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Commission

SOCIAL ENTERPRISES
AND THEIR ECOSYSTEMS
IN EUROPE

Country report

FRANCE

Francesca Petrella

Nadine Richez-Battesti

Social Europe

This report is part of the study "Social enterprises and their ecosystems in Europe" and it provides an overview of the social enterprise landscape in France based on available information as of November 2019. It describes the roots and drivers of social enterprises in the country as well as their conceptual, fiscal and legal framework. It includes an estimate of the number of organisations and outlines the ecosystem as well as some perspectives for the future of social enterprises in the country.

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This report is a second update of the original country report, submitted by ICF Consulting Services to the European Commission in 2014. The current version is based on available information as of November 2019.

Both updates were completed by Francesca Petrella and Nadine Richez-Battesti (Aix-Marseille University and LEST-CNRS, UMR7317). The authors acknowledge the valuable input from various stakeholders as well as from EU level project coordinators (Carlo Borzaga, Giulia Galera, Rocío Nogales and Barbara Franchini and Stefania Chiomento) and the members of the advisory boards for the 2016 and 2020 update rounds.

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Countries included in the three social enterprise mappings by the European Commission

No	Country	TYPE	2014	2016	2018-2020
1	Albania	Fiche	-	-	✓
2	Austria	Report	✓	-	✓
3	Belgium	Report	✓	✓	✓
4	Bulgaria	Report	✓	-	✓
5	Croatia	Report	✓	-	✓
6	Cyprus	Report	✓	-	✓
7	Czech Republic	Report	✓	-	✓
8	Denmark	Report	✓	-	✓
9	Estonia	Report	✓	-	✓
10	Finland	Report	✓	-	✓
11	France	Report	✓	✓	✓
12	Germany	Report	✓	-	✓
13	Greece	Report	✓	-	✓
14	Hungary	Report	✓	-	✓
15	Iceland	Fiche	-	-	✓
16	Ireland	Report	✓	✓	✓
17	Italy	Report	✓	✓	✓
18	Latvia	Report	✓	-	✓
19	Lithuania	Report	✓	-	✓
20	Luxembourg	Report	✓	-	✓
21	Malta	Report	✓	-	✓
22	Montenegro	Fiche	-	-	✓
23	The Netherlands	Report	✓	-	✓
24	North Macedonia	Fiche	-	-	✓
25	Norway	Fiche	-	-	✓
26	Poland	Report	✓	✓	✓
27	Portugal	Report	✓	-	✓
28	Romania	Report	✓	-	✓
29	Serbia	Fiche	-	-	✓
30	Slovakia	Report	✓	✓	✓
31	Slovenia	Report	✓	-	✓
32	Spain	Report	✓	✓	✓
33	Sweden	Report	✓	-	✓
34	Switzerland	Report	✓	-	-
35	Turkey	Fiche	-	-	✓
36	United Kingdom	Report	✓	-	✓

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List of acronyms

- > **AVISE** *Agence de valorisation des initiatives socio-économiques*
- > **BPI** *Banque publique d'investissement*
- > **CAE** Cooperative of activity and employment (*Coopérative d'activité et d'emploi*)
- > **ERDF** European Regional Development Fund
- > **ESF** European Social Fund
- > **ESUS** Solidarity enterprise of social utility (*Entreprise solidaire d'utilité sociale*)
- > **FISO** *Fonds d'innovation sociale*
- > **INSEE** National Institute of Statistics and Economic Studie (*Institut national d'études et de statistiques*)
- > **MOUVES** *Mouvement des entrepreneurs sociaux*
- > **NEF** *Nouvelle économie fraternelle*
- > **SCIC** Collective interest cooperative (*Société coopérative d'intérêt collectif*)
- > **SCOP** Cooperative and participative society (*Société coopérative et participative*)
- > **SE** Social enterprise
- > **SSE** Social and solidarity economy
- > **WISE** Work integration social enterprise

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Executive summary

Background

Although France has been a pioneer in the development of the concept of "social economy", the term "social enterprise" is less used than in some other European countries. The limited use of the notion of social enterprise in France can no doubt be linked to the particularity of the process of legitimization, structuring and institutionalisation from which a new constellation that also includes forms of social enterprises and is referred to as the social and solidarity economy (SSE) emerged.

With the adoption of a framework law dedicated to the SSE in 2014, France has given a legal ground to this term and has opted for a broad definition of SSE. Besides associations, cooperatives, mutual societies and foundations, which are typically considered as the core of the social economy, the law opens up the field of the SSE to commercial companies whose economic activity is addressed towards the pursuit of social utility and whose management respects a set of conditions concerning in particular the limited redistribution of profits but not only.

While providing for a symbolic recognition of the SSE as a sector, the French legislator has also acknowledged the emergence of social enterprise as a specific dynamic within the SSE landscape. Noteworthy is that the definition of "solidarity enterprise of social utility" (*entreprise solidaire d'utilité sociale, ESUS*), as regulated by Article 11 of the 2014 law, is fully aligned with the EU operational definition of social enterprise.

Concept, legal evolution and fiscal framework

When applying the EU operational definition of social enterprise to the French context, the following organisations could be regarded as social enterprises:

- > Associations with minimum one employee and at least 25% of their budget coming from market resources, including WISEs with an associative legal form;
- > Cooperatives pursuing an explicit social aim (e.g., social services provision, sustainable development, job creation for vulnerable persons, etc.). This category includes collective interest cooperatives (SCICs) and cooperatives of activity and employment (CAEs) as well as WISEs with a cooperative form;
- > Mutual societies since they provide social protection based on a solidarity principle;
- > Operating foundations managing services of general interest;

- > Other entrepreneurial forms that are considered part of the SSE because they pursue an explicit social utility and comply with a set of conditions in terms of profit distribution. This category includes WISEs and ESUS set up as conventional enterprises.

Mapping

Although the National Institute of Statistics and Economic Studies (INSEE) has built its data basis on the legal forms included in the SSE, it is difficult to extract data on social enterprises specifically. Collecting additional information is needed to distinguish, among the enterprises of the SSE, those who fit the EU operational definition. However, this additional information is not always accessible. In this report, we have tried to estimate the number of social enterprises, based on the EU operational definition. According to our estimates, the number of social enterprises amounts to 96.603 social enterprises in 2015 in France. INSEE's commitment to the creation of a satellite account for the SSE from 2019 and financed by Eurostat should enable to obtain more reliable data in the future.

Ecosystem

The French ecosystem is quite extensive. However many measures and support schemes are not designed for social enterprises specifically, but rather for SSE organisations more in general. Over the last few years, new actors have become active in support of social enterprises, including public authorities—both at national level, regional and local level—as well as other private players.

Key actors

Compared to other EU countries in France the SSE is well recognized at the institutional level, as a result of a long path of institutionalisation at a national and regional level since the years 2000s. Institutional actors and several organisations, civil society initiatives and networks support the SSE, at the technical, managerial, lobbying, and financial levels.

Policy schemes and support measures for social enterprises

The policy schemes and support structures (but also non-government initiatives) are geared toward specific types of entities (e.g., associations, cooperatives) or specific types of contribution related to their activity field (e.g., work integration, care services, etc.) rather than specific groups of organisations defined as social enterprises *per se*. However, some policy schemes, such as those supporting specifically work integration, are in fact addressed to organisations that can be defined as social enterprises.

EU funds play a relatively small role in the French context. By contrast, at the local and regional level, public policies have been developed during the 2000s within the frame of regional schemes dedicated to SSE or to innovation with a specific attention given to social innovation. France is characterized as a multi-level governance system as far as the development of the SSE and social enterprises is concerned.

Public procurement framework

Over the last years, two dynamics have increased access to public markets. Firstly, the 2014 law on SSE promoted the adoption of socially responsible purchasing schemes for local authorities when the total annual amount of its purchases exceeds 90,000 EUR. Secondly, the reform of the Public Procurement Code in 2015 introduced more opportunities for SSE (e.g., markets reserved for WISEs and negotiated contracts). The Second National Action Plan for Sustainable Public Procurement 2015-2020 aims to help administrations pragmatically overcome the obstacles that slow the rise of sustainable public procurement.

Networks and mutual support mechanisms

In France, support networks for the development of SSE are numerous. They include professional networks dedicated to a certain activity field (such as elderly care and assistance to people with disabilities) and to certain type of SSE organisations, such as the federation of work integration enterprises (FEI) or the union of workers cooperatives (CGSCOP). Other networks support start-up while others strengthen the skill of managers of SSE organisations (MOUVES, CJDES, etc.). Some contribute to the institutional structuration of the SSE as a chamber (CNCRESS and ESS France) or as an employers' union (UDES), while others are focused on promoting information access (ESSsemble). Also crucial are local support networks in France (merging of France Initiative and France Active, ADIE, etc.) and solidarity funds (e.g., FINANSOL).

Financing

Despite the well-established investment community associated with the broader SSE there remain some difficulties in providing adequate levels of investment due to weaknesses on the demand side (e.g., lack of awareness) and supply side (e.g., lack of risk taking, high transaction costs). The first social impact contract was signed in 2016 but they are still struggling to develop given their complexity.

There are also financial tools linked to public policy (France Active funds dedicated to social economy, *Fonds d'innovation sociale*, FISO supported by *Banque publique d'investissement*, BPI), or private initiatives like Groupe SOS Pulse, which supports the development of social enterprises in France.

Perspectives

The strong social economy heritage can be seen as an opportunity for the development of social enterprises in the country. The 2014 law and more recently the Growth Pact contribute to fostering their development. Indeed, the 2014 law has consolidated the whole ecosystem supporting both traditional social economy organisations and social enterprises that were already well developed in France.

Moreover, in particular in the aftermath of the economic crisis, there has been a marked increase in the activism of the State -even if in the last two years this dynamics is declining- which can be seen in the growth in the number and scale of initiatives undertaken by public authorities to stimulate the development of the whole sector. 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. Therefore, the institutional and economic environment is favourable for the development of social enterprises.

Access to financial resources remains the biggest constraint, both at the start-up and the development stage. The 2014 law tries to enlarge the financing of SSE, the development of BPI and the recent emergence of social impact contracts may facilitate the change of scale of SSE organisations. Original cooperative banks as Crédit Coopératif and NEF, and more recently crowdfunding and other patient funds labelled by Finansol may offer new opportunities. But the lack of commonly accepted measures of social impact to demonstrate the benefits generated by social enterprises limits their ability to attract additional resources. The question of the spreading or "spin-off" of social innovation across territories and the scaling up of SSE initiatives is crucial as well. The Growth Pact and the French Impact are a step forward from this point of view, even if it is too early to assess their effects.

Other barriers include the underuse of social clauses in public procurement.

Last but not least, there are also important needs in terms of education and training dedicated to the social enterprises and their organisations to increase their visibility, the understanding of their mission and functioning, which is located at the crossroad between market, redistribution and reciprocity.



1

BACKGROUND: SOCIAL ENTERPRISE ROOTS AND DRIVERS

In the first section, France's roots and drivers are described in relation to the country's strong social and solidarity economy (SSE). In 2014, France ratified a legal SSE framework that broadly defines the sector. The law includes both traditional and new social economy legal forms: associations, cooperatives, mutual societies and foundations are discussed alongside commercial companies involved in economic social utility provision. The sector's new constellation of businesses, which includes social enterprises, has emerged from its legitimisation, structuring and institutionalisation. French legislation symbolically recognises SSE as a legitimate sector and specifically acknowledges social enterprise as one of its dynamic aspects. The newly recognised organisation type "solidarity enterprise of social utility" (*entreprise solidaire d'utilité sociale*, ESUS), which is fully aligned with the EU operational definition of social enterprise, is introduced.



16 | Background: social enterprise roots and drivers

Although France has been a pioneer in the development of the concept of "social economy", the term "social enterprise" is fairly new and less used than in some other European countries.

With the adoption in 2014 of a law dedicated to the social and solidarity economy (SSE) (see Section 2.2), France has given a legal ground to this term. Since then, there is an emerging consensus on the use of the notion "enterprises from the SSE" in French or "social and solidarity economy enterprises" in English, referring to the whole universe of organisations within the social and solidarity economy as defined in the 2014 law. The government has decided not to refer to the term "social enterprise", given the conviction in France that this concept has an Anglo-Saxon connotation. This although the concept corresponds rather well to many new social economy organisations and to the newly recognized solidarity enterprise of social utility, as defined by the Article 11 of the 2014 law.¹

However, it is important to note that some sector organisations, mainly from the work integration field, but not only, started in the 2000s to speak about social entrepreneurs and/or social enterprises to capture the evolutions of some organisations that tried to achieve more sustainable economic models with a social mission (Laville 2001). It is important to note that over the same period, the debate on social enterprise was enriched by the discussion on the introduction of a new cooperative form in the French legal system: the *société coopérative d'intérêt collectif* (SCIC). This new type of cooperative, which was acknowledged following an adaptation of the cooperative legislation dated 1947, was the result of a pragmatic approach. It was indeed those involved in associations and/or cooperatives who asked the legislator to adapt legislation on cooperatives to ensure that it was better suited to their objectives and work (Margado 2003). These requests were the results of the profound changes that both associations and production cooperatives had undergone over the previous decades following their engagement in the production of general interest services addressed to non-members.²

This report adopts the term "social enterprise" when trying to operationalise the concept included in the European Commission's Social Business Initiative (SBI). When used in the French context, the type of "solidarity enterprise of social utility" (*entreprise solidaire*

(1) In her last speech on the 17th of June 2016 during the "Scale me up" event, the Minister of SSE, Martine Pinville, used the term "social economy". It was the same term used in the final declaration of the European Summit of Luxemburg in December 2015 on "boosting social enterprises".

(2) The adaptation of the cooperative form was meant to overcome the limitations stemming from both the associative and cooperative forms. These included the lack of worker participation in the decision-making processes and low level of capital in the case of associations. As for traditional cooperatives (of the type of the *société coopérative ouvrière de production*, now *sociétés coopératives et participatives*), what emerged was their inadequacies as a single stakeholder enterprise to supply general interest services, because of the limited participation of the users in the decision-making processes and the impossibility for volunteers to participate.

d'utilité sociale - ESUS) as promoted by the 2014 law fully corresponds to this concept. This in addition to those associations and cooperatives that deliver general-interest services addressed to the community or aimed at supporting fragile beneficiaries. Lastly, this report refers to "social economy enterprises" or "SSE organisations" when specifically describing the use of these concepts in France.

1.1. Social and solidarity economy and social enterprise: the French approach

The limited use of the notion of social enterprise in France can with no doubt be linked to the particularity of the process of legitimation, structuring and institutionalisation from which a new constellation including also forms of social enterprises—referred to as the "social and solidarity economy"—emerged (Fraisie *et al.* 2016). This emergence is inseparable from the exhaustion of the state-market synergy that was a fundamental characteristic of the "thirty glorious years" (1945-1975) of post-war expansion.

The SSE is a compromise between different traditions. 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 Economy³ set out the thematic scope of the concept. The intended role of social economy organisations in the whole economy was sketched out. One year later the concept was officially recognized by public authorities,⁴ also with some institutional consequences, with the establishment of the Inter-ministerial Delegation on Social Economy (*Délégation interministérielle à l'économie sociale*) within the prime minister office.⁵

The social economy is recognized as a set of organisations operating without limitations in a wide range of activities under key principles such as primacy of service to members and/or to the community over financial profit, democratic governance based on the "one person, one vote" principle and restrictions regarding the individual redistribution of profit. It has traditionally embraced specific legal forms: cooperatives, mutual societies, associations and foundations. As of 2014, there were approximately 223,000 establishments included in the category of social economy: 190,000 associations (only

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

(4) 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.

(5) Mendell M., Enjolras B. and Noya A., 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.

18 | Background: social enterprise roots and drivers

associations with at least one paid worker are included in these statistics), 27,000 cooperatives, 8,000 mutual societies and around 1,600 foundations.⁶

In the course of time, with the growth of some of its organisations and the transformation of their environment, the social economy, which sprang from a determination to bring about change, has suffered from a tendency towards banalisation. The social economy has, indeed, concentrated on the form of the enterprise, reducing the democratic dimension to a formal equality between members and accentuating a perception of success as performance on the market. Some social economy organisations have in fact encountered difficulties in the exercise of democracy, in mobilizing the associates or in supporting processes of emancipation.

From the late 1980s, the concept of social economy was therefore challenged in France by the concept of "solidarity economy". The development of the solidarity economy was based on a criticism, at the grassroots level, of the institutionalisation of the social economy and of its tendency towards market isomorphism. Actors who wanted to rediscover a capacity for social change found their cause in the solidarity economy, which offered a more "alternative" approach and claimed a political capacity of social transformation. The solidarity economy brings together all the activities contributing to the democratisation of the economy through citizen involvement but also through the provision of services and jobs to the more deprived citizens, like the emerging social enterprises were doing in other European countries. The characteristic of this perspective is that it considers these activities not only in terms of their legal forms (association, cooperative, mutual society, etc.), but also through their dual—economic and political—dimension (Dacheux and Laville 2003, Eme and Laville 2006).

After a period of tensions between social economy organisations and solidarity initiatives, their alliance was deemed necessary by the respective actors to strengthen their position in the dialogue with public bodies. There was thus a compromise in the 2000s on the term "social and solidarity economy". This compromise resulted from a first step of the institutionalisation process, in which the main milestones were the creation of a state secretariat for the solidarity economy, which existed from 2000 to 2002, and the appearance of local elected politicians in charge of the SSE, with the constitution of a network of territories for the solidarity economy (*Réseau des territoires pour l'économie solidaire*, or RTES). Aiming to marshal a broad coalition of actors and networks to construct the legitimacy of a new field of action for local authorities, local politicians used the term "SSE", influencing in return the structuring of the territorial grouping of the actors who progressively adopted this terminology.

More recently, in line with the spread of social enterprises (and social businesses) around the world, which are increasingly seen as a legitimate form of collective action,

(6) CNCRESS, 2017, Atlas commenté de l'Économie sociale et solidaire, Dalloz et Juris Associations.

some organisations promoted the development of profitable or cost-efficient economic activity responding to social and environmental needs in the framework of a private initiative serving the general interest. The emphasis is thus placed on the combination of economic efficiency and a social objective (e.g., double bottom-line), with the purpose of reinvesting economic surpluses into the social mission.

MOUVES,⁷ a network organisation representing social entrepreneurs, came up with the following definition of social enterprise that is conceptually very close to the SBI definition: "*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, Avise,⁸ another influential agency promoting social enterprise in France, insists more on "*the collective dimension of a social enterprise and therefore on their embeddedness in the social economy tradition*".

Today, the Law on the SSE adopted in July 2014, has opted for a broad and inclusive definition of social and solidarity economy. This law is the result of a long process of institutionalisation and of increased hope of recognition, sustained by the national meeting (*Etats généraux*) of 2011 and by the appointment of a Minister on SSE (*Ministre délégué*), for the first time attached to the Ministry of Economy and Finance in 2012 (until 2015).⁹

As explained, until recently, there was no broad consensus on the full list of organisations that should be ultimately considered as part of the social and solidarity economy. The adoption of a law dedicated to SSE clarifies the perimeter of SSE by adopting a broad approach. So besides associations, cooperatives, mutual societies and foundations that are typically considered as the core of the social economy, the law has extended its perimeter. It has done so by referring to the so-called solidarity enterprises of social utility (ESUS). The innovative aspect is that this qualification also includes commercial enterprises, which seek to strengthen the social utility and respect the SSE principles in terms of democratic governance, limited profit distribution and management. With this law, it is the social and solidarity economy concept that has prevailed in France.

Today, as stressed by the key actors consulted, the official position of the French government and of the "Europe and International Commission of the Superior Council of

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

(8) Avise, 2013. Available at: <http://www.avise.org/decouvrir/entrepreneuriat-social>.

(9) Before that, until 2010, there was an inter-ministerial delegation on SSE within the social cohesion general department of the Ministry of Social Affairs, Health and Women Rights. From June to December 2015, there was a Minister for the SSE and, since 2016, a delegation of the SSE within the Treasury department of the Ministry of Economy, Industry and Digital Technology. Since 2017, there is a High Commissioner for the SSE linked to the Ministry of Ecological and Solidarity Transition.

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Social and Solidarity Economy", composed by all the SSE stakeholders' representatives, is that social enterprises correspond to the enterprises from the SSE as defined by Article 1 of the 2014 law and translated in English as "social economy enterprises".

If we adopt this approach to social enterprises, we can refer to the data provided by the National Institute of Statistics and Economic Studies (*Institut national de la statistique et des études économiques* - INSEE) on the SSE. However, data on commercial enterprises that are part of the SSE were not included in the SSE estimations until now. The ongoing work on the construction of an SSE satellite account in cooperation with Eurostat is going to contribute to more accurate and regular data in the near future.

The timeliness, accuracy and scope of available data on the SSE in France are comparatively high. Since 2005, INSEE¹⁰ has been publishing data on the level of employment in major types of organisations considered typically as a part of the social economy sector: cooperatives, mutual societies, associations and foundations. Data is broken down to regional and local levels.

Statistics produced by INSEE are widely used by representatives of the sector and when possible, extended by primary data collection. One example is the National Observatory on Social Economy (*Observatoire National de l'Economie Sociale et Solidaire*). It is a regional network of 15 offices and collaborates also with research centres and universities to provide, among others, annual updates on the number of social economy entities, employment level, characteristics of workforce (sex, age), sectors of activity, legal forms or size.¹¹ Nevertheless, the way data on the SSE have been collected and published prevents the identification of organisations that fully meet the social enterprise criteria as defined by the EU operational definition.

These statistics are also used by other organisations, such as INJEP (National institute for youth and popular education), a knowledge producing observatory and a resource and expertise centre of the Ministry of National Education and Youth that was created in 2015. It is specialized on youth issues, popular education and community life and sport.

At the time of writing, the most up-to-date data are for 2014 or 2015, except for some specific categories presented in table 3. According to the figures provided by the National Observatory on Social Economy, SSE sector accounts already for over 2.4 million employees (10.5% of total employment) and over 222,000 establishments in

(10) INSEE, 2015. L'économie sociale en 2013. Available at: http://www.insee.fr/fr/themes/detail.asp?ref_id=eco-sociale.

(11) 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.cncres.org/upload/iedit/1/209_1499_Etude_departs_retraite_ESS_2011.pdf.

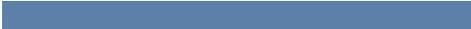
France (nearly 10% of all establishments) by the end of 2014.¹² As mentioned, these estimations do not currently include commercial enterprises that fit the SSE criteria as set out in the law.

(12) Observatoire National de l'Economie Sociale et Solidaire. Panorama de l'ESS, 2015. Available at: http://www.cncres.org/accueil_cncres/observatoire_de_less and CNCRESS, 2017 Atlas commenté de l'économie sociale et solidaire, Dalloz, Juris association.

2

CONCEPT, LEGAL EVOLUTION AND FISCAL FRAMEWORK

In the second section, social enterprise is discussed in terms of France's sectorial concept, legal evolution and fiscal framework. Five organisation types are detailed based on the EU operational definition of social enterprise: 1) associations, including WISEs with an associative legal form, with a minimum of one employee and a budget, 25% of which comes from market resources; 2) cooperatives pursuing an explicit social aim (e.g., social services provision, sustainable development or job creation for vulnerable persons), including collective interest cooperatives (SCICs), cooperatives of activity and employment (CAEs) and WISEs with a cooperative form; 3) mutual societies that provide social protection based on a solidarity principle; 4) operating foundations managing services of general interest; and 5) other entrepreneurial forms that pursue an explicit social utility and comply with a set of conditions in terms of profit distribution, including WISEs and ESUS established as conventional enterprises.



2.1. Defining social enterprise borders

2.1.1. The EU operational definition of social enterprise

This report draws on the organisational definition included in the Social Business Initiative (SBI) of 2011. According to the SBI, a social enterprise is an undertaking:

- > whose primary objective is to achieve social impact rather than generating profit for owners and shareholders;
- > which uses its surpluses mainly to achieve these social goals;
- > which is managed in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity.

This definition arranges social enterprise key features along three dimensions:

- > an entrepreneurial dimension,
- > a social dimension,
- > a dimension relative to governance structure.

Provided that the pursuit of explicit social aims is prioritised through economic activities, these three dimensions can combine in different ways; it is their balanced combination that matters most when identifying the boundaries of social enterprise.

Building upon this definition, the Commission identified a set of operational criteria during the previous stages of the Mapping Study (European Commission 2015, 2016) and refined them again for the purpose of the current phase of the study (see appendix 1 for further details).

2.1.2. Application of the EU operational definition of social enterprise in France

This section seeks to apply the EU operational definition of social enterprise and to move to an understanding of the spectrum of organisations that in France fall within this definition. This categorisation, based on existing literature and elaborated in consultation with key stakeholders, has been used as a guiding note for the sampling exercise. However, this exercise reveals that there is room for interpretation of the different criteria that are at the basis of the EU definition.

Associations

On the basis of the above discussion, all associations (under the 1901 legal form) with at least one paid worker and minimum 25% of market resources coming from the sales of goods and services—paid either by private or by public sources (often as a contract between a public authority and an association)—could be considered as

social enterprises. In 2014, only 12% of associations have at least one paid worker, i.e. approx. 164,000 associations. If we consider the total budget of associations with at least one paid worker, 66% come from market resources (an increase from 49% to 66% in the period 2005-2017 as a share of the cumulative budget of the associative sector) and 20% from public payments (34% in 2005) (Tchernonog and Prouteau 2019). The majority of associations with at least one paid worker does therefore fulfil the economic criterion. The association Family Help is an illustration of this type of associations.

Illustration 1. Family Help, association (Valréas)

The mission of the association "Family Help" is to provide home care services to help families in need (in terms of housekeeping and children's education) and dependent persons (the elderly and persons with disabilities). Their aim is to contribute to the quality of their environment, helping them to stay home and live at home safely and with dignity. This association is a good example of an association that succeeded, until now, to adapt to the constraints of the environment while keeping strong social, ethical and associative values. It is however a constant challenge. Investing in human resources, improving service quality and fostering resources pooling and partnership across social and health sectors are part of this organisation's recipe for success. A major strength of this association lies in its willingness to improve both the quality of jobs and services. The association provides good quality jobs in a field where employment quality is often poor. This non-profit organisation, created in 1961, was originally an organisation of volunteers who organized themselves to help mothers temporarily in need. With the increasing activity volume and the change of the legislative environment (new law in 2002), it became impossible for the organisation to function as it used to do. This is why the board of directors decided to appoint a director. The director had a strong experience in the financial and business world, but had also a diploma and a previous experience in the social and cultural world (community centres, vocational training organisation); the director initiated several changes in the governance of the organisation as well as in the internal organisation. This association also elaborated a deontological chart to recall the values that it promoted: to adopt a respectful attitude towards the persons, their belongings and their privacy; to protect the users and the workers from abusive and unsatisfactory practices; and to implement a global and individualized service.

www.aideauxfamilles.fr

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Note that there are some associations without workers but with market resources that may be included as well. Not taking them into account underestimates the economic activity of associations in France.

As far as the social dimension is concerned, if considering the fields of activity of those associations with at least one employee and a minimum of 25% of market resources, a vast majority is oriented towards serving the community. Note also that, in 2014, 60% of employees within associations are in the health and social services sector (INSEE 2014).

In terms of governance, profit redistribution is not allowed by law while the democratic governance principle, "one person, one vote", is compulsory. This does not mean, however, that all associations do involve their stakeholders in the decision process: they are often managed by a board of volunteers, each of them having only one vote.

Work integration social enterprises (WISEs)

The first work integration social enterprises emerged in France in the late 1970s (Gardin *et al.* 2013). They were progressively institutionalized in the 1990s as an instrument of employment policies. In France, the term used is "organisations for integration through economic activity" (*structures d'insertion par l'activité économique*, or SIAE). Most of them are still operating under an associative legal form but some adopt a commercial (SA or a SAS) legal form. Note that WISEs that have not adopted a SSE legal form are not, for the time being, included in the SSE data.

Today, four main types of WISEs coexist: two productive organisations (*entreprises d'insertion* or work integration enterprises and *ateliers et chantiers d'insertion* or work integration workshops and work sites) and two structures that provide workers for other organisations (*association intermédiaire* or intermediate voluntary organisations and *entreprise de travail temporaire d'insertion* or temporary work integration enterprises). In short, work integration is aimed at enabling unemployed people with particular social and vocational difficulties to benefit from employment contracts and to facilitate their social and occupational integration.

Illustration 2. La Varappe, WISE

La Varappe is an interesting example of an association that changed its structure, legal form and scale to face the evolutions of its competitive and institutional environment. La Varappe was an association first created in close cooperation with local public authorities to foster work integration on their territory. Being active on competitive markets, La Varappe had to grow and change scale. In this perspective, La Varappe has chosen to adopt a commercial legal form (*société par action simplifiée*) in order to be able to attract capital to develop its activity. Today the association La Varappe is part of a holding (Optima) but it owns more than one third of the shares of the holding. However, La Varappe has been very aware of adopting important safeguards to guarantee the pursuit of the social mission as the priority goal of the holding and to protect the associations' values. The group was labelled as a work integration social enterprise and as a solidarity enterprise—a label that has now been transformed into the "social utility social enterprise" label (*entreprise sociale d'utilité sociale*, or ESUS) defined by the SSE law of 2014. This label acknowledges that the social mission of the social enterprise, explicitly mentioned in its bylaws, is important enough to have a significant impact on the performance of the organisation and on the allocation of the surplus. In 2014, 88% of La Varappe's workforce was composed of workers in integration. It should also be noted that at least 20% of the benefits of the organisation have to be allocated to an asset lock.

The major strengths of this initiative come from its coherence in three main dimensions: its economic coherence comes from its multiple activities (it is quite rare for a WISE to propose temporary work, environmental jobs and energy provision); its social coherence lies in its wish and capacity to support the re-integration of about any worker, whatever his/her weaknesses or problems; and, last but not least, its territorial coherence is linked to the fact that the organisation is locally anchored and considers the territorial integration as an important element for success.

www.groupelavarappe.fr

At the end of 2017, 136,000 persons were hired or renewed (77,500 FTP) into 3,860 work integration structures with an agreement with the State: 1,957 *ateliers et chantiers d'insertion* (52,200 workers); 1,322 work integration enterprises (14,800 workers) and intermediate voluntary organisations (55,800 workers); and 268 temporary work integration enterprises (9,800 workers) (DARES 2019).

All WISEs now recognized by the SSE law could be considered as social enterprises. Indeed, the social criteria are met given their work integration activity, their economic dimension is fulfilled given that they have at least 25% of their budget coming from market resources, and the participative governance dimension is fulfilled as it is required

by the SSE law to be included in the SSE. As explained below, most WISEs are included in the SSE data.

Cooperatives

As far as cooperatives are concerned, the exercise is complex as regards the social dimension. The governance criterion is fulfilled—although not fully, since cooperatives tend to be single-stakeholder—because cooperatives are expected to follow the "one member, one vote" rule. Workers cooperative as Scop TI (illustration 3) can be integrated into the perimeter of social enterprises.

Illustration 3. Scop Ti, workers' cooperative

Scop Ti is a workers' cooperative of 60 persons created in 2014 after 4 years of fight against Unilever, which closed the tea factory in Gémenos (south of France). The workers are now organized as a workers cooperative that uses the equipment of the factory. Their mission is to keep and develop an economic activity on their territory and to improve the quality of their products (tea and aromatic herbs) by using local raw materials as much as possible, sustainable production systems and organic agriculture. Their objective is to respect consumers by selling good quality products, to revitalize the local industry and to contribute to a sustainable economic development in the region. For example, they are trying to revitalize the local industry of lime trees and verbena in Provence that was completely abandoned by Unilever since it was cheaper to buy it from another country.

Governance, democratic functioning and fairness are central issues for the Scop that wants to promote another work organisational model, what they call a "social republic" where workers are sovereign. All major decisions are taken by the general assembly of co-operators and by the board elected from the general assembly. Another important objective for them is to limit as much as possible the wage gap inside the cooperative. Only three levels of wages exist according to their professional category. Only one wage for the same job, wages are not depending whether the directors liked you or not. The wage gap is now of 1 to 1.25 while it was of 1 to 310 when the firm was owned by Unilever.

www.scop-ti.com

The debate therefore concerns the way the "general interest" or the "public benefit" is considered. Indeed, cooperatives are primarily oriented toward their members and in general they pursue some collective or general interest only indirectly.

Depending on their legal form, activity field, size and explicit aim, this indirect collective interest is more or less enhanced. Like in countries that have recognised the more socially oriented cooperatives as a new cooperative form (e.g., social cooperative), the following types of cooperatives have a strong external or societal collective interest.

The **collective interest cooperative** (*société coopérative d'intérêt collectif – SCIC*), introduced in 2001 by the Law on Collective Interest Cooperative Societies, is one of the legal embodiments of the idea of a cooperative that is explicitly aimed at pursuing social objectives.

