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► **To cite this version:**

Edith Archambault. Challenges and Opportunities for the French and European Civil society in a Changing World. 2018. halshs-01702281

**HAL Id: halshs-01702281**

**<https://shs.hal.science/halshs-01702281>**

Preprint submitted on 16 Feb 2018

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# **Challenges and Opportunities for the French and European Civil society in a Changing World**

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This article is composed of the response to three questions laid by Helmut Anheier to scholars of 29 countries. It deals to the present situation and likely evolution in the next decade in France and its European neighbours. Some recent articles are partially reproduced here (Archambault, 2015, 2017, 2017) This article gives material for a coming collective book and an address to the next G20 in Buenos-Aires

## **1. What are likely trajectories for international civil society organizations over the next five to ten years, especially with changing geo-politics?**

The **globalization** of the economy and society of the bulk of post-industrial countries seems to be an irreversible trend, despite the opposite trend to more locally centered decisions (purchase and sale of goods and services; participation to political decisions; neighbour help...) is also vivid. These two opposite trends call for the collaboration of the civil society and the governments, at all levels, global, European (and other regional groupings, but this article will deal with European Union), national and local, to cope with ancient and new social and environmental issues. Therefore the observed growth in the number and weight of CSOs observed in the preceding decades may likely go on.

However **geo-politics are changing** : since the fall of the Wall in 1989, the number of democracies increased, in Europe of course, and in Africa, Latin America and Asia as well, but this trend reversed recently. Populist and xenophobic movements appear in many European countries and populist leaders were elected at the head of the government in some countries (Hungary, Poland, Czech Republic, Slovakia and in a less measure Austria). In these semi-authoritarian countries, CSOs are more controlled and restricted in their action and they are prohibited if they are anti-establishment or foreign, as they are in Russia, China or Turkey. In these countries service providing CSOs are tolerated and sometimes they may hide a political activism, as it was the case in Western European countries in 19<sup>th</sup> Century or in Eastern European countries during the Communist period.

Another changes are crucial. While **income and wealth inequalities** were declining since the end of WW2 in Europe as in North America, they are now growing since the beginning of the 21<sup>st</sup> Century in Europe, but less than in America (Atkinson, Piketty and Saez, 2011, Piketty 2017). Less progressive tax-systems, the losses of jobs linked to the globalization of the economy and long-term unemployment, a more financial economy

polarized on the short-term are among the origins of this trend which affords more extreme poverty in developed countries. The recent wars in the Middle East and the persisting poverty and high fertility rate in Sub-Saharan-Africa are at the origin of **refugees and immigrant flows towards Europe**. This flows challenge both governments and CSOs to welcome them, but they also revive the divide between Eastern and Western Europe and fueled the populist and xenophobe political parties.

More precisely, what are the new issues which CSOs will have to face in the next decade in a changing society? Firstly we examine **expressive and protestation CSOs** and secondly primarily **service providing CSOs**

### **Expressive and protestation CSOs**

In most countries the population is more and more educated, especially the youth, and wants to **participate to political decision** especially at the local level to shape the society and the surrounding of the place where they live. This participation is favored by the digital literacy and the social networks which expand the space for civic participation to cross-border issues. Young people travel more (Erasmus) and have more fluency in English (even in France!) than the preceding generations. They are also aware that many problems to-day cannot have a solution in one country and ask for global solutions, such as climate change, peace in the Middle East, bank regulation or fight against tax-heavens. These qualifications and awareness are preconditions of more international platforms and more cross-border coordination among CSOs of various countries

**Human Rights CSOs** has to deal with the defense of new rights such as the right of the whistle-blowers who denounce bad behaviors of their enterprise or tax-heavens. The right of privacy in case of intrusion of GAFA on their personal data and mails is another issue. Robotics and artificial intelligence will also give rise to new human rights to promote and defend...New advocacy Csos will be created to cope with these new issues

To **fight inequalities**, there is a kind of division of labor between the state and the CSOs. The governments at the national and local levels reduce the income and wealth inequalities by the tax systems (income tax; inheritance and real estate taxes) and by the welfare benefits and more generally the social protection. The specialized CSOs deal with other inequalities, more transversal. They fight the gender inequalities (the rapid diffusion worldwide of the "Me too" movement shows that globalization is also in the society), the sexual minorities rights (The Gay Pride exists in most democratic countries), the digital divide between generations and the rich and the poor. CSOs also fight for an equal access of the whole population to education, culture and health care

