B. Enjolras and A. Nova, 2010. L'économie sociale au service de l'inclusion au niveau local: Rapport sur deux region de France: Alsace et Provence – Alpes – Côte d'Azur. OECD

¹⁴¹ AVISE, 2012. Le Livre Blanc 2011. Développer l'Entrepreneuriat Social. Available at: <http://www.entrepreneur-social.net/-Bibliotheque-.html>

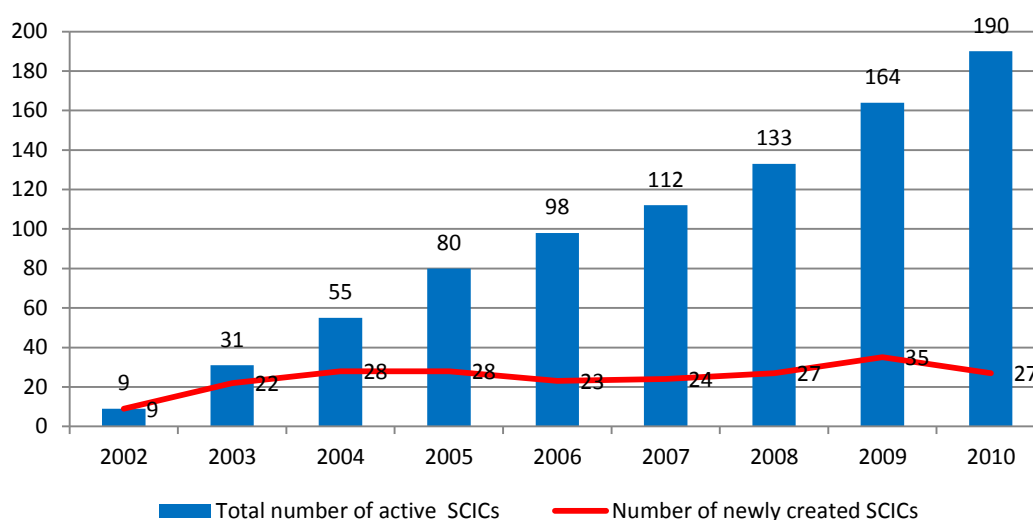
organisations¹⁴², increase of available finance could be, by simple analogy, primarily factor for its expansion. Increase in available public financing for social and solidarity economy is one of the major intention of the new 'Law on Social and Solidarity Economy' and related initiatives, and will probably result in increase of its supply in the foreseeable future¹⁴³;

- **Availability of legal vehicles which suit the needs of social entrepreneurs.**

Enactment of new law on SCIC (Société Coopérative d'Intérêt Collectif) in July 2001 was some response to needs of social entrepreneurs, although resulted in the creation of only around 200 entities over the period of 10 years (See Figure 3.12), also due to lack of familiarity with this vehicle and partly due to restrictive legal form.

Figure 3.12 illustrates both, the number of newly created SCICs and raise of total number over the period 2002 and 2010. Again, although new legal vehicle enabled to create new SCICs, it seems that their total number has been rather less than modest. It is expected that the 'New Law on Social and Solidarity Economy' should bring an improvement in this respect.

Figure 3.12 SCICs population – newly created and total number between 2002 and 2010



Source: Les SCICs

Note: As of end of 2013, there were approx. 315 active SCICs.

And indeed, consultations with stakeholders and social entrepreneurs suggested that new 'Law of Social and Solidarity Economy', may be a strong determinant for growth of the sector. It should be also noted that distinct legal form means easier recognition and potentially more effective targeting by various public policies.

Furthermore, although the legal status of enterprises of reintegration by economic activity at current form has existed since 1998, the legislative change and an explicit enumeration of its role and competences in the Law on Social Cohesion from 2005¹⁴⁴ was a factor for its expansion¹⁴⁵.

- **Increasing number of partnerships with for-profit companies.** Traditionally, social enterprises have tended to collaborate more frequently with public authorities than private peers. It has been indicated by the representative of Ashoka France, whose one of the objective is to enable the partnership between social enterprises and classical for

¹⁴² See for instance the Report of Centre of Strategic Analysis on Social Entrepreneurship in France from 2013

¹⁴³ Sénat de la République Française. 2013. *Etude d'impact – projet de loi relatif à l'économie social et solidaire*

¹⁴⁴ Loi n. 2005-32 from 18 January on the Programming in Social Cohesion. Available at:

<http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000806166>

¹⁴⁵ Direction de l'animation de la recherche (DARES), 2011, *L'Insertion par l'activité économique en 2008*.

profit business, that interest and actual number of partnerships has been growing gradually for several years. There is no data whether significantly more intense cooperation between for profit and narrowly defined social enterprises has taken place recently but existing trend within the whole social and solidarity economy could suggest so. For instance, one example is the concept of '*mécénat de compétences*', gaining increasing popularity among foundations and associations on one side, and some for profit organisations on another.¹⁴⁶ In addition, representatives of the cabinet of the Minister of Social and Solidarity Economy pointed also to Territorial Centres for Economic Cooperation (Pôles territoriaux de coopération économique) as the platforms creating favourable conditions for the cooperation with typical profit driven companies.

- **There has been also noticeable growth in popularity of research and teaching on social economy** with example of Grades Ecoles, Sciences Po Paris and HECs incorporating them into their teaching programmes and research. Nonetheless, it is believed that demand for specific courses still exceeds the supply¹⁴⁷.

In general, some indicate that sectors with particular potential for expansion for social and solidarity economy organisations are social care and healthcare¹⁴⁸. Demographic changes and increasing pressure on public finances reflected in ongoing retrenchment of fully subsidised healthcare services open up new opportunities for social and solidarity economy organisations which in fact have already established their strong presence in these sectors. These ongoing structural changes have already led to new types of partnerships (e.g. private insurance companies with social economy organisation) and triggered work on new legislative proposals to adopt existing legislative environment to new emerging forms.

