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# **The French Third sector during and after the COVID19 pandemic**

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**International Society for Third sector Research, 16th Conference**

**Crisis after crisis...What about the Third Sector?**

**Thème1. The role and position of the Third Sector during crises and conflicts**

**Antwerp, 2024, July, 15-19**

## **Introduction**

Among European countries, France is with Italy and the UK one of those that were hit the earliest and hardest by the corona virus epidemic beginning in China in 2019. This pandemic which is the major one after Spanish flu one hundred years earlier has infected 775 million people and caused 7 million deaths in the world while 39 million people were infected and 168 000 died in France (wikipedia, 2024/6/5). In 2020, at the height of the health crisis, a great depression of the same magnitude as that of 1930 was expected, with numerous business failures and a surge in unemployment. Fortunately, thanks to a judicious government response in most countries and the rapid discovery of effective vaccines, this was not the case.

What was the impact of covid19 pandemic on the French Third sector, what were the consequences for the following years and what was the resilience of the organizations? It is what this paper tries to answer. In France about 1,400,000 associations constitutes a network of mutual acquaintance and aid that is essential in times of crisis, most of them are small and rely solely on volunteers for their work. Only one in ten is an employer. In addition, some 5,000 foundations are part of Third sector and they are spreading since a favourable law in 2003. How the lockdown decided in March 2020 has posed an enormous and unprecedented problem for these organizations to carry out their missions. Beyond the difficulties they have been facing on a daily basis for several years, such as decreases in and changes to the form of public financing, the loss of subsidized jobs, modifications to their relationship with the public authorities, 2020 lockdowns have brought additional challenges, both at the national and local levels, but with great differences according to the field of their activity. (Archambault and Prouteau, 2020).

Relying mainly on a survey done during the spring 2020 lockdown (Archambault, 2020), and data from subsequent work (Prouteau and Tchernonog, 2023), the paper looks firstly at how Third sector organizations have experienced successive lockdowns very differently depending on their missions and whether or not they have employees. It discusses the consequences of this situation for the salaried staff and volunteers working in these organizations which have been forced to reinvent their tools of governance and to begin reaching out to a different profile of volunteers. Finally, the paper examines how national and local governments helped the organizations to survive during and after the lockdowns and as a consequence, the rapid recovery of most parts of the French Third sector even if some parts are still wounded.

### **1. Lockdowns: A wide range of situations depending on associations and foundations missions and size**

In 2020, the spring lockdown began March 17. The confinement was very strict: all "non-essential" businesses and organizations were closed, elderly people were asked to stay at home and an administrative pass was necessary to circulate in town for people involved in "essential" activities that is health, food, sanitation, transportation, residential social services for frail population. These conditions provoked a collapse of economic and social life, but the spring lockdown lasted three months only. The situation during the summer was almost normal because the virus was less virulent but it resumed at the end of the summer. The fall lockdown was much less strict to preserve economic activity and vaccination became widespread in the first half of 2021. As a result, only year 2020 was affected by a brief economic recession and 2021 was a year of marked recovery

### 1.1. Nonprofit organizations in the educational, sports, cultural, and humanitarian sector

Associations and foundations that manage school or university educational establishments, as well as those that offer activities linked to the academic calendar—sports or leisure clubs, outdoor centers, summer camps, etc.—or preschool facilities, such as day cares or kindergartens, were forced to close a few days before the official lockdown at the same time as all public and private schools.

After the official lockdown, most other associations with employees were closed, as were small “non-essential” stores and many other businesses. If these associations had websites, most of them announced the indefinite interruption of all scheduled activities and occasionally noted that certain programs were to be pursued online. This cessation of activity applied to sports, cultural, and recreational associations (which form the majority), as well as professional training associations, professional integration programs, and other organizations supporting people out of work. Most health and social organizations that provide day services were also forced to close, since their employees and volunteers were required to stay at home. Therefore day care for people with disabilities, those in social or psychological distress, the homeless as well as women and children victims of domestic abuse disappeared overnight. Drug and alcohol addiction rehabilitation centers were also forced to close if they operated only during the day. Another activity primarily performed by associations, homecare for the elderly and people with disabilities, has been maintained only for care and housekeeping for highly dependent persons, and caregivers were required to carry a medical certificate to justify their movements.

### 1.2. Large health and social nonprofit organizations

Unlike NPOs that provide day care, social establishments and nonprofit hospitals—whether run by associations, foundations or mutuals—operate 24/7, 365 days a year. They have continued to care for their residents while respecting social distancing guidelines as much as possible. They are, in effect, quasi-public services, and their conditions of authorization and contractual financing by the state, local government, and Social Security assume uninterrupted provision of service. However, the employees working in these residential establishments have been very poorly protected from the virus, both inside and outside the workplace, because masks, gowns, hygiene caps, screening tests, and hand sanitizer were allocated first and foremost to public hospitals, the front line against the pandemic. As a result, the virus spread rapidly between staff and residents in elderly care homes (known as EHPADs) in the North-East and Parisian regions, which suffered a considerable number of deaths.

