

Cour des comptes



PUBLIC FUNDING FOR THE SOCIAL AND SOLIDARITY ECONOMY

2018-2024

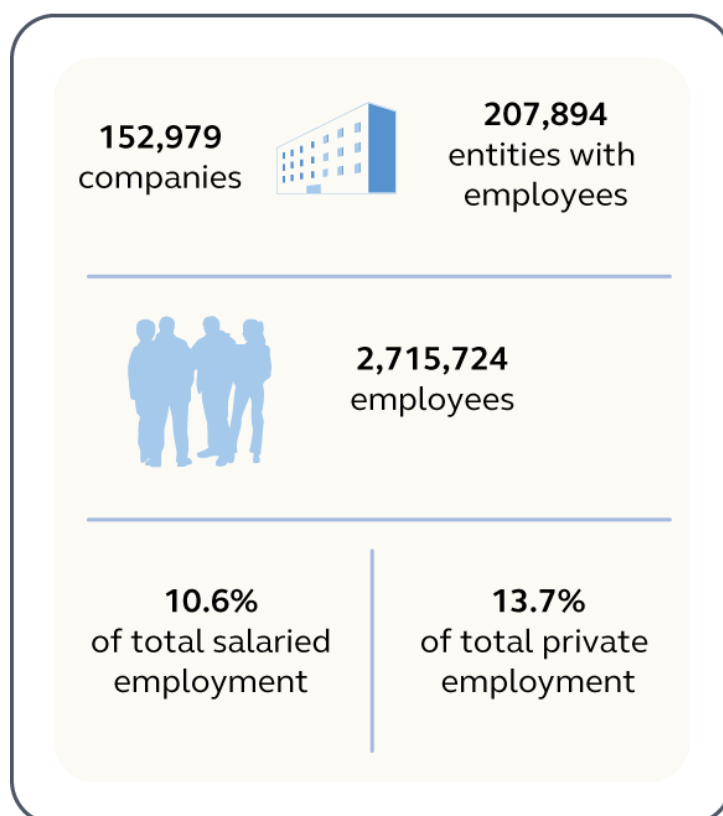
Public thematic report

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Summary

The social and solidarity economy (SSE) refers to a “mode of enterprise and economic development” that seeks to reconcile economic activity with social utility. It is based on the principles of solidarity, cooperation, democracy and prioritising people over profit. Composed of four statutory families (associations, foundations, mutual societies, cooperatives) and one category on a voluntary basis (commercial companies with a socially useful purpose), the SSE brings together a wide range of players, accounting for 13.7% of private jobs and 10.6% of salaried employment in 2021 according to the latest data available from INSEE.

Key figures for the social and solidarity economy in 2021



Source: Cour des comptes based on INSEE 2021 data and ESS France data for commercial companies

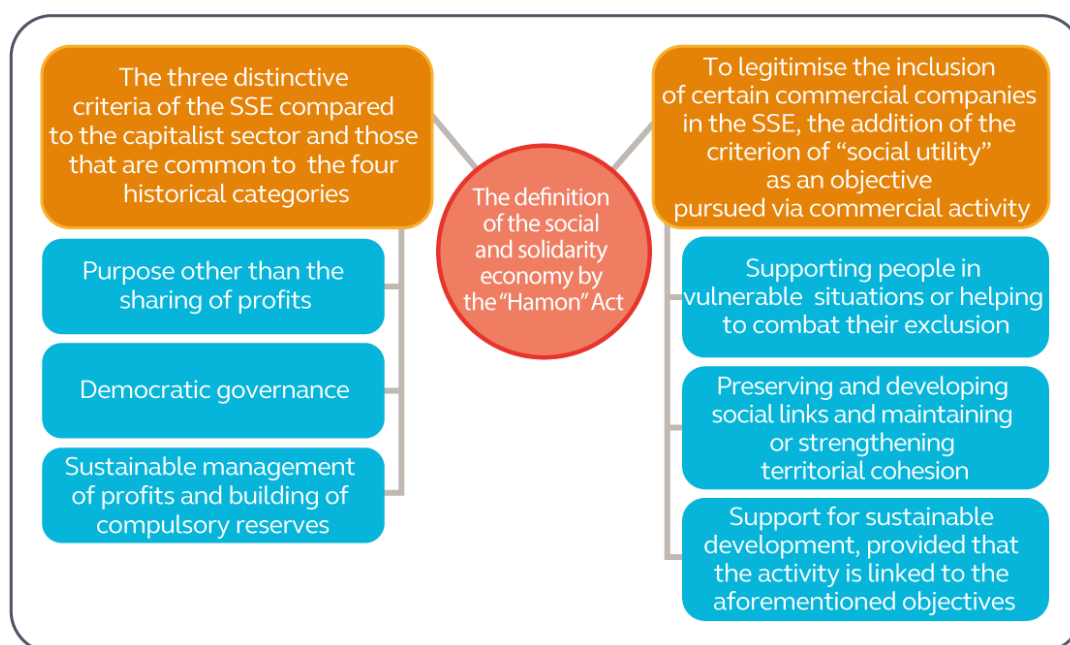
Ten years after the framework of SSE action was formally set out in the Act of 31 July 2014 on the social and solidarity economy, a national strategy to promote its development must be designed by the end of 2025, following a recommendation by the Council of the European Union on 27 November 2023. Policy in support of the social and solidarity economy has been overseen by the Directorate General of the Treasury since 2021 after being within the remit of the Ministry for the Ecological Transition and Solidarity between 2017 and 2020.

