



# Social Economy Strategy in Ile-de-France region (France)

Discussion paper

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April 2024



**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion

Directorate G — Funds: Programming and Implementation

Unit G3 — Social and Inclusive Entrepreneurship

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Social and Inclusive Entrepreneurship

Manuscript completed in April 2024

Luxembourg: Publications Office of the European Union, 2024

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## 1 Brief summary

There is no national strategy for social economy in France but one should be built in the coming years following the Liege conference. Nonetheless, the [law on the Social and Solidarity Economy](#), adopted in 2014, and the law on the New Territorial Organisation of the Republic (NOTRe), adopted in 2015, established the social economy as an important pillar for the local economy. The social economy ceased to be a specific approach and was mainstreamed in the general policies supporting enterprises. This new dynamic allowed the social economy to benefit from more substantial support in theory, but it was undermined by the lack of professionals in the services that were trained and knowledgeable about the specificities of the social economy economic model.

Between 2015 to 2021, a team dedicated to the social economy was set up in regional administrations. A first draft strategy for the social economy was adopted in 2018 as a sub-category of the [regional plan for the economy \(SRDEII\)](#).<sup>1</sup> The focus was on developing economic indicators, such as employment in social economy enterprises and indirect employment through access to specific labour market programmes.

Since 2021, the social economy strategy of the Île-de-France region has been further defined and strengthened. Additionally to the Regional plan for the economy, there is now a dedicated action plan for the social economy: the [Regional Strategy for Social and Solidarity Economy \(SRESS\)](#), led by a vice-president.

### **BOX #1 – The definition of “Social economy” included in the Île-de-France strategy**

The Île-de-France region uses the definition of the social economy that was included in the law on the social and solidarity economy of 31 July 2014.

**This law is very important because** it opens Social Economy to all kinds of activities and most of the legal statuses. This approach is a successful mix of the three primary sources of the French Social and Solidarity Economy:

- **Social Economy:** Since the 19th century, this movement gathered cooperatives, mutual companies (healthcare and insurance) and many associations. These structures promote internal solidarity between members and are democratic entities.
- **Solidarity Economy:** this term first appeared during the second half of the 20<sup>th</sup> century, and is more focused on social purpose, such as NGOs, charities, community-based association, etc.
- **Social Entrepreneurship:** since the beginning of the 21<sup>st</sup> century, some entrepreneurs wanted to use a classical business approach to tackle social issues in an autonomous way.

The current definition gathers all associations and enterprises that apply the three following principles, which must be enshrined in the statutes of the organisation and checked by a public body (which can vary according to the legal status) :

- **A social purpose** (rather than just profit);
- **A democratic organisation** (rather than being driven by the shareholders, they need a democratic governance structure);

- **Some basic business rules (e.g. more than 50% of the profit should be reinvested in the society, and the capital of the society cannot be shared between shareholders).**

Some regional funds or programmes are also dedicated to social economy projects in their early stage and not yet recognised as social economy entities.

## 2 Situation in the region

### General introduction

This discussion paper has been written by the [Île-de-France Regional Chamber for Social and Solidarity Economy \(CRESS IDF\)](#), which is an independent association that gathers all the social economy entities from the region willing to be involved. There is a CRESS in each of the 18 French regions. These chambers are recognised in the French law as the legitimate body for local social representation and they contribute to the regional social economy strategy. The CRESS IDF receives up to 80% of its funds from several local authorities, including the region (20%), as well as from the State. All CRESS are autonomous associations. However, they are acknowledged by both State and Region in tripartite agreements. CRESS are federated at the national level through ESS France, a national association representing CRESS and national federations (cooperatives, mutual society, associations, foundations, etc.).

### Political support

#### - *National context*

When talking about the social economy strategy in France, it is important to realise how impactful the years 2014-2015 have been. In 2014, France adopted a law for the Social and Solidarity Economy which mainstreams social economy. In 2015, a law was adopted to reorganise the local authorities' competences which has a dedicated section on social economy.

#### - *Regional context*

The Île-de-France region is the wealthiest in Europe, concentrating 31% of the French GDP, making it a dynamic economic ecosystem with multiple opportunities. While the social economy represents less than 8% of the employment in the region, it represents 25% of the social economy employees in France.

In 2007, the Île-de-France region co-funded, together with the CRESS IDF, a local agency, the 'Atelier', to promote and support the social economy, which was a precursor initiative. This agency had a dozen of employees paid by the region, but the funds were stopped following a change of policy priorities, and the agency was dismantled in 2016 when the governance in the Île-de-France region moved from a socialist to a conservative party. In 2016, there were no longer social economy policies at all, but because of the new laws in 2014 and 2015, as discussed above, as well as the pressure from a strong social economy local ecosystem, the regional executive decided to make a first social economy road map in 2017. This led to a "Regional Strategy for Social Economy" in 2021.

It is important to have both legal recognition and active grassroots organisations. This allowed the CRESS IDF to create a Vice Presidency among the regional government dedicated to social economy in the regional executive.

