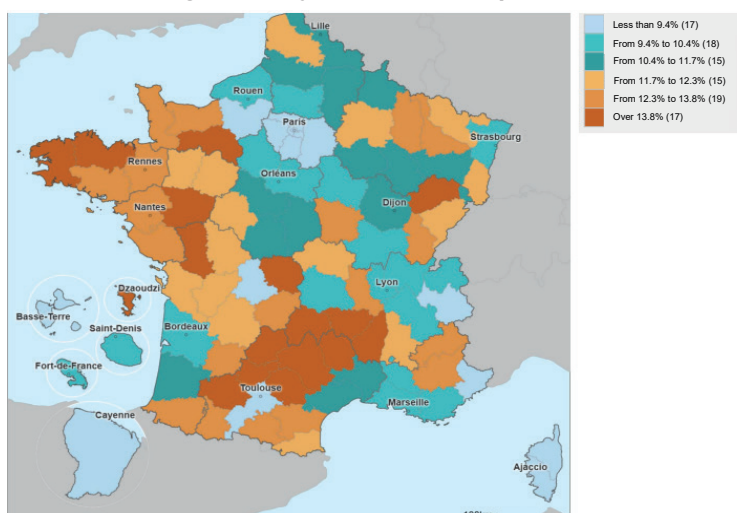


The Social and Solidarity Economy: a Solution to Democratic, Social and Environmental Challenges?

Nicolas Baaklini and Elisabeth Millard

- In 2019, the social and solidarity economy (SSE) employed almost 2.6 million wage earners (13.6% of private sector paid employment) in nearly 150,000 legal employment units and worked with 22 million volunteers. INSEE, France's national institute of statistics and economic studies, estimates that the sector generated approximately 5% of national value added in 2012. Two-thirds of SSE staff are concentrated in three sectors (social action, education and finance-insurance).
- Five categories of economic players (associations, cooperatives, mutual societies, foundations and social enterprises) share three principles: the primacy of social utility, democratic governance and a non-profit nature. Act 2014-856 of 31 July 2014 raised the sector's profile, facilitated statistical monitoring and consolidated the sector's representative structures.
- SSE entities suffer from financial vulnerabilities. They have a good risk profile and a low three-year default rate. Nevertheless, their median margins are no more than 14.6% (compared with 24.6% in the 'conventional' sector) and their equity remains low, which increases their structural exposure to public budget constraints.
- SSE funding obstacles are caused by a lack of understanding of its models, significant information asymmetries and the fragmentation of fledgling impact finance. Solutions are emerging: €18 billion in solidarity savings fund deposits (+27% per year), €9-billion channelled into the SSE from regulated tax-free savings accounts (*Livret A* and *LDDS*), government-backed guarantees and impact contracts.
- The SSE represents as much as 25% of employment in certain rural *départements* (Lozère and Deux-Sèvres) and provides key services such as home care, integration and culture.
- The SSE plays a key role in environmental and democratic challenges. It is a circular economy pioneer, with two-thirds of reuse sector jobs, and helps spread new governance practices.

Percentage of SSE jobs in French *départements*



Source: *Atlas commenté de l'ESS, 2023, based on INSEE FLORES 2019; Observatoire des Territoires (in French only).*

1. The SSE: A hard-to-measure alternative business model

1.1 A business model based on the principles of democracy and social utility

The social and solidarity economy (SSE) refers to a business model consisting of five legal categories (associations, cooperatives, mutual societies, foundations and social enterprises) whose activities are based on the principles of democratic governance and social utility rather than being solely profit driven.

The social economy's beginnings date back to the 19th century with the rise of the first worker cooperatives and mutual societies. Workers organised themselves to break out of their hand-to-mouth existence, creating new support systems to meet their needs (health, credit and essential goods) and producer groups to pool the production base. The social economy's founding concepts arose out of an intellectual melting pot of theories of cooperativism (Charles Gide), self-managing federalism (Pierre-Joseph Proudhon), Christian socialism (Frédéric Le Play) and utopian socialism (Saint-Simon and Charles Fourier).

The notion of a 'solidarity economy' emerged in the 1970s in reference to initiatives designed to curb unemployment and social exclusion such as job schemes and fair trade. In the 1980s, these two trends combined to create the social and solidarity economy, resulting from the convergence of these models. The SSE continues to embody this historical and political legacy today and is distinct from classical business models in terms of three fundamental principles:

- A goal other than the mere sharing of profits.
- Democratic and participative governance: SSE organisations apply management models that promote the active participation of their members or beneficiaries. Unlike classical businesses where decision-making power is in proportion to the capital brought into the business, participation is not solely linked to the capital contribution or to the amount of the associates' financial contribution.

- Management geared to developing the business rather than to individual profit: most of the profits are ploughed back into maintaining or developing the business activity and the compulsory reserves constituted may be neither shared out nor distributed. Associations and foundations are managed disinterestedly and board members do not redistribute the profits. Productive undertakings such as social enterprises and cooperatives may generate profits, the majority of which they are bound to reinvest in the company's activity before redistributing them to associates.

