Focus:
FUNDING ISSUES

PUBLIC FUNDING PERSPECTIVES FOR SOCIAL AND SOLIDARITY ECONOMY

MAIN FINDINGS

The session gave the opportunity to each speaker to express their vision on public intervention as a tool for contributing to setting up an ecosystem favourable to the development of social and solidarity economy (SSE) stakeholders. Whereas Benoît Hamon and Sophie Auconie explained the strategy of the current French government and the European Commission on a European level, sector representatives insisted on the need for visibility and for making the sector professional. Developing public-private partnerships is highlighted as being of great importance. Moreover, public authorities have a large role to play in helping innovative models of social entrepreneurship "à la française" to be exported to the rest of the world.

SPEAKERS

Sophie Auconie
Member of the European Parliament

Jean-Louis Cabrespines
President, CNCRES / President, CEGES

Benoît Hamon
Minister Delegate with responsibility for Social and Cooperative Economy and Consumer Affairs, France

Nicolas Hazard
Vice-President, Groupe SOS

Jean-Marc Maury
Director, Economic Development and Social Economy Department, Caisse de Dépôts

MODERATOR

Françoise Bernon
Executive Director, Le Labo de l’ESS
**SUMMARY OF INTERVENTIONS**

**The necessary pillars for government policy favourable to the social and solidarity economy (SSE)**

Benoît Hamon began the session by going back to the current crisis and the paradox regarding the role of public authorities in society and in the economy. Although public services have a role to play in softening the effects of the crisis, proposals are being put forward today to reduce the intervention capacity of public authorities. There is great demand for an alternative in society and we must go beyond a certain simplistic vision which is sometimes expressed with regard to the SSE (that of an “economy of the poor for the poor”). He outlined the three pillars of government policy which aim to help the SSE sector: 1. Contributing to the recognition of the SSE through legal recognition, providing it with a label, developing its access to public markets, introducing the sector in school textbooks and economics lessons, setting up national public statistics, etc. 2. Giving the SSE sector a structure: providing the necessary institutional means, consolidating existing statutes and creating new statutes, developing financing tools such as participatory bonds and association bonds, etc. 3. Financing for the SSE: future uses for funding, the involvement of the French Public Investment Bank which aims to allow for funding to be provided for stable assets and also non-permanent assets via guarantees and funding for social innovation, etc.

**Possible development axes for the SSE**

Jean-Louis Cabrespines returned to the topic of the characteristics of the sector of the SSE and to the need to make it known that this is a dynamic sector that is still lacking in visibility and which is forced to face a number of prejudices. He outlined three main axes of development which he sees as appropriate: 1. Providing recognition for groups of stakeholders within regions that are part of the regional chambers of the social and solidarity economy, with the aim of improving representation for the sector; 2. Making SSE structures available for professional services that are part of regional structures; 3. Work with the government within the Superior Council of the Social and Solidarity Economy. He also underlined the importance of the Law in terms of precisely defining the characteristics of the sector as well as outlining the importance of ensuring that the code of public markets, in particular, is respected.

**The role of the Caisse de Dépôts (CDC) in the SSE**

Jean-Marc Maury firstly presented the types of financing which the CDC has set aside for the SSE, while also underlining that it has its own SSE activities and specific mandates granted to it by the government, such as the Programme d’Investissement Avenir (PIA, the Future Investment Programme), or the social cohesion fund. Historically, the CDC has been a long-term investor with the mission of working in favour of the general interest and the development of the regions, meaning that the nature of its work is very similar to that of the SSE. The expertise of CDC in providing financing for the SSE has been progressively built up and has allowed for the following conclusions to be drawn. Firstly, it can be seen that the sector is being scattered and diversified across France, which is why local linkage points are important. Furthermore, there is great diversity in terms of SSE structures, requiring diverse and hybrid financial products. Jean-Marc Maury spoke about the conditions for the CDC to intervene in the Future Investment Programme and about the difficulties in setting up a programme of this type. Lastly, he presented the social cohesion fund which provides personal microcredit and guarantee funds, some of which are for the SSE. He concluded by saying that the CDC had above all a role of providing leverage in financing the SSE sector.

**The European Commission’s strategy for the SSE**

Sophie Auconie began by placing the European Commission’s strategy for social entrepreneurship back into its proper context by presenting the initiative of Michel Barnier as a policy which has a social aspect but also a strong entrepreneurial aspect. She highlighted the importance of providing quality services in a context in which public funding is becoming ever scarcer. In this context, the finance needs for social enterprises can be problematic and it is best to put in place mechanisms which help this funding. The Commission therefore proposed a regulation which creates a label for European social entrepreneurship.
funds. This regulation is currently going through a trilogue phase of discussion on the European level. It will allow for funds geared towards financing social entrepreneurship to be identified and will ensure more visibility for investors wishing to find a social commitment, as well as ensuring security for social enterprises in the area of finance. The EU is also considering setting up a label for social enterprises, a European system of solidarity-based salary saving schemes which take inspiration from the French system, and is also considering putting in place tax systems which provide incentives.

The experience of Groupe SOS

Nicolas Hazard quickly introduced Groupe SOS and its innovative model which allowed for sustained growth for more than ten years while resorting to almost no public subsidies at all. Today, access to health, dependence, education, access to employment and housing are crucial topics in our societies. Social enterprises are competing with for-profit private stakeholders and should make their work more professional and should adapt in order to develop. Groupe SOS has based its strategy on partnerships and co-construction carried out alongside public authorities, using conventional bank financing and focusing on developing social entrepreneurship abroad. Nowadays, France has actually developed true know-how and real experience in the area of solidarity-based finance and social entrepreneurship, and this deserves to be spread abroad and replicated. Finally, Nicolas Hazard outlined a few questions which deserve to be thought about more deeply by public authorities, such as setting up a label, increasing social enterprise access to public markets, regulating investment funds, etc.

SUMMARY OF DEBATE WITH THE AUDIENCE

Is there a desire to integrate the migrant problem into the SSE sector?

The migrant problem is a real question which is centred around social links, and can be dealt with by SSE structures (the voluntary sector, for example). It is fully conceivable that SSE structures could be set up in order to work on these questions. This type of structure would be eligible for funding.

What are the methods and tools for funding traceability which will be used by the French Public Investment Bank? What particular emphasis is placed on the effectiveness of these forms of funding?

Plans have been made for improving the effectiveness of public funding. Traceability is a challenge, but the teaching process will also have to be improved and the process of putting together projects will have to receive more support. Means have to be provided to allow for the sector to be scaled up.

Will the SSE be taken into greater consideration in European priorities in the future?

The regional policy for 2014 is to be put in place via the European Social Fund, which will allocate 15 billion euros to France, a portion of which will indeed be invested in the SSE. Furthermore, support initiatives for the SSE have now been put in place at the level of the ERDF (European Regional Development Fund). Moreover, a certain number of new specific programmes for enhancing social entrepreneurship are being put together. Benoît Hamon underscored the complexities that SSE structures will face in gaining access to European funding (meeting deadlines, lack of transparency, late payments, etc.). He believes that carrying out instruction on a regional level would be a true revolution.
MORE ON THIS TOPIC

- Groupe SOS: www.groupe-sos.org
- Webpage of the Economy and Finance Ministry: www.economie.gouv.fr/economie-sociale-et-solidaire-de-quoi-parle-t-on