Since 2023, it has been led by a ministerial delegate attached to the Ministry of the Economy and Finance.

In response to a request made on its citizens' platform, the *Cour des comptes* has drawn up an overview of the funding provided by the State, social security branches, the European Union and local authorities to players in the social and solidarity economy over the period 2018 to 2024. The amounts presented below correspond to subsidies in the legal sense of the term, including calls for projects and employment subsidies, but excluding the awarding of public contracts, which are considered to correspond to the provision of services.

The public support provided has never been calculated before. The *Cour's* groundbreaking work will help to inform those involved in drawing up the national strategy for supporting the social and solidarity economy.

The distinctive features of entities in the SSE according to the Act of 31 July 2014



Source: Cour des comptes

The SEE has a strong presence in many sectors, but its weight in the economy is poorly measured

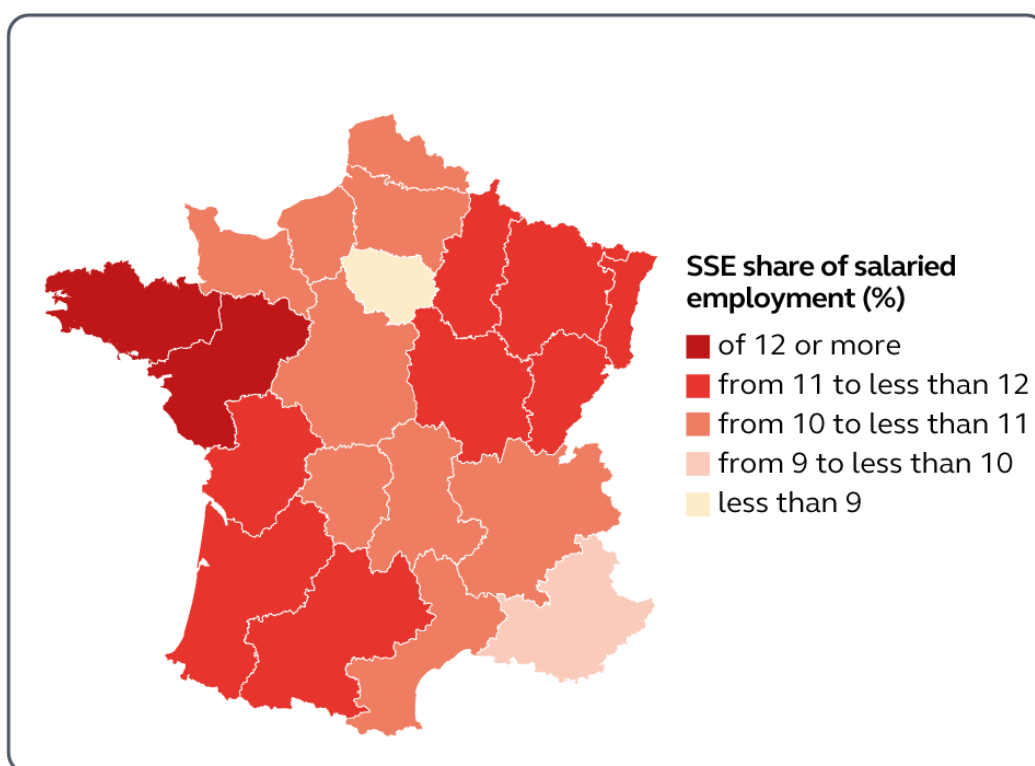
A lack of awareness at national level, even though its activity spans multiple sectors

It is difficult to define the scope of the SSE given its cross-sectoral nature and the wide variety of legal statuses of its entities, which have very different economic models. It includes cooperative groups in the retail, agricultural and banking sectors, as well as non-profit organisations including 1.1 million associations without employees and around 170,000 associations with employees, half of which only employ one or two people.