These principles give the SSE a singular place in the economy, making it a sphere of private initiative in the public interest complementary to public action and the purely market economy.

1.2 A legal definition and institutionalisation since 2014

The SSE functioned without a specific legal framework until Act 2014-856 of 31 July 2014 defined its structure and organisation.

Article 1 of the act lays down the fundamental principles with which SSE structures have to comply and the act explicitly specifies the legal forms covered by the SSE. It recognises the historical social economy players (associations, cooperatives, mutual societies and foundations) and includes new "social entrepreneurship" structures. Five categories of legal organisations make up the SSE (see Table 1).

In clearly defining the SSE, the act increased the sector's profile and legitimacy. This framework made it easier to identify SSE players, adapt regulatory frameworks and improve statistical monitoring systems. In this respect, INSEE and the Banque de France set up a specific monitoring system to more accurately measure the sector's economic contribution and financing needs. Legal recognition also gave the public and the press an explicit frame of reference for a better understanding of the SSE in the public debate.

Table 1: Overview of SSE legal categories

SSE legal categories	Status/Governance	Number of employer establishments	Number of undertakings (legal units)	<i>incl. ESUS^a</i>	Paid staff	Main sectors
Associations	Non-profit/Associative governance	175,703	140,428	1,529	2,024,845	Social action, healthcare, education, culture, sport
Cooperatives	1 person = 1 vote, reinvestment of profits	23,568	8,138	289	320,313	Agriculture, retail trade, cooperative banks, crafts
Mutual societies	Member ownership, no personal enrichment	8,251	620	6	137,457	Health insurance, social protection, life and disability insurance
Foundations	Non-profit/Assets used for public benefit purpose	2,141	566	11	108,345	Medical research, humanitarian action, culture, environment
Social enterprises	Limited liability company/simplified joint-stock company, social purpose and low profits	10,579 ^b	4,501	743	43,000 ^c	Social entrepreneurship, circular economy, integration

a. Social enterprise of social utility (ESUS).

b. ESS France (2025), [Les sociétés commerciales de l'ESS, Premiers éléments statistiques](#) (in French only). This total of 10,579 establishments concerns the establishments covered by the study; employer status is not documented.

c. Conservative estimate made by extrapolating the data available for 1,937 social enterprises.

Source: *Atlas commenté de l'ESS, 2023, based on INSEE FLORES 2019; DG Trésor (in French only).*

Coverage: Year-end total.

The act further empowered the national and regional bodies in charge of giving the sector a voice and contributing to sector policymaking. At national level, the High Council for the SSE – an advisory body comprising all the SSE categories – now has greater powers to issue opinions on legislative bills and

proposed regulations. At regional level, the regional chambers of the SSE had their mandate extended: they assist business start-ups, coordinate local development actions and centralise data for the sector's statistical monitoring.

Box 1: Legal recognition of the SSE worldwide

The first SSE legislative frameworks appeared in Europe in the early 2010s. In Spain, Act 5/2011 stipulated the social economy's coverage (cooperatives, mutual societies, associations, foundations and worker-owned firms) and established a national advisory board. In 2013, Portugal passed the *Lei de Bases da Economia Social*, which combined a register and a satellite account^a with a bespoke tax framework. The Belgian mechanisms are based on regional decrees (Wallonia, Brussels and Flanders). To date, Germany only has frameworks per legal category without any integrated definition of the SSE.

Outside of Europe, a number of specific frameworks have been put in place. Quebec passed a law in 2013 recognising the contribution of the SSE to socioeconomic development and creating a standing government committee. Mexico set up dedicated national institutes and funds in 2012. South Korea established a presidential committee and public financial instruments with the South Korea Framework Act on Social Economy in 2020. In Africa, Cape Verde (2016), Cameroon and Djibouti (2019), Tunisia (2020), Senegal (2021) and Côte d'Ivoire (2025) have all passed SSE laws. And the African Union adopted a ten-year strategic SSE plan in 2024.

Despite different sector coverage, all the countries that have adopted a framework law agree on the principles of the social purpose of the activity, democratic governance and respect for certain values such as decent work. In 2023, the UN General Assembly adopted Resolution A/77/281, which officially defines the SSE, underscores its role in meeting the Sustainable Development Goals and encourages both governments and development banks to deploy dedicated funds.

a. A satellite account provides more in-depth knowledge of a particular economic sector by separating it out from the general framework. It paints a detailed picture of the structure of the sector concerned, its contribution and its interactions with other sectors. France has ten or so satellite accounts for sectors such as tourism, housing, domestic production and transport. The creation of an SSE satellite account will draw on a European Commission-funded technical assistance instrument with the benefit of OECD expertise.