**Service providing CSOs** share some common features as well :

We notice a strong progress of the non-profit sector in most European countries which face **similar demographic, economic and social challenges** for which the associative actions in cooperation with public authorities are particularly adapted. The ageing of the population multiplies local services and retirement homes; the massive arrival of the

women on the labor market in Germany and in Italy, and the increase of the part-time work between 2000 and 2015 in all the countries (Eurostat, 2017) have for corollary of the new needs in day-nurseries, nursery schools, summer camps, cares for the elderly or persons with disabilities. . The facilities for the young children are the most sensitive point if the European countries do not want to deteriorate their low birth rate. As a counterpart, women are a new offer of workforce, flexible, attracted often by the Third sector. In addition, the long-term unemployment gives birth to employment public policies in partnership with Work Integration Social Enterprises (WISEs) dedicated to the populations distant from the labor market.

Finally, the **integration of the immigrants**, then the **welcome of the refugees** over the most recent period, establishes obviously a large-scale challenge, for Germany and Italy mainly and for whole Europe. In these countries CSOs are partners of the central and local governments. Other flows of refugees due to climate change are forecasted and other wars may happen, therefore the welcome of these new populations will be on the agenda of most European countries, even the most reluctant. These common challenges are obviously at the origin of a convergence of the solutions which are brought to them.

In most European countries providing CSOs become more and more **social enterprises** combining a social dimension (explicit and primary social purpose), an entrepreneurial dimension (continuous economic activity and job creation) and a governance dimension (limits on distribution of profits and assets; democratic decision making) (European Commission, 2014; UNIDO, 2017)

In appendix we give some **data and trajectories on the French CSOs**

The main data for the employers CSOs are included in Table 1

**Table1 Main data on French CSOs with employees, 2014 (in thousands)**

	Associations	Foundations	Total CSOs	Social and sol. economy	<b>TOTAL FRANCE</b>
<b>Establishments</b>	184.5	1.5	186	221	<b>2315</b>
<b>Employees Headcounts</b>	1845	83	1928	2373	<b>22 667</b>
<b>%</b>	8.1%	0.4%	8.5%	10.5%	<b>100%</b>
<b>Employees FTE</b>	1539	74	1613	2024	<b>20 450</b>
<b>%</b>	7.5%	0.4%	7.9%	10%	<b>100%</b>
<b>% of wages</b>	5.9%	0.3%	6.2%	8.5%	<b>100%</b>

Source : INSEE-CLAP *Tableaux harmonises de l'économie sociale, 2014*

In addition to these CSOs with staff (mainly service providing associations and operating foundations) there are 1.1 million associations run by volunteers only (expressive and advocacy mainly) and some 1000 foundations without staff (mainly grant-making or prize giving foundations).

Since 2000, employment in CSOs grew up to 25% despite the slowing down 2007-2012. The role of NPOs to build social cohesion and enhance democracy comes first, before its economic role. But statistical evidence on these points is poorer and must improve. However: more than 70 000 new associations are created each year. One half survive after five years. Some 100 new foundations are created since 2005 and we can see a catching-up of the French foundations that missed the “Spring o Foundations” of the 1960-90 in most European countries and North America.

In 2010, 45% of the French over 18 are members of at least one association, 23% of two, 17% of three or more.

42% of the members attend the annual general meeting and 58% to 84% share the activities proposed according to their field. They are in majority satisfied or very satisfied of them.

Volunteering is a higher degree of involvement. It is high in France in 2010: 32% of the adult population volunteer, mainly in CSOs (or other public benefit organizations). It is also growing : 19% in 1990

Volunteering is higher for men (35%) than women (29%). It is growing with the level of education, income and age of the volunteer to reach its higher level between 45 and 75. But young volunteers are more numerous in 2010 than in 1990. Volunteering is slightly decreasing with the size of the city where the volunteer lives.

The hours of volunteer work are equal to 1 000 000 FTE employees.  $\frac{3}{4}$  of this time go to grassroots NPOs without paid staff;  $\frac{1}{4}$  to NPOs with staff (Tchernonog 2013)

## 2- What are the main challenges involved, both domestically and in terms of cross-border activities, and what opportunities present themselves?

### Challenges in France

**Cuts in public funding** are observed since the financial crisis of 2007, firstly at the central government level, and later at the local level. Public also changed of format with the reduction of grants and the growth of public contracts with competitive tenders which eliminates the smaller and the weakest associations. Foundations are less dependent on public money and their assets have increased more rapidly than their spending during this recent period.

**Diversification of the resources** is sought by CSOs. They try to raise more donations (favourable tax deductions for donors, but competition among CSOs). There is also a strong competition to attract business funding through corporate social responsibility, sponsoring and philanthropy

**CSOs concentration:** Most employer CSOs are tiny: one or two employees. They have to merge with CSOs with the same aim and/or active on the same place. The trend began last decade and has to go on and is facilitated by the SSE law (see hereafter) and the change for another legal status as well. The grouping of CSOs in federations and other umbrellas able to dialogue with public powers is also facilitated.

**Professionalization of CSOs** is also a challenge. The CSO employment is up to 70% composed of women, with higher diplomas in average than in the business sector but In the process of elaboration of the first reforms of his government

### Opportunities in France

**The 2014 Social and Solidarity Economy Law (SSE Law)** This framework law grounds associations and foundations in a wider set including cooperatives, mutual societies and social enterprises (clearly defined and their counting is now in progress). Since this law had come into force rapidly (it was rare in France...), subsidies had been clearly defined and restored. Public /CSOs partnerships also renewed while local authorities introduced social clauses in public market which favour CSOs *de facto*. Lower prices are no longer the unique basis of the choice of the provider. The purpose of this law is to help solidarity among SSE organization of different legal status (especially cooperative banks), to facilitate the changing of status and the merging of SSE and their scaling up. It affords them more public money as well for competitive investment projects. And finally it promotes a more diverse economy than the financially driven capitalism.

**The recent growth of foundations after two favorable laws** is another opportunity. The first one in 2003 multiplied the foundations legal statuses and made the existing statuses easier to manage, cheaper for the initial endowment and more flexible. It also raised the tax-exemptions to donors and foundations founders.

A second law in 2009 authorizes a 75% tax exemption of the wealth tax paid by the richest households (*Impôt de solidarité sur la fortune*). These laws made the number of foundations created every year grow of less than 10 in more than 100 now. Many of these new foundations are grant-making and oriented to help other CSOs.

**The Macron Presidency** is also an opportunity because in theory (Macron, 2017) and in practice in the process of developing the first reforms of his government, Macron is in favor of a wider civil dialogue with unions and/or CSOs before the law is completely written. This participatory democracy is encouraged at the local level as well and inside the enterprise.

**Socially responsible investment and solidarity-based saving are growing quickly.** More employees decide to devote a higher percentage of their mandatory employees' saving to public benefit causes. Social impact bonds begin in France but micro-credit and crowdfunding are used by social enterprises.

**Young people are more interested by the social/ecological impact of their jobs.** This new behavior is seen among the youth with third degree diplomas who can choose where they will work and some of them create social enterprises. New curricula in universities and *grandes écoles* were built to cope with this new trend and they are full despite a reduced forecasted future income comparing to the choice to work in standard enterprises.

### **International challenges and opportunities**

**The number of the international “commons” is growing,** as said above they require a global collective action. It is obvious in ecological but also in political, economic and societal issues. The global information on the media and especially the Internet is growing on these commons. CSOs are often channels to disseminate this information in democratic countries and they can change more rapidly the public opinion than the traditional opinion leaders. (example of the rapid dissemination of the homosexual marriage even in Catholic countries)

**Organized international action is easier** because of existing European or other regional or global platform. Petitions could be shared in many countries up to 1 million signatures (example of the fight against electric fishing). International activism can be seen around international summits, with INGOs working in cooperation with international organizations and anti-establishments CSOs working outside as watch-dogs.

**A global civil society exists** even in authoritarian countries (Russia, China, Turkey...) and can be backed by more democratic countries civil society. The middle class everywhere is more numerous, more educated, travels cross-country more easily because the relative price of international travels is cheaper and is more fluent in foreign languages. This global civil society misses of one non-specialized social network in addition and next to sites dedicated to the defense of human rights, such as Human Rights Watch, Amnesty international...this global CS network would facilitate the cross-border connexion of CSOs and the international collective action and class-action.