SCIC's legal form may be seen as a social enterprise, although it is rarely referred today as such in France. SCICs pursue an external collective interest (which has a public good dimension) in addition to meeting the internal stakeholders' interests. As explained above, their collective ownership is shared between a diversity of stakeholders (they have to integrate at least three different stakeholders: workers, users and a third category minimum, with the possibility to include public representatives in their ownership structure).

Illustration 4. A taste of illusion, a cultural collective interest cooperative

"*Un goût d'illusion*" is a collective interest cooperative (SCIC) with a commercial form (limited liability company) active in the cultural sector. It aims to support cultural and artistic projects in performing arts. It is a support organisation that helps to professionalize and to structure cultural organisations, which often lack administrative, managerial and strategic expertise. Indeed, in the cultural field, the very small size of most cultural associations and the lack of field structuration are impeding their development. The project started in Montpellier (Languedoc-Roussillon Region, South of France) with the creation in 2000 of the association «*Illusion et Macadam*», which aimed to support cultural projects, hitherto isolated and led by artists who became entrepreneurs against their own will. The objective was to mutualize competences, reduce job insecurity for artists and projects and support the necessary transformation of the sector.

The project was created as an association but in 2010, it was decided to adopt the collective interest cooperative form, as the project had reached the limits of the associative legal form. With this new legal form, a new name was adopted: «*Un goût d'illusion*». The new form was chosen to reinforce the collegial functioning, to make up for the lack of volunteers and to formalize the project's partnerships. The founders' wish is to become a kind of cooperative holding, with the SCIC at its heart. The adoption of

such a cooperative status is very innovative in this field of activity. In 2012, there were only 40 SCIC in the cultural field in France (15% of the total number of SCICs); more than half of them (23) have been created between 2010 and 2012.

The adoption of a collective interest cooperative form appears to the founders as an innovative way to include the diversity of stakeholders' interests and issues at stake. The multi-stakeholder governance facilitates the involvement of the multiple stakeholders by formalizing their partnerships and the "network organisation" increases the initiative's capacity to adapt to new opportunities and anticipate changes in the environment. They are open to new collaborations and consider that "the network is their trademark". Their success comes from their adjustment capacity and their reactivity.

Today the organisation has 25 employees, a payroll of 584,000 EUR, and a turnover of 1.6 million EUR. Beside their support function, *Un goût d'illusion* also develops an important production activity. They work as a hybrid production office, between an autonomous artist and a big production office, while keeping a handcraft way of doing things, which is an innovative practice in itself in this field of activity.

www.illusion-macadam.coop

Most of the SCICs aim at contributing to the development of renewable energies, to sustainable development, to promoting fair trade, to improving access to cultural services (as the illustration 4, A taste of Illusion), to education or to digital supports, etc. Beyond their sector activity, their commitment to the community and their territorial anchorage should be considered. Note also that their democratic governance, based on multi-stakeholder ownership, is therefore an important dimension to represent their explicit mission of "general" or external collective interest and it is central for the SCIC. The cornerstone of SCICs is specifically the multi-stakeholder governance, implying the capacity to enhance co-decision by people having a different relationship to the same activity, which must be of general interest. The engagement of different stakeholders is the guarantee that SCICs' activities are well rooted in the territory in which they operate. As mentioned earlier, SCICs have to constitute an asset lock of minimum 57.5% of their benefits. Governance criteria are therefore fully met in the case of SCICs.

Cooperatives of activity and employment (*coopératives d'activité et d'emploi – CAE*) contribute to enterprise creation and development as well as job creation. CAEs are a specific type of *société coopérative et participative* (SCOP), i.e. worker cooperative. This cooperative form gives an entrepreneur the opportunity to have a more secure environment to launch his/her activity. Indeed, the CAE provides the new entrepreneur with a legal framework, a permanent contract and social protection. The cooperative also takes charge of the administrative, accountant and fiscal side of the activity to give the entrepreneur time to focus on his/her activity. The CAE is an original form

between an entrepreneur status and a paid-worker one with an explicit aim to develop economic activity and employment on the territory on which it is located. The example of "Coopaname" is instructive: they develop social rights (social dialogue, mutual care provision) and try to reinvent a social model of entrepreneurship combining autonomy and solidarity (see illustration 5 below).¹³ There are around one hundred CAEs in France.

Illustration 5. Coopaname, activity and employment cooperative

Created in 2004, Coopaname is an activity and employment cooperative (CAE). It gathers nearly 850 persons, craftsmen, freelance and services providers at different stages of their activity development that they manage alone or within a cooperation group. It is a multi-activity structure, open to any worker who wants to join the cooperative, to share its savoir-faire and knowledge and to develop in an autonomous way an economic activity able to become a paid worker and benefit from a social security protection. Doing so, Coopaname is looking to invent another relationship to work: more collective protection (in terms of employment law, vocational training, risk mutualisation and social solidarity), an employment relation based more on the social link than on subordination or commercial relationships. The focus is on work as a matter of priority. Exercising democracy inside the cooperative is a central governance principle and governance bodies are renewed every three years. Each paid worker is destined to become an associate of the cooperative. The direction is collegial.

To finance its support and management activity and the services that are mutualized, the cooperative debits 11.5% of the gross margin of the activity of its members.

The cooperative works in partnership with territorial public authorities such as the municipality of Paris or the Ile de France Region, the administration (la Direccte) and different SSE stakeholders such as France active or the Crédit Coopératif.

One of the major strengths of this project is to encourage the development of entrepreneurship while providing the advantages linked to the employee's statute with the promotion of a new statute, the "wage-earning entrepreneur" while combining autonomy and solidarity.

www.coopaname.coop

(13) See Collectif, 2014, *La Manufacture coopérative, Faire société : le choix des coopératives*, Ed du Croquant, <http://www.coopaname.coop/>

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Although created to promote the interest of their members, **persons' cooperatives** (including consumers or inhabitants cooperatives, even if they are very few of them), can also be regarded as social enterprises because of their contribution to improving access to quality food, health, housing, renewable energies, etc.

These types of cooperatives (i.e., SCICs, CAEs and persons' cooperatives) can be fully considered as social enterprises. They count for approximately 10% of the total number of cooperatives in France. Among the other types of cooperatives (especially the worker cooperatives – SCOP) some can have a more explicit and strong social dimension and could also be considered social enterprises but the lack of data does not allow to know their number and relevance.

Mutual societies

Mutual societies have been described by the European Commission as "*voluntary groups of persons (natural or legal) whose purpose is primarily to meet the needs of their members rather than achieve a return on investment. These kinds of enterprise operate according to the principles of solidarity between members, and their participation in the governance of the business. They are governed by private law.*"¹⁴

We propose to include all mutual societies (health and insurance ones) since they contribute to giving access to health and social services as well as to insurances to people who may be excluded by for-profit insurance companies that consider them clients with a too high risk. Mutual societies are managed democratically and by members who elect their representatives and they cannot distribute profits and assets. Note also that some mutual societies directly run health and social services.

They therefore meet the economic criteria, the governance criteria and have a general interest dimension.

Foundations

Foundations—beyond their diversity in France—all meet the criteria concerning the social aim or the "public benefit" dimension. They are defined as non-profit organisations funded by donors to accomplish a mission of general interest.

The question concerns their economic or entrepreneurial dimension since their main mission is to finance projects with a social aim. We consider as social enterprises only operating foundations that have their own economic activity, such as running a hospital, a museum or a retirement home (Fondation de France 2019). Distributive, banking or funding foundations would not be included.

(14) Source: http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=7982.

Another issue lies in the democratic governance of foundations. While their ownership structure prevents them from profit redistribution, the openness and/or involvement of a plurality of stakeholders is not guaranteed. Their objective is not to foster the participation of stakeholders. In particular, the governance of foundations is qualified as collegiate, since members of the board are appointed (Fondation de France 2019). An experts' committee can also be constituted. But the principle "one person, one vote" is not applied. Again, the position will depend on the definition of what constitutes democratic governance. As mentioned earlier, in the French law, the principle is loosely defined, since the decision power cannot be only related to their contribution to the capital of the organisation.

Solidarity enterprises of social utility (ESUS)

The 2014 law on SSE has acknowledged solidarity enterprises of social utility (*entreprise solidaire d'utilité sociale*), which fully fall within the scope of social enterprises as defined by the EU operational definition. These organisations, whatever their legal form, pursue an economic activity with the aim to generate social utility (support to persons in a situation of fragility, combating exclusion and inequalities, education in citizenship, sustainable development). Their management meets the following criteria: to allocate financial surpluses in priority to the social mission and to compulsory reserves, to refuse to negotiate shares on capital markets and to implement a more equitable wage policy (with a wage scale from 1 to 10 maximum), as defined by the 2014 law. All solidarity enterprises of social utility are in fact counted in the SSE data, except the commercial ones that will be from 2016 data.

2.2. Legal evolution

The main and more recent legal evolution in France has been the Framework Law on Social and Solidarity Economy¹⁵ adopted in July 2014.¹⁶ The law includes a number of novelties:

- > Firstly, the SSE as a field, as described by Article 1. This is the broad concept, which is explained in this report.
- > Secondly, a status of "solidarity enterprise of social utility" or "socially useful solidarity-based enterprise" (*entreprise solidaire d'utilité sociale* – ESUS) that can

(15) 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/pj12-805.html>.

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

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be adopted by all legal forms of the SSE that pursue a specific social aim, as defined in Article 11 with a cross reference to Article 2 (the latter translation is used in the EN brochure published by the French ministry). The definition of ESUS is cross-cutting concerning legal forms. Apart from the organisations traditionally considered as part of the SSE due to their legal status (associations, mutual societies, cooperatives, foundations), the law includes also organisations that operate under a commercial status, while observing in their operating rules several fundamental features such as democratic governance, search of a social utility, limited distribution of profit by statutory rules, existence of collective asset locks, etc. Social utility, as defined by the law, is related to the fact that their main social mission is to support persons in a situation of fragility, combat exclusion and inequalities, promote education in citizenship, social link, social cohesion and sustainable development (see Article 2). More details about the law can be found in the illustration 1 below.

- > Thirdly, the law recognises the specific status of a "paid worker entrepreneur" engaged in a *coopérative d'activité et d'emploi* (CAE), with a fixed and a variable part for the wage paid by the CAE and the obligation to be a CAE member in the 3 years following the signature of the contract.

The 2014 law also introduces some modifications in the collective interest cooperative legal form (*société coopérative d'intérêt collectif* – SCIC)¹⁷ adopted in 2001. This innovative status was introduced by a series of relatively simple amendments to existing co-operative legislation. It shifted the emphasis from what an organisation's corporate form is to what its objective is. Based on Article 19.5, SCICs are commercial enterprises—set up as limited liability or joint-stock companies—whose objective is the production or the supply of goods and services having a general interest and offering a social benefit. The law imposes the setting aside of at least 57.50% of the profit to the indivisible reserves and no derogation whatsoever is permitted to the above. Any declared association can be transformed into a SCIC without changing its legal status (Art. 19.14 of the law concerning companies and Article 28a concerning associations). Public representatives can be part of the ownership structure and, if the assembly of the members agrees, take some of the share capital of the cooperative without the need of approval and examination in the Council of State—differently from what is required for other private companies. SCICs' multi-stakeholder ownership reflects their collective interest dimension.

Since the Law of 2014 on SSE, public representatives can own up to 50% of the capital endowment of a SCIC (instead of 20% previously). Members must include at least three different categories of people (natural and/or legal); having a different relationship

(17) See the Law of 17th of July 2001 that modifies the already existing cooperative law 47-1775 of the 10th of September 1947(revised in 1992).

with the activity being carried out. Such minimum number must compulsorily include the users (clients, beneficiaries) and the wage-earners of the cooperative. Beyond the minimum of three categories, the multi-partner aspect of the SCIC is open to any natural person and any private and/or public legal person (Article 19.7 of the law). Note also that their governance is democratic with the adoption of the "one associate, one vote" principle.

Box 1. The framework law of 31 July 2014 on the social and solidarity economy

Since July 2014, like in some other countries, a framework law defines the social and solidarity economy in France. In all cases, including the French one, these laws aim to identify common points and interests among actors in different sectors of activity. The French law can be considered as a founding law that recognises the SSE principles as described below. This law has therefore been completed by several implementation decrees adopted by the government within the two years following the voting of the law. Most of them are now implemented.

The question most discussed in France during the consultations and debates was that of the scope of the SSE. The Law on the SSE is primarily of symbolic significance in that it gives official recognition to another way of realizing economic activities and provides a legal basis for the "statutory" approach to the social economy, the conditions of which are summarized in Article 1 (a purpose other than the distribution of profits, democratic governance, reinvestment of profits in the activity, asset lock, etc.). The novelty lies in Articles 1 and 2, which open up the field of the SSE to enterprises whose economic activity aims to pursue social utility (support to persons in a situation of fragility, fight against exclusion and inequalities, education in citizenship, sustainable development) and whose management corresponds to social demands (reinvestment of a share of surpluses, more restrictive takeover conditions, etc.).

Article 11 defines the criteria for approval as a "solidarity enterprise of social utility" and the organisations benefiting automatically from it (because of their legal form), which in particular opens up access to financing from employees' solidarity savings. The way in which Articles 2 and 7 are interpreted and applied will make possible to assess in practice the degree of openness of the SSE to new forms of social enterprise, the importance—or absence—of enterprises of social utility and the possible risks of "social washing" or "greenwashing".

The law strengthens employees' power to act. Articles 11 and 12 stress employees' right to be informed in advance, in case of transfer of business, so as to favour the

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takeover of enterprises in good health; this is important in a context in which transfer of business is becoming crucial, with the retirement of the founders of many organisations.

As regards associations, grants are legally justified by the statement that the actions and projects supported must arise from the initiative of organisations governed by private law and be justified by their general interest purpose. While the government speaks of a "legal anchoring of subsidy" at a time when public procurements are increasing, others point out that the text merely confirms existing case law.

Article 10 characterizes social innovation as the project of an enterprise or organisation aiming to offer products or services that meet social needs previously not satisfied or inadequately so, through an innovative form of enterprise, an innovative process of production of goods or services or an innovative mode of work organisation.

Finally, the law makes reference to complementary local currencies.

The introduction, in the course of parliamentary debates, of a reference to other forms of exchanges and to a definition of the SSE as a mode of economic development partially responds to the reservations expressed regarding a law that above all makes the SSE another way of undertaking business (*mode d'entreprendre*). However, by targeting the productive dimension of specific enterprises, it keeps itself at a distance from a broad approach to the economy that integrates other forms of exchange and consumption involving the citizens as potential actors of transformation. Moreover, an important question such as that of the banking reform is not addressed, although cooperative and mutual banks are important players in the sector in France.

In terms of marks, labels and certification systems an important new system was included in the 2014 law: the ESUS accreditation as a specific status. It gives access to specific support and financial schemes, such as access solidarity employee savings (solidarity finance) and fiscal discounts.

Social economy enterprises, whatever their legal form, are eligible for the ESUS accreditation if they meet different criteria (as developed in the law), among which:

- > the enterprise needs to have as main objective the search of social utility (support to vulnerable groups, territorial cohesion or sustainable development), this objective has to be explicitly mentioned in the organisation's bylaws;
- > the "burden" created by the social utility objective needs to significantly impact the income statement of the enterprise;
- > the enterprise needs to have a wage policy that limits the wage gap to 1 to 10 and to impede to negotiate the value of capital shares on financial markets.

Note that some SSE organisations, such as WISEs, can be automatically labelled ESUS given their field of activity. In 2017, according to the CNCRESS, 967 organisations—SSE or conventional for profit companies—had adopted the ESUS status. This suggests that many organisations fulfilling the requirements decided not to carry out the necessary steps to obtain the status.

Other specific tools aimed at good practices recognition and improvement exist and cannot be neglected.

Regarding the system for measuring and reporting social impact, there is awareness—also among public stakeholders¹⁸ and network organisations—¹⁹ that the development of such system is essential. However, no coherent approach yet exists.

Since 1996, le *Bilan Sociétal*,²⁰ the tool/procedure taking into account other than financial metrics in the evaluation process has been developed by the *Centre des Jeunes, des Dirigeants, des Acteurs, de l'Économie Sociale* (CJDES). It is suitable for social economy enterprises as well as for classical for-profit enterprises. This *Bilan Sociétal* resembles an audit procedure, and involves specific qualitative analysis based largely on a designed questionnaire.²¹ The completed audit may serve as a starting point for improvement actions. Yet the *Bilan Sociétal* is not a label and is not used often in external communication, but more as an internal management tool.