However, some sector may not constitute as fertile ground for growth or expansion as may seem. Green economy sector may not present the same opportunities, neither for narrowly defined social enterprises nor social economy organisations. Although 29 per cent of all newly created SCICs over last few years operate in environmental sector where some enterprises of reintegration by economic activities also have done well, it is probably not less attractive for classical French companies which also performed well in this sector. And contrary to green economy where classical for-profit companies are believed to be well equipped to expand, some stakeholders do not consider it as a field of particularly dynamic growth for broadly defined social economy organisations in the future. Mainly due to relatively high level of required investment and stiff competition.

3.8 Future perspectives

As already stated, there is no common understanding of the term 'social enterprise'. Moreover, terms 'social economy' and 'social and solidarity economy' are much more frequently used. Importantly, they also have much broader and inclusive scope. Therefore, it is hard to talk without any ambiguity about 'social enterprises' in the French context and instead, the debate driven by the key stakeholders such as network organisations or public authorities focuses on social economy or social and solidarity economy. It is also very likely that this inclusive approach favouring various type of entities gathered under the labels of social economy or social and solidarity economy will prevail. Also with the implication for the whole eco-system which is now (and probably will remain for foreseeable future) tailored to broad spectrum of organisations rather than narrower niche of 'social enterprises'.

¹⁴⁶ Fondation de France, 2013. *Quid du mécénat de compétences?* Available at: <http://www.fondationdefrance.org/Votre-espace/Patrimoine-et-finance/Notre-expertise/Les-dossiers/Quid-du-mecénat-de-compétences>; and CNCRES, 2012. *Formations transversales en économie sociale et solidaire et insertion professionnelle*. Available at : http://www.cncres.org/upload/gedit/12/file/observatoire/Etude_formations_ESS_CNCRES_2012.pdf

¹⁴⁷ Ibidem

¹⁴⁸ For instance interview from 20th December 2013 with the representative General Mutuality of National Education (MGEN) and Interview with the representative of Ministry of Social Cohesion/French Supreme Council of Social and Solidarity Economy from 30th December 2013.

One should also bear in mind that any attempt of restrictive labelling may lead to open contestation of excluded groups. Probably also for a reason that the state has been traditionally an active actor and being outside of the group could be seen as a risk of losing access to certain support instruments provided.

Generally, France is often seen as a vanguard of social entrepreneurship (irrespective of the different traditions concerning the way how social enterprise is defined). And this is for a good reason. The social economy sector accounts for approximately 10 per cent of the total employment in the country. Broadly defined social and solidarity organisations as well as social enterprises defined in a narrow way in this study represent the richness of forms, sectors of activity and variety of business models. They have been also quite successful in social innovation.

It is plausible to assume that in the foreseeable future, the continuous retrenchment of the welfare state will create new growth opportunities, for instance in health and social care. One may also see the continued increase in the share of public contracts awarded to the social economy organisations and simultaneous decline in the subsidies. Raising awareness of public opinion should create the fertile ground for the development of new forms of social impact activities and result in the increase of demand for it.

Annex 1 Comparative overview of the legislative framework for associations, Société par action simplifiée (SAS) and cooperatives

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
1	<p>An association is defined as an agreement whereby two or more persons pool together their knowledge or activity for a purpose other than sharing profits.</p> <p>Associations can choose virtually any business purpose or goal, commercial or charitable; however, the profit of the activity cannot be distributed to its members.</p> <p>Associations can be either unincorporated or incorporated.</p> <p>An association pursuing a public interest purpose can become an ARUP (association reconnu d'utilité publique) after fulfilling certain criteria and requesting authorisation from the Home Secretary.</p> <p>In order for donors tax reduction from income tax, the association must pursue a public interest purpose ("intérêt general") as defined in the general tax code.</p> <p>Social enterprises most often use the incorporated non-profit "public interest" association for its legal form in order to reduce the legal, social and fiscal costs associated with a company and in order to attract donations.</p>	<p>A SAS is a commercial company and is commonly used by for-profit organisations.</p> <p>A SAS is typically established with commercial aims, to distribute profits to its shareholders. A company established with solely commercial aims would not be considered a social enterprise.</p> <p>A SAS with only one shareholder is called a SASU (société par actions simplifiée unipersonnelle). The main advantage of a SAS is that there are very little restrictions on how the company is structured and governed.</p> <p>The Articles of Association of a SAS can be drafted to provide for the features of a social enterprise.</p>	<p>There are many types of cooperatives in France. The two main types of cooperatives used by social enterprises are: (i) a Société Coopérative Ouvrière de Production (SCOP) and (ii) a Société Coopérative d'Intérêt Collectif (SCIC).</p> <p>These cooperatives can take the form of one of the following commercial company legal forms :</p> <ul style="list-style-type: none"> ■ Société Anonyme (SA); ■ Société à Responsabilité Limitée (SARL); ■ (and eventually) a Société par actions simplifiée (SAS). <p>The SCOP cooperative is governed by the same regulations as the for-profit company (SA, or SARL) with the exceptions that employees are required to have a majority vote in the General Assembly and a protection from a buyout by for-profit company.</p> <p>The SCIC cooperative is again governed by the same regulations as the for-profit company (SA, or SARL) but the primary purpose of the SCIC must be the production or the sale of products that offers a social benefit ("caractère d'utilité sociale") and the purpose must contain both a social (collective interest) and economic purpose (production). There is no requirement of a majority vote for employees.</p> <p>The main difference between the two types of</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
			cooperatives (SCIC and SCOP) is that a SCIC cooperative can involve a larger community of stakeholders in the project (clients, volunteers, municipalities, private partners, suppliers etc.).
2	Loi de 1er janvier 1901 relative au contrat d'association Décret du 16 août 1901 pris pour l'exécution de la loi du 1er juillet 1901 relative au contrat d'association	Loi n°94-1 du 3 janvier 1994, loi n°99-587 du 12 juillet 1999, and loi n° 2008-776 du 4 août 2008 codified in the commercial code under articles L227-1 to L227-20; and L244-1 to L244-4.	SCOP: Loi n° 47-1775 du 10 septembre 1947 portant statut de la coopération; and Loi n° 78-763 du 19 juillet 1978 portant statut des sociétés coopératives ouvrières de production (Cf : Articles L231-1 of the Commercial Code) modified as well as the laws governing civil and commercial companies. SCIC: Article 36 de la loi n° 2001-624 du 17 juillet 2001 portant diverses dispositions d'ordre social, éducatif et culturel, inséré dans le Titre II ter de la loi n° 47-1775 du 10 septembre 1947 portant statut de la coopération.
3	Not exclusively for social enterprises. Associations can choose virtually any purpose (for-profit or non-profit) provided that the purposes comply with the Articles of Association and the profit of the activity and assets of the association are not distributed to its members. Non-profit "public interest" (intérêt general) associations must pursue a public interest purpose as defined by law.	Not exclusively for social enterprises. A SAS can pursue any legal purpose. The social purpose of a social enterprise in the form of a SAS may include a reference to the social enterprise's social aim(s). Unless the Articles of Association include entrenchment provisions, the purpose of a SAS can be amended by special resolution of the shareholders if such provision is written in the Articles.	Not exclusively for social enterprises. A SCOP cooperative can pursue any purpose unless the Articles of Association state otherwise so long as the employees hold a majority stake in the capital. A SCOP cooperative contains one of the main characteristics of a social enterprise (limits on distribution of profits and assets) and promotes other social enterprise qualities such as democracy, transparency, and equality in the management of the company and the distribution of profit. A SCIC cooperative, on the other hand, contains the