These changes came from not only lobbying but also grass roots movement inside political movement. Following the 2020 municipal elections, the number of deputy mayors overseeing social economy-related affairs increased from 50 to 255. This surge underlines a growing recognition among local authorities of the crucial role played by the social economy in local development. Consequently, numerous municipalities and city groups

have initiated local social economy plans. Notably, the CRESS IDF has identified local social economy strategies in 9 out of the 60 territories in Île-de-France, representing a substantial increase compared to the three recorded in 2018.

This development raises important questions for state and regional representatives, particularly concerning the delineation of responsibilities, as the social economy falls outside the competences of the city or 'city group' (which is the EPCI, 'L'établissement public de coopération Intercommunale') according to the 2015 law. However, the objective of fostering local development and supporting small businesses remains a priority for the city and EPCI.

### Support measures in place

#### - Regional measures

The regional strategy of Île-de-France, which is the focus of this paper, is linked to the local state services roadmap to support Inclusion and Access to the Labour Market.<sup>2</sup>

The regional plan for the social economy (SRESS 2022-2028) considers the social economy part of the economic strategy. Consequently, most funds and support earmarked for the social economy are channelled through regular economic processes such as [#Leader](#). [#Leader](#) facilitates the business creation process in Île-de-France, directing entrepreneurs to one of the five official business support programmes based on factors like business size, sector or maturity. Two of these operators are social economy structures, presenting a significant opportunity to increase the weight of the social economy in the economic ecosystem.

Another significant support mechanism for the social economy comes through the "Up aids," including [TP'up Relance](#) for small businesses, [PM'up Sovereignty Ecological and energy transition](#) for companies employing more than ten people and [Innov'up](#), which supports innovation. These aids range from EUR 50,000 to EUR 500,000. They are designed to support growth and can cover approximately 50% of the costs associated with strategic aspects of growth, such as key recruitment, software development, studies and investment.

There are also specific actions targeting the social economy in the SRESS:

- The region invests in two funds dedicated to the social economy with EUR 10 million for [Inv'ESS](#) for growing structures and EUR 10 million in a fund led by [INCO](#) which will be launched in April 2024 for the seed investment of social economy entities.
- The region supports a CRESS-led programme to promote a local social economy roadmap among local authorities and social economy entities.
- HEC, a high-level French business university, designed an incubator for social entrepreneurs in the Île-de-France region. It is a two-year programme that helps social entrepreneurs rethink the development of their structures and implement a new plan. The incubator costs EUR 20,000 for the structures, and the Île-de-France region provides EUR 400,000 for each cycle. Each promotion gathers between 12 and 20 entities in the scaling-up phase.
- Since 2024, the region, using ESF+ funds, has started to support [Prom'ESS](#). This is a programme led by the CRESS to facilitate access to EU funds for social economy entities. Prom'ESS offers a free diagnostic to analyse whether a project is structured enough to receive EU funds, monitoring tailored to each project and support to answer EU calls.

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<sup>2</sup> Insertion par l'Activité Economique



- A large part of the regional strategy is connected to socially responsible public procurement. As a buyer, the region tries to lead as an example with a goal to dedicate 10% of its purchases to structures helping persons with disabilities or trying to access the labour market. The region expanded this approach to all companies related to the region through aids or investments through a charter about “social responsibility”. The idea is to encourage companies to work with the social economy in a way that is similar to the obligations of the region and public buyers. This charter has to be signed to receive any aid, but the goals implemented in the chart are not mandatory.

Although not directly linked to the social economy strategy, many social economy entities in the Île-de-France region benefit from another regional strategic initiative: the [Regional Plan for Circular Economy](#). This plan provides the social economy with access to funds to establish local repair spaces or recycled goods shops, thus promoting sustainable practices and economic resilience within the sector.

### - National measures

Another important policy linked to the social economy strategy is the national ‘Inclusion Strategy’. This strategy allocates EUR 154 million for employment aids in dedicated structures in IDF. In 2022 alone, this funding facilitated the employment of 20,413 individuals, with 45% successfully transitioning to the labour market after a two-year-long adapted job in inclusion structures affiliated with the social economy. This underlines the social economy's crucial role in fostering job creation and facilitating workforce integration.

Furthermore, the [Local Support system \(DLA\)](#)<sup>3</sup> is a state strategy to support the social economy development. This initiative offers free consultancy services for social economy entities, providing access to diagnostic assessments and a few days of work from an external consultant selected by local social economy experts. Annually, the DLA supports approximately 500 structures, enhancing their organisational capacity and strategic planning capabilities, thereby fostering sustainable growth and resilience within the social economy ecosystem. Unfortunately, in IDF, the DLA is no longer funded by the Region. However, it is funded by the State and Public Bank<sup>4</sup>, and it is still the most significant social economy support programme in IDF.

### BOX #2 National/Regional context.

In the French system, the social economy is not considered strictly economic. Therefore, various strategies impact the development of the social economy in the Île-de-France Region:

- **State level:** the central services can spearhead actions even if there is no clear action plan to develop the social economy, such as the territorial economic cooperation clusters (PTCE)<sup>5</sup>, the social economy coalition to solve local social issues, DLA or social impact bonds. The State also relies on agencies, such as the [Agency for the ecological transition \(ADEME\)](#), public banks, such as the Caisse des Dépôts Consignation to fundraise up to EUR one million, or the Public investment Bank (BPI) to support social economy entities in their first stages of development.