1.3 A central place in the French economy

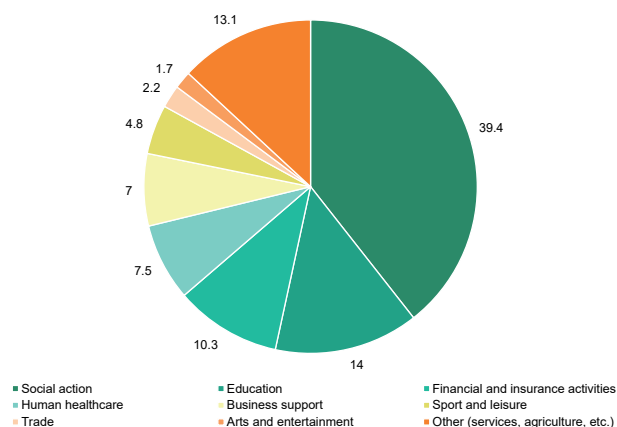
In 2019, the SSE employed almost 2.6 million wage earners – 10.2% of total employment and 13.6% of private sector paid employment in France¹ – in 149,752 legal employer units (1,527,539 structures including those without paid workers). Two-thirds of SSE staff are concentrated in three sectors (see Chart 1): social action, mainly in housing (39.4%), education (14%) and financial and insurance activities (10.3%). The SSE provides over half of national employment in social action and sport and leisure. Its contribution to the production of national wealth is estimated at 6% of gross value added created in France in 2010² and 5% of value added at factor cost in 2012.³

SSE geographic coverage is dense, but variable (see Chart 3). The sector represents 15% to 25% of total employment in certain rural *départements* (Lozère, Deux-Sèvres, Haute-Loire, Aveyron and Cantal), but just some 5% in certain Greater Paris Region

départements (Hauts-de-Seine and Seine-Saint-Denis). The SSE also works with 22 million volunteers who form the backbone of the voluntary sector and regional cohesion, especially in rural areas and priority urban policy districts.

Integration through employment (IAE) structures are found mainly in the SSE⁴ (73% of IAE establishments are in the SSE),⁵ and SSE structures are the leading users of subsidised employment contracts excluding IAEs, especially during crises. The government first raised the number of subsidised employment contracts in response to the 2008 recession:⁶ a full 502,000 subsidised employment contracts (excl. IAEs) were signed in 2009, up around 40% from 2008. It responded in the same way during the COVID-19 pandemic:⁷ the number of new subsidised employment contracts more than doubled to 185,000 (+126%) from 2020 to 2021, while the number of new IAE contracts signed rose 29% over the same period.

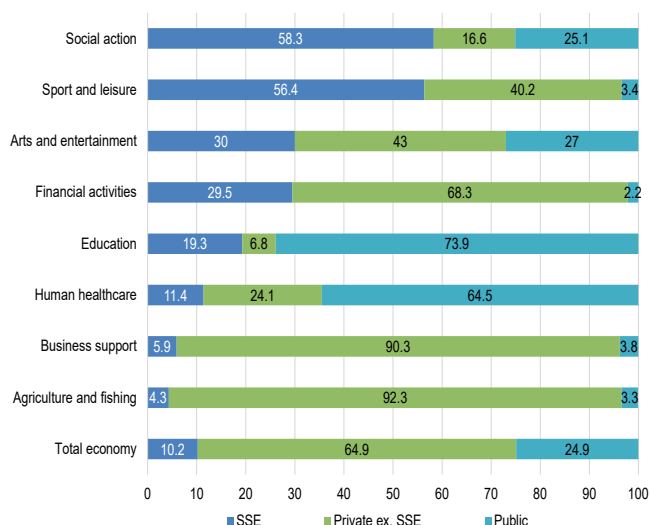
Chart 1: Breakdown of SSE jobs by activity sector



Source: *Atlas commenté de l'ESS, 2023, based on INSEE FLORES 2019* (in French only).

Coverage: All year-end jobs excluding "other membership organisations based on voluntary membership" (French Industry Classification 94.99Z).

Chart 2: SSE share of employment by activity sector



(1) ESS France (2025), *Atlas commenté de l'économie sociale et solidaire*, 2023 edition (in French only).

(2) INSEE (2013), *L'économie française: Comptes et dossiers*, INSEE Références, p. 28 (in French only).

(3) INSEE (2014), *The social economy, some common principles and a lot of diversity*, INSEE Première No. 1522.

