The Law on Social and Solidarity-based Enterprises FRANCE

Historically, France is a country where social economy is strongly present through various forms of enterprises, such as associations, foundations, cooperative or mutual societies. The importance of the Social and Solidarity-based Enterprises can be understood just by looking at the numbers: jobs creation due to the SSE rose by 23% between 2000 and 2010, whereas jobs created by the traditional economy only rose by 7%.

To be able to better support the SSE, we needed not only to rethink its regulatory framework in order to clarify it, but also to contribute to a better general understanding of this economy. The ideas behind this project were simple:

- The previous vision of SSE was mainly based on statutory status -> we needed to set up a new definition focusing on the specificities inherent to conducting entrepreneurial social entities and projects; this definition emphasizes <u>both</u> requirements for solidarity construction <u>and</u> a measurable search for significant social impact.
- The access to sources of financing was often difficult for social start-ups and social and solidarity enterprises in general -> we needed to facilitate their access to financing and to facilitate the redirection of long-term saving products towards impact investing.

In order to achieve these goals, we needed to rethink our approach of the SSE economy by starting from the needs of the historical actors and the new social entrepreneurs:

- The SSE law proceeded to a reform of the solidarity accreditation, allowing commercial enterprises eligible for “classical” equity financing to enter the solidarity economy field, something that was not possible before. The new accreditation defined by the law can be obtained by new type of enterprises, that present (among others) these two key characteristics:
    - they pursue the objective of creating a significant social impact, either by helping people in fragile situations, or by fighting exclusion and territorial inequalities;
    - they can be financed through private equity in a classical way.
- The strengthening of this relatively new “asset class” constitutes a stake of major importance, for private investors specialised in social impact investing, but also for public support to these enterprises and investors. This public support can be manifold: fiscal, legal, financial, administrative.
- This new accreditation is key to fostering social impact investing. This is for instance the case of the so-called “90-10” employee saving funds, where 10% are directly oriented to accredited SSE enterprises. This investment support, funded by long-term employee savings, has met a strong success in the past decade : due to a steep increase in the annual inflows, the stock of the corresponding collected savings raised from 600 million euros in 2007 to more the 4 billion euros in 2015.

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