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<sup>3</sup> *Dispositif Local d'Accompagnement*

<sup>4</sup> Caisse des Dépôts et Consignations

<sup>5</sup> Pôles Territoriaux de coopération économique

- **Region:** The region is in charge of the economic development and can impact the development of the social economy through social purchases. Each year, the region buys EUR 500 million of goods and services. In theory, 10% of these transactions should be dedicated to the social economy, mainly in the field of inclusion (no accurate data at the regional level is available).
- **Department:** The Île-de-France region is divided in 8 “*departements*”, smaller territorial units. This local authority is in charge of care and social policies. Through partnerships with associations and social enterprises, the departments are key to fund the social economy. They are also supporting access to the labour market. Politically, some of them have a stronger focus on the social economy through a dedicated vice presidency (3/8), a dedicated agency (3/8), calls or special fundings (4/8).
- **Metropole:** Paris Metropole gathers 142 cities and groups of cities (EPCI) around Paris. The metropole has an autonomous and separate governance from Paris or the region. The metropole has a [social and circular strategy](#) focusing on helping member cities to develop social economy policies through prizes, funds, skills development, etc. The fields of action of the metropole are logistics and support to the municipalities.
- **Inter-municipalities:** There are 65 inter-municipalities in the Île-de-France Region. It is a space of shared competences where support to the local economy, including the social economy can be discussed (e.g. access to real estate). Six of these entities have a local strategy and a dedicated team for the social economy.
- **Municipality:** Cities can support the social economy through cultural activities, childcare, sports, etc. 255 cities have a social economy deputy mayor.

### 3 The regional strategy

#### 3.1 Vision & objectives

Since the launch of the regional approach to the social economy, there has been a significant change of perspective regarding its place within the wider economy. This shift was emphasised by the implementation of the Regional Strategy for the social economy in 2022. While the overarching objective remains the alleviation of mass unemployment, with a special focus on empowering individuals with disabilities or persons marginalised from the regular job market, the methodology has evolved.

The new vision focuses on promoting the growth and sustainability of small and medium-sized social economy entities. The strategy recognises the potential of social economy entities as engines of economic growth and agents of social change within their respective communities. By nurturing these businesses, the aim is not only to create employment opportunities, but also to cultivate resilient local economies that are capable of withstanding various socioeconomic challenges.

Although the coordination between the different regional authorities may not yet be fully achieved, there is a convergence of focus on key thematic areas. Green transition stands out prominently as one of the central pillars guiding regional social economy initiatives. This entails supporting social economy entities that prioritise environmentally sustainable practices and contribute to the broader goals of ecological preservation and climate resilience.

Moreover, digitalisation has emerged as a critical domain for intervention. Efforts are directed towards promoting digital inclusion, ensuring that marginalised communities have fair access to digital technologies and the opportunities they offer. Additionally, there is a concerted push towards facilitating the digital transition of social economy entities,

recognising that many may lag behind their counterparts in the mainstream economy in terms of digital adoption and integration. By equipping social economy entities with the necessary digital tools and capabilities, they can enhance their efficiency, reach and competitiveness in an increasingly digitalised market.

Another area of emphasis within the regional social economy strategy is the care sector, particularly regarding the needs of older people. Recognising the demographic shifts and the growing demand for elderly care services, regional authorities are keen to support social economy initiatives that address this pressing societal need. This entails providing financial support and fostering innovation and collaboration within the social economy ecosystem to enhance the quality and accessibility of care services for the elderly population.

In summary, while the regional approach to the social economy continues to prioritise the overarching goal of tackling unemployment and social exclusion, there has been a nuanced evolution in the strategy. This reflects a broader recognition of the transformative potential of social economy entities and a strategic realignment towards supporting their growth and impact across key thematic areas such as green transition, digital inclusion and the care sector. Through targeted interventions and collaborative efforts, regional authorities seek to cultivate a more inclusive, resilient and sustainable economy rooted in the principles of solidarity and social justice.

### 3.2 Administrative and institutional set-ups

In the Île-de-France region local government, the Social and Solidarity Economy Regional Strategy (SRESS) is under the coordination of a small team of three individuals within the regional administration. Politically, its representation is embodied by the vice-president indicating a degree of centralisation in its organisational structure. However, the limited size of the team poses challenges in adequately addressing the diverse array of responsibilities associated with promoting social economy initiatives effectively. Consequently, many actions are decentralised and entrusted to external partners for implementation. Despite this decentralised approach, all actions and budgets remain under the remit of the Economic Development Service, without substantial coordination with other administrative units.

The team in charge of the Regional Strategy for the SSE benefited from the work done by external consultants on the Regional plan for the economy who organised a huge consultation (cf. 3.3). As a consequence, social economy aspects were given to the team in the regional administration.

Politically, the vice-president reports to a commission composed of representatives from all political groups within the regional assembly. This arrangement is designed to ensure broad political oversight and accountability for social economy-related initiatives. However, in practice, the effectiveness of this oversight mechanism may vary depending on the level of engagement and cooperation among political stakeholders.