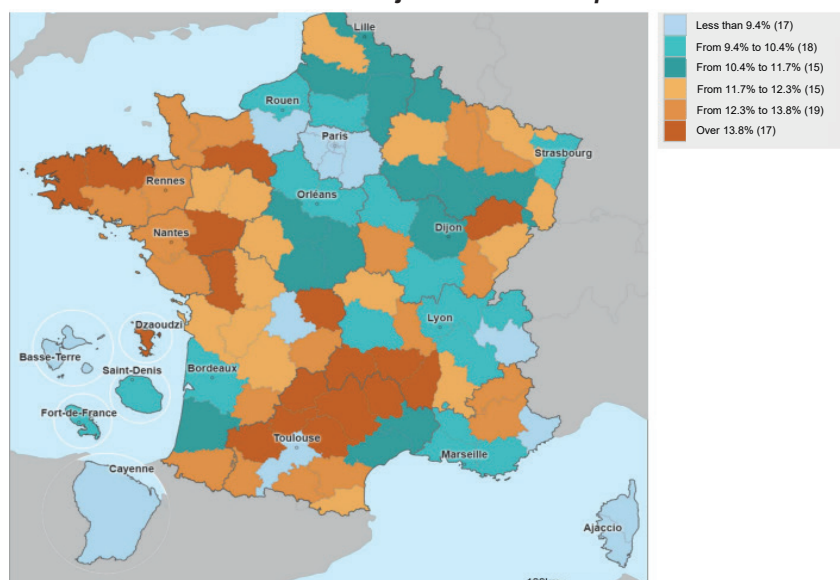
(4) Professional and social integration associations and professional integration workshops and work sites are by nature part of the SSE. Professional integration companies and temporary employment integration companies come under the SSE when they are associations or licensed social enterprises of social utility (ESUS) – given that all IAE structures are supposed to fulfil the social utility criterion required for an ESUS licence, they automatically receive ESUS approval.

(5) DARES (2025), *Quelles sont les caractéristiques des structures de l'insertion par l'activité économique ?* (in French only).

(6) DARES (2011), *Les contrats d'aide à l'emploi en 2009* (in French only).

(7) DARES (2022), *En 2021, davantage de contrats aidés, notamment pour les jeunes dans le secteur marchand* (in French only).

Chart 3: Share of SSE jobs in French départements



Source: *Atlas commenté de l'ESS, 2023, based on INSEE FLORES 2019; Observatoire des Territoires (in French only).*

Nevertheless, the French Government Audit Office⁸ points out that the countercyclical effect is partially offset by slow implementation, which can delay the effect until after a crisis peak. The experience of the last two crises shows that subsidised employment contracts are an effective cyclical management tool for SSE structures. They offer immediate budgetary room for manoeuvre, prioritise vulnerable groups and maintain, if not broaden, the range of social and healthcare services at the low point of the business cycle.

Since 2021, and the end of the COVID-19 pandemic, there has been a downturn in these schemes. In 2023, the number of new subsidised employment contracts (excl. IAEs) stood at 95,700 (down 48% from 2021), 66% of which were in the non-market sector where associations and foundations hire 41% of staff on subsidised employment contracts as opposed to 30% for municipalities.⁹ Integration through employment (IAE) structures signed 173,000 new contracts in 2023, down 5.3% from 2021.

2. Funding and visibility: current SSE challenges

2.1 Difficulties securing financing: lack of understanding and reliance on public funds

With their business models based on deliberately lower earnings, SSE entities find it hard to access traditional financing. Median operating margins are no more than 14.6% compared with 24.6% in the 'conventional' sector. This gap is largely due to the weight of the associations, since cooperatives present no marked differences with the rest of the economy (median margins of 22.2%).¹⁰ These low earnings, combined with structurally low equity (cash flow of less than 7% of equity for associations as opposed to 14% for the rest

of the economy), depress cash flow and raise lender-perceived risk.

Yet, SSE undertakings have a good risk profile:¹¹ 76% obtain a "good rating" from the Banque de France compared with 63.1% for all listed companies, and their default rate observed over three years (1.19%) is around half of the rate posted by conventional companies. This is due to priority reinvestment of profits, local embeddedness and the diversification of revenues (market activities, public subsidies and subscriptions). Although banks and investors are starting to take a better view of the sector's good risk

(8) French Government Audit Office (2011), *Les contrats aidés dans la politique de l'emploi* (in French only).

(9) DARES (2025), *Les contrats aidés en 2023* (in French only).

(10) ESS France (2023), *Améliorer la connaissance statistique des données comptables et financières des entreprises de l'ESS: état des lieux et premières analyses* (in French only).

(11) Ibid.

profile, financing for their development, especially for long-term needs (real estate, production tools, etc.), remains constrained.

These intrinsic factors are compounded by market obstacles. Firstly, the range of entity statuses makes it complicated to collect and analyse financial data. A full 90% of SSE structures are associations that do not always publish standardised accounts.¹² This complicates statistical monitoring and financial risk analysis. Moreover, the impact finance ecosystem (see section 2.2) is as yet patchy with few formal channels between project developers, banks, funds and charity organisations. This fuels ‘information asymmetry’. Secondly, each legal SSE category has its own legal and accounting system, which creates different financing constraints for each one. Consequently, difficulties accessing financing are not uniform and vary by status, size, activity sector and each structure’s stage of development.