The recent guide "upgrading SSE good practices" and the report on gender equality adopted in the end of 2019 by the Superior Council of SSE in relation to the 2014 law is aimed at stimulating SSE organisations to make internal progress. The object is to involve all SSE actors into an individual dynamic of improvement and collective convergence of the principles at the heart of the SSE identity.²² Through the implementation of collective thinking, this guide is expected to facilitate the analysis of the enterprise day-to-day life and its relations to the environment and to confront its practices with the values promoted. As wished by the legislator, this guide has to serve as an incentive for social economy enterprises to improve their practices. Every three years, the report on gender equality aims to better integrate this issue into the SSE.

(18) The French Supreme Council for the Social and Solidarity Economy (CSESS) indicates 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.

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

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

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

(22) <http://www.esspace.fr/gouvernance.html>.

Since 1989, another initiative—Trust gift (*Don en confiance*)—controls 91 associations and foundations. Its mission is to promote, through the agreement, its grants to its members, more rigorous to "trust donation". In this context, it has developed a code of conduct for associations and foundations financed by public generosity. The label for its members authorises them to mention the Committee's accreditation mark on their papers.

It should be noted that the PACTE law (*Plan d'action pour la croissance et la transformation des entreprises* – Action plan for business growth and transformation), adopted in May 2019, recognizes "mission-driven enterprises". This is a new type of commercial (for-profit) company that, in addition to the profit-making purpose, is statutorily defined as having a social or environmental purpose (their *raison d'être*). This new label questions the boundaries of the SSE in connection with the commercial enterprises component of the SSE (Bidet *et al.* 2019).

2.3. Fiscal framework

The fiscal framework concerning the SSE is rather complex and diversified as is the whole fiscal system in France.

Associations

The tax system for associations depends on their "lucrative" character, as defined by the fiscal directive of the 15th of September 1998.²³ An association that does not develop lucrative activities is only liable for a fiscal regulation related to its patrimonial revenues and its wage bill (wage taxes). Most of associations (with the legal form of the 1901 law) fall into this category since they are non-profit organisations. However, commercial taxes (corporation tax, VAT and the territorial economic contribution, which is the new name of the business tax) are applied to associations that develop lucrative activity as to any other type of enterprise. There are nevertheless tax exemptions specific to each type of tax. For instance, sport and cultural associations are exempt from the VAT on services provided to their members within a 10% limit of their total revenues from the sales of goods to their members. They are also exempt from the corporate tax.

When the association develops both lucrative and non-lucrative activities and when the non-lucrative ones are dominating, the association can choose between three systems to benefit from the tax exemption of its non-lucrative activities: a sector organisation,

(23) See also the Rapport Goulard, 1998, Clarifier le régime fiscal des associations, rapport au 1^{er} Ministre.

the creation of subsidiaries or the tax exemption of commercial taxes if its activity revenues do not exceed 62,250 EUR per year (2019).

Cooperatives

Collective interest cooperatives (SCIC) are liable to corporate tax but the part of the revenue allocated to the asset lock is tax exempt. Their liability towards the VAT depends from their activity field. SCICs are not exempt from the territorial economic contribution.

Foundations²⁴

The report by *Fondation de France* (2019) provides a good description of the tax system concerning patronage and foundations.

Foundations are generally not subject neither to VAT nor to corporation tax for activities directly related to their purpose. Nevertheless, foundations pay taxes on income from their investments at rates more or less arranged according to their type of assets.

Taxation on donation and other fiscal advantages

Donations from individuals made to foundations and endowment funds are 66% tax deductible to a limit of 20% of their taxable income. The rate rises to 75% if the donation is allocated to providing free care, meal or housing for people in difficulty.

The 2008 Finance Act also provides for a tax incentive for donations on income from savings products, in the case of an automatic payment to the beneficiary organisation performed by the manager of the saving fund. The applicable source of taxation rate is reduced to 5%, which reduces the overall tax rate on such income from 27 to 16%. Note that this tax regime concerning donations is also applicable for associations of general interest.

In addition, the law in favour of work, employment and purchasing power (TEPA) adopted by the French Parliament in 2007 introduced the possibility of deducting 75% of the sums paid to public utility foundations, university foundations or partnership foundations for a maximum of 50,000 EUR from one's wealth tax (*impôt sur la fortune* – ISF). This was in place until 2018, when the Finance Act replaced the wealth tax with the "real estate wealth tax" (*impôt sur la fortune immobilière*) which is less favourable in terms of tax deduction for enterprises that support SSE organisations.

(24) For more details, see *Fondation de France*, 2015, *Funds and Foundations in France*, p.14 and *Fondation de France*, 2019.

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Donations and bequests to public utility foundations, to sheltered foundations and to endowment funds are exempt from capital transfer tax. Companies can deduct 60% of the amount of their gift from their taxes within the limits of 0.5 % of their turnover.

The description of the fiscal framework also includes the tax regulations that concern financial instrument to support the SSE. For most of the financial instruments (social innovation funds, participative loans, associative bonds, mutual certificates, etc.), the common law is implemented.

Note that public grants to associations are not included in their taxable revenue for the VAT, whatever their fiscal regime. In addition, associations and WISEs can benefit from reduced social security contributions under certain conditions, related to the type of disadvantaged workers they employ, as part of employment policies.

The table below summarizes the fiscal framework for social enterprises that is in place in France.

Table 1. Fiscal framework for social enterprises in France

Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions to private and/or institutional donors
Associations and WISEs can benefit from reduced social security taxes for the employment of particular workers under certain conditions.	<ul style="list-style-type: none"> > Sport and cultural associations can be exempt from corporation tax and VAT on services provided to their members. > Foundations are subject neither to VAT nor to corporation tax for activities directly related to their purpose. > SCICs' revenue that is allocated to the asset lock is tax exempt. VAT rate depends upon the activity run. 	<p>Donations from individuals to associations of public interest, foundations and endowment funds are tax deductible to a limit of 60% of their taxable income. The rate rises if the donation is allocated to provide free care, meal or housing for people in difficulty.</p> <p>Loss of fiscal incentives for solidarity investment to support SSE.</p>

3

MAPPING

In the third section, France's social enterprises are predominantly measured using data from the National Institute of Statistics and Economic Studies (*Institut national d'études et de statistiques*, INSEE). Although the institute provides detail of SSE legal forms, specific information on social enterprises is difficult to extract. Therefore, additional information has been sought to distinguish between different SSE enterprises but was not always available. The report estimates that 96,603 French social enterprises complied with the EU operational definition as of 2015. More reliable data is anticipated in future due to the INSEE's commitment to an SSE satellite account.



3.1. Measuring social enterprises

Since the statistical institute has built its data basis on the legal forms included in the SSE, it is quite problematic to collect additional information specifically on the enterprises of SSE that fit the EU definition. This additional information is not always accessible.

As far as associations are concerned, one option is to consider only associations with at least one employee (as does the INSEE for the SSE). From this group, we should collect data on the financial sources and the proportion of market resources in their budget to fit the EU operational definition. The last INSEE survey on associations (2015) has collected data for 2013 on the financial resources of associations. In addition, we have used data from the CES survey on associations (Tchernonog and Prouteau 2019). Note that the results of these two surveys are quite similar. From this last survey, 51% of associations with at least one paid worker have 25% or more of their resources coming from the sales of goods or services, as shown by table 2 below.

If we try to make an extrapolation from these data, we could consider that 51% of the 164,000 associative establishments do fulfil the economic criterion. This would mean that approximately 83,000 associations would be in the scope of social enterprises.

Note also that, interestingly enough, a vast majority (65%) of associations without paid worker have more than 25% of market resources (as shown in table 2). Associations without paid workers do have in general smaller budgets and receive less public grants. These elements can explain why (private) market resources weight that much in their budget. Associations with workers receive 91% of the public grants to associations and 95% of the public contracts. This is connected with the type of activity they are engaged in, mainly leisure and social activity. Applying this proportion, there would be approximately 740,000 associations in this situation. This result shows that many associations relying only on volunteers develop an economic activity, which is often underestimated in statistical data.

Table 2. Market resources in the budget of associations without and with paid worker(s) – percentage, 2015

Market resources	Associations without paid worker	Associations with paid workers	Total of associations
<25 % of their budget	35	49	38
>25 % of their budget	65	51	62
Total	100	100	100

Source: Tchernonog 2017.

We should also be able to identify associations that could be considered as having a non-negligible social or "societal" interest but given their activity fields, most of them would fit this criterion.

As for the ESUS, in 2017, only 20% of the 967 agreements are commercial enterprises; 61% have the status of *SAS (Société par actions simplifiées*- simplified joint stock companies); and 87% have fewer than 10 employees.

Cooperatives could also be studied with scrutiny in order to estimate their "social aim" or external collective benefit dimension, as developed earlier. Data on their social impact and commitment to the community where they are located should be interesting to gather but this would require carrying out a specific survey on the topic. For the purpose of this study, the following cooperatives are included: SCICs, CAEs and cooperatives of persons, as developed earlier in this report, which means that around 10% of cooperatives would be included; this is the option taken for this exercise.

Mutual societies do all fit the EU operational definition. We rely on INSEE data.

The case of foundations is complex since we should have data concerning their economic or entrepreneurial dimension and on their governance. As far as their entrepreneurial dimension, we could choose to include only operating foundations. In terms of governance, we should need a case-by-case analysis.

Besides INSEE, we rely on other coordinated efforts to collect the data in a systematic way, in particular among certain organisations representing specific subgroups of social enterprises, such as WISEs. The federation of WISEs (previously the National Committee on Work Integration Enterprises)²⁵ runs the National Observatory on Work Integration Enterprises collecting data on economic activities of its members. We

(25) FEI, 2018. Available at: http://www.lesentreprisesdinsertion.org/sites/www.lesentreprisesdinsertion.org/files/file_fields/2018/09/05/chiffrescles2018-donneesnationales-versionnumerique_0.pdf.

should add to INSEE data on SSE WISEs that have the label but operate with a commercial legal form. Indeed, the INSEE data on SSE includes only associations and cooperatives among WISEs.

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 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 data collecting exercises such as various opinion pools or incidental surveys.²⁶

Based on the EU operational definition, Table 3 provides an estimation of the number of social enterprises in France for 2015. Altogether, there are around 96,603 social enterprises that are part of the SSE and meet the EU criteria. Note that the numbers provided are only approximations to be used with caution.

Table 3. Estimated number of social enterprises in France

Legal type	Year of reference	Number of enterprises	Number of paid workers (Full Time Equivalent)
Associations with minimum one employee and >25% market resources (including WISEs with an associative form)	2015	83,000 (including approximately 2,610 WISEs that have an associative form)	N.A
Cooperatives (SCIC, CAE, persons cooperatives and WISEs with a SCOP form)	2017 for WISEs 2015 for other types	500 SCICs 50 WISEs with a SCOP legal form Around 100 CAEs Around 2,000 persons cooperatives	65, 000 (with 54,000 S for SCIC et SCOP)
Mutuals	2015	8,000	121,249
Operating foundations	2015	1,600	83,000
Commercial enterprises of social utility within the SSE (ESUS)	2017	193	N.A

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

Legal type	Year of reference	Number of enterprises	Number of paid workers (Full Time Equivalent)
WISEs with a commercial form	2017	1,200 (approximately)	N.A
Total	-	96,603	1,731,400

Source: Authors' own estimations from INSEE data, Tchernonog and Prouteau (2019) and federation sources.

3.2. Social enterprise characteristics

Social enterprises are active in a very large spectrum of activities. The most cited fields are work integration, renewable energies, fair trade, organic food and agriculture, health, care for the elderly, fighting against exclusion, sports, education, and culture.

Since it is not possible to extrapolate data only on organisations that can be defined as social enterprise and only updated and reliable data on the ensemble of SSE organisations are available, we will rely specifically on the latter data. Indeed, development trends and findings drawn from the analysis are valid also for organisations that meet the characteristics of the social enterprise.

The data presented below concern the SSE in 2015 when possible or 2014, depending on the availability of data. They are extracted from different sources. Specific data on social enterprises are not available.

An important contribution to the economy

In 2015, SSE counts for more than 10% of the total employment in the French economy with 2.4 million of paid workers and 2 million in FTE (10.5 % of total employment and 9.9% of total employment in FTE). Within the 221,000 establishments with paid workers, associations employ more or less 78% of workers, cooperatives 13%, mutual societies 5.8% and foundations 3.5%.

The SSE produces 5% of the value added (Bisault 2014) and pays 8.5% of the wages paid in the whole economy (INSEE 2015).

A vast majority of establishments (with at least one paid worker) within SSE are associations (83.5%), 12.1% are cooperatives, 3.7% are mutual organisations and 0.7% are foundations.

Small is dominant

The SSE is composed by a myriad of small organisations (in 2015, 64% have less than 5 employees; 75% have less than 10 employees) and by very few large organisations (only 1% has more than 250 employees).

However, we observe a concentration of employment within organisations with 10 or more employees. The weight of SSE employment within total employment in private organisation is higher in this category of enterprises. SSE employment counts for 16.6% of employment in private organisations from 10 to 49 employees, 19.2% of employment in private organisations from 50 to 249 employees, and 9.1 % of employment in large enterprises (of 250 or more employees).

A majority of women

In 2015, more than 68% of employees of SSE are women, which is more than in the public sector (62%) or in the private sector excluding SSE (40%). This can be partly explained by the sector division of employment. SSE organisations are major employers in social action, education, financial and insurances activities and in health services.

The first employer in the social sector

In 2015, the SSE is indeed the first employer in the social sector (61% of employment of this sector) and in sport and leisure activities (57% of employment of this sector). It is the second employer in financial and insurance activities (30% of employment of this sector). SSE is also an important employer in performing arts (26% of employment of this sector) and in education (19% of employment of this sector).

If we consider employment within the SSE by legal form, 47.4% of employees within associations are in the social sector, 18.5% are in education and 12.3% are in organisations whose sector is not identified.

For cooperatives, financial and insurance activities concentrate the majority of employees in cooperatives (59.1%), followed by commercial activities (19.4%) and support to enterprises (6.3%).

This concentration on financial and insurance activities is even stronger as far as mutual societies are concerned (65.6% of cooperative employment); 16% of employees are in health services and 14.1% in social action. In 2011, health mutual societies (including provident societies) have 80,448 employees while insurance mutual societies have 39,823 employees (less than the half).

Lastly, within foundations, a large part of employment is to be found in social action (43.9%) and health (33.8%).

A positive trend in terms of employment creation

During the period 2008-2014, the trend of job and enterprise creation within the SSE has slowed down compared to 2006-2008 but is still positive (+0.8%), while the rest of the private economy had a negative trend (-0.2%). In three years, the SSE has therefore increased its share in the total economy (in terms of jobs and enterprises) of 0.5 point. Note that, in recent years, this trend is slowing down or even decreasing, particularly for associations, the main part of the SSE.

A strong territorial anchorage

The SSE is well anchored in all regions and is considered as an important economic force for many territories. Nevertheless, there are important regional differences in terms of activity fields, legal forms and the weight of the SSE. For instance, in 2014, the SSE counts for 7% of total regional employment in Ile-de-France (although quite important in size) while it counts for 14% in Bretagne and in Pays de la Loire (CNCRESS 2017). In terms of legal forms, some regions as Bretagne are known for their important proportion of cooperatives and others as Poitou-Charentes for their important proportion of mutual societies on their territories. Note that data on SSE are available at the municipal, departmental and regional level.

Volunteers as an important resource

Volunteers are a major resource for most associations. Measuring voluntary work is not easy (Archambault *et al.* 2010). Given that there is no specific accountancy dedicated to volunteers, their evaluation comes from two different sources based on surveys of the population or of associations. In particular, a vast survey on associations has been realized at the end of 2014. It is the first one that covers all associations (Reynaert and D'Isanto 2016). Another one is in progress. In 2013, 11 million persons, i.e. 22% of the population aged from 16 or more, declared to have worked as a volunteer (to provide services without being paid) within the last 12 months in an association or in another type of organisation. Altogether, hours provided by volunteers are equivalent to 680,000 FTE jobs. The major part of these hours is realized in sports and leisure activities and in cultural ones. Sports associations (25% of associations) rely more than the other associations on volunteers, since they mobilize 25% of volunteering hours but only 4% of paid workers within associations. According to a recent survey conducted by Prouteau (2018)²⁷ on volunteerism in France, in 2017 the number of volunteers amounted to 22 million, of which 90% worked in associations.