Entities in the social and solidarity economy have diverse aims and are active in multiple sectors. As well as playing a major role in social work, sports and leisure and private education, they account for a significant proportion of the workforce in the financial and insurance sector.

Despite being present in all regions and the widespread use of the French definition of the social and solidarity economy internationally, the sector suffers from a lack of visibility and awareness at national level. The differences between this type of enterprise and conventional business practices are more difficult to identify because of the widespread adoption of corporate social responsibility policies and the creation in 2019 of “mission-driven companies” whose corporate purpose includes social and environmental issues alongside the pursuit of financial profit.

Regional distribution of the SSE in salaried employment



Source: INSEE website, 2021 data

However, representatives of the SSE point to a specific dynamic within its structures, based on the personal and collective commitment of employees and volunteers, as well as their greater resilience in economic and employment terms compared with conventional businesses. Acknowledging this situation, the *Cour des comptes* recommends promoting the specific features of this mode of enterprise, in particular by means of the Guide to Best Practice for Players in the Social and Solidarity Economy, drawn up only in 2017, in application of the Act of 31 July 2014.

The failure to scale up the SSE and measure its social impact

While the aim of the Act of 31 July 2014 was to encourage a change in the scale of the social and solidarity economy, the share of organisations belonging to this category among the total number of organisations with employees fell from 10% to 9% over the period 2018-2021. The SSE's share of salaried employment (using the legal definition) was stable at 10.6%.

These figures do not reflect changes in the share of wealth generated by the SSE, which is not tracked by specific, regular statistics. INSEE's latest estimate of the weight of this form of enterprise in the economy dates back to 2014, based on data from 2012. However, it would be necessary to regularly measure the contribution of this third sector to economic and social development and territorial cohesion. In 2025, the French Treasury, along with other European Union Member States (Portugal, Croatia, Greece and Belgium), has obtained funding under the European Commission's Technical Support Instrument for preparatory work on setting up a satellite account for the SSE: the Organisation for Economic Co-operation and Development (OECD) will provide support in this context for two years from the second half of 2025. The *Cour des comptes* therefore invites the French Treasury to take advantage of these new resources to continue working with INSEE to define the relevant economic indicators needed to complete this satellite account project and measure the weight of the SSE in the national economy.

In addition, the process of assessing their impact and social utility remains complex and compartmentalised between players in the SSE. The *Cour des comptes* invites the State to support them in the development of common guidelines for assessing their social and societal impacts according to their areas of activity.

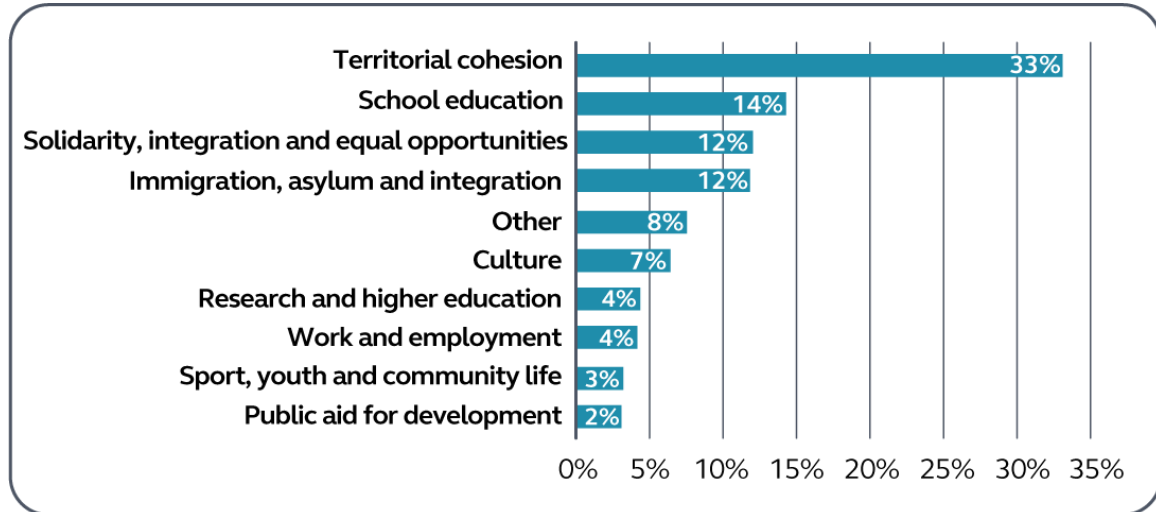
Public funding for the SSE to implement public policies but no overall strategy