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
			<p>four main characteristics of a social enterprise embedded in its structure (i.e., economic activity and social purpose, limits on distribution of profits and assets, stakeholder participation, and independence). A SCIC also requires that its purpose benefits the community and makes a profit for its members.</p> <p>Unless the Articles of Association include entrenchment provisions, the cooperative's Articles can be amended by special resolution of the members.</p>
4	<p>If the founders wish to incorporate the association, they must send an application to the local prefect (prefecture) including a completed declaration form along with the Articles of Association and meeting minutes approving the association's creation and must be published in the official journal (JORF).</p> <p>No legal formalities or registrations are required to set up an unincorporated association (which has no legal personality).</p>	<p>A SAS must be registered and incorporated. An application must be made to the Centre of Company Formalities (Centre de Formalite des Entreprises) ("CFE") or the Registry of the Commercial Court ("Greffé du Tribunal de Commerce") to establish a SAS along with its Articles of Association and Certificate of capital deposit in a French bank account.</p>	<p>The incorporation process for a cooperative is the same as a regular for-profit company.</p> <p>An application must be made to the CFE or the Registry of the Commercial Court along with Articles of Association and Certificate of capital deposit in a French bank account.</p> <p>To receive "SCOP", a prefect permit must be requested and obtained from the Minister of Labor and the General SCOP Confederation.</p> <p>There are no requirements to receive "SCIC" status.</p>
5	<p>There is no minimal amount of capital assets fixed by the law.</p> <p>An ARUP must present a minimum endowment now specified by law.</p>	<p>There is no minimal amount of capital assets fixed by the law; nevertheless a capital has to be fixed by the Article of Associations.</p>	<p>If the cooperative is a SARL, there is no minimum capital.</p> <p>If the cooperative takes the form as a SA, the minimum capital is €18,500.</p>
6	<p>There are no governance requirements set out by law, except for ARUPs which must have a</p>	<p>The only requirement is that a president represents the company. The President is responsible for the</p>	<p>The members of a SCIC or a SCOP must appoint the governing bodies or persons. In a SCOP, most of</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	<p>board of directors.</p> <p>It is common to have a board of directors and at least three officers (secretary, president and treasurer).</p> <p>In practice, the members of the association appoint board members.</p> <p>If the association decides to create a board of directors, the directors (or president) must: properly manage the association, exercise independent judgement, avoid conflicts of interest, and declare an interest in proposed transactions or arrangements ("conventions réglementées").</p> <p>To the extent that the association exists for a social purpose, as set out in the Articles of Association, the obligation of the directors is to advance the social purpose rather than to promote the success of the association for the benefit of members.</p>	<p>administration and management of the company.</p> <p>There are no requirements set out by law for board members. This information can be decided upon by the members of the SAS and inserted in the Articles.</p> <p>After incorporation, the Articles of Association determine the appointment process. If the SAS contains a board of directors, directors are usually appointed by resolution of the other directors or the shareholders. The power to appoint new directors can be given to persons who are not directors or shareholders of the company.</p> <p>When a person acts as a director of a company, he or she must act in good faith and in the best interests of the company. French law takes a broad approach to the concept of fiduciary duty which includes a duty to the company itself, to its employees and its employee representative bodies, to other third parties and to the public at large. As a general rule, a director of a company must not carry on business in any manner likely to create a substantial risk of serious loss to the company's creditors.</p>	<p>the members are employees; thus, the governing bodies are essentially appointed or removed by the employees.</p> <p>The requirement to have a board will depend upon the type of legal form.</p> <p>A SARL does not require a board of directors.</p> <p>A SA requires a board of directors between 3 and 18 members which oversees the management of the legal form.</p> <p>A SCOP using an SARL legal form must have a supervisory board (conseil de surveillance) if more than 20 employees are hired.</p> <p>The members appoint board members of a SA in a General Assembly. The power to appoint or remove board members cannot be given to persons who are not members or registered stakeholders of the cooperative.</p> <p>When a person acts as a director of a company, he or she must act in good faith and in the best interests of the company.</p>
7	<p>Legal form does have members.</p> <p>Associations can create any category of members. Unless otherwise stated in the Articles of Association, the general assembly of members is considered as the "sovereign rule" of an association and is competent to intervene as the decision-making body.</p>	<p>Legal form does have members.</p> <p>The first members (also known as shareholders) are those people who hold stock in the company and sign the Articles of Association. Subsequent members are admitted in accordance with the Articles.</p> <p>Depending upon the way in which the Articles are</p>	<p>Legal form does have members.</p> <p>The ultimate control of the SCIC or SCOP cooperative rests with the members (shareholders) because of their rights to attend, speak and vote at meetings.</p> <p>In a SCOP, employees working for the SCOP must hold at least 51% of the share capital and at least</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	<p>The Articles of Association define the role and rights of members. In practice, members approve annual accounts, approve modifications of the Articles of Association, and appoint board members.</p>	<p>drafted, the ultimate control of the company could rest with the shareholders or with the President. According to French law, the following decisions must be made by the shareholders:</p> <ul style="list-style-type: none"> ■ Increase or amortisation of the capital; ■ Merger, split, partial sale of shares; ■ Modification of the Articles; ■ Approval of annual accounts; ■ Dissolution; ■ Change of the form of the company. <p>The shareholders also have the right to receive the annual accounts, including the directors' and auditors' reports. They also have the right to attend, speak and vote at annual meetings.</p> <p>The law does not require that shareholders of a SAS vote on the approval or removal of the President. However, such provision could be included in the Articles.</p>	<p>65% of the voting rights. Moreover, each member receives one vote (regardless of the number of shares held).</p> <p>Any new employee may become a member (shareholder) of the cooperative in accordance with the provisions of the Articles. Unless the Articles state otherwise, refusal to become a member shall result in the termination of the employment contract of that member. External non-employee investors must hold no more than 49% in the share capital and 35% of the voting rights in a SCOP.</p> <p>In a SCIC, members must be divided into at least three categories (employees, beneficiaries and another category (i.e., financial, municipalities, etc.)). Each member or member group receives one vote.</p>
8	<p>The members are represented at the General Assembly as defined in the Articles of Association. In practice, a General Assembly is held once a year to approve the budget and accounts, nominate board members, and review the president's report on the main decisions that have been made and any future perspectives.</p> <p>All members can appoint a proxy to attend, speak and vote at a members' meeting.</p>	<p>A SAS is required to hold at least one annual general meeting (an "AGM"), the Articles of Association usually state the delay under which the meeting shall be held, except for a SAS with only one shareholder where the approbation has to be done no later than six months before the end of the fiscal year. The modalities of the convocation of the meeting are usually provided by the Articles of Association. The period of notice must be at least 15 before the meeting days.</p>	<p>Members actively participate in making strategic decisions of the cooperative and in the management of the cooperative. They usually exercise their voting rights (one member (or member group) equals one vote) in a General Assembly held in accordance with the Articles of Association.</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	Members' resolutions are usually ordinary resolutions which are passed by a simple majority (51% or more) of members eligible to vote and voting, or special resolutions which are passed by 67% or more members eligible to vote. Certain decisions, such as amendments to the Articles of Association, can only be made by special resolution.	<p>Unless provided otherwise in the Articles of Associations, all shareholders can appoint a proxy to attend, speak and vote at a shareholders' meeting. The proxy does not have to be another member. Proxies can vote whether on a show of hands or a poll, if shareholders have more than one vote depending on shareholding.</p> <p>Certain decisions, such as amendments to the Articles of Association on provisions dealing with the shareholders' approval in the event transfer of share or the possibility to exclude one shareholder require to be approved unanimously by shareholder.</p>	
9	This legal form does not have shares.	<p>Legal form has shares.</p> <p>Shares usually carry voting rights (one share – one vote) but this is not necessarily the case. The rights attaching to the shares are set out in the Articles of Association.</p>	<p>This legal form does not have shares.</p> <p>Voting rights are attached to the member.</p>
10	Not applicable to this legal form.	<p>Dividends are distributed on paid-up share capital.</p> <p>The Articles of Association usually contain express provisions regarding the declaration and payment of dividends.</p> <p>A SAS company with more than 50 employees and which intends on distributing a dividend the amount of which is higher than the average of the dividends distributed over the last two fiscal years, is required by law to pay an additional percentage (up to 20%) of profits to its employees ("prime dividende").</p>	<p>Dividends are distributed on paid-up share capital provided that the rules for distribution have been followed. However, in practice, profit is usually allocated to non-distributable reserves rather than distributed.</p> <p>A SCOP may make distributions out of the profits available and only after the profit is distributed into the three following parts:</p> <p>Employees: at least 25% of the profit is distributed to all the employees in the form of an employee profit sharing scheme (participation et intéressement); Members: distributed to all shareholders in the form of a dividend. This dividend must be inferior to the</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
			<p>combined percentage of the “Employee” and “Legal Reserve” part; Legal Reserve: a minimum of 15% of the profit is deposited into the legal reserve and cannot be distributed.</p> <p>A SCIC functions differently. Unlike a SCOP, the Articles of Association determine how dividends are distributed. However, the annual amount allocated to reserves must be at least 50% of the profit. In practice, most of the profits made in a SCIC are reincorporated into the reserves. Dividends are capped at the bank interest rate.</p>
11	No legal provisions regarding reserves.	There is no distribution of reserves.	<p>In practice, profit is usually allocated to non-distributable reserves rather than distributed (at least 50% for SCICs and at least 40% for SCOPs).</p> <p>The Articles of Association of a SCIC determine the annual amount allocated to reserves; however this amount must be 50% or more of the profit.</p>
12	No requirement to allocate surpluses to compulsory legal reserve funds.	The law requires that at least 5% of the profits must be deposited in a “legal reserve account”. This requirement disappears once the legal reserve account contains 10% of a company’s profits.	<p>For a SCOP, a minimum of 15% of the profit is deposited into the legal reserve and cannot be distributed. One percent is dedicated to a development fund for short-term goals. In practice, the legal reserve is composed of between 40-45% of the profit and is set aside to contribute to the sustainability and development of the cooperative.</p> <p>For a SCIC at least 15% of the reserves must be allocated to a legal reserve account.</p>
13	Refunds not applicable to legal form.	Refunds are not applicable to this legal form.	When a member leaves the cooperative, he/she may only be reimbursed for his/her contribution to the