(27) The main results of the survey are available at: https://fonda.asso.fr/system/files/fichiers/LeBenevolatEnFranceEn2017_SyntheseEnqueteCRA-CSA_17102018_VF.pdf.

The intergenerational renewal as a major issue

This issue concerns both paid workers and volunteers: 600,000 jobs will have to be renewed from now to 2020. In 2015, executive positions are particularly affected since 45% of enterprise heads and executives are 50 years old or more. Note also that 41.4% of presidents are more than 65 years old (32% in 2005) (Tchernonog and Prouteau 2019).

The need to improve job quality

As shown by most surveys and statistics, wages are often low, in particular in associations. Indeed, in 2009, employees of SSE organisations earned, on average, 16% less than in the rest of the private sector and 7% less than in the public one, in full-time equivalent (Bisault 2011). This difference is mainly due to the situation of associations and to their financial fragility, given their large dependency to public resources. Wages are particularly low in social action, sports and cultural activities.

Short-term contracts and other non-standard or "atypical" contracts remain important (27% within SSE, against 15% in the rest of the private sector). Long-term contracts constitute 72.7% of the labour contracts in SSE, against 85.2% in the rest of the private sector. Note that part-time jobs are less frequent in SSE (62%) than in the rest of the private sector (80%) and in the public sector (76%). Nearly 30% of employees are more than 50 years old.

However, the overall job satisfaction is higher in SSE's organisations (Richez-Battesti and Petrella 2010, CHORUM 2013, 2016, and ongoing 2019) and wages inequalities are smaller (Bisault 2011).

4

ECOSYSTEM

In the fourth section, France's relatively extensive ecosystem is discussed in relation to five main aspects. Firstly, the SSE sector's well-established institutionalisation is described in terms of national and regional development post-2000. Key public and private actors that provide broad SSE support are outlined, including new institutions, organisations, civil society initiatives and networks. Secondly, France's SSE and social enterprise development is outlined in relation to the sector's multi-level governance system. Policy schemes, support structures and non-government initiatives that target specific legal types or activity-related contributions rather than social enterprise groups are highlighted. Certain public policies specifically dedicated to SSE and innovation are also presented. Thirdly, the country's recent public procurement framework development is examined in relation to two factors: 1) socially responsible local authority purchasing schemes; and 2) the National Action Plan for Sustainable Public Procurement 2015-2020. Fourthly, SSE support mechanisms are examined, which include activity and organisation specific professional networks, start-up support, institutional structuration, information access, local support networks and solidarity funds. Finally, the supply and demand for SSE financial support is discussed in terms of enterprise awareness, financier conservatism and high transaction costs. France's first social impact contract, signed in 2016, and various public and private financial tools are also covered.

Ecosystem is a term used to describe the environment within which social enterprises operate.²⁸ 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 networks and support organisations. Finally, we analyse what are the limits and tensions of this ecosystem in France. The ecosystem described does not specifically concern social enterprises. Indeed, excepting WISEs, social enterprises are fully embedded in the ecosystem that was shaped for the SSE. Attention is thus paid to the SSE ecosystem with a few examples of support measures addressing specifically social enterprises although not naming them this way.

4.1. Key actors

The French ecosystem is well extensive and concerns the SSE in general since it is the SSE approach that prevails in France. Table 4 outlines the key actors/agencies of the social and solidarity economy ecosystem in France. This list is not exhaustive since there are a large number of organisations and networks that are dedicated to the SSE. Note that there is an inventory of all types of SSE key actors and support organisations, accessible on a website.²⁹

Table 4. Main key actors/agencies of the social and solidarity economy ecosystem

Type of institution/Organisation	Actor
Governmental departments or institutions designing or implementing policy, support instruments and measures for social enterprises and infrastructures at national or infra-national level	<ul style="list-style-type: none"> > <i>Ministère de la Transition écologique et solidaire</i> > DGCS (social cohesion) > <i>Dispositif local d'accompagnement</i> (DLA) created by the State (DGEFP- training) and the <i>Caisse des Dépôts</i> > CGET (territories) > DJEPVA (vie associative) > France Stratégie for studies > <i>Conseil Supérieur de l'Economie Sociale et Solidaire</i> > <i>Chambre Française de l'ESS</i> > <i>Conseil National des Chambres Régionales de l'Economie Sociale</i> (and regional organisations) (The last two are in the process of merging)

(28) 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.

(29) See <http://www.esspace.fr/>.

Type of institution/Organisation	Actor
Organisations promoting, certifying and awarding social business labels	<ul style="list-style-type: none"> > DIRECCTE releases the ESUS accreditation > CRESS realises, updates and publishes the list of social economy enterprises as defined by Article 1 of the 2014 Law (subsections 1° and 2° of II of article 1st) > <i>for other organisations see in the text below</i>
Institutions, civil society initiatives, think tanks or other social enterprises promoting social entrepreneurship education and training, and presenting role models	<ul style="list-style-type: none"> > <i>Labo de l'économie sociale et solidaire (ESS)</i> > AVISE > <i>Fonda</i> > <i>Mouvement Associatif</i> > <i>Réseau des territoires pour l'économie solidaire (RTES)</i> > <i>Mouvement pour l'Economie solidaire (MES)</i> and its regional members
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	<p>General observatories</p> <ul style="list-style-type: none"> > National observatory on SSE and regional observatories > <i>Institut National de la Statistique et des Etudes Economiques (INSEE)</i> > <i>CNRS (Viviane Tchernonog, Centre d'Economie de la Sorbonne, Enquête Paysage Associatif)</i> > <i>Recherches et Solidarités</i> (for statistics) > <i>CHORUM</i> (for surveys on quality of work) > <i>INJEP</i> (regarding associations, youth and sport) <p>Umbrella organisations (in relation with professional or sectorial dynamics):</p> <ul style="list-style-type: none"> > <i>CGSCOP</i> > <i>Mouvement Associatif</i> (Associative movement), which includes 600,000 associations > Several large federations: <i>Fédération des entreprises d'insertion</i>, <i>UNAPEI</i>, <i>FNARS</i>, <i>UNIOPSS</i>, <i>Ligue de l'enseignement</i>) and their regional levels organisations, etc. > Other organisations: <i>ESPER</i>, <i>FNMF</i>, <i>Centre Français des fonds et Fondations</i>, <i>AAM</i>, <i>COOP FR</i>
Providers of social enterprise start up and development support services and facilities (such as incubators)	<ul style="list-style-type: none"> > <i>Couveuses</i>, <i>Boutiques de gestion</i>, <i>Plateformes d'Initiative Locale</i> > <i>Réseau Alter'Incub and Fabriques à initiative</i> > <i>Coopératives d'activité et d'emplois</i> > <i>ADIE</i>, <i>Cigales</i> (that are also providers of finance) > <i>Ashoka France</i>

Type of institution/Organisation	Actor
Business support	<ul style="list-style-type: none"> > Provided by various networks and support organisations as well as finance providers, within the whole financing package > <i>Dispositif Local d'accompagnement</i>, DLA (France Active) > <i>Initiative France</i> (The last two are in the process of merging)
Facilitators of learning and exchange platforms for social enterprises/ research and academic networks	<ul style="list-style-type: none"> > <i>Association pour le développement des données sur l'économie sociale</i> (ADDES) > RTES > <i>Rencontres du Mont-Blanc</i>, now called ESS Forum International (ESSFI) > EMES Network France > CIRIEC France > <i>Réseau Inter-Universitaire d'ESS</i> (RIUESS) > <i>Association d'Economie Sociale</i> (AES) > <i>Institut Polanyi France</i> > <i>Institut Godin</i>
Social enterprise (support) networks, associations	<ul style="list-style-type: none"> > AVISE > <i>Mouvement des entrepreneurs sociaux</i> (MOUVES) > <i>Fédération des Entreprises d'Insertion</i> (FEI) > <i>Confédération générale des Scop</i> (et Sociétés Coopératives d'Intérêt Collectif-SCIC) > <i>Chambre française de l'ESS</i> > <i>Union des Employeurs de l'ESS</i> (UDES) > CHORUM
Key providers of finance	<ul style="list-style-type: none"> > <i>Banque Publique d'Investissement</i> > <i>Caisse des Dépôts et Consignations</i> > <i>Crédit Coopératif</i>, NEF, <i>Crédit Mutuel</i> et autres banques coopératives > <i>Crédit du Nord</i> et <i>Société générale</i> > <i>Groupe Associatif France Active</i> > Finansol > <i>Groupe SOS Pulse</i>

4.2. Policy schemes and support measures for social enterprises

In general, many policy schemes and support systems (but also non-government initiatives) are geared toward specific types of contribution related to their activity field (e.g., work integration, care services, etc.) rather than specific groups of organisations defined as social economy enterprises *per se*. As a consequence, these support measures are addressed to all enterprises that fulfil the criteria defined by public authorities. For instance, in the case of childcare services, all types of enterprises meeting the agreement criteria defined by law (in terms of supervision rate, staff qualifications or parental contribution varying with the revenues of the parents, etc.) can benefit from public grants. Some support measures are addressed to SSE organisations or to specific types of legal forms (e.g., associations, cooperatives) but none are specifically addressed to social enterprises since this category does not exist as such in France.

The number of available public support schemes and general interest of public authorities in the development of the SSE is very large. In particular, since the crisis, authorities have become more active in the area of social and solidarity economy, considering support for this sector as one of the policy responses to the crisis.

In September 2017 the function of the High Commissioner for the SSE and social innovation was created, with a cabinet attached to the Ministry of Ecological and Solidarity Transition. Consequently, the government initiative French Impact was launched in January 2018 to foster social innovation and put together all the initiatives that are socially innovative (similarly to French Tech for technological innovation). This initiative is now part of the Growth Pact for the SSE (*Pacte de croissance de l'ESS*) launched in November 2018. Its aim is to promote a global development strategy for the SSE. Three priorities are identified: (i) freeing the energies of the enterprises of the SSE; (ii) strengthening the influence and empowerment of the social and solidarity economy (including the French Impact); (iii) putting the social and solidarity economy at the heart of the international agenda. It was announced in September 2019 that 375 million EUR will be mobilised under the French Impact banner.

It should be noted that EU funds play a relatively small role in the French context. By contrast, at the local and regional level, public policies have been developed during the 2000s within the frame of regional schemes dedicated to the SSE or to innovation with a specific attention given to social innovation. France is a multi-level governance system as far as the development of the SSE is concerned.

Table 5. Public support measures for social enterprises

To all enterprises that fulfil specific criteria, from which social enterprises can benefit	To the social economy, including social enterprises	To social enterprises only
Social economy enterprises have access to regional support schemes dedicated to innovation	The ESF and the ERDF target the social and solidarity economy, including social enterprises. There are numerous although diversified support initiatives at regional level	Specific ERDF and ESF funding schemes are available. They support: i) pre-start support (e.g., incubators); ii) awareness raising (e.g., awards); iii) social entrepreneurship education (e.g., school for social entrepreneurs); iv) business support (e.g., business planning, management skills, marketing etc.); v) training and coaching schemes; vi) investment readiness support; vii) dedicated financial instruments; viii) physical infrastructure (e.g., shared working space); ix) collaborations and access to markets; x) networking, knowledge sharing, mutual learning initiatives
Associations are eligible for employment subsidies if they hire unemployed or low qualified workers	-	
All enterprises are eligible for public grants according to their activity field (social services, home care services, childcare, cultural activities, sport...)	-	

Some publically funded schemes are specifically targeting social enterprises and all of these can be funded by ERDF or ESF. They concern:

- > Pre-start support (e.g., incubators)
- > Awareness raising (e.g., awards)
- > 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)
- > Collaborations and access to markets
- > Networking, knowledge sharing, mutual learning initiatives

As regards initiatives directly contributing to supply of finance, the public investment bank (BPI) was established at the end of 2012.³⁰ Its capitalisation reaches 500 million EUR and it is mainly aimed at supporting classical SMEs including marginally SSE organisations. BPI offers various types of instruments including equity investment, loans, guarantees as well as technical assistance at pre, interim and post investment phase.³¹

Another recent initiative worth noting is the further development of the National Social and Solidarity Economy Observatory and its production of statistical data on SSE linked with INSEE.³² Since 2019, linked to European funding from Eurostat, INSEE is developing a satellite account of the Social and Solidarity Economy.

We observe also the ongoing improvement of the recognition of the social and solidarity economy, notably through the integration of social and solidarity economy modules into teaching programmes at the University³³ and the recognition of RIUESS, an inter-university network of teachers and researchers specialized in SSE.³⁴

4.2.1. Use of EU structural funds

There seems to be no specific study providing a 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. For instance, Viviane Tchernonog and Lionel Prouteau (2019) conducted surveys on associations, where it emerged that EU financing represented about 1% of their total revenue. In general, it seems that EU structural funds play relatively a small role for the French social and solidarity 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. Two major EU funds applicable for broadly defined social economy organisations but not less importantly narrowly defined social enterprises are the European Social Fund and the European Regional Development Fund. For the programming 2014-2020.³⁵

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

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

(32) See CNCRESS, 2014, Atlas de l'Economie sociale et solidaire, 3eme Edition.

(33) According to the CNCRESS, in 2012 there were 72 degrees courses (undergraduate and graduate levels) related to the social and solidarity economy to be compared with 26 in 2007.

(34) The conference of University president (CPU) and the Crédit Coopératif have written a guide book on training in SSE. www.cpu.fr/wp-content/uploads/2015/03/20150319-Guide-UJESS-Partie-2-VF.pdf.

(35) See AVISE <http://www.avise.org/dossiers/financements-europeens-2014-2020>.

- > Under ESF, particularly relevant is theme 1 and 3: fighting against unemployment and development of entrepreneurship and promote inclusion. Although it is not explicitly devoted to social economy enterprises, they may be eligible as long as they create new employment opportunities, provide training or promote social inclusion, e.g., by employing labour market excluded groups. The third theme has a specific objective dedicated to SSE with projects for work integration, SSE and social innovation. However, France has allocated only 25 million EUR for the SSE priority during the programming period, which is relatively little in comparison to countries such as Spain or Poland, which have allocated over ten times more.
- > Under ERDF, there are a number of relevant regional programmes with some aiming at supporting the creation of new infrastructure and growth of social economy enterprises.³⁶

Note that France Active is also an intermediary institution for the ESF and ERDF.

Some consulted social economy enterprises, and associations in particular, 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.

4.2.2. Initiatives by regional government and other intra-regional authorities

In the 2014 law, Article 7 of Section 4 explicitly stresses that regional authorities, together with the regional chambers of the SSE and SSE organisations, have to design a regional strategy for the development of the social and solidarity economy. To do so, regional authorities may contract with departments, municipalities or public establishments for inter-municipal cooperation (*établissements publics de coopération intercommunale*) in order to develop a concerted/joined strategy in favour of the SSE on the territory. The law plans that there should be at least every two year a regional conference on SSE to discuss about the orientations, means and results of territorial policies for the development of SSE. Note also that the Law on the New Territorial Organization for the Republic (*Loi Notre*) adopted in August 2015 has integrated the development strategy of the SSE within the development strategy scheme of the regions (*schéma régional de développement économique, d'innovation et d'internationalisation* - SRDEII).

In France, initiatives of regional governments 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. Before the 2015 regional elections, Rhône-Alpes Region was an evident example of a leading and hugely important region as regards the

(36) <http://rtes.fr/L-ESS-dans-les-programmes>.

development of the social and solidarity economy, including social enterprises with a plethora of initiatives backed by regional authorities and the highest number of jobs in absolute terms within the SSE with the exception of Ile de France.³⁷ For instance, the authorities have been supporting until 2015 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 the last 8th edition that took place in 2015. Another regular initiative carried out until 2015 (the last 7th edition in 2015) was the 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 was the *iDélic Solidaire*,⁴⁰ a programme targeting SSE 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 60,000 EUR and must be matched with a minimum 20% of own capital. The list of eligible beneficiaries reflects broadly the social economy definition and includes associations, cooperatives, mutual societies and work integration enterprises. In Rhône-Alpes Region, there are also six official Territorial Clusters for Economic Cooperation (*Pôle Territorial de Coopération Economique*).

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 this strategy—implemented before the introduction of the 2014 law—is the regional PROGRESS Programme oriented specifically to social economy development. It is a self-standing regional strategy supporting the development of micro projects from launching up to their scaling. This programme involves the creation of an observatory of the social and solidarity economy and a permanent committee responsible for monitoring the sector. The regional strategy has also supported the development of local clusters of enterprises (PRIDES) through annual agreements for the public funding for collaborative projects among the firms under condition that they contribute to the job creation and economic development.⁴¹ However, the regional political changes have challenged all these mechanisms and supports are now orientated towards circular economy.