Between 2018 and 2024, significant amounts of funding were paid to players in the SSE by the State, its operators, social security branches and local authorities, illustrating the central role that players in the SSE play in meeting growing social needs. This funding, including tax expenditure and aid for employment and subsidised contracts, amounted to €16 billion by the State in 2024 (excluding expenditure by operators that it was not possible to consolidate) and almost €6.7 billion by local authorities in 2023.

State subsidies mainly go to non-profit organisations with employees who meet growing social needs

Adjusted for inflation, this funding will have increased by 4.7% for the State between 2018 and 2024, despite a sharp drop in subsidised contracts (-80%). It includes

**Breakdown of State subsidies to the SSE (excluding overseas France)
by budget purpose in 2024**



Source: Cour des comptes

SSE structures also receive funding from operators such as the French Agency for Ecological Transition (Ademe), 6% of whose budget (€62.5 million in 2024) is allocated to entities in the SSE. The social security branches also pay subsidies to these entities (€420 million in 2023) to fund their research and innovation efforts. Finally, players in the SSE may be eligible for different types of European funding depending on the public policies to which they contribute, for example the European Social Fund and the European Regional Development Fund, without being subject to specific monitoring.

State funding for SSE players from 2018 to 2024 (in € billion)

In € billion	2018	2019	2020	2021	2022	2023	2024	Change v. 2018 in gross euros	Change adjusted for inflation v. 2018
Subsidies for the SSE excluding	5.5	5.63	5.33	6.78	7.55	7.95	7.96	46%	23%
Tax expenditure	3.97	4.02	4.33	4.36	4.58	4.63	4.96	25	7%
Employment subsidies and exemptions for integration	1.00	1.50	0.79	0.98	1.20	1.30	1.34	34	14
Employment subsidies for non-profit entities encouraging integration	1.10	1.10	1.20	1.20	1.30	1.30	1.20	9%	-7%
Employment subsidies for non-profit entities employing a minimum % of disabled	0.19	0.27	0.19	0.21	0.24	0.24	0.23	20%	2%
Subsidised contracts	1.30	0.60	0.40	0.60	0.90	0.30	0.30	-77%	-80%
Total in gross euros	13	13.12	12.24	14.13	15.77	15.72	15.99	23%	
Total adjusted for inflation v. 2018	13	12.96	11.75	13.4	14.48	13.71	13.63		4.7%

Source: Cour des comptes

Subsidies from regional and local authorities rose sharply over the period, despite falling slightly in 2023

Subsidies paid by all local authorities to SSE entities between 2018 and 2023 increased by 25.7% (adjusted for inflation). The local authorities that allocate the most subsidies to SSE entities each year are municipalities and inter-municipal bodies and the regions, with respectively 47% and 30% of the total in 2023.

Subsidies paid by local and regional authorities primarily benefit non-profit organisations (95% of €6.7bn in 2023). Four themes of local public action – ‘arts, entertainment and recreational activities’, ‘other service activities’, ‘human health and social work’, and ‘education’ – accounted for 86.3% of total subsidies in 2023.

Trend in annual subsidies paid by local authorities to SSE entities (in € million)

	2018	2019	2020	2021	2022	2023	Change 2018-2023	
							%	Annual average %
Municipalities	1,275.30	1,515.77	1,437.97	1,705.21	2,274.57	2,088.74	63.78	10.63
Inter-municipal bodies	641.68	750.00	736.36	887.14	1,044.87	1,018.45	58.72	9.79
Departments	970.41	1,058.93	1,045.46	1,276.43	1,538.77	1,425.40	46.89	7.81
Regions	1,654.70	1,874.46	1,500.38	1,702.61	1,934.91	1,994.59	20.54	3.42
Other	88.65	103.74	95.21	122.59	147.89	145.93	64.61	10.77
Total	4,630.73	5,302.9	4,815.38	5,693.98	6,941.02	6,673.11	44.10	7.35
Total adjusted for inflation v. 2018	4,630.73	5,239.50	4,620.21	5,397.25	6,374.01	5,819.37	25.67	4.28

Source: Cour des comptes

The specific role of the regions

Among the local authorities providing funding, the regions play a special role. The Act of 31 July 2014 entrusts them with the task of drawing up a regional strategy for the social and solidarity economy and convening a regional conference on this topic every two years, jointly with the State. They address this issue to varying degrees, generally as part of their economic development remit. In addition to the regional strategy specific to the SSE, all the regions have made the promotion of the social and solidarity economy one of the objectives of their regional plan for economic development, innovation and internationalisation (SRDEII).