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
			capital.
14	<p>An association, including non-profit associations, can engage in a fully economic activity. The limits imposed will differ depending upon the type of association.</p> <p>If the association decides to pursue a public interest purpose, it cannot undertake an economic activity unless its turnover does not exceed €60,000 per year or the economic activity is limited.</p> <p>In addition, (non-profit public interest) associations can engage in economic activity provided that the Articles of Association authorises it and the members remain impartial and do not benefit from the profit.</p> <p>The association may create for-profit or non-profit subsidiaries in order to conduct its economic activity. However, these for-profit subsidiaries will still be subject to the general business, social, and professional taxes on profit as well as VAT.</p>	<p>The business purpose set out in the company's Articles of Association may include a reference to a social enterprise's social aim(s). If this is the case then the company should only pursue economic activity which is consistent with the stated social aim.</p>	<p>There are no limits on the ability to trade.</p> <p>However, a SCIC must show that the economic activity relates to its social purpose.</p>
15	<p>Members normally pay a membership fee to participate in the association. However, this amount is usually a minimal amount and is not enough to support the activities of the association.</p> <p>A member can also make grants or loan money to the association provided that the interest rate does not exceed the average bank interest rate; however loan contracts between members</p>	<p>The company can allot or issue shares to its shareholders to raise capital.</p> <p>Shareholders often have a pre-emption right over shares. However, this is not required by law.</p>	<p>Subject to restrictions stated, the cooperative can allot or issue shares to its members to raise capital.</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	and the association are heavily regulated and carry high risk of being liable for indirect private inurement.		
16	<p>An association can attract external investment through the sale of equity (which is rarely used by associations) or loans. An association can also attract contributions in the form of sponsors, donations, and grants.</p> <p>The investor is not required to become a member of the legal form.</p> <p>Under current legislation, in order to qualify for the sale of equity, an association is required to:</p> <ul style="list-style-type: none"> ■ register with the company and commercial registry (RCS); ■ pursue an economic activity for at least two years prior to trading equity; ■ appoint a governing body and representative to manage the equity; ■ hold a general assembly at least once a year to approve the annual accounts. 	<p>A SAS can access external investment in the same way as a for-profit commercial company.</p> <p>A company can be financed by offering equity in the company in return for external investment, loans or other forms of debt.</p> <p>An investor who makes an equity investment into the company by purchasing shares, will become a member of the company.</p> <p>If the investor is providing a loan or purchasing bonds, an investor does not become a shareholder, unless the specific investment grants access to capital.</p>	<p>A SCIC or SCOP cooperative can access external investment. Investors could become a shareholder but they can never become majority shareholders in a SCOP. In practice, at least 45% of the profits in a SCOP are distributed solely to the employees and, as a result, investors benefit from only a small percentage of the profits distributed as dividends. SCIC Investors can receive no more than the bank interest rate of return on dividends in a SCIC.</p> <p>An investor who makes an equity investment into the cooperative by purchasing shares will become a “contributing” member of the cooperative. In a SCOP or SCIC, an investor is not required to become an employee.</p> <p>If the investor is providing a loan or purchasing bonds, there is no requirement for an investor to become a member.</p> <p>Unlike a SCOP, a SCIC can create as many categories of “investor-members” as it desires (must have at least three different categories). Thus, additional stakeholder interests can be taken into account in the General Assembly (volunteers, suppliers, community organisations etc.). Stakeholders can also receive a portion of the profits through the distribution of dividends.</p>
17	Annual returns need to be made publicly available if the association intends on selling equity, if the association is receiving a	A SAS must file at the Company and Commercial Registry (RCS) an original copy of its annual accounts, together with the President’s report and	A SAS, a SA and SARL must file at the Company and Commercial Registry (RCS) an original copy of its annual accounts, together with the President’s