The regional strategy emphasises the importance of local coordination by establishing 25 local committees<sup>6</sup> for the employment strategy. These committees, co-led by the region, the State and local authorities, are intended to serve as forums for coordinating economic

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<sup>6</sup> These committees include representatives of municipalities, the chamber of commerce, trade unions, decentralised state agency, etc. Around 50 people meet in a plenary session once or twice per year. Official document can be found here : <https://www.iledefrance.fr/toutes-les-actualites/focus-sur-les-25-bassins-demploi-franciliens>

strategies, including the social economy at the grassroots level. However, in practice, less than half of the committees meet annually.

Recognising the role of these committees in driving local economic development, the Regional Strategy for the SSE focuses its efforts on providing training and support to sub-regional levels. By empowering these entities to understand social economy needs and align their actions with the regional social economy strategy, the aim is to facilitate the development of locally relevant and impactful social economy action plans.

In terms of legislation, the law on the social economy mandates the convening of a Regional Conference for the social economy every two years. This conference serves as a platform for regional and decentralised state administrations, local authorities and social economy representatives to coordinate their support and strategies. However, in the Île-de-France region, the conference has been organised only twice and has encountered challenges in achieving its objectives due to a lack of commitment and clearly defined goals. Despite these setbacks, experiences from other regions suggest that the conference concept holds promise, particularly when there is already robust coordination and cooperation among participating stakeholders.<sup>7</sup>

In essence, while the regional framework for promoting social economy initiatives in Île-de-France demonstrates a commitment to coordination and collaboration across various levels of governance, challenges and gaps in implementation remain and need to be addressed to maximise the effectiveness of social economy support mechanisms.

### 3.3 Consultation mechanisms/stakeholder engagement

In 2021/2022, the region embarked on an extensive consultation process to formulate the Regional plan for the economy. Over the course of 8 months, 46 workshops were convened, drawing participation from 500 individuals representing a variety of organisations who collectively generated 368 action proposals. Complementing these in-person gatherings, an online platform (no longer active) was established, which received a remarkable 14,000 contributions, of which approximately 15% originated from social economy entrepreneurs. This wealth of input informed the development of the social economy strategy, in an inclusive and participatory regional planning process.

To ensure effective monitoring and reporting of the social economy strategy, the vice president orchestrates bi-annual "partners committee" meetings of two hours. These gatherings serve as platforms for stakeholders to review progress, share insights and address emerging challenges, thereby fostering a collaborative approach to strategy implementation and refinement.

Recognising the pivotal role of grassroots organisations in driving change, the CRESS IDF took proactive steps to mobilise its members in support of the regional strategy. This concerted effort has resulted in the production of a comprehensive 20-page document<sup>8</sup> offering strategic perspectives and actionable recommendations to support the region in the pursuit of its development objectives. Despite the significance of this contribution, as of mid-2023, no response has been forthcoming from the vice-president or the regional administration, highlighting potential gaps in communication and engagement.

In conjunction with regional efforts, the state administration facilitates dialogue and coordination through the establishment of local committees. These committees are designed to foster collaboration among diverse stakeholders. However, the centralisation

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<sup>7</sup> More information on this can be found in the document "5 orientations pour le développement des territoires par l'ESS VDT"

<sup>8</sup> The document is called «la SRESS revue par la CRESS»

of decision-making processes occasionally hampers the effectiveness of these discussions, as the committee cannot take or amend any decisions. This highlights the imperative for greater decentralisation and inclusivity in both policy formulation and implementation processes, ensuring that all voices are heard and considered in shaping the socio-economic landscape of the region.

### 3.4 Visibility and recognition

In the Île-de-France region, current strategies led by IDF lack a dedicated communication aspect and do not incorporate labelling initiatives. No labels for the social economy have been created. Nevertheless, thanks to the 2014 law, the social economy benefits from a single recognition and definition, regardless of the public entity or type of aid.

Furthermore, the CRESS IDF, in collaboration with selected cities, takes proactive steps each year to address this gap by organising the "Social Economy Month" in November. This month-long event, facilitated through an online platform<sup>9</sup>, serves as a platform for cities, citizens and social economy entities to showcase their initiatives. From conferences to workshops and site visits, participants have the opportunity exchange experiences about social economy-driven activities, fostering greater awareness and increasing participation in the sector.

Additionally, the Regional Observatory for the social economy, spearheaded by the CRESS IDF, plays a crucial role in disseminating information about social economy initiatives. Annually, it publishes key figures on the social economy across various scales, providing valuable insights into the sector's development and impact within the region. Through these efforts, the Observatory contributes to the visibility and understanding of the social economy, reinforcing its significance within the regional socio-economic landscape. These are initiatives from the CRESS and have not been implemented in the regional strategy. However, the region supports the CRESS, so it partially funds these initiatives.

CRESS also has an interactive cartography to make social economy acting in green transition more visible: carteco<sup>10</sup>. This programme is shared among several CRESS and partially founded by state agencies such as ADEME.

### 3.5 Monitoring and evaluation

The Observatory of the CRESS is in charge of developing key figures on the social economy. These figures are produced from data collected by State Statistic services, the National Bank and state services collecting the social security contributions. It is complicated to evaluate the impact of the regional policies for the social economy through these figures. However, the analysis shows territorial dynamics which are helpful for local authorities. For instance, the data produced by the CRESS can help a territory to identify an underdevelopment of a kind of activity usually carried out by the social economy. Local authorities can then take this information into account and start programmes to develop such activities and support the social economy in these sectors.