Régions de France estimates that the regions will spend €138 million on economic development policies to support the SSE in 2023. In the context of other regional policies (vocational training, education in particular), members of the SSE receive much greater financial support (€1.94 billion in 2023 according to the *Cour's* analysis). To carry out their actions in support of the social and solidarity economy, the regions rely on local authorities, notably municipalities, as well as the State and its operators.

Management of policy in support of the SSE needs to be stabilised and strengthened

The increase in public funding over the period does not reflect a clear preference for this type of enterprise on the part of public authorities and is not part of a strategy. The lack of an overall vision at State level can be explained by the political instability of its management and by the weak positioning of the ministerial delegate and the resources of the network of correspondents responsible for supporting the SSE in the *prefectures*. Inadequate verification by the registrars of the commercial courts of the compliance of the articles of association of commercial companies with the governance principles of the Act of 31 July 2014 also results in ineligible companies being registered as commercial companies in the social and solidarity economy. The Ministry of the Economy and the Ministry of Justice should provide more support to commercial court registrars to enable them to better carry out their task of verifying these articles of association.

The “*Conseil Supérieur de l'Économie Sociale et Solidaire*” (Higher Council for social and solidarity economy) is not sufficiently consulted by the public authorities, while the regional chambers of the social and solidarity economy carry out their missions differently as the State has not clarified its expectations of them.

In addition, efforts to diversify the sources of funding for SSE entities have not been accompanied by a reflection within the State on how to reduce the administrative burden resulting from the multiplication of funding applications and the preparation of the various deliverables required to justify the use of these subsidies. Various portals have been set up according to public policies and for different categories of economic players. The *Cour des comptes* calls for these various contact points to be interconnected so that application supporting documents can be shared, in line with the “tell us once” principle.

The national strategy to support the development of the social and solidarity economy, which is due to be submitted to the European Commission at the end of 2025, will have to be developed jointly with local and regional authorities, in particular the regions and inter-municipalities, given their major role in its development.

Specific support for the development of the SSE model, based mainly on the mobilisation of public and private investors

Support for structuring the sector, with no priority given to social innovation

State funding to specifically encourage the development of this type of enterprise amounted to €20.1 million in 2024, representing a 10% increase since 2018 (adjusted for inflation). This funding is mainly made up of appropriations for the co-financing of the local support system, which supports players through engineering services provided by a network of 120 regional and departmental operators. The State also provides financial support to the lead entities of non-profit networks and to the regional chambers of the social and solidarity economy.

In 2021, the State relaunched its policy of supporting the development of territorial economic cooperation clusters (€2.5 million in 2024). These are groups of players (local authorities, businesses, universities, research centres) working to develop innovative economic and social projects in a given area. The monitoring of these clusters has identified requests to extend the funding period beyond the first two years, demonstrating the need for the State to adjust funding arrangements to the development of the clusters (emerging or mature).

Finally, funding for social innovation remains limited (€2.7 million in 2024) and restricted to the economic and entrepreneurial field due to the partial definition of social innovation adopted in Article 15 of the Act of 31 July 2014. It is based primarily on two tools. First, the State is encouraging the development of social impact contracts, which enable a private investor to pre-finance an innovative project run by an SSE entity. Second, the State also supports social impact investment through grants to the *France Active* association (a support and financing network for social entrepreneurs) and the *Fair* association (a collective committed to social impact finance). The State would benefit from taking a broader approach to social innovation by encouraging an inter-ministerial approach and mobilising levers other than subsidies, such as support through public procurement.

Financing solutions from public investors exclude some players in the SSE

Although *Bpifrance*'s investment policy provided for the introduction of mechanisms tailored to the particular characteristics of the SSE, all the specific tools put in place have been abandoned since 2018 in favour of a generalist financing offer. While the annual amounts invested by *Bpifrance* in SSE structures are significant (€453.9 million in 2023), they only cover the financing needs of profitable structures.

Bpifrance's refusal to recognise participating shares as equity is detrimental to many cooperatives, for whom these shares represent the most effective lever for attracting private and public funding. The *Cour des comptes* invites the Ministry of the Economy to work with *Bpifrance* to change its policy so that these shares are included in the equity of cooperatives taken into account by the public bank when examining funding applications.