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	<p>significant amount of money from the government or private donations with tax advantages (more than €150,000), or if it pays its board members more than the legally required limit.</p> <p>Moreover, if two out of the three criteria are met below, the association must audit its annual accounts and submit this auditor report along with its annual accounts to the local prefect:</p> <ul style="list-style-type: none"> ■ Association has hired more than 50 employees; ■ Annual revenue (before taxes) is more than €3.1M; ■ Total balance sheet is more than €1.55M. <p>Associations who have engaged in crowdfunding (AGP) or benefit from more than 153,000 euros in donations or subsidies may be audited by the tax courts.</p>	<p>auditors' report.</p> <p>A company's annual accounts for a financial year must be audited unless the company is exempt from audit under the small companies' exemption unless such company is controlled exclusively by another company or controls multiple subsidiaries.</p> <p>To qualify as small a company in its first financial year a company needs to meet at least two out of three of the following conditions:</p> <ul style="list-style-type: none"> ■ Turnover not more than €2M ■ Balance sheet total not more than €1M ■ Number of employees not more than 20. 	<p>report and auditors' report.</p> <p>All cooperatives and large SA companies are required to publish its environmental and social impact and development in the management report. This report must be verified and certified by an independent third-party organization (certified by COFRAC).</p> <p>A company's annual accounts for a financial year must be audited unless the company is exempt from audit under the small companies' exemption unless such company is controlled exclusively by another company or controls multiple subsidiaries.</p> <p>For a SARL, an external auditor must verify the annual accounts when two out of the three following conditions are met:</p> <ul style="list-style-type: none"> ■ Balance Sheet is more than €1.55M; ■ Revenue (before taxes) is more than €3.1M; or ■ Number of employees is greater than 50. <p>For a SA, accounts must be audited and publically available regardless of the size of the company.</p> <p>A SCOP is audited every year by the General SCOP Confederation.</p>
18	<p>It is possible for paid members of staff to participate in the General Assembly and in the decision making process, but for tax purposes, said participation of staff in the board should be limited to 25% of the total number of members.</p> <p>Employees cannot receive a proportion of the</p>	<p>Unless restricted in the SAS Articles, paid members of staff of a SAS can sit as directors on the company's board. However, French labour law requires that two distinct contracts are drafted for the tasks carried out as an employee and for tasks carried out as a director or manager.</p>	<p>Employees participate in decision making in a General Assembly under the "one vote equals one member" requirement (or one "member group" for a SCIC).</p> <p>At least 25% of the profit is distributed to all the employees in the form of an employee profit sharing</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	legal form's profit.	<p>An SAS can involve their staff in other ways, such as establishing consultative boards or encouraging a staff representative to join the board, but there is no legal requirement for a company to do so.</p> <p>Employees can receive a share of the profits if they are also shareholders in the company or as "prime dividende" on distribution of dividends.</p>	scheme.
19	<p>An association is wound up either voluntarily, by law or by the court. In a voluntary dissolution, the members must approve winding up the association. Profits or remaining capital cannot be distributed to the members.</p> <p>An association is automatically wound up when the life of the association ends, when the purpose no longer exists, or when there is only one member remaining.</p> <p>In the event of liquidation, all creditors must be paid and all property returned to its owner. In practice, the members will choose a liquidator to manage the asset.</p> <p>Administration ("Mandataire ad hoc") - the directors, shareholders or creditors of the company can apply to the Court for the appointment of an administrator to manage the company's affairs for a specific amount of time if the company is unable (or likely to become unable) to pay its debts. The appointment effectively stops other proceedings against the company with a view to saving it as a going concern in whole or part in the event where an agreement is made with debtors and approved by a judge. This gives the company time to</p>	<p>Voluntary administration. If a solvent company wishes to wind up its affairs, its shareholders may dissolve the company.</p> <p>Winding up by the Court. A liquidator will be appointed, who will have to establish a report on assets and liabilities of the company.</p> <p>A company "ceases to exist" when its legal personality has been terminated by dissolving the corporation and striking it off at Company and Commercial Registry (RCS).</p> <p>Administration ("Mandataire ad hoc") - the directors, shareholders or creditors of the company can apply to the Court for the appointment of an administrator to manage the company's affairs for a specific amount of time if the company is unable (or likely to become unable) to pay its debts. The appointment effectively stops other proceedings against the company with a view to saving it as a going concern in whole or part in the event where an agreement is made with debtors and approved by a judge. This gives the company time to introduce a voluntary arrangement, or some other compromise, or arrangement, or get a better price for its assets than would be likely in a liquidation.</p>	<p>For a SARL, the legal form is wound up if (i) there are more than 100 members, (ii) by a voluntary decision made by the members in an extraordinary shareholders' meeting, or (iii) by the court.</p> <p>For a SA, the legal form is wound up if (i) there are less than 7 members for more than one fiscal year, (ii) by a voluntary decision made by the members in an extraordinary shareholders meeting, or (iii) by the court.</p> <p>Voluntary administration. If a solvent company wishes to wind up its affairs, its shareholders may dissolve the company.</p> <p>Winding up by the Court. A liquidator will be appointed, who will have to establish a report on assets and liabilities of the company.</p> <p>A company "ceases to exist" when its legal personality has been terminated by dissolving the corporation and striking it off at Company and Commercial Registry (RCS).</p> <p>Administration ("Mandataire ad hoc") - the directors, shareholders or creditors of the company can apply to the Court for the appointment of an administrator to manage the company's affairs for a specific</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	<p>introduce a voluntary arrangement, or some other compromise, or arrangement, or get a better price for its assets than would be likely in a liquidation.</p> <p>Shareholders Voluntary Liquidation ("Conciliation") - depending upon circumstances the administrator, of a company, or its directors can propose a voluntary arrangement for approval by the creditors. This usually consists of a compromise whereby the creditors receive less than the full amount of their debts.</p> <p>Protection Liquidation ("Sauvegarde") Precautionary Liquidation – Companies having financial difficulties, without being in "cessation des paiements" may be placed under a "sauvegarde judiciaire" During this procedure, the director can continue to control and manage the company. The judge can decide that payment of debts are frozen for a certain amount of time in order to give the company a second chance to recover and to reimburse its debts afterwards.</p> <p>Recovery proceedings under the supervision of the court ("Redressement") – This procedure is forced by the judge in the event of a "cessation de paiement". This is similar to "Sauvegarde" except that the president or directors may no longer have control over the company and cannot freely make business decisions. In this case, an administrator is appointed to try and maintain the company's ability to pursue its business activity.</p>	<p>Shareholders Voluntary Liquidation ("Conciliation") - depending upon circumstances the administrator, of a company, or its directors can propose a voluntary arrangement for approval by the creditors. This usually consists of a compromise whereby the creditors receive less than the full amount of their debts.</p> <p>Protection Liquidation ("Sauvegarde") Precautionary Liquidation – Companies having financial difficulties, without being in "cessation des paiements" may be placed under a "sauvegarde judiciaire" During this procedure, the director can continue to control and manage the company. The judge can decide that payment of debts are frozen for a certain amount of time in order to give the company a second chance to recover and to reimburse its debts afterwards.</p> <p>Recovery proceedings under the supervision of the court ("Redressement") – This procedure is forced by the judge in the event of a "cessation de paiement". This is similar to "Sauvegarde" except that the president or directors may no longer have control over the company and cannot freely make business decisions. In this case, an administrator is appointed to try and maintain the company's ability to pursue its business activity.</p> <p>Compulsory Liquidation ("Liquidation") - The creditors or the president or directors may apply to the Court for the company to be wound up on the ground that it is unable to pay its debts. On the making of a winding up order the court appoints a liquidator of the company. The liquidator will proceed to the liquidation of the company.</p>	<p>amount of time if the company is unable (or likely to become unable) to pay its debts. The appointment effectively stops other proceedings against the company with a view to saving it as a going concern in whole or part in the event where an agreement is made with debtors and approved by a judge. This gives the company time to introduce a voluntary arrangement, or some other compromise, or arrangement, or get a better price for its assets than would be likely in a liquidation.</p> <p>Shareholders Voluntary Liquidation ("Conciliation") - depending upon circumstances the administrator, of a company, or its directors can propose a voluntary arrangement for approval by the creditors. This usually consists of a compromise whereby the creditors receive less than the full amount of their debts.</p> <p>Protection Liquidation ("Sauvegarde") Precautionary Liquidation – Companies having financial difficulties, without being in "cessation des paiements" may be placed under a "sauvegarde judiciaire" During this procedure, the director can continue to control and manage the company. The judge can decide that payment of debts are frozen for a certain amount of time in order to give the company a second chance to recover and to reimburse its debts afterwards.</p> <p>Recovery proceedings under the supervision of the court ("Redressement") – This procedure is forced by the judge in the event of a "cessation de paiement". This is similar to "Sauvegarde" except that the president or directors may no longer have control over the company and cannot freely make business decisions. In this case, an administrator is appointed to try and maintain the company's ability</p>