There is no global method to monitor the strategy for the social economy. For each partnership, there are contractual indicators, as requested for public funding. However, there are some key performance indicators available:

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<sup>9</sup> <https://www.mois-ess.org/>

<sup>10</sup> <https://carteco-ess.org/map#/carte/@47.23,4.59,7z?cat=all>



- For the “PM’Up” public aids, between 2018 and 2023, 115 social economy entities have received support of an average EUR 145,000. In 2024, EUR 1.3 million is dedicated to social economy entities in the Up’s budget.
- Regarding the funds supported by the region, Inv’ESS has supported projects with EUR 20 million in total (including EUR 10 million from the region), which benefits five to eight projects a year. As the second regional fund has just started, results are not yet available.
- CRESS IDF’s action plans for local authorities funded by the region since 2018 allowed social economy training of 308 people in 89 cities. CRESS IDF also helped to design a dozen of local social economy action plans.
- The social economy incubator led by HEC helped 78 structures to gain EUR 200 million of turn over and create 6000 jobs.
- The budget of public procurement in the region is around EUR three billion a year including both the region and local authorities. There is a goal to grant ten percent of the contracts (not of the total amount) to the social economy.

### **BOX #3 Funding the strategy:**

The economic aids (“Up’s aids”) offered by the region are drawn from the regional budget. However, the percentage of allocated funding varies, depending on the nature and scope of the aid in question. As an example, a key recruitment can support up to 40% of the cost, an investment around 30% and a consulting mission up to 50%.

When it comes to funds specifically designed for the social economy, the region initiates the process by committing half of the minimum required amount, which often stands at EUR 10 million. This seed investment acts as a catalyst, attracting additional contributions from various stakeholders, mostly “for Impact investors”, thereby amplifying the collective impact and reach of the fund. By leveraging this initial investment, the region fosters a collaborative approach to financing social economy ventures, therefore encouraging synergy within the private sector.

Similarly, for flagship programmes like #Leader or the HEC incubator, the financial backing primarily stems from regional aids or contractual arrangements. These programmes operate within the framework of the regional budget, utilising resources to nurture social economy development and entrepreneurship. By providing targeted support through these initiatives, the region empowers social economy entities to thrive and innovate, driving economic growth and social progress across communities.

In contrast, the inclusion funds provided by the State aim to address societal disparities and promote inclusivity. These funds are specifically earmarked for inclusion initiatives, aiming to uplift vulnerable populations and facilitate their integration into the workforce. By prioritising inclusion and equity, the State seeks to create a more inclusive and resilient society, where every individual has the opportunity to thrive and contribute meaningfully to the economy.

While the majority of funding sources originate from regional and state budgets, there are exceptions such as the Prom’ESS Europe program. Spearheaded by the CRESS, this innovative initiative harnesses EU funds to support social economy entities in accessing additional funding opportunities at the European level. By tapping into EU resources, social economy entities can expand their financial horizons, growth and sustainability.

Please note also that the #leader programme is cofinanced by European funds.

**Box #4: Main policy measures within the strategy related to:**

**Access to markets and public procurement;**

In the landscape of public procurement in France, various charters and labels have emerged with the aim of promoting social purchasing practices among public entities. These initiatives serve as catalysts for integrating social and environmental considerations into the procurement process, fostering a more sustainable and inclusive economy. One prevalent objective among these charters and labels is to advocate for the allocation of a certain percentage, typically around 10%, of the total procurement budget to social economy initiatives.

This allocation can take various forms, with some strategies advocating for a direct allocation to the social economy, through specific contractual clauses. These clauses serve as contractual commitments between public entities and social economy entities, ensuring that a portion of the procurement budget is directed towards supporting social economy entities and initiatives. Additionally, within the social economy sector itself, there is a growing emphasis on dedicating a portion of funds to structures that focus on the inclusion of marginalised populations, such as individuals who are distant from the labour market or persons with disabilities.

**Taxation, social impact measurement and management:**

Taxation is not a lever that French regions can wield to influence social policies directly. Unlike in some other countries, French regional authorities are not entitled to implement or adjust tax policies as a means of addressing social issues.

Additionally, there is no standardised social measurement method officially endorsed by regional authorities, state services or subregional governments. However, while formal social measurement methods may not be officially promoted at the regional level, there are national agencies dedicated to promoting private companies that engage in social impact measurement. These agencies play a crucial role in advocating and facilitating the adoption of social impact measurement practices among private enterprises. Furthermore, there are also non-profit associations that offer free or low-cost methods for social impact measurement, thereby making these tools more accessible to organisations regardless of their financial resources.

## 4 Results

The priority of the Île-de-France region when it comes to the social economy is job creation. There are no clear KPIs and monitoring culture that could bring local authorities, state administration and the region to cooperate with social economy stakeholders on these issues.

In 2021, the social economy experienced a positive momentum, managing not only to return to pre-covid-19 pandemic levels of employment and creation of social economy entities, but also developing further. However, new challenges arose in 2022 with the high inflation. At the same time, the exceptional financial support mechanisms put in place during the covid-19 pandemic, such as the solidarity funds, came to an end, leaving a gap in terms of financial instruments adapted to the specificities of these structures. These difficulties have been compounded by long-standing challenges, such as the reduction in subsidised employment and cuts in local authority budgets.