(37) However, in 2011 Bretagne (144,000 or 13.6 per cent) and Pays de Loire (161,000 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 Rhône-Alpes, 2015. Available at: <http://www.rencontres-solidaires.org/index.php/events/rencontres-solidaires-2015/>.

(40) iDélic Solidaire, 2015. 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.

A frequently cited project—which is broadly considered successful although many outcomes are yet still to come—is the one launched in 2005 by the Regional Council of Languedoc-Roussillon Region to provide support services to social innovation projects. This initiative forms a cooperative group composed of local authorities and entities from the social and fair economy (for more see table 6). Its key activities are built around the business incubator for social enterprises (both start-ups and developing ones), and the Realis (social economy and entrepreneurship centre) – helping projects in the "start-up" phase. This ecosystem also includes a SSE business convention (Coventis) and the Regional Agency for Innovation (Transferts LR).⁴² This programme has benefitted from EU structural funds, regional funds and private support and it has received a great attention from regional social economy stakeholders. One of the important advantages of the programme that have been highlighted by observers is its coherence with the structure of the regional economy, which relies strongly on tourism and has a considerable proportion of elderly population with high demand for social care services.⁴³

At the local level, territorial authorities such as department councils or inter-communalities also carry out programmes and strategies in favour of the SSE development. It is for instance the case of the Grenoble Agglomeration, which implemented an ambitious development plan for the SSE, and the Lille Metropole, which has been active in supporting the SSE since 2002 and reaffirms its support each five years. Another example is the city of Grasse (Provence), which started a local contract in favour of the development of the SSE (*Contrat local de Développement de l'ESS - CLDESS*) with the support of the Provence-Alpes Côte d'Azur Region between 2012 and 2015. It is now a laureate of the French Impact Territories (2019). These examples can be regarded as frontrunners, although all regions have developed specific arrangements with a view to furthering the SSE development.

(42) OCDE and European Commission, 2017, Boosting social enterprise development: good practice compendium.

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

Table 6. Examples of regional social enterprise support initiatives⁴⁴

Topic	Initiative and its features
Name of initiative	<i>L'innovation Sociale en Languedoc-Roussillon</i>
Years of operation	Initiated in 2007
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 at overall support (networking, grant seeking and business cooperation) of social economy sector and in particular at job creation and enhancement of social innovation.
Financing of the initiative	80% of its financial support comes from the Languedoc-Roussillon Region and Europe's ERDF. Moreover, the cooperative movement (either URScop or CGScop) has always funded 5 to 10% of the scheme through self-financing. In the first years, <i>la Caisse des Dépôts et Consignations</i> (public fund), the State, <i>la Caisse d'Epargne</i> (private cooperative bank) and the Macif Fund were essential financial partners of the project. The annual budget nearly reaches 500,000 EUR. 70% of the funds are used to support projects and 30% to coordinate the scheme. The average cost of an incubated project is about 22,000 EUR a year. Half of this amount is spent on external consultancy (market analysis, legal advice, etc.)
Role of EU funding (if any)	230,000 EUR grant for 2014 and 2015; 170,000 EUR grant for the year 2011, 2012 and 2013
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; Shared working space; Networking, knowledge sharing, mutual learning.
Delivery/ implementation mechanism	From 2007 to 2017, Alter'Incub has received 330 applications, 165 projects have been auditioned, more than 100 have been offered mentoring and 50 social companies have been created. Regardless of their legal status, they are all characterised by a viable business model, a limited pursuit of profit, a social and/or environmental purpose and participative management. Organisation of International Social Innovation Conventions every year since 2009 with over 2000 participants each year.
Exemplariness of innovation	Coherence with structure of regional economy, concentration of various activities in one centre
Achievements of the initiative	From 2007 to 2017, Alter'Incub has received 330 applications, 165 projects have been auditioned, more than 100 have been offered mentoring and 50 social companies have been created. Regardless of their legal status, they are all characterised by a viable business model, a limited pursuit of profit, a social and/or environmental purpose and participative management. Organisation of International Social Innovation Conventions every year since 2009 with over 2000 participants each year.
Evaluative evidence	n/a

(44) www.alterincub.coop and interview in May 2016.

4.2.3. Other specialist support and infrastructure available to social enterprises

There is a plethora of schemes funded by public sources. Likewise non-publically funded instruments have been established. Instruments include: network organisations offering various types of advice promoting social innovation, business schools offering courses on social entrepreneurship, and suppliers of finance targeting social economy organisations/social enterprises. Examples of certain types of initiatives offered by some support organisations are provided in table 7.

4.3. Public procurement framework

SSE organisations, including social enterprises are facing important changes in their public financial support, the main one being the tendency to move from grants to contracts. Indeed, a larger part of public funds is now allocated through public procurements. Contracting out introduced more competition within social enterprises and between social enterprises and private businesses, given the entry of private commercial providers encouraged by public authorities and/or the spread of tendering processes.

In addition, along with the decentralisation process, there has been a trend of parcelling out between different public bodies at different levels and of increased uncertainty and variability of public funds. Public resources are more frequently coming from territorial or local public bodies (such as the regions or the municipalities), multiplying financial sources, often of short-term and variable nature and linked to specific projects and increasing the administrative costs for social enterprises. In short, application forms are becoming more numerous and complex but for smaller subsidies. Moreover, changes in public instruments lead to the adoption of new performance objectives in social enterprises along with new managerial tools and indicators.

Nevertheless, integrating social and/or environmental considerations into public procurement procedures for all goods and services is seen as a potentially robust mechanism providing social enterprises with level playing field and genuine opportunities to obtain public contracts.

Two dynamics have increased access to public markets: (i) the SSE Law (2014) promoted the adoption of socially responsible purchasing schemes for local authorities when the total annual amount of its purchases exceeds 90,000 EUR; and (ii) the reform of the Public Procurement Code in 2015 introduced more opportunities for SSE (e.g., markets reserved for WISEs and negotiated contracts).

The Ordinance No. 2015-899 of 23 July 2015 on public procurement provides for the possibility of using either social inclusion clauses—the number of hours that must be worked by groups of people on inclusion for the performance of the contract (Article 38)—or social criteria among the criteria for awarding contracts (Article 52). It also envisages the use of so-called reserved contracts for adapted companies or structures for inclusion through activity (article 36). The Second National Action Plan for Sustainable Public Procurement 2015-2020 aims to help administrations pragmatically overcome the obstacles that slow the rise of sustainable public procurement. This plan sets a 2020 target that at least 25% of contracts awarded during the year include at least one social provision.

Despite the fact that social clauses have been available in France for more than 30 years, the proportion of public procurement procedures with social clause⁴⁵ is still small. In 2014, only 6.1% of all public contracts for delivery of goods and/or services for 90,000 EUR (total excluding taxes) or above included such a clause against 4.3% in 2012 and 1.9% in 2009,⁴⁶ which constitutes only a fraction of 80 billion EUR of total value of public contracts. In 2009, social clauses were more frequently used by local communities, which counts for 2.7% of all contracts, than by central authorities (0.5% of all contracts). The use of social clauses has however risen in 2015. For instance, more than 10 million hours of work integration have been generated by social clauses in public contracts (against 8.4 million in 2014).⁴⁷ However, in its 2016 report, the Court of Auditors, which analyses public policy, questioned the effectiveness of the social clauses contained in 6.2% of public contracts exceeding 90,000 EUR excluding tax in 2014. The State uses the social clause for only 3.2% of its contracts, while local authorities use it for 10.2%. The Economic Observatory on Public Procurement, which sets a target of 15% of public procurement, points out that there are still margins for improvement.

Note that there can be other types of social clauses than a work integration requirement, such as promoting diversity or equal opportunities. 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 a more extensive use of social clauses will only be possible if it is preceded by a more positive response from public authorities (e.g., mayors of

(45) 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.

(46) Observatoire Economique de l'achat public, 2015, commande publique et accès à l'emploi des personnes qui en sont éloignées, sous la dir. De C. Baulinet, Guides et recommandations, Ministère des finances Oct.

(47) <http://rtes.fr/Alliance-Villes-Emploi-public>

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 place.⁴⁸ In this respect, training can increase information and ease the use of social clauses by territorial authorities.

Furthermore, there has been a clear view expressed by CNEI (now Federation of WISEs, FEI) and MOUVES regarding the use of social clauses and more strict reserved clauses conditioning access to the public contracts to explicitly selected types of legal structures. The use of the latter category is seen by some stakeholders as too radical and unjustified interference which could undermine the cooperation between work integration enterprises and classical for-profit organisations competing for public contracts. Other stakeholders estimate that, on the contrary, they could facilitate it.

One can argue, that overall tendering processes form a risk for SSE, including social enterprises (Petrella and Richez-Battesti 2012). They lead to an increased fragility of their economic model, in particular for those organisations that have been largely dependent on public resources.

4.4. Networks and mutual support mechanisms

The French ecosystem is characterised by a richness of various structures and support initiatives established by SSE organisations and other government and non-government stakeholders. Different types of networks/support organisations mark their presence in the sector. These are for instance network organisations supporting particular segments of the social economy (cooperatives, WISEs, SCICs), specific activity fields (e.g., UNIOPPSS, the national union of organisations for social services, such as care for the elderly, people with disabilities or families in need, fighting against poverty and exclusion), providing advice or financial support, or conducting independent research. Table 7 provides a snapshot of some of the most important networks. It is commonly believed that coming years will bring their further development and strengthening.

In this large range of support institutions, we note two specific sources of tensions within the system:

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

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

It is undisputable that the strong position of social and solidarity economy in France creates a supportive and friendly environment for both social economy and social enterprises.

The French ecosystem also includes initiatives aiming at increasing the cooperation between social economy 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".⁴⁹ 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 the French territory and has been implemented in many other countries, some outside the EU.

Support networks for the development of the SSE are numerous in France. Some are professional networks dedicated to a certain type of organisations, such as the federation of work integration enterprises (FEI), the union of worker cooperatives (CGSCOP) or the associative movement (*Le mouvement associatif*). Other networks are aimed at supporting the activity/projects creation (such as SIFA, AVISE, etc.), others are dedicated to managers of social enterprises (MOUVES, CJDES, etc.), others contribute to the institutional structuration of the SSE as a chamber (CNCRESS and ESS France) or as an employers' union (UDES). Finally, some networks are focused on promoting information access (ESSemble). Only the main ones are listed in table 7 below.

(49) 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 7. 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	Created by the Caisse des Dépôts (long-term public investor) and representatives of the social economy, AVISE provides support to all types of social economy organisations. It operates on the whole national territory. It develops engineering and services. It fosters the emergence of activities with a social utility and the consolidation of structures. It works in partnership with the main networks. AVISE works also as an intermediary organism for the European Social Fund in relation to SSE organisations, especially for the program "Labour and inclusion" through projects calls.	<ul style="list-style-type: none"> > To increase the number of new enterprises in the SSE and improve the performance of the existing ones by strengthening internal capacity and external advocacy; > To create 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 (e.g., organisation of events) and dissemination of various publications (e.g., reports, newsletters); > Provision of trainings.
MOUVES	2010	MOUVES provides advice and support to all types of SEs and aims to favour their creation and development. Its creation was partly driven by the economic crisis and the need of coordinated response.	<ul style="list-style-type: none"> > To develop social enterprises; > To create new jobs. 	<ul style="list-style-type: none"> > SE awareness and training; > Favour social practices within traditional firms and social innovation; > Develop a European network of SEs. > Provision of trainings.
Les Scop	2011 (Before, <i>Confederation générale des scop</i>)	Les Scop is a network of worker cooperatives (<i>sociétés coopératives et participatives</i>) financed by member cooperatives and managed by elected representatives from Scop. The network accompanies the creation and development of cooperative companies.	<ul style="list-style-type: none"> > To support individual entrepreneurs in the pursuit of their initiatives; > To promote existing SCIC and the creation of new ones. 	<ul style="list-style-type: none"> > 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.
Fédération des entreprises d'insertion	2014	The Fédération des entreprises d'insertion is a network of WISEs. It gathers more than 600 reintegration enterprises representing 37,000 jobs in 15 different sectors (2014). First Comité national des entreprises d'insertion (CNE) from 1988 to 2014.	<ul style="list-style-type: none"> > To support members in the development of their operations; > To provide 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
Groupe associatif France Active	1988	France Active is a French non-profit financial network. Since 1988, France Active is specialized in impact investing into mission-driven SMEs in France. Its mission states "support the entrepreneurs to change the world". Through various financial tools such as grants, bank loans guarantees, middle term loans, and equity investment, it offers a large panel of financial solutions to social entrepreneurs. Strategic advice services, solutions of networking to help entrepreneurs in their search of money are also available. Every year, more than 7,000 projects are financed, and about 250 million EUR are brought to the projects.	<ul style="list-style-type: none"> > To provide finance to SEs. 	<ul style="list-style-type: none"> > Mobilise public and private funds for further assistance to SEs (grants, bank loans guarantees, middle term loans, and equity investment); > Project advisory (strategic advice services, solutions of networking).
Centre des Jeunes, Dirigeants et Acteurs, de l'Economie Sociale	1985	It gathers together around 1,000 leaders of SSE organisations including large financial cooperatives, mutual and key reintegration enterprises as well as 10 regional delegations of social economy organisations.	<ul style="list-style-type: none"> > To support the promotion, development and growth of the SSE. 	<ul style="list-style-type: none"> > Conduct periodical research on social economy ecosystems; > Panels and conferences; > Platform of networking and exchange of views/experience; > Lobbying on behalf of its members.
Chambre française de l'ESS	2015	ESS France (2016) replaced <i>La Chambre française de l'Economie sociale et solidaire</i> (2014) and the CEGES (1981 - <i>Conseil des entreprises et des employeurs de l'économie sociale</i> , i.e. the Network of employers and organisations of social economy). It was established by Article 5 of the Law on SSE.	<ul style="list-style-type: none"> > To promote the SSE; > To represent stakeholders of the social economy vis-à-vis public authorities. 	<ul style="list-style-type: none"> > Advocacy with public authorities > Promotion of the social economy model; > Conduct research on social economy; > Member of several national and European networks.
CNCREs	2004	It represents and coordinates the activities and interests of the regional chambers of social and solidarity economy.	<ul style="list-style-type: none"> > To support regional structures of chambers of SSE. 	<ul style="list-style-type: none"> > Represent regional chambers at the national level; > Advocate for their interest with public authorities; > Promote SSE organisations; > Promote social innovation; > Promote data on SSE.

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Name of organisation	Year of establishment	Overview	Objectives	Type of support delivered
UDES	1994	<i>L'Union des employeurs de l'économie sociale et solidaire</i> federates 25 unions of employers who represent 70,000 enterprises and act in 14 occupational groups in the association, cooperative and mutualist sectors. It represents 1/3 of the SSE, which employs half of the sector's employees.	<p>To federate employers' unions and provide resources for employers on quality of employment, occupational health, labour law, practices of social dialogue;</p> <ul style="list-style-type: none"> > To represent them with public authorities and institutional partners; > To develop partnerships with institutional actors; > To dialogue with decision-makers and opinion leaders in and outside the SE sector; > To negotiate cross-sectoral collective agreements which benefit, through its members, SE employees. 	<ul style="list-style-type: none"> > As an umbrella organisation, UDES offers to its members social and legal services and tools.
RTES. Réseau des collectivités territoriales pour une économie solidaire	Created in 2001 to replace the network of local authorities in favour of the solidarity economy.	RTES is a unique type of network in Europe: it gathers 125 territorial authorities.	<ul style="list-style-type: none"> > To promote local initiatives, implement and transfer new strategies and especially public strategies; > To be a space for coordination and exchange; > To strengthen local public policies in favour of SSE. 	<ul style="list-style-type: none"> > Umbrella organisation that offers to its members, information, services and public tools to promote SSE at a territorial level.
ESsemble	2015	Website created by SSE organisations. It is the first practical guide in order to act, engage and do differently "Essemble.org".	<ul style="list-style-type: none"> > To ease access to information about SSE. 	<ul style="list-style-type: none"> > Provide practical information.
ESSpace	2016	Website created by the Minister of Economy and Industry in co-construction with SSE actors to create a federative web portal for all SSE actors.	<ul style="list-style-type: none"> > To facilitate access to information about SSE. 	<ul style="list-style-type: none"> > Directory of all SSE actors with a cartography of SSE organisations; > Specific search engine to ease research.

4.5. Research, education and skills development

In the last decade, a professionalisation movement has been observed within the SSE and within associations in particular.