Lastly, a funding gap weighs on social innovation, which consists of finding new solutions – products, services and forms of organisation – that do more to meet social needs and create new avenues for cooperation with a measurable social impact. This funding gap is compounded by the fact that the agents in charge of the classic innovation support systems are rarely trained to assess the viability of proposals prioritising social utility. In addition, it is hard to produce – and then certify – social impact indicators, which increases the risk perceived by traditional investors and limits access to series A and B funding rounds (to fund the development or growth of the established undertaking).

Associations derive most of their resources from their activity (65.2%) and public subsidies (20.3%).¹³ In certain sectors, such as care homes and non-profit social housing, some revenue comes from activities subject to administered pricing to guarantee public service accessibility.

Government support for the SSE mainly takes the form of subsidies and service expenses totalling over €10 billion in 2022.¹⁴ SSE structures benefit from nearly 120,000 public disbursements by 105 budget programmes. Although most of the public

appropriations paid to associations and foundations are subsidies, those paid to cooperatives are almost always equally subsidies and service expenses. This shows their specific role as suppliers on the goods and services markets, with most of their subsidies concerning the culture and housing sectors. Turning to mutual societies, 80% of the appropriations they receive are subsidies whose end recipients are households. The government also provides indirect support to the SSE, mainly in the form of tax breaks and credits and subsidised employment contracts (see section 1.3) for a total of €4.5 billion and €1.15 billion respectively in 2022. Other public entities also provide substantial financial assistance to the SSE, top of the list of which are local authorities followed by government agencies (such as the French Agency for Ecological Transition), social security bodies and public banks (Public Investment Bank (BpiFrance) and the Deposit and Consignment Office (*Caisse des dépôts et consignations*)).

Although these subsidies secure part of the SSE structures’ revenues, they also increase their exposure to public expenditure fluctuations and can complicate their multiannual financial steering. This lack of visibility can hamper an SSE structure’s borrowing capacity: lenders are reluctant to grant loans to organisations that are not sure of their medium-term resources. SSE structures are therefore exposed to a funding squeeze, caught between public funds decided on annually and the difficulty of finding other longer-term funding sources.

2.2 Development of funding based on impact assessments

There is more to the SSE’s contribution than the usual macroeconomic indicators: its funding is evolving with the development of impact finance, whereby capital allocation is conditional on measurable social and environmental objectives.

In 2023, impact finance concerned 92 players representing €34.6 billion in assets under management distributed across 259 investment vehicles.¹⁵ Impact finance players are mainly solidarity funds, impact funds and financing platforms, which collect loans and donations to invest.

(12) French Commercial Code, Art. L.612-4.

(13) V. Tchernonog and L. Prouteau (2023), *Le paysage associatif français: mesures et évolutions*, 4th edition. Paris, Lefebvre Dalloz (in French only).

(14) *DG Trésor* (2023), “Rapport d’information article 185 de la loi de finances pour 2023” (in French only).

(15) GSG France (2024), [Impact Finance Overview 2024](#).

The Paris Financial Centre Impact Task Force defines impact finance based on three pillars:¹⁶ intentionality (the investor's willingness to contribute to generating a measurable social and/or environmental benefit); additionality (the investor's particular direct contribution enables the beneficiaries of the investment/financing to increase the net positive impact generated by their activities); and measurement (assessment of the investment's environmental and/or social effects on the basis of the impact objectives announced by the investor under intentionality).

When measuring the ex ante and ex post impact of the SSE's actions, its alignment with recognised benchmarks strengthens the credibility of the finance earmarked for the sector and reduces information asymmetries between funders and operators. These benchmarks are based mainly on quantitative assessment methods (surveys, counterfactual assessments, contribution analyses, cost-benefit analyses, social return on investment and multi-capital accounting) and qualitative assessment methods (individual interviews) such as the principles of socioeconomic assessments¹⁷ and social impact assessments,¹⁸ and social bond principles.¹⁹ Labels such as IDEAS²⁰ and Finansol²¹ round out these impact assessment frameworks and approaches and help structure the SSE funding ecosystem.

Impact contracts (modelled on social impact bonds) are emblematic of the impact culture that has spread through the SSE. These contracts partner private investors (foundations, impact investment funds, etc.) with government bodies. The investor's return is based on independently assessed social and/or environmental indicators. From 2016 to late 2024, 29 impact contracts were signed in France for a total of €78 million in private investment for actions by SSE structures (child welfare services, jobs for those with little access to employment, educational guidance and academic achievement, prevention of reoffending, ending homelessness, etc.).

2.3 Development of corporate social responsibility: opportunities and threats for the SSE

The recent movement to give the 'conventional' economy a social and environmental dimension has resulted in a consideration of the precise boundaries of the SSE.

The PACTE Act of 22 May 2019 on business growth and transformation introduced a social and environmental dimension into the 'conventional' economy. Under the terms of the French Civil Code's new Article 1833, "The company is managed in furtherance of its corporate interest while taking into consideration the social and environmental issues arising from its activity." Article 1835 of the French Civil Code now provides the possibility for companies to adopt a "*raison d'être*", which they may choose to set out in their articles of association. This *raison d'être* is the company's long-term purpose, intended to give meaning to its action over and above the sole pursuit of profit.