**The growing visibility of international interdependence** is obvious on such issues as climate change or migrations. The populist reaction against the globalization is also an international interdependence because of a cross-country collective mimetic behavior. This interdependence is at the same time a challenge and an opportunity because the positive as the negative impact of an action is difficult to estimate.



### **3 - From a policy perspective, what could be the roles of national governments and international organizations in that regard? What are workable models of state - civil society relations**

#### **Role of national governments**

Central and local governments can use different forms of support for CSOs. Some of these tools of support act on their supply side and other on their demand side

##### **Supply side tools**

- **Grants and subsidies**

Advantages for the CSOs: trust and security; long-term planning and innovation are possible if the grant is paid over several years

Drawbacks: no competition; bureaucratisation; political clientelism

- **Contracts with or without tenders**

Advantages: competition lowers the costs of the service; no favoritism

Drawbacks: the administration defines standardised services; loss of initiative and innovation for CSOs; Contracts with tenders crowds out smaller CSOs; overhead costs are not covered

Recently France tried to combine the advantages of competition among the suppliers with the initiative and innovation of these suppliers in *Appel à Projets*. (supply-side tenders) These *appels à projets* replace the bulk of standard tenders at the local level.

- **Loans and loans guarantees**

CSOs: have no shareholders and few owned capital therefore their access to equity capital and to borrowing in standard banks is very limited

Local and central governments can either lend money or give their guarantee to give an access to standard banks

- **Tax exemption and tax credits**

CSOs are often exempted from the businesses taxes if they are nonprofit distributing and public interest oriented. Individual and corporate donations are eligible to more or less generous tax credits, with a cap

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## Demand side tools

All the preceding tools of governments act directly or indirectly on the supply side of human services quasi-market, they raise the resource of the CSOs. Other tools such as **vouchers** act on the demand side. They raise the resource of potential clients to pay a human service.

Advantages of **vouchers**: competition among the providers according to the choice of the client; the funding may be a mix of public and private money and may be modulated according to the income of the client, the level of his/her disability...

Drawbacks: The beneficiary becomes a client and the social link is reduced. If the client is too young or too frail to choose, s/he has imperfect information and is no longer the client.

Besides these tools, the state is in charge of the **public regulation** which is very important for CSOs providing human services. It deals with the standards of quality of the service, qualification and recruitment of employees, security of the facilities....**Public control** could be less repressive and more educative. Deontology, accountability and transparency have to be developed and good practices to be disseminated;

Government may **encourage socially responsible investment, solidarity based saving and venture philanthropy**. Crowdfunding and fundraising companies have to be regulated and controlled

## The role of International organizations

International organizations may help to cross-border collective action by CSOs. They can organize platforms and conferences where the CSOs working on the same purpose can meet and network. They can support international giving to foreign charities.

They can also strengthen the knowledge on civil society by launching competitive research programs fuelling dedicated research teams. They can give more visibility to this sector by putting CSOs and volunteering in the mandatory statistics they require. If these statistics are left to the goodwill of national statistical offices, as now, they will say that they have other priorities...

They can help existing CSOs to scale-up and to create subsidiaries in foreign countries by giving mere visibility to the legislation and support to CSOs in different countries. They can facilitate cross-country merging. They can also channel more international aid to developing countries through CSOs to avoid the misappropriations of corrupt governments

More generally; International organizations have to work more with CSOs. Not only with the INGOs, their long-term partners, but they have to listen to the claiming of anti-establishment CSOs especially during the international summits. International organizations are more aware than one decade before of the limitations of financially-driven capitalism. When judging the situation of one country, they mitigate more and more the classical economic criteria (GDP, GDP per capita, growth rate...) by other criteria: in the social field (health, education and culture levels of the populations, degree of inequalities...) and ecological field (emissions of greenhouse gas, ecological footprint, loss of diversity of fauna and flora...). They have also to be aware, as Salamon and Haddock argued (Salamon & Haddock, 2015), that CSOs are the foot soldiers for the UN 2030 sustainable development goals even if international organizations are the general staff.

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