Globally, expenses toward vocational training are important in SSE organisations and the education level is, on average, higher than in the rest of the economy.⁵⁰

Regarding vocational training, some social economy enterprises organize it by activity field. Nevertheless, there is an increasing supply of training within universities and business schools that have created master degrees on social and solidarity economy⁵¹ accessible for both higher and continuing education. Many researchers and masters are members of RIUESS (*Réseau Interuniversitaire d'Economie Sociale et Solidaire*).⁵² They organize a scientific meeting every year. Some of these researchers are also members of other networks, such as ADDES, AES, CIRIEC and EMES (see table 4).

Despite its limited size, by supporting the exchange of good practices between social entrepreneurs, providing advice and experimenting the transfer of knowledge to young social entrepreneurs, MOUVES contributes to skills development.

One of the main challenges as far as education is concerned is the need to integrate in the programs not only managerial competence issues but also governance and participation issues, as these are specific characteristics of SSE and social enterprises.

4.6. Financing

4.6.1. 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 could only meet part of the demand (10-50% depending on the SIFI). In most cases, external financing is sought for working capital, fixed asset acquisitions and scaling-up of the operations.

(50) See CNCRESS, 2014, Atlas commenté de l'Economie sociale et solidaire, Chap 5, pp73-78, Les efforts de formation, and www.chorum-cides.fr/.../monographie-de-lemploi-de-qualite-dans-less-en-france/.

(51) See the guide www.cpu.fr/wp-content/uploads/2015/03/20150319-Guide-UESS-Partie-2-VF.pdf.

(52) See www.riuess.org.

The study undertaken by OpinionWay for *Le Comptoir de l'Innovation* between November 2011 and April 2012 and covering 62 main French social enterprises, 50 solidarity based investors and 1,041 individuals representatives for the French population, came up with the following findings:⁵³

- > 252,000 EUR was the average amount of financing that the 50 solidarity based investors were willing to put in a social enterprise;
- > 67% of social enterprises declared that their social mission was not threatened if they had to provide investors with a return close to 5%;
- > 67% of investors were ready to accept the return-rate close to 5%;
- > 60% of investors would be willing to invest in a bank product that includes the funding of social enterprises.

More generally, the development of incubators and other types of actors and tools are supporting and speeding up the enterprise creation and covering the financial needs associated to the creation process. So, demand for finance should not cease to increase in the next years.

4.6.2. Supply of finance: social investment supported by public policy

Social finance in France began at the end of 1980s, like in other European countries, but it appears to be one of the most developed in Europe.⁵⁴ Social finance was first developed by civil society players who wished to use financial instruments differently. It is still immature but it has been growing, in particular over the last 10 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. Altogether, there are several types of players in the social investment market in France.

Social investment is high on the policy agenda in France. There are public or publicly supported agencies such as France Active, and public investors with eminent examples of the Public Bank for Investment (BPI) and the *Caisse des Dépôts et Consignations* (CDC).

(53) OpinionWay, 2012. Le financement des entreprises sociales. Available at: http://www.opinionway.com/pdf/opinionway_pour_le_comptoir_de_l_innovation_-_le_financement_des_entreprises_sociales_en_france.pdf.

(54) 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.

At the national level, the French Government has recently taken the following measures/actions:

- > At the policy level, the Law on Social and Solidarity Economy has entered into force in 2014. One of the principal objectives of the law is to amplify financing available for SSE organisations, primarily through a more precise definition of the sector, the reinforcement of "solidarity enterprises" 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.
- > New financing tools and schemes have been set up or are being considered to promote social investment:
 - There are tax incentives for social and solidarity economy/philanthropy: 60% of donations from enterprises to non-profit organisations are exempted from corporation taxation in the limit of 5% of the annual turnover before taxes. Also, individuals can benefit from a tax credit up to 66% of the donated amount;⁵⁵
 - *Caisse des Dépôts*—a public long-term investor and the most important fund in France (30% of funds)—offers two interesting support measures for social investment:
 - Funds of funds (*Fonds de fonds*): these funds invest in other funds, with a focus on social entrepreneurship;
 - NOVESS Fund—constituted by *Caisse des Dépôts* and public co-investors—endowed with 100 million EUR available for long-term leases for social economy enterprises;
 - Socially oriented pension funds: since January 2010, it is mandatory for French companies 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% of their funds in social economy enterprises or social funds. As of the end 2011, socially-oriented pension schemes accounted for more than 1.7 billion EUR from which more than 110 million EUR were invested in social funds or social economy enterprises (plus 600 million EUR from other sources). It seems to be a specificity of the French landscape, in which unions have played an important role in the evolution of solidarity employee savings schemes.
 - As a part of the Future Investments Programme (*Programme d'Investissements d'Avenir* - PIA), a budget of 100 million EUR has been allocated to fund enterprises of the SSE. The priority goal is to develop existing companies to

(55) Official Site of the French Administration, 2019. Impôt sur le revenu: réduction pour dons à des organismes d'intérêt général. Available at: <http://vosdroits.service-public.fr/particuliers/F426.xhtml> and <https://www.service-public.fr/professionnels-entreprises/vosdroits/F22263>.

promote the creation or consolidation of 60,000 jobs in nearly 2,000 companies through loans to be repaid by 2019 at the latest.⁵⁶

- Launch of a Public Investment Bank (BPI):⁵⁷ part of the investment made by the BPI will be exclusively channelled to social economy enterprises. It is the case for the investment envelop oriented towards social economy enterprises and business enterprises with a social impact, for the participative and solidarity loan, which concerns all SSE networks. The National Committee of WISEs (CNEI), now called the Work Integration Enterprise Federation (FEI) 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 their loans.⁵⁸ The BPI also runs the experimental Social Innovation Fund (FISO: *fonds d'innovation sociale*), still in a testing phase in 2015-2017. Co-financed by the regions, it provides refundable advances or a zero rate loan to support social innovations projects or social impact ones launched by small and medium enterprises or social economy enterprises (as defined by the 2014 law).
- At the regional level: few regions are active in supporting social investment, e.g., Region Ile de France, which made 2 million EUR available to support social investment.
- Finally, the social impact contracts (*contrats à impact social*) were launched in March 2016⁵⁹ within the frame of an inter-ministry call for projects of the State Secretary in charge of SSE in France, under the suggestion of a report realised in 2014.⁶⁰ The social impact contract is issued by a social economy enterprise, refundable in fine and aimed at encouraging investment to finance the development of an action with social impact.⁶¹ It provides a secured contract framework for such type of investment aimed at fostering the financing of new or innovative activities with a social aim. It is aimed at combining social and financial return on investment. These social impact contracts, adapted from an Anglo-Saxon vision of financing social activity in order to limit public social expenses, provoked strong reactions in France, putting forward both the interest

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

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

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

(59) Site du Ministère de l'Economie et des finances: <http://www.economie.gouv.fr/contrat-impact-social>.

(60) Comment et pourquoi favoriser des investissements à impact social, innover financièrement pour innover socialement, Rapport du comité français sur l'investissement à impact social, sept 2014, www.economie.gouv.fr/files/files/.../RapportSIIFce_vdef_28082014.pdf.

(61) Two types of social impact bonds are possible: the type "I" when there is a capital risk for the investor, compensated by a higher potential financial return related to the social performance of the investment; the type "ii" when there is no risk capital and when the bond offers a minimal fixed return. It is a way to foster investment for organisations that provide social goods and services.

of such an initiative and the complexity to implement them as well as some vigilance issues.⁶²

The main other finance suppliers include:

- > **Solidarity finance**, with its label "Finansol" created in 1997, used to distinguish solidarity financial products that contributed to the financing of activities generating social and/or environmental utility, but not the organisations themselves. Solidarity finance is growing fast, around 20% in the last years, 14% in 2014⁶³ and 8.7% in 2018.⁶⁴ This rapid growth is the result of innovative processes promoted by various players. Products are differentiated according to their origin: bank saving, saving collected by solidarity enterprises or solidarity employee saving.
 - The observatory of solidarity finance, run by Finansol, collects data and produces statistics on this activity field. According to it, there are more than one million solidarity savers. From the 8.46 billion EUR (12.6 billion EUR in 2018) invested in solidarity employee's saving products at the end of 2015, 1.1 billion EUR (4.1 million EUR 2018) was invested in the SSE and 290 million EUR (372 million EUR in 2018) of solidarity finance was invested to support social or environmental utility projects, contributing to 31,000 jobs (48,000 jobs in 2018) created or consolidated.⁶⁵

(62) See: Rapport du Comité Français sur l'investissement à impact social par Hugues Sibilles, Claude Leroy Themeze (MEF), Nadia Voisin (MAEDI), rapporteur Cyrille Langendorff: «**Comment et pourquoi favoriser des investissements à impact social? Innover financièrement pour innover socialement**»: http://www.economie.gouv.fr/files/files/PDF/RapportSIFce_vdef_28082014.pdf.

Document de travail du Commissariat général à la stratégie et à la prospective par Camille Guézennec et Guillaume Malochet: «**L'Impact investing pour financer l'économie sociale et solidaire? Une comparaison internationale**»: http://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/dt_-_impact_investing_-_vu_hm_final_le_21-06vcg9h00.pdf.

And for critics: Tribune du Collectif des associations citoyennes pour Le Monde des idées par Jean-Claude Boual, Michel Chauvière, Eric Denoyelle et L'appel des appels: «**Quand le social finance les banques et les multinationales**»: http://www.lemonde.fr/idees/article/2016/03/10/quand-le-social-finance-les-banques-et-les-multinationales_4880783_3232.html.

Article de Jean Gadrey, blog Alternative économiques: «**Economie sociale et solidaire: de la «carte des solutions» au péril mortel des «investissements à impact social**»: <http://alternatives-economiques.fr/blogs/gadrey/2016/03/14/economie-sociale-et-solidaire-de-la-%c2%ab-carte-des-solutions-%c2%bb-au-peril-mortel-des-%c2%ab-investissements-a-impact-social-%c2%bb/>.

Avis du haut Conseil à la Vie Associative: «**Avis du HCVA relatif à l'appel à projets de « social impact bonds**»: http://www.associations.gouv.fr/IMG/pdf/Avis_du_HCVA_relatif_a_l_appel_a_projets_SIB_02-03-2016.pdf.

(63) www.finansol.org.

(64) <https://www.finansol.org/les-chiffres-de-la-finance-solidaire-au-31-12-2018/> and https://www.finansol.org/_dwl/barometre-finance-solidaire.pdf?pdf=barometre.

(65) http://www.finansol.org/_dwl/barometre-finance-solidaire.pdf.

- There is the project to create a savings book dedicated to solidarity sustainable development and a loan fund by the CDC dedicated to the SSE (which would be called INVESS) in order to mobilise institutional investors beyond the solidarity savers.
- > **Le groupe associatif France Active**, is the first solidarity investment society in France. This society finances investments or needs in capital for associations and solidarity enterprises of social utility, especially oriented to jobs creation, through participative loans, allocated under favourable conditions. In 2018, it takes part in the investment of more than 31,000 solidarity enterprises in France (investment of 306 million EUR, 7,500 financed projects and 40,000 jobs created).⁶⁶
- > **Impact funds/responsible investing funds**. According to KPMG and ALFI survey on European Investing Responsible Funds, as of 2015 there were 260 socially responsible investing funds⁶⁷ in the country with a total capitalisation of approximately 59 billion EUR. France counts from 16% of the total capitalisation at the European level and 14% of the total funds, being in the second position, after Luxemburg.
- > **Venture philanthropy**. There are 17 funds in France in 2014 and the country is listed among the top three in Europe in terms of their number.⁶⁸ Phitrust, AlphaOmega and the innovation fund of AG2R la Mondiale are a few examples.
- > **Cooperative banks**. They are part of SSE. France has a number of cooperative banks including Crédit Coopératif, Crédit Agricole, Crédit Mutuel or Banque Populaire-Caisses d'Épargne and now NEF (Nouvelle économie fraternelle), which offer financing to the SSE. The most common type of product is the loan. Nonetheless, no aggregate data on the scale of financing provided to the SSE organisations is available. Cooperative banks play an important role in the financing of the SSE; Crédit Coopératif and NEF play a particularly active role in providing financial support to projects according to their environmental, social and/or cultural utility.⁶⁹ For example, the NEF is implementing a social entrepreneurship guarantee scheme which is funded by the European Social and Innovation Programme and which aims at supporting more than 300 social enterprises in France.⁷⁰ Note also that the Sapin Law of the 14th of June 2016 allows that some savings accounts (*livrets A and Sustainable development*) take part to the financing of SSE.

(66) www.franceactive.org, rapport d'activité 2018.

(67) Understood as those investing in (i) microfinance funds, (ii) Social Entrepreneurship and Solidarity funds, (iii) Social impact funds, (iv) venture philanthropy. http://www.alfi.lu/sites/alfi.lu/files/European-Responsible-Investing-Fund-Survey-2015_1.pdf.

(68) EVPA, 2014. The EVPA Survey. Available at: <http://evpa.eu.com/knowledge-centre/what-is-vp/industry-data/>

(69) NEF, Nouvelle Economie fraternelle; d'abord Société coopérative de finances solidaire puis depuis 2015 banque Ethique Available at: <http://www.lanef.com/>.

(70) See http://www.eif.org/what_we_do/microfinance/news/2016/first-eu-social-finance-deal-nef.htm

- > **Conventional banks.** The rising awareness about the social economy concept and the 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 a separate team specialised in social entrepreneurship and microfinance and envisaged over 200 million EUR for investment between 2013 and 2015.⁷¹ 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 investment.⁷²
- > **Family offices.** There is no available data on the number of family offices, including those that actively invest in social economy organisations/social enterprises. However, only in Paris there are at least 24 family offices⁷³ and some are already engaged in social impact investment.

Unlike in some other Member States, in France, social economy and social enterprises have—at least in principle—access to the whole portfolio of financial instruments starting from subventions through guarantees,⁷⁴ grants, loans, equity,⁷⁵ mezzanine, and relatively new channels such as crowdfunding.⁷⁶

Loans and subsidies are most commonly used whereas equity seems to be a 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 investors.⁷⁷ Besides, as social enterprises are mostly micro entities with limited capital requirements, this often makes them barely attractive for venture capital, which typically seeks financial deal above certain threshold (e.g., due to high due diligence

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

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

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

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

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

(76) See for instance Le rapport sur le financement de l'Economie sociale et solidaire, 2013. Available at: <http://proxy-pubminefi.diffusion.finances.gouv.fr/pub/document/18/15091.pdf>.

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

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 types of legal structures, such as associations, 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 sector.⁷⁸ 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. Many finance suppliers—in particular private investors—perceive investment as relatively risky with the expected return rate that does not compensate for the level of risk.⁷⁹ In this sense, public funding remains an essential source of financing social economy enterprise.⁸⁰ Moreover, these public investors play a central role to finance enterprises whose access is more difficult for the market, such as early-stage social economy enterprises, or to promote specific guarantees tools with a leverage effect.⁸¹

In addition, different solidarity initiatives can be mentioned here.

- > **The CIGALES movement**,⁸² which legally operates as investment clubs since the 1980s gives citizens the opportunity to support enterprise creation or scaling up projects with the mean of solidarity financial contribution and a human support. There are in 2014, 251 clubs that are active in France, gathering 3,133 citizens, with an investment amount outstanding of 2.24 million EUR and more than 200 job created or stabilized in more than 130 enterprises.
- > Crowdfunding: the development of participative or alternative finance outside the traditional financial system is speeding up in the last few years. It opens a new way to finance projects, but it is generally a one shot initiative and not a way to finance durably social economy enterprises. Four types of funding are possible: a participative loan with compensation, a plate-form of donations (ARIZUKA), an equity crowdfunding (Sowefund, 1001Impact) and loans without compensation. In 2015, fundraising increased by 100% with one million of additional funders compared to 2014 and 297 million EUR raised.⁸³ Crowdfunding is likely to play an

(78) Mendell M., Enjolras B and Noya A., 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.

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

(80) For example for forms of public financial support vary from tax exemption, through the financing of the wage of employees up to typical investment financing.

(81) Rapport du Comité français sur l'investissement à impact social, 2014, www.economie.gouv.fr/files/files/.../RapportSIIFce_vdef_28082014.pdf.

(82) Club d'Investisseurs pour une Gestion Alternative et Locale de l'Épargne Solidaire (CIGALES). 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.

(83) Selon les chiffres de l'association Finance Participative France.

increasing role in the development of the SSE (for different reasons: e.g., the need for transparency, ease of access, shared risk management, communication of projects). Examples of crowdfunding websites involved in the SSE include: SPEAR, Arizuka, Finance utile, MicroDon, Octopousse, 1001Impact and WiSEED.

