

The 90/10 Solidarity Funds

FRANCE

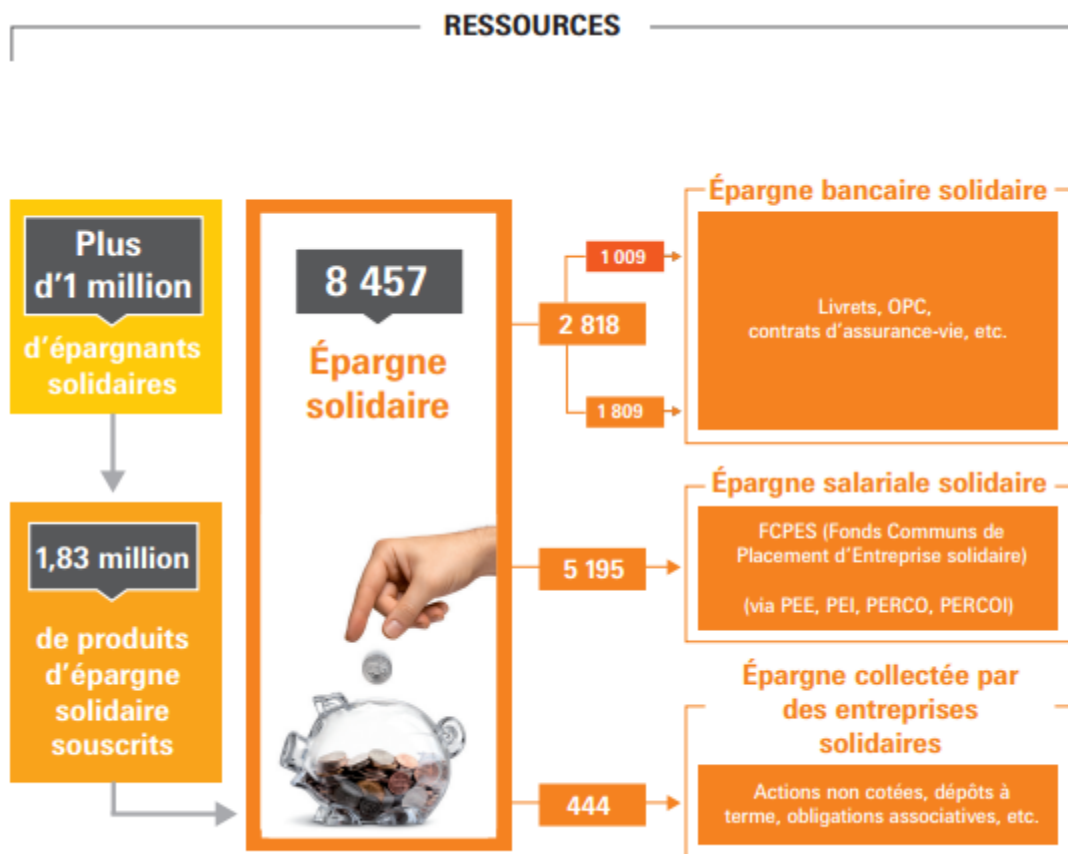
LAW

The French ecosystem in support of social enterprises is characterised by one of the most advanced regulatory frameworks in Europe and relies on high-level support from national as well as regional public authorities. Referred to as the “*économie sociale et solidaire*”, the French concept of social economy represents today a firmly anchored sector within the French economy.

Presentation

The French solidarity retail investment ecosystem channels funds from individuals to social enterprises through three possible avenues: solidarity bank savings accounts, solidarity shareholding (direct investment in social enterprises) as well as the **90/10 Solidarity Funds**, which are the cornerstone.

By virtue of the 90/10 mechanism, companies with more than 50 employees are obliged to offer their staff, in addition to regular saving schemes, an optional solidarity-savings fund, which allocates 5 to 10% of its assets to eligible (unlisted) social enterprises. The remaining 90 to 95% are invested in classic (listed) companies, mostly following SRI principles.



Implications

By the end of 2015, over a million French solidarity savers had chosen to place their savings in these various solidarity saving channels, adding up to €8.4 billion of sums outstanding. In comparison, in 2008 the available solidarity retail funding only amounted to €1.6 billion.

In place since the early 2000s and made compulsory since 2008, the 90/10 Funds have progressively become the main avenue for capturing French solidarity finance. Having represented 29% of the available solidarity retail funding in 2008, the 90/10 mechanism grew to 61.4% of the sums outstanding at the end of 2015.

Despite the growing ability of the 90/10 Solidarity Funds to collect the French solidarity savings, the effective success of the mechanism should not be overestimated, however, as the actual investment made in social enterprises through the 90/10 funds amounted to less than €100 million.

The 90/10 Solidarity Funds offer recognised advantages – democratisation of social impact investing, access to 'patient' capital for social enterprises, considerable source of financial wealth held in employee savings, etc. Its replication is currently being investigated for other types of retail placements, such as pension funds in France and the UK, as well as in other European countries.

More information

- For a more general insight into the French ecosystem in support of Social Enterprises, consult EVPA's National Policy Nexus on France, available on the [EVPA website](#)
- (FR) *Zoom sur la finance solidaire 2016*, Finansol, July 2016
- *Retail social investment across the world: International models that encourage the general public to make social investments*, Social Investment Insights Series, Big Society Capital, March 2016.
- *The hows and whys of social impact investing - Financial innovation driving social innovation*, French National Advisory Board (NAB) on Impact Investing, January 2015.

Contact

EVPA's Policy Team
policy@evpa.eu.com