The *Caisse des Dépôts et Consignations* gives greater visibility to the SSE in its range of services. It pays annual subsidies to networks (€30 million in 2023) and invests equity (€92 million in annual investments in 2023) in sectors of key importance to the social and solidarity economy (such as the ecological transition and social and territorial cohesion) and with players such as *France Active*. However, its support does not cover the start-up of high-risk projects, projects by non-profit organisations without employees, or small entities.

Efforts to channel private funding towards the social and solidarity economy must continue

The government has put in place incentives to channel private funding towards the SSE. This has had a positive impact on the growth of solidarity savings, which reached €27.5 billion in 2023, almost doubling since 2019. However, solidarity savings only account for 0.5% of French people's financial savings.

Since 2020, banks distributing the LDDS savings account have been obliged to offer their customers the option of using the sums deposited in it to make one or more donations to companies in the SSE or socially useful companies. Out of a total of 26.6 million accounts in 2024, the number of donations remains low (2,600) and their amount limited (€2 million) compared with total savings of €149 billion in 2023. Similarly, since January 2022, insurers have been obliged to offer their customers solidarity funds in their unit-linked life insurance policies. However, solidarity unit-linked life insurance policies (€2.3 billion) represented only 0.4% of the total amount invested in unit-linked policies (€541 billion in 2023). The Ministry of the Economy should ensure that financial institutions communicate more effectively with their customers about the possibilities for solidarity donations and solidarity funds.

The government is also encouraging private individuals to make equity investments in SSE companies that have been approved as socially useful solidarity companies, through a tax reduction scheme for private individuals who invest in them, representing an estimated tax expenditure of €14.8 million per year in 2021.

This overview of financial flows to players in the social and solidarity economy shows their central role in the implementation of many public policies, although the change in scale sought by the government has not taken place. In the light of these findings, the *Cour des comptes* has formulated four guidelines, broken down into ten recommendations:

- Raise awareness of the economic weight and contributions of this form of enterprise;
- Stabilise the management of policy in support of the SSE and strengthen coordination between the State and local authorities;
- Improve the organisation and efficiency of government bodies responsible for the social and solidarity economy;
- Remove the obstacles hindering access to funding for the players involved and step up communication by financial institutions on solidarity donations and funds.

Summary of recommendations

Raise awareness of the economic weight and contribution of this form of enterprise

2. Promote, as soon as the national strategy to support the social and solidarity economy in 2025 is adopted, the specific features of the SSE mode of enterprise, in particular by means of the Guide to Best Practice provided for in the Act of 31 July 2014 (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).
3. Bring the satellite account project with INSEE to a successful conclusion by 2027 and encourage stakeholders to draw up common benchmarks for assessing their impact according to the public policy concerned (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).

Stabilise the management of policy in support of the SSE and strengthen coordination between the State and local authorities

5. Ensure stable management of the policy for supporting the social and solidarity economy as a form of enterprise and give the delegate responsible for the social and solidarity economy an inter-ministerial position by 2026 (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).
7. Co-develop the national strategy to support the development of the social and solidarity economy in 2025 with representatives from the regions and inter-municipal bodies (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).

Improve the organisation and efficiency of government bodies responsible for the social and solidarity economy

1. By 2026, provide commercial court registrars with the tools they need to check whether commercial companies belong to the social and solidarity economy when filing their articles of association (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty - Ministry of Justice*).
4. By 2027, interconnect the portals used to apply for grants or respond to calls for projects launched by the State for players in the SSE and share the supporting documents from their applications (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).
5. In 2025, clarify the role and missions of the regional correspondents within the State's decentralised departments and strengthen the territorial engagement of the regional chambers of the social and solidarity economy by harmonising and prioritising their missions in relation to their resources (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).
8. In 2026, adapt the funding arrangements for territorial economic cooperation clusters to their needs and pace of development (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).

Remove the obstacles hindering access to funding for the players involved and step up communication by financial institutions on solidarity donations and funds

9. By 2026, revise *Bpifrance*'s policy to include participating shares and cooperative shares in quasi-equity, thereby facilitating access to financing for cooperatives and associations (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty, Bpifrance*).
10. Ensure that financial institutions step up communication from 2025 on solidarity donations to holders of LDDS savings accounts and on solidarity funds to holders of life insurance policies (*Ministry of the Economy, Finance and Industrial and Digital Sovereignty*).