- > Lastly, there is a new initiative, launched in June 2016. **NovESS** is the result of an alliance between public and private financial sources to meet specific needs of enterprises of SSE, in particular with the aim of scaling up. This initiative is supported by the CDC (Caisse des Dépôts), to the amount of 49%, and by private co-investors (BNP Paribas, CNP assurances, Crédit Coopératif, Ircantec, Mutuelle nationale territoriale). It is characterised by an important support and follow up scheme of beneficiary enterprises and the implementation of a specific tool to evaluate the social impact of the funded projects, created by the bank BNP Paribas and Le Comptoir de l'innovation (now Groupe SOS PULSE).

All these public and private financial tools would be estimated to nearly 1.8 billion EUR in 2013.⁸⁴

Many schemes specific to SSE (such as the Bpi and various funds created in parallel with the July 2014 law) have appeared since the beginning of the 2010s and new players (solidarity investors, impact investors, etc.) have found their place in the ecosystem along with older financing companies of the social and solidarity economy (such as Caisse des Dépôts, Crédit Coopératif) and generalist banks (banks of the SSE or network banks, which have long financed the working capital and the investment of many enterprises of the SSE). Several SSE business creation and development support networks also contribute to their greater stability and sustainability. The widening of accessible offers and the adoption of new tools (associative titles, joint and mutual certificates, etc.) make it possible to better meet the needs of companies. After this multiplication phase, these tools, these devices, these actors and these distribution networks must be permanently installed and better articulated. Despite these improvements, there are still gaps to be filled (Tiberghien 2017).

4.6.3. Market gaps and deficiencies

The ecosystem considerably enlarged in the last few years with an involvement of public authorities at the national level but also at lower levels and with the initiative of several players as well. However, in the meantime, the institutional environment has deeply transformed, with higher adaptation requirements for SSE players. In particular, social economy enterprises in general and especially social enterprises like WISEs and the providers of social services have to face the decrease and the transformation of

(84) Rapport du Comité français sur l'investissement à impact social, 2014 www.economie.gouv.fr/files/files/.../RapportSIIFce_vdef_28082014.pdf.

public funds (move from grants to contracts, public procurements, move from national bodies to regional and local ones). Most of them have adopted managerial tools (control, quality management, accountancy) to improve their managerial professionalism. A vast majority of these enterprises have still major difficulties in mobilizing private funds, such as sponsorship, crowdfunding, venture philanthropy or social impact contracts, and funds in general. These difficulties are complex to overcome since they are related, among others, to a lack of competence and time from the organisations and to a lack of understanding and visibility from the private sector and investors of their social impact. Today, the noose tightens between the lack of both public and private funding and the need to innovate and grow to meet new and increasing social and societal needs.

Within this highly complex environment, some schemes are not well adapted to the needs. For instance, the lack for quasi-equity for associations remains a barrier for access to some types of funding, such as the ones granted by the Social Innovation Fund (FISO). Moreover, associations have to choose to some degrees between sponsorship or developing their activity of selling goods and services to increase their financing because of their legal incompatibility. Indeed, to benefit from a specific tax regime, associations have to keep their lucrative activity of selling goods and services as secondary or limited in comparison with their main activity, which has to remain non-profit (see above).

Relatively to market deficiencies in terms of financial resources, there is still today a gap between supply and demand of finance. On the supply side, despite the increase in the supply, the amount of available funding is lower than the level of demand, in particular at the start-up stage and for changing scale. The SSE law tackles to some extent this issue of insufficient finance. But some instruments are not adapted to the needs of social enterprises. On the demand side, the problem lies in the relative inexpediency between the various existing financial schemes and the capacity of social enterprises to have recourse to them (lack of information, lack of skills, lack of time, difficulty in choosing the most coherent according to their needs, too many contrasted evaluations etc.). Although it is difficult to generalize due to the lack of available data, some interviewees indeed stressed that, more than the lack of available money, the problem comes from the fact that social enterprises are unaware about available sources. In addition, it should also be noted that some social enterprises exhibit low investment readiness and are not, in general, perceived as viable investment. Information and visibility of the supply of finance need to be improved.

Note that, especially before the law, the lack of consensus regarding definition of social and solidarity economy/social enterprise creates an additional obstacle for some actors (e.g., public authorities) in terms of establishing financial support schemes. Recent evolutions may moderate this obstacle.

Last but not least, one barrier comes from the difficulty to measure accurately the social impact more generally, the contribution of the social enterprises to the social and economic development in the long run. There were some attempts to measure the social impact of social investment but it was concluded that it still lacks accuracy.

5

PERSPECTIVES

The report's last section highlights perspectives based on France's strong social economy tradition that advantages potential social enterprise development. Positive assessment acknowledges the entire ecosystem's consolidation since the 2014 SSE-dedicated law was introduced. The State's increased sectorial involvement after economic crisis is also recognised; even though now in decline, evidence of the entire sector's recent stimulation can be seen in the number and scale of public authority initiatives. In addition, newly established institutions, financial resources and legislative efforts, which are considered beneficial to the sector and its broader public recognition, are discussed. Less positive perspectives include limited social enterprise access to financial resources. Additional funding is also considered underdeveloped due to the sector's lack of commonly accepted measures that recognise social impact benefits. Social innovation's extension or "spin-off" to other areas of activity and the scaling up of SSE initiatives are considered crucial future developments. The Growth Pact and French Impact are also considered likely steps forward. The underuse of social clauses in public procurement and limited education and training dedicated to social enterprises are cited as other barriers.



5.1. Overview of the social enterprise debate at the national level

In France, the notion of social enterprise is little used, since France is marked by a strong tradition of social economy and by a long institutionalisation process that led to the adoption of a Framework Law in 2014 on Social and Solidarity Economy (SSE). This law acknowledges a rather inclusive conception of the SSE, including—beside traditional social economy organisations—also conventional enterprises that adopt limits on profit redistribution and pursue an explicit social utility objective (as the ESUS label confirms). From this perspective, a majority of stakeholders refer to "enterprises of the SSE". However, some stakeholders are using the terms "social enterprises" and "social entrepreneurs", in particular in the work integration field and in relation to the movement of social entrepreneurs (MOUVES) or to some other associations (such as MakeSense). More recently, the PACTE Law adopted in May 2019 introduced the new label "mission-driven enterprise" (*société à mission*). This allows conventional enterprises to explicitly pursue a social or environmental mission. Being included in the bylaws, this mission or "*raison d'être*" can be challenged in court (Bidet and al. 2019). These evolutions show that the entrepreneurial dimension has become increasingly important over the years and that boundaries between the SSE and conventional enterprises are progressively blurring. Nevertheless, resistance to this "entrepreneurial shift" has been organized, in particular by the *Mouvement associatif*, which emphasizes that the SSE also promotes a political project of social transformation and not only an alternative mode of entrepreneurial production (Fraisie *et al.*, 2016).

5.2. Constraining factors and opportunities

The strong social economy heritage can be seen as an opportunity for the development of social enterprises in France. The recent law and all the related evolutions can foster their development. Note also that this law has consolidated the whole ecosystem supporting SSE—and, among it, social enterprises—that was already well developed in France.

Yet this sector has been facing both challenges and 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 enterprises that were able to fill the gap in service provision.

However, in parallel, gradual changes in financing took place as well. Between 2005 and 2011, the amount of state subsidies provided to associations shrank by 17% whereas the value of public contracts increased by 73%.⁸⁵ The share of public subsidies decreased from 33% in 2005 to 20% in 2017. Activity revenues increased from 49% to 66% of the associations' total budget over the same period (Tchernonog and Prouteau 2019). The predominant trend is towards a major transformation of the socio-economic model of associations and a weakening of the associative sector. Access to public subsidies becomes a real issue for many associations and the growing development of tendering processes do not compensate for the cut of public subsidies.

Over the last years, two dynamics have increased access to public markets. Firstly, the 2014 law on SSE promoted the adoption of socially responsible purchasing schemes for local authorities when the total annual amount of its purchases exceeds 90,000 EUR. Secondly, the reform of the Public Procurement Code in 2015 introduced more opportunities for SSE (e.g., markets reserved for WISEs and negotiated contracts). The Second National Action Plan for Sustainable Public Procurement 2015-2020 aims to help administrations pragmatically overcome the obstacles that slow the rise of sustainable public procurement.

Nevertheless, access to financial resources remains the biggest constraint, both at the start-up and the development stage. The 2014 law tries to enlarge the financing of SSE, the development of BPI and the recent emergence of social impact contracts may facilitate the change of scale of SSE organisations. Original cooperative banks as *Crédit Coopératif* and *NEF*, and more recently crowdfunding and other patient funds labelled by *Finansol* may offer new opportunities. But the lack of commonly accepted measures of social impact to demonstrate the benefits generated by social enterprises limits their ability to attract additional resources. The question of the spreading or "spin-off" of social innovation across territories and the scaling up of SSE initiatives is crucial as well. The Growth Pact and the French Impact are a step forward from this point of view, even if it is too early to assess their effects.

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 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 nine major support and network organisations⁸⁶ were established after 2000.

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

(86) For the full list, see table 7.

The future satellite account for the SSE, which should soon be operational, is expected to increase the visibility and recognition of the SSE contribution to the wealth creation of the country.

In light of the above, the institutional and economic environment is rather favourable for the development of social enterprises. Within a context of transformation of public intervention and budgetary constraints, SSE is seen as a lever for job creation, sustainable local development and economic and social value creation. The development of social finance, solidarity initiatives and alliances between public and private funds is a way to grasp private funds to support social economy enterprises. In addition, there are "social entrepreneurs" who are willing to create businesses with a social aim, although for some of them, governance issues are not always central. Social enterprises themselves are being caught up by commercial enterprises with a social purpose, but without democratic governance and mandatory reinvestment of part of their surpluses. Indeed, the recently adopted PACTE Law—which allows commercial companies to add an explicit social (or environmental) mission into their bylaws (becoming legally a mission-driven enterprise)—while recognizing that commercial companies can be more socially driven, blurs the boundaries between SSE and commercial companies. In such a context, it is too early to determine whether these new mission-driven enterprises will meet the criteria of social enterprises, according to the EU operational definition.

5.3. Trends and future challenges

Although public schemes in favour of SSE are quite numerous, there are important territorial disparities between the development, implementation or access to public support schemes at the local level. Drawing on the good practices from selected regions, a crucial challenge is therefore to ensure equal access to support schemes to all eligible organisations.

A second challenge is the size of social enterprises. Most of them are still small (less than 10 paid workers or even 5) and are not growth-oriented, although they might need to grow, while others develop an explicit growth or scaling-up strategy. The challenge is therefore that social enterprises develop adequate scaling strategies while keeping the sense of their social mission.

As a third challenge, it seems essential to have a better knowledge of the effective weight of SSE and social enterprises and their contribution to economic activity, social cohesion and sustainable development objectives. An issue that should be partially resolved with the development of the satellite account.

Finally, there are also important needs in terms of education and training dedicated to the SSE and social enterprises to increase their visibility, the understanding of their mission and functioning, at the crossroad between market, redistribution and reciprocity. It is important to develop training programs aimed at helping employers, employees and volunteers to conciliate both economic and managerial issues with issues related to the social mission, the democratic project, governance and collective ownership. It is also important that public actors have their training in SSE reinforced, which would facilitate the development of public procurement and the development of SSE and social enterprise more broadly.

6

APPENDICES

Appendix 1. The EU operational definition of social enterprise

The following table represents an attempt to operationalise the definition of "social enterprises" based on the Social Business Initiative (SBI) promoted by the European Commission.⁸⁷

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Entrepreneurial/ economic dimension	Social enterprises (SEs) are engaged in the carrying out of stable and continuous economic activities, and hence show the typical characteristics that are shared by all enterprises .	<ul style="list-style-type: none"> > Whether the organisation is or is not incorporated (it is included in specific registers). > Whether the organisation is or is not autonomous (it is or is not controlled by public authorities or other for-profit/non-profits) and the degree of such autonomy (total or partial). > Whether members/owners contribute with risk capital (how much) and whether the enterprise relies on paid workers. > Whether there is an established procedure in case of SE bankruptcy. > Incidence of income generated by private demand, public contracting and grants (incidence over total sources of income). > Whether and to what extent SEs contribute to delivering new products and/or services that are not delivered by any other provider. > Whether and to what extent SEs contribute to developing new processes for producing or delivering products and/or services. 	SEs must be market-oriented (incidence of trading should be ideally above 25%).	<ul style="list-style-type: none"> > We suggest that attention is paid to the development dynamic of SEs (i.e., SEs at an embryonic stage of development may rely only on volunteers and mainly on grants).

(87) In accordance with Articles 48, 81 and 82 of the Treaty, as interpreted by the Court of Justice of the European Communities, "an enterprise should be considered to be any entity, regardless of its legal form, engaged in economic activities, including in particular entities engaged in a craft activity and other activities on an individual or family basis, partnerships or associations regularly engaged in economic activities."

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Social dimension (social aim)	<p>The social dimension is defined by the aim and/or products delivered.</p> <p>Aim: SEs pursue the explicit social aim of serving the community or a specific group of people that shares a specific need. "Social" shall be intended in a broad sense so as to include the provision of cultural, health, educational and environmental services. By promoting the general-interest, SEs overcome the traditional owner-orientation that typically distinguishes traditional cooperatives.</p> <p>Product: when not specifically aimed at facilitating social and work integration of disadvantaged people, SEs must deliver goods/services that have a social connotation.</p>	<ul style="list-style-type: none"> > Whether the explicit social aim is defined at statutory/legal level or voluntarily by the SE's members. > Whether the product/activity carried out by the SE is aimed at promoting the substantial recognition of rights enshrined in the national legislation/ constitutions. > Whether SE's action has induced changes in legislation. > Whether the product delivered—while not contributing to fulfilling fundamental rights—contributes to improving societal wellbeing. 	<p>Primacy of social aim must be clearly established by national legislations, by the statutes of SEs or other relevant documents.</p>	<ul style="list-style-type: none"> > The goods/services to be supplied may include social and community services, services for the poor, environmental services up to public utilities depending on the specific needs emerging at the local level. > In EU-15 countries (especially in Italy, France and the UK) SEs have been traditionally engaged in the provision of welfare services; in new Member States, SEs have proved to play a key role in the provision of a much wider set of general-interest services (e.g., from educational services to the supply of water). > What is conceived to be of a meritorial/general-interest nature depends on contextual specificities. Each national expert should provide a definition of what "public benefit" means in her/his country.

Main dimension	General definition	Relevant Indicators (<i>not exhaustive list</i>) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Inclusive governance-ownership dimension (social means)	<p>To identify needs and involve the stakeholders concerned in designing adequate solutions, SEs require specific ownership structures and governance models that are meant to enhance to various extents the participation of stakeholders affected by the enterprise. SEs explicitly limit the distribution of profits and have an asset lock. The non-profit distribution constraint is meant to ensure that the general-interest is safeguarded. The non-profit distribution constraint can be operationalized in different ways.</p>	<ul style="list-style-type: none"> > Whether SEs are open to the participation and/or involvement of new stakeholders. > Whether SEs are required by law or do adopt (in practice) decision-making processes that allow for a well-balanced representation of the various interests at play (if yes, through formal membership or informal channels that give voice to users and workers in special committees). > Whether a multi-stakeholder ownership structure is imposed by law (e.g., France). > Whether SEs are required to adopt social accounting procedures by law or they do it in practice without being obliged to. > Degree of social embeddedness (awareness of the local population of the key societal role played by the SE versus isolation of the SE). > Whether the non-profit distribution constraint is applied to owners or to stakeholders other than owners (workers and users): whether it is short-term (profits cannot/are not distributed or they are capped) or long-term (asset lock); or both short and long-term. > Whether the cap is regulated externally (by law or defined by a regulator) or it is defined by the SE by-laws. > Whether limitations to workers' and/or managers' remunerations are also imposed (avoid indirect distribution of profits). 	<p>SEs must ensure that the interests of relevant stakeholders are duly represented in the decision-making processes implemented.</p>	<ul style="list-style-type: none"> > Ownership rights and control power can be assigned to one single category of stakeholders (users, workers or donors) or to more than one category at a time—hence giving ground to a multi-stakeholder ownership asset. > SE can be the result of collective dynamics or be created by a charismatic leader (in principle a sole owner is admitted by some national legislations provided that the participation of stakeholders is enhanced through inclusive governance) or public agency. > Different combinations concerning limitations to profit distribution envisaged (e.g., most successful solution: capped dividends supported by total asset lock such as Italian social coops, CIC, SCICs).

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