Despite this difficult scenario, in 2022, the social economy has once again demonstrated its resilience by maintaining a growth trend comparable to the previous decade. The number of establishments rose by 3.6%, compared to 2.8% in the private economy, excluding social economy entities. Thus, by 2022, the social economy has succeeded in restoring its number

of entities to the level recorded in 2015 following the 2014 law on the social economy, after a period of continuous decline.

This dynamic growth was driven by a 4.7% increase in the number of foundations (non-profit charities created by enterprises) and a 4% increase in the number of non-profit organisations, mainly in the care sector, with an increase of 12.5%<sup>11</sup>, and in the arts and entertainment sector with 9.8%. However, the rise in the number of social economy entities contrasts with a more moderate increase in employment. In 2022, employment in the social economy grew by 1.6%, compared to the 3% growth in the private economy, excluding the social economy.

This employment dynamic varies according to the sectors of activity, with the strongest rise observed in the arts and entertainment (5.4%), sports (4.7%) and care (3.8%) sectors. The foundations saw the strongest employment growth, with an increase of 3.2%, while associations grew by 1.8%.

While the job creation in 2022 was less important than in 2021, between 2019 and 2022, this economic model achieved a 4.2% increase in job creation, exceeding that of the private economy, excluding the social economy, which increased by 3% over the same period. This demonstrates the capacity of the social economy to create sustainable jobs, even in times of crisis.

Another notable outcome could be attributed to the utilisation of aid and funds made available for social economy initiatives, with a gradual reduction in direct financial assistance, even concerning investments within social economy frameworks.

In light of this scenario, reliance upon public procurement, whether of a regular or social nature, is increasing within the social economy landscape. Empirical data highlight the evolution in the number of hours worked by individuals involved in social economy structures focusing on inclusion. Reflecting on recent years, statistics reveal a steady increase in labour hours for IDF: 4,675,377 in 2019, 4,836,703 in 2020, 6,306,109 in 2021 and 7,214,050 in 2022<sup>12</sup>.

Despite these successes, the overarching objective of allocating 10% of public procurement value to social economy initiatives is not met. Nonetheless, such procurement mechanisms are vital in sustaining social economy entities. They serve as a crucial resource for numerous initiatives and contribute significantly to the employment of over 20,000 individuals in marginalised/vulnerable groups in IDF.

Moreover, the multifaceted impact of various strategic interventions extends to the formulation of local social economy policies. These policies recognise social innovation as a powerful tool for tackling urban social challenges through social economy frameworks. Various examples illustrate how social innovation, when harnessed at the city level, holds the potential to drive positive change. However, this dynamic is taking place against a backdrop of dwindling direct aid at the local level.

Consequently, while the social economy may appear relatively stable in quantitative terms, the reality on the ground is more nuanced. Disparities persist, with some sectors grappling with the crisis while others are developing. This juxtaposition underlines the need for policymakers to adopt a holistic approach to addressing the complexities of the social economy and ensuring equitable support and sustainable growth across all sectors.

The social economy benefits from programmes like the DLA and the HEC incubator, which help social economy leaders improve their skills and the management of their businesses.

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<sup>11</sup> In the care sector social economy represents around 40% (50% in insurance) of the market share, so all policies have an impact on the social economy

<sup>12</sup> Figures for IDF



These programmes offer support, mentorship and connections that empower leaders to tackle challenges and make a positive impact in society. However, these opportunities are not equally accessible. Some groups face barriers, including lack of time, resources or an appropriate state of mind. While some social economy leaders can take advantage of these programmes, others may struggle to participate. Social economy leadership development should be made more accessible, and these issues that restrain its access should be addressed to create a more inclusive social economy community where everyone can succeed and contribute to strengthening the sector. The following section will describe these challenges in more depth.

## 5 Difficulties and constraints

Social economy entities agree on two main difficulties to further develop the social economy: access to real estate and securing a long-term and stable economic model.

### 5.1 Access to real estate

Land is a critical element for the sustainability of projects within the social economy. Access to stable and sustainable spaces is essential for conducting long-term initiatives, securing financing (including bank loans), and allocating resources to social objectives rather than property searches.

Social economy entities encompass diverse economic models, and their ability to afford significant rents varies widely across sectors and individual structures. Despite their societal contributions, many social economy entities face misunderstanding and scepticism regarding their economic model and long-term rent-paying capacity. Consequently, they often encounter more stringent conditions in the rental market compared to traditional businesses.

On the other hand, social economy entities fulfil general interest missions that can be directly or indirectly supported by public entities and local executives. However, significant disparities exist among territories, with varying priorities and reluctance to provide public support. Public support, particularly in accessing land, is crucial for activities targeting vulnerable populations and providing structurally non-profitable functions. Alternative solutions, such as long-term occupancy arrangements or protective measures for their projects, can serve as additional levers for their development.

Although potentially beneficial, solutions, such as access to spaces through temporary urban development projects, are often short-term with long-term obstacles for social economy entities. Additionally, social economy entities frequently resort to sub-optimal options due to a lack of suitable offerings, insufficient support, or reluctance to accommodate them.