Legal form	Association	Societe Par Action Simplifiee	Cooperatives (SCIC and SCOP)
	Compulsory Liquidation ("Liquidation") - The creditors or the president or directors may apply to the Court for the company to be wound up on the ground that it is unable to pay its debts. On the making of a winding up order the court appoints a liquidator of the company. The liquidator will proceed to the liquidation of the company.		to pursue its business activity. Compulsory Liquidation ("Liquidation") - The creditors or the president or directors may apply to the Court for the company to be wound up on the ground that it is unable to pay its debts. On the making of a winding up order the court appoints a liquidator of the company. The liquidator will proceed to the liquidation of the company.
20	Surplus assets and capital are paid to other associations, a public interest group (groupement d'intérêt public), a cooperative, a local municipality, or a public institution. An association cannot give its assets or capital to a for-profit business.	Surplus assets and capital can be distributed between the shareholders provided the Articles of Association do not include an alternative provision.	Distribution of remaining reserves or profits after liquidation must be transferred to an association, a local municipality, a cooperative or a public interest organisation. The surplus assets and capital cannot be distributed to members.
21	An association can "convert" to a cooperative (SCIC, a SCOP) provided that (i) the requirements for a cooperative are met, and (ii) the cooperative has a similar public interest non-profit purpose.	A SAS can convert to another type of for-profit company (SARL, SA, SASU, SCA, SCI etc), or a cooperative. Going forward, the newly formed company will not treat its previous assets differently from any other assets it acquires.	A SCOP cooperative can only "convert" back into a non-cooperative regular for-profit company after a decision rendered by the ESS Ministry (Ministre chargé de l'Economie Sociale et Solidaire). The SCIC and SCOP cooperatives cannot convert into an association; however, an association can convert into a SCIC or a SCOP.