The PACTE Act also created the status of 'mission business' for companies choosing to meet a triple condition: adopt a *raison d'être*, develop social and environmental objectives to achieve the *raison d'être*, and set out these objectives in their articles of association. An independent third-party body is responsible for checking that the business pursues the objectives it adopts in its articles of association. A mission committee including at least one employee presents an annual mission report to the financial statements approval meeting.

Lastly, many companies engage in a social and environmental approach using measurement and steering tools such as Impact Score²² and labels and private certification such as B Corp.²³ This certification was created by NGO B Lab in 2006 for a similar purpose to the mission business: to encourage businesses to target a positive impact. Although these

(16) Paris Financial Centre Impact Task Force (2021), [Definition of Impact Finance](#) report.

(17) See, among others, High Commission for Strategy and Planning (2023), [Guide de l'évaluation socioéconomique des investissements publics](#), co-authored by France Stratégie, the French Treasury and the Secretariat General for Investment (in French only).

(18) See, among others, Avise (2017), [Assessing Social Impact](#).

(19) International Capital Market Association (2025), [Social Bond Principles](#).

(20) Quality label awarded to non-profits (associations, foundations and endowment funds) for good governance, financial management and monitoring & evaluation practices.

(21) Label granted to solidarity savings products funding social utility and/or environmental activities combined with traceability and transparency criteria.

(22) A standard metric (Mouvement Impact France) used by businesses to self-assess their social, environmental, governance and value-sharing impact: it produces a score and areas for improvement.

(23) International private certification (B Lab) granted to for-profit corporations that meet performance, transparency and accountability criteria.

welcome innovations introduce non-financial criteria into conventional business management, they change neither the structure of ownership nor how profits are used, unlike the different SSE legal statuses.

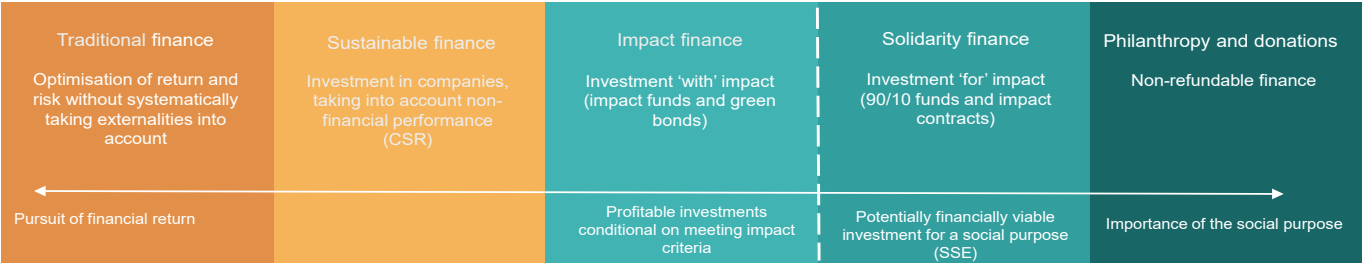
These different options – SSE, mission business, *raison d’être* and labels – overlap but are entirely separate and do not exactly use the same sources of financing. The more central the social purpose (such as in the social action sector), the more the business models call for concessional resources (subsidies, donations, government-backed guarantees, solidarity savings and solidarity funds) and long timescales. Conversely, many environmental projects present more predictable revenues and easier impact measurability, which allows for a greater use of market-rate private capital.

In this environment, the development of sustainable and impact finance (see Chart 4) spreads non-financial assessment practices and supports the transition from ‘conventional’ businesses to more sustainable and socially inclusive models, but it does not replace solidarity finance or the specific role of the SSE. The SSE’s particular positioning – primacy of social and environmental utility, democratic governance and low profits – justifies the use of dedicated instruments

(solidarity funds, non-profit bonds and guarantees) and hybrid resources. This development means that SSE actors need to do more to explain their value added and their specific needs in order to organise the additionality of funds rather than their substitution, the point being to adjust the financial tool to the targeted impact profile. At the same time, the creation of an SSE satellite account will provide a greater coverage than the national accounts and will therefore extend the measurement of the value created by the sector (volunteer work and positive externalities), standardise SSE data and improve recognition of this form of enterprise.

Although these new statuses broaden the field of businesses involved by extending social and environmental objectives beyond the SSE, they can cloud its visibility. The SSE suffers from a low profile with two-thirds of the French public and 52% of 25-34-year-olds saying that they have already heard of it²⁴ and just one-third saying that they know precisely what it is.²⁵ The more recent concept of a mission business is only known by 14% of the French public despite considerable media coverage since the PACTE Act. This situation can undermine SSE structures’ access to public and private finance.

Chart 4: Typology of funding methods by relative importance of financial return and social purpose



Source: The French Treasury.