Contrary to common assumptions, the traditional economy often receives more public support than the social economy, despite the latter typically being funded in exchange for actions benefiting local communities. Land access is thus a vital component for the sustainability of social economy projects, supporting their development, local engagement, and acknowledgement of their civic nature.

Improving land access for social economy entities would strengthen their capacity for long-term planning, reduce employee precarity, and indirectly enhance their access to financing, including bank loans. Furthermore, it would align with various policy objectives, given the social economy's significant role across sectors such as re-employment, urban agriculture, culture, sports, health, and education. A policy aiming to facilitate social economy entities' land access should adopt an approach that acknowledges the diversity of social economy models and projects, ensuring inclusivity and effectiveness in supporting the sector's growth and impact.

## 5.2 Secure long term and stable economic model

While the social economy should ideally leverage grassroots connections and expertise to address social issues, in reality, social economy entities must continually adapt to new regulations and contexts (such as budget cuts and the adoption of regulations not including social economy). This constant need for adaptation can sometimes lead to diverting their focus away from their core social purpose as they chase after new partners, engage with new audiences, pursue new funding sources and explore new business opportunities. This shift in focus risks having a negative impact on their ability to achieve their intended social impact.

A good example of this stems from the changing strategies of local, regional or state governments. While these entities should ideally provide stability and visibility for social economy entities, this is not always the case. For example, social economy entities experience a stop-and-go approach from administration: first, public support could be reduced, particularly as the private sector increasingly adopts social procurement practices, but demands for inclusion initiatives could increase after that again, such as just preceding significant events like the Olympics 2024.

Another illustration of this challenge is the end of support for "third places<sup>13</sup>" by regional governments after years of investment and an official strategy "one thousand third place in Ile-de-France" with a large social economy focus. This strategy implemented by the Regional plan for the economy' and Regional Strategy for the SSE provides up to EUR 500,000 of investment and 50% of the amount needed, in addition to State aid. In coordination with both strategies, it was possible to obtain support for up to 75% of the investment. However, the region decided to stop the support due to budget reductions, which will impact social economy entities.

In summary, while social economy entities strive to address social issues through grassroots engagement, their efforts can be hindered by the need to constantly adapt to changing rules and circumstances. This highlights the importance of stable and consistent support from government entities to ensure the continued success and impact of social economy initiatives.

## 5.3 Global approach

In addition to these overall challenges discussed above, according to the CRESS IDF, the primary challenge facing social economy initiatives is the lack of time and resources available for adaptation, planning and training. This limitation prompted the CRESS IDF to develop monitoring tools, training programmes, and other support mechanisms to support social economy entities in navigating these challenges. However, there is a significant risk that this lack of resources could inadvertently divide the social economy sector into two distinct groups: those capable of adapting and those left behind.

This division poses a genuine risk to the social economy ecosystem, as many valuable social innovations originate from local initiatives operating with limited resources or from large non-profit organisations with substantial experience and expertise in tackling complex

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<sup>13</sup> Defined by France Tiers Lieux as « Coworking spaces, cultural wastelands, 'fablabs', nurturing third places. What they have in common is that they pool spaces and skills, they cross-fertilise activities and bring together a group of committed citizens, encouraging cooperation to meet the challenges facing their area.»

societal problems. However, these organisations may face their own challenges, such as an ageing board of directors or leadership facing time constraints.

It is imperative to develop strategies that cater for the needs of all social economy entities, rather than solely focusing on those with the capacity to keep pace with rapid changes. By ensuring inclusivity and support for all social economy actors, the full potential of social innovation and collective action could be harnessed to address pressing social and environmental issues. There is a need for a holistic approach that recognises the diverse capabilities and constraints within the social economy sector and seeks to empower all stakeholders to thrive in an ever-changing landscape.

## 5.4 Moving beyond a strict economic approach towards long-term partnerships and sector coordination

One of the most interesting instruments to tackle these challenges is to support coalitions of social economy actors, empower them to generate expertise and subsequently translate it into training programmes for civil servants. The CRESS IDF is actively engaged in this endeavour, as are other coalitions focusing on specific sectors or regions.

With sufficient training, staff within local government, administration, and public services can recognise the potential of social economy and understand how it can be harnessed, identify how to collaborate effectively with social economy entities, but training also offers insights into their perspectives and priorities. Empowering civil servants with knowledge about the social economy not only fosters greater appreciation for its value, but also equips them with the tools and understanding needed to unlock its potential. This approach strengthens collaboration between social economy actors and public institutions, but also contributes to building more inclusive and effective policies and initiatives that address societal challenges.

The effectiveness of the current regional social economy strategy is undermined by its focus on economic aspects, resulting in its impact being felt by a minority of social economy entities. While an economic approach plays a crucial role in advancing social economy initiatives, it fails to address the multifaceted nature of social economy entities. When there is no specific target for the social economy in economic development policies such as #Leader in Île-de-France, in which each operator receives a certain sum of money per business without specific indicators or bonuses for the social economy. The results poses a concern for the CRESS, particularly as the majority of businesses created between 2019-2022 are self-employment and micro-businesses. This could potentially lead to a crisis in the future, as these individuals may be excluded from the social security system.