Annex 2 List of information sources

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A2.2 List of consultees

Name of the person interviewed	Organisation/ Role	Stakeholder category
Fanny Picard	Alter equity puissance 3P	Finance supplier
Mathieu Cornieti	Business Angel Capital –Investissons la banlieu	Finance supplier
Sarah Burgaud	Le comptoir de l'innovation	Finance supplier
Florence Goudchaux	Phitrust Partenaires	Finance supplier
Julie Savary	General Mutuality of National Education (MGEN)	Social enterprise
Jean Pier Batiste	Auto'trement/ Director	Social enterprise
Flichy Domitille	Farinez-vous	Social enterprise
Philippe Lebarbenchon	Ifredd	Social enterprise
Jean-Michel Pasquier	Koeo	Social enterprise
Thomas Huriez*	Modetic	Social enterprise
Lucy Perrin	Pirulines Solidaires	Social enterprise
Ricardo Esteban	Petit Bain	Social enterprise
Romain Guerry*	Cabinet of the Minister of Social and Solidarity Economy	Public authorities
Anne Charlotte Leluc	Ministry of Social Cohesion/French Soupreme Council of the Social and Solidarity Economy	Public authorities
Chloe Bellue*	AVISE	Organisation supporting social enterprises
Laurence Grandcolas	Ashoka France	Organisation supporting social enterprises
Justine Jourdain	Comité National des Entreprises d'Insertion (CNEI)	Organisation supporting social enterprises
Emmanuel Verny*	Conseil des entreprise, Employeurs et Groupements de l'Economie Sociale (CEGES)	Organisation supporting social enterprises
Thierry Weishaupt	Euclid Network	Organisation supporting social enterprises
Catherine Friedrich	Les SCOP (Société coopératives et participatives)	Organisation supporting social enterprises
Alix Margado*	CG SCOP (Les Sociétés Coopératives d'intérêt Collectif)	Organisation supporting social enterprises
Anne-Cécile Mailfert	Movement des Entrepreneurs Sociaux (MOVES)	Organisation supporting social enterprises

**Provided the response in a written form*

A2.3 List of non-respondents/ those who declined

Name of the person interviewed	Organisation/ Role	Stakeholder category
Antoine Bucher	Groupe Vitamine D	Social enterprise
Xavier Corval	L'Ecosphere	Social enterprise
Philippe Metzenthin	Medetic	Social enterprise
Virginie Marshall	Haute Alsace recyclage	Social enterprise
Request send via the reception	Solibio	Social enterprise
Gérald Godreuil	Artisans du Monde	Social enterprise
Gérard Budin	Atla	Social enterprise
Rémy Bovis	2r2c	Social enterprise
Julien Noe	Enercop	Social enterprise
Florence Lecluse	Ethifinance	Social enterprise
Francois Taconet	Habitats solidaires	Social enterprise
Fabrice Blais	La Manufacture-innove	Social enterprise
Franck Gautier	Ludomonde	Social enterprise
Philippe Deblauwe	Picturetank	Social enterprise
Jacques Attali	Entreprise & Solidarite	Social enterprise
Sandrine Laroche	Tendance Floue	Social enterprise
Request send via the reception	SCIC 09 Montagnes	Social enterprise
Request send via the reception	IES	Social enterprise
Request send via the reception	Mobilib	Social enterprise
Request send via the reception	Resto Bio Midi-Pyrénées	Social enterprise
Request send via the reception	Websourd	Social enterprise
Request send via the reception	Alter-Conso	Social enterprise
Request send via the reception	Calad-impulsion	Social enterprise
Request send via the reception	Escale Creation	Social enterprise
Request send via the reception	SEDE Environnement	Social enterprise
Request send via the reception	Soli Gren	Social enterprise
Request send via the reception	Urban Coops	Social enterprise
Sophie Mariot-Leduc	Okhra	Social enterprise
Request send via the reception	RPAAC	Social enterprise

Name of the person interviewed	Organisation/ Role	Stakeholder category
Christophe Louage	Envie 2E	Social enterprise
Renaud Roland	Capemploi	Social enterprise
Request send via the reception	CollecTIC	Social enterprise
Request send via the reception	Bois et Vous	Social enterprise
Claire Lambert	Lilas autopartage	Social enterprise
Request send via the reception	Marquerite	Social enterprise
Request send via the reception	Wandoo	Social enterprise
Nicolas Dmitrieff	CNIM	Social enterprise
Genevieve Saint Leger	Les Delices d'Alice	Social enterprise
Michel Dupoirieux	Les SCOP - Languedoc Roussillon	Organisation supporting social enterprises
Félicie Domene	Le réseau coopérer pour entreprendre - cooperative d'activité d'emploi	Organisation supporting social enterprises
Christian Sautter	France Actif	Organisation supporting social enterprises
Claire Marengo	L'Atelier Ile de France	Organisation supporting social enterprises

Annex 3 Good practice initiatives to support social economy

There is a plethora of examples of good practices implemented by social economy organisations in France than may serve as illustrations for the replication in other countries. Those often refer to innovative adaptation of socially oriented activities to particular business context. In some instances social enterprises managed to generate high social impact preserving simultaneously more than satisfactory economic sustainability. Recent report of Ashoka France and McKinsey conducted in 2012¹⁴⁹ distinguished dozen of particularly successful companies which already received high recognition within and outside the sector. The Table below provides the snapshot on 3 of them.