(24) OpinionWay poll for Convergences (2024), [Baromètre de l'Entrepreneuriat Social 2023](#) (in French only).
 (25) Harris Interactive poll for French Impact (2021), [Les Français et l'économie sociale et solidaire](#) (in French only).

3. Scaling up the SSE: local support, dedicated financing and governance innovations

3.1 Support for structuring and local development

Act 2014-856 of 31 July 2014 on the SSE scaled up measures to support the development of business initiatives with a collective interest and social purpose.

The local support mechanism created in 2002 is funded by the government, the *Caisse des dépôts et consignations*, local authorities and the European Social Fund. Every year, it helps some 6,000 SSE structures, 95% of which are associations, to consolidate their business model, pool their support functions and put in place professional governance.

Local economic cooperation clusters termed 'social innovation clusters' by the European Commission (209 projects labelled since 2013) partner SSE players in a given local area to pool their resources to develop projects among different actors (businesses, local authorities, researchers, training bodies, etc.). Calls for expressions of interest in 2021 and 2022, with €100,000 in support per winning project, generated 264 direct jobs mainly in food short circuits and solidarity mobility.

Transfers and takeovers of healthy or struggling businesses by their staff are important to safeguard jobs and industrial know-how, particularly in an ageing population (in 2020, 25% of SME and mid-cap directors were over 60 years old).⁽²⁶⁾ In addition to establishing the staff's right to prior notice in the event of a planned transfer (Art. 49), Article 48 of Act 2014-856 created the seed worker cooperative (*SCOP d'amorçage*) status. This status enables staff to gradually take over the company with the temporary support of non-employee external investors (maximum of seven years).

3.2 Current financing tools to support the SSE

SSE structures' intrinsic characteristics make them less attractive to traditional investors: often-low equity, low profits and insufficient guarantees. Public measures have therefore been developed to make up for the market's weaknesses, channel private savings into social projects and gear financial tools to the particularities of the SSE by means of dedicated funds, guarantees and tax measures. France is due to publish its 2035 national SSE strategy in late 2025.⁽²⁷⁾ It is expected to include a financing track and monitoring mechanisms to measure its impact over the long term. The government has launched national, regional and public consultations to engage all stakeholders in planning this strategy.

Bank guarantee mechanisms have been introduced to reduce the risk perceived by financial establishments and simplify the granting of loans to SSE players. Among these instruments, the Impact Guarantee managed by France Active and co-financed by central government, the regions and the European Union offers a bank guarantee covering up to 65% of the amount of a loan granted to a start-up SSE structure (and 50% for a business in the growth stage) with a cap of €100,000. This mechanism comes at a small cost for the borrower (2.5% of the loan amount), but it is worthwhile in that it reduces the risk perceived by the banks.

Specific financial instruments have been created to increase SSE structures' equity. For example, associations can use non-profit bonds to raise quasi-equity from investors without jeopardising their disinterested governance. Similarly, mutual society and paritarian certificates give mutual societies and jointly managed non-profit social protection institutions a way

(26) French Senate Information Report (2022), [Reprendre pour mieux entreprendre dans nos territoires](#) (in French only).

(27) The French Treasury is steering the development of the National SSE strategy for the Government. Although its content is not yet known, it is expected to include a financing track and a monitoring system. It is being developed on the basis of national, regional and public consultations launched in 2025 and in accordance with the Council of the European Union's Recommendation of 27 November 2023.

to increase their equity. Lastly, non-voting shares give investors the possibility to provide a cooperative with funds for several years in return for remuneration.

Channelling savings into SSE structures also improves their funding. Since 2020, savers have been able to use their social and sustainable development savings accounts (LDDS) to donate part of their deposits to SSE players at their bank's suggestion (€2 million in 2023).²⁸ In addition, banking establishments are now bound to channel at least 5% of non-centralised *Livret A* and LDDS account savings deposits into SSE projects for a total of €9 billion. From 2020 to 2023, the number of LDDS accounts grew 9.5% (26.6 million

in 2023) and savings deposits rose 22.6% to €149 billion. Lastly, all multiple unit-linked life insurance policies have to include at least one solidarity labelled fund among their account units. Although social life insurance is as yet modest at €3.5 billion invested (0.2% of total life insurance), it is exhibiting high growth potential as the range of social products grows and gains in visibility with savers.

The five-year Social Enterprise of Social Utility (ESUS) licence created by Act 2014-856 supports businesses engaged in a social utility mission such as assistance to vulnerable individuals and strengthening local cohesion.

Chart 5: Financing instruments available to SSE players

	Emergence	Start-up	Consolidation	Scale-up
Subsidies, endowments and donations	Dedicated emergence programmes			
	Donation-based crowdfunding			
	Local and national public subsidies			
		Foundation donations		
		Sponsorship		
			European subsidies	
			Impact contracts	
Contributions and equity		Capital injections		
		Association contributions with or without clawback		
		Crowdequity or crowdfunding in return for royalties		
Quasi-equity contributions		Bonds		
		Non-voting shares and non-profit bonds		
Loans		Interest-free loans		
		Equity loans		
	Business macro-loans			
	Refundable advances			
		Bank loans		
			Crowdlending	
			Promissory notes	
		Factoring		
Guarantees		Loan guarantees and deposits		
Guidance and support advice	Resource players (Regional Social and Solidarity Economy Chamber (CRESS), Banque des Territoires, etc.)			