The social economy encompasses not only economic activities but also social and environmental dimensions, such as community empowerment, sustainability, and social inclusion. Therefore, a holistic approach that considers these diverse aspects is essential for the success of social economy strategies at the regional level.

Moreover, the lack of a budget specifically dedicated to the social economy further limits the effectiveness of the current strategy. Without designated funding streams, social economy initiatives must compete for resources within broader economic development frameworks, often resulting in insufficient support for social economy structures. This limited approach hampers the scalability and sustainability of social economy projects, hindering their ability to make meaningful and lasting impacts on local communities.

## 6 Success factors and transferability

Relying solely on market mechanisms may not always be sufficient to achieve sustainable social impact. Instead, a shift towards fostering long-term partnerships and sector-wide coordination is essential to address complex social issues, such as care and the green

transition. In these two sectors, the social economy is strong, aligned in values and more efficient than traditional businesses.

Effective coordination within sectors requires the provision of secure resources, but also the establishment of clear rules to ensure the viability of the market. For instance, transforming the goal of achieving ten per cent socially responsible procurement from a mere aspiration into a mandatory obligation, with penalties for non-compliance, could create a more secure and stable opportunity for social economy entities to thrive.

By prioritising partnership-building and setting pluriannual objectives (between the region, the state and CRESS), trust and collaboration could be fostered among stakeholders across various sectors. This collaborative approach would enable social economy entities to align their efforts with broader societal goals and leverage collective expertise and resources to drive meaningful social change.

Furthermore, sector coordination efforts should aim to strike a balance between providing support and creating a conducive market environment. This involves securing funding and resources as well as implementing regulatory frameworks that incentivise and reward social procurement practices. By embedding social objectives into procurement requirements and enforcing compliance through penalties, governments and other stakeholders can effectively stimulate demand for social economy products and services while ensuring fair competition within the market.

In conclusion, the lessons learnt underline the importance of transitioning towards a more collaborative and coordinated approach within the social economy sector. By prioritising long-term partnerships, setting clear objectives, and implementing supportive regulatory measures, a more resilient and impactful social economy ecosystem that effectively addresses pressing social and environmental challenges can be created.

To address these challenges and enhance the effectiveness of regional social economy strategies, policymakers must adopt a more comprehensive approach that recognises the interconnectedness of economic, social and environmental goals within the social economy sector. Action is required to allocate dedicated budgets to support social economy initiatives and implement policies and programmes that foster collaboration, innovation, and capacity-building across all facets of the social economy. By embracing a holistic approach and providing adequate resources, regional governments can empower a broader range of social economy structures to thrive and contribute positively to local economies and societies.

In France, coordination emerges as the primary success factor to address the complex social economy ecosystem and intricate relationships between administration and local government. Effective coordination ensures collaboration, streamlines efforts, and maximises the impact of social economy initiatives in navigating this diversity.

## 6.1 Specific recommendations for other Member States developing/setting up strategies

To effectively support the social economy, it is imperative to establish dedicated and autonomous funding specifically allocated for social economy initiatives. This ensures that social economy projects and organisations have the necessary resources to thrive and innovate independently. Such strategies need to be multi-level to include all regional and subregional level of administration. This is why social economy cannot be reduced to an economic policy, but it needs to include a bundle of practices in various sectors (care, social inclusion, education, etc.).

Moreover, setting clear and measurable targets for the social economy, both at a general level and within each sector or action plan, is essential. These goals provide direction and accountability, guiding efforts towards tangible outcomes that benefit communities and

society as a whole. It is crucial for all services and local authorities to commit to contributing towards these targets, fostering a collaborative approach to social economy development. Creating cooperation spaces between administration, traditional for-profit enterprises, and social economy entities is vital for fostering synergies and leveraging complementary strengths. By facilitating dialogue and collaboration across different sectors, the collective expertise and resources can be harnessed to address complex societal challenges more effectively.

Communication plays a pivotal role in breaking down mental barriers surrounding the social economy. By raising awareness and highlighting the valuable contributions of the social economy to social and economic development, there could be greater understanding and support for social economy initiatives. This involves engaging with various stakeholders, including the public, policymakers, and business leaders, to promote a more inclusive and supportive environment for the social economy.

## 6.2 Views on the further development of the strategy

Regional strategies in France are unlikely to undergo significant changes before 2028. However, potential budget crises could jeopardise existing policies. At the national level, similar concerns arise, particularly regarding the risk of programme cuts affecting the social economy.

In March 2024, direct budget reductions of EUR 129 million for association activities (-14%) have already been implemented, with additional cuts under evaluation. National social economy bodies express apprehension that further sectoral reductions could disproportionately affect community associations and the social economy sector. Notably, cuts of EUR 2.2 billion to the "ecology, development and sustainable mobility" budget, EUR 1.1 billion to labour and employment, and EUR 742 million to official development assistance have significant implications. Furthermore, reductions of EUR 307 million in the budget for solidarity, integration, and equal opportunities, along with EUR 736 million for territorial cohesion, will also impact social economy initiatives. Various other budget reductions across sectors such as culture, immigration, asylum, integration, sport, and road safety further compound the challenges facing the social economy. These cumulative cuts underline the need for proactive measures to safeguard the social economy sector and its vital contributions to society.

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