¹⁴⁹ McKinsey&Ashoka, 2012. Etude d'impact de l'entrepreneuriat social. Available at: http://www.llelabo-ess.org/IMG/pdf/Etude_McKinsey_Ashoka_mars2012.pdf

Table A3.1 Examples of good practices demonstrated by 3 selected organisations of social economy in France

Organisation	Overview	Novel/worth of replication approach	Outcomes	Recognition
L'Agence du Don en Nature	Organisation collects unsold products from producers (excluding food) and redistributes it to the network of over 400 associations supporting socially excluded individuals. Therefore it acts as an intermediary between private firms charity associations	Innovative approach in collection of information and logistic solutions in order to deal with the market gap which charity associations could not have filled themselves otherwise.	<ul style="list-style-type: none"> ■ In 2010, 1,000 parcels collected and redistributed to 132 charity associations for a total value of EUR 4.3 million; ■ Since its creation, EUR 8.3 million collected through a network of 30 donating brands helping 500,000 poor households; ■ Decrease in waste by 1.3 tons. 	<ul style="list-style-type: none"> ■ Activities declared to be of general interest in 2008 ■ Coca-Cola prize in 2011 ■ Winner of the 12th INSEAD social innovation prize
ADIE	Pioneer in micro-finance for specific <u>long-term unemployed</u> (with no chance for bank loan) willing to start their own business. Besides providing finance it assists the borrowers along the whole investment process. It has been first type of such institution in France. Since 1989 it emerged from marginal institution to the tycoon of microcredit in France.	First and largest French microfinance supplier to labour market excluded individuals. Hence it empowers entrepreneurs with social difficulties who have minimal chance to receive the conventional loans and yet differs from typical grant programmes which require less rigorous commitment (do not need to be repaid).	<ul style="list-style-type: none"> ■ Since 1989, 93,000 microcredit were granted for a total value of EUR 255 million; ■ Insertion rate of beneficiaries: 79 per cent; ■ Sustainability rates of firms: 68 per cent over two years and 59 per cent over 3 years; ■ 9.42 per cent of outstanding debts on 31/12/2010; ■ 130 offices, 17 regional directorates welcoming new entrepreneurs, examining their application, granting microcredits and supporting beneficiaries. 	<ul style="list-style-type: none"> ■ Granted a status of publically beneficial institution in 2005.
Le Groupe Archer	Le Groupe Archer created the 15 poles of economic activity, each based on principle of reintegration by work. The main aim is to support local enterprises by taking over some part of their production to temporary release the fiscal pressure and by this, avoid the closure of relocation of the company.	Le Groupe Archer offered innovative solution to the problem of company ' <i>relocation</i> ', particularly pressing in the context of French economy providing in the meantime work opportunities for individuals who experienced problems on labour market.	<ul style="list-style-type: none"> ■ Annual growth of market share by 10 per cent despite unfavourable economic conditions; ■ Since 2009, own resources devoted to training of employees increased by 130 per cent. 	<ul style="list-style-type: none"> ■ Price of 'Social Entrepreneur of the year' in 2011 awarded by Boston Consulting Groupe and Schwab Foundation; ■ Winner of Grand Prix of Solidarity Finance organised by <i>Le Monde</i> and Finansol.

Source: McKinsey/Ashoka, 2012. *Quantification de l'impact de l'entrepreneuriat social, Siel Bleu*

There are several contests in the country which seek to popularize the best practices within the sector and more generally the concept of Social Economy within and outside the sector. The box below presents four specific examples. Interestingly, in two cases organisers are two large and rather profit-oriented corporations (Boston Consulting Group and Crédit Coopératif).

Examples of social business prizes

'Prix of Social Entrepreneur of the year'/'Prix de l'Entrepreneur Social'

Organiser: Boston Consulting Group (in partnership with Schwab Foundation)

Price/budget: Free advisory of Business Consulting Group (BCS) experts at the equivalent of EUR 300.000 charged during typical business contract of BCS along with access to the Schwab Foundation funding

Overview: Since first edition in 2007, contest has been gaining increasing recognition reflected also by the number of applications. Besides the official prize (see below), contest provides also the opportunity of high recognition at the national and international level.

'Price and trophy for social economy imitative'/'Prix et Trophée de l'initiative en Economie Social'

Organiser: Foundation Crédit Coopératif

Price/budget: EUR 150,000 with first price of EUR 10,000.

Overview: Organised since 30 years, the contest has gained sound reputation. Eligible are all social enterprises which are currently running *'exemplary and original initiatives'* adding the economic, cultural, technological value to its society. It is decentralised via regional agencies of Crédit Coopératif

'Favourite social economy initiative'/'Coup de coeur de l'initiative social et solidaire'

Organiser: Communauté Urbaine de Bordeaux

Price/budget: EUR 15,000, with three winners each receiving EUR 5,000

Overview: Open for all associations, cooperatives and reintegration enterprises created within the community of Bordeaux. Implemented projects shall demonstrate social value, respond to social needs which are not currently not sufficiently addressed and generate employment.

'Prize for Student & entrepreneur in Social Economy'/'Prix de l'Etudiant Entrepreneur en Economie Social'

Organiser: LMDE

Price: Financial reward and professional support in the process of the creation of the company (advisory in the company set up, including finance and administrative matters)

Overview: Contest organised for students/fresh graduates willing to set up social enterprise.