Source: *Avise*, DG Trésor.

(28) Banque de France (2023), *Rapport sur l'épargne réglementée* (in French only).

Box 2: International outlook – a variety of SSE funding approaches

France has established itself as a groundbreaking model in SSE financing due mainly to its unique compulsory solidarity company savings scheme. The 90/10 funds (now 85/15) for employees to invest part of their savings in SSE businesses raise steadily increasing amounts of money, making France a benchmark in Europe.

Other countries have also developed their own tools to support the SSE. For example, in 2012, the United Kingdom launched Better Society Capital, a fund financed by escheated bank accounts, to fund social projects. Social Investment Tax Relief was also introduced in 2014, offering tax relief at 30% of the amount invested to investors who support social enterprises – a model partly based on the French Madelin measure. Canada and the United States promote impact investment with social innovation funds and community bonds. Meanwhile, the European Union's InvestEU Social Investment and Skills Window guarantees loans to SSE businesses in all EU Member States.

France stands out for its approach combining proactive regulation (earmarking savings and ESUS licensing) with private investment incentives (tax breaks and government-backed guarantees) to channel more capital into the SSE.

Only licensed ESUS businesses can gain access to certain solidarity savings funds. Since 2008, any business offering a company savings scheme is bound to include at least one 90/10 solidarity fund, investing 5% to 15% of its assets in licensed ESUS businesses since 1 January 2025.²⁹ Today, these funds are the main collection channel for solidarity savings with €18 billion in deposits at the end of 2023 (€600 million in 2007), representing a €2.7 billion increase in 2023 and an annual average increase of 27.5% over twenty years.

Capital subscriptions for licensed ESUS businesses are also eligible for income tax breaks for investment in unlisted SMEs (Madelin measure or IR-PME) at the higher rate of 25% as opposed to the standard rate of 18%. This encourages investors to support the SSE by partially offsetting the theoretically lower return on these businesses compared with classic investments.

3.3 SSE innovations for the circular economy and collective decision-making

The SSE makes a defining contribution to the development of the circular economy: the 3,327 SSE structures inventoried in 2022 as conducting a resource and waste management activity³⁰ (84% of which are associations) collect, sort, repair, reuse and recycle household goods, textiles and building materials. They

combine environmental effectiveness with social impact by means of integration through employment, access to low-cost goods and new green jobs. The introduction of extended producer responsibility schemes and the development of sustainable public procurement obligations offer new room for growth, even though competition from second-hand market platforms means that they need to improve their logistical and digital models.

The SSE is also instrumental in the spread of democratic mechanisms in businesses by involving staff in company decisions and minimising wage inequalities. In cooperatives and mutual societies, everyone has the same weight in collective decisions regardless of their financial contribution. Moreover, in addition to the regulation of profits, licensed ESUS businesses have to define a strict pay policy designed to minimise wage gaps and respect the following constraints: the average of the sums paid, including bonuses, to the five highest-earning employees or managers must not exceed an annual maximum of seven times the minimum wage, and the remuneration paid to the highest-earning employee must not exceed an annual maximum of ten times the minimum wage.

Lastly, their multipartite governance model means that some SSE structures (community interest cooperatives) enable all project stakeholders – employees,

(29) Act 2024-537 of 13 June 2024 on increasing business financing and the attractiveness of France.

(30) ESS France (2022), *Gestion des ressources et des déchets – Livret Carteco d'analyse par secteur d'activité* (in French only).

beneficiaries, local authorities and partners – to become both managers and beneficiaries of a given resource or service. In this, they align with the work by Elinor Ostrom (2009 Nobel Prize in Economics) on common-pool resources, which showed that a sustainable use of common-pool resources (water, forests, pastures, knowledge, etc.) is possible when governance rules are defined collectively and locally, usage rights are clearly defined and the users are directly involved. Furthermore, the analyses conducted by Ronald Coase (1991 Nobel Prize in Economics) on transaction costs and the assignment of property rights

did not establish the theory of the commons, but shed light back in 1937 on how contractual arrangements and stakeholder negotiations can emerge to efficiently manage shared resources. What is more, cooperatives of residents go so far as to pool ownership of a building to guarantee their members accessible, sustainable housing. The SSE thereby continues to experiment with alternative ownership models to exclusive private ownership, ranging from community joint ownership of property to collective ownership systems in the form of member shares.

* * *

To conclude, the SSE provides concrete solutions for local and individual needs. However, its scale-up calls for the consolidation of its development channels: patient finance, local support, impact measurement and a higher profile.

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