Because they cater to a younger population, social establishments for frail population have seen a much lower mortality rate than EHPADs, despite a lack of sufficient protection at the start of the epidemic. Associations and foundations have a quasi-monopole of such residential facilities for children and adults with physical or mental disabilities and homeless shelters as well. The few residents who were infected were able to quickly be isolated and treated, either onsite or at a hospital. Isolation was also the rule in the various elderly care homes in regions less affected by the epidemic.

### 1.3. Consequences of the 2020 Spring lockdown for employees and volunteers of non profit institutions

The salaried staff of associations forced to close or reduce their working hours were quickly moved to *chômage partiel*, or partial unemployment, and paid a few months by the state and the unemployment insurance agency instead of their organizations, as it was the case for “non essential” companies. Partial unemployment applies to people who cannot work from home, such as activity organizers at sports or leisure clubs and care workers at the many health and social associations without accommodation, as well as employees of work integration social enterprises (WISEs).

In performing arts associations, the unemployment insurance scheme requires employees to have worked a minimum of 507 hours during the year to have their intermittent status renewed. Knowing that this quota would be difficult to achieve for artists and other association staff in associations that had to cancel shows and summer festivals, the French government announced on May 6, 2020 the suspension of the quota during this “white year”. It was agreed that the renewal of “intermittent” status as well as payments amounting to 84% of their net salary would be made without any confirmation until August 2021 (Anheier et alii, 2021). Finally, in the course of 2021, the intermittent workers' unemployment rights were extended until the end of the year. But it was in small cultural associations, where employment is the least stable and artists the most precarious, as they often haven't worked enough hours to benefit from this status or from short-time working, that the people most affected.

#### **1. Emerging challenges for associations that have continued to operate during lockdown**

##### 2.1. The rise of remote work and digital governance

The situation of associations that have continued to operate, either fully or partially, was complex. It varied according to the sector of activity. Teachers at private nonprofit school or university educational establishments moved to teaching remotely and, after a period of adjustment, have done so with some success. Because private schools cater to a wealthier demographic, they have probably lost a smaller proportion of students—those who lack access to the necessary equipment—than public schools and universities; this will certainly exacerbate social inequalities between students. Certain associations and foundations facilitated the conversion to remote learning by providing teachers very early with documents and exercises suited to the new medium. For example, an association working with teachers in educational priority areas, has put in place a continuity of learning program designed to prevent children from falling behind, this program had a great number of connections by teachers.

The managers of many associations—and certainly those of federations and large charities—have also turned to remote work. Many associations have kept their websites updated, indicating their actions during COVID-19 and increasing their appeals for donations. General meetings, which tend to be scheduled for spring, were often held remotely, while votes were taken electronically or by mail. Similarly, many distributive foundations held board meetings remotely, which allowed them to rapidly disburse voter-approved grants to the relevant associations, including those in third-world countries. Maintaining these statutory authorities remotely certainly allows for day-to-day activities to go on uninterrupted, but not for strategic

decision-making to take place. Remote work has been particularly important for the *Mouvement associatif*<sup>1</sup>, which surveyed its members regarding their reactions to lockdown. Umbrella organizations, first and foremost the *Fondation de France*, have been able to bring together organizations under their aegis's to act in concert on behalf of the most vulnerable populations.

Associations that defend the rights, interests, and causes of their members, as well as various associative think tanks, have long operated remotely and simply had to intensify this practice. The same goes for distributive foundations and charitable associations, which have intensified and targeted their calls for donations. More generally, most managers of associations work remotely to an equal or greater degree than managers of for-profit enterprises of comparable size. No doubt the digital skills acquired during lockdown are durable and persist after returning to normal life: remote meetings with production of visual documents have multiplied and replaced telephone meetings in the daily life of many organizations of all sizes.

## 2.2. A change in the profile of volunteers and beneficiaries of charitable organizations

Many volunteers, especially older ones, from which the presidents of associations quarantined even before March 17. Then, when those associations that work with highly vulnerable populations quickly began operating again, they called on the youngest volunteers for help with emergency activities. For example, organizations such as the International Federation of Little Brothers of the Poor and the *Society de Saint Vincent de Paul*, have called on young volunteers to do the shopping for now-isolated elderly people who had previously been receiving visits from older volunteers

The most widespread of the emergency activities, which has also received the most media coverage, has been the distribution of packed lunches to replace the hot meals formerly offered by the *Restos du cœur*, the Salvation Army, and the *Secours Populaire Français*, as well as public social restaurants. People living on the street—the homeless, documented and undocumented migrants, asylum-seeking refugees awaiting a decision on their case, etc.—were fairly quickly sheltered in appropriate associative centers (*Aurore*, Salvation Army, *Secours Populaire*, *Secours Catholique*) or hotels deserted by their usual clientele. Though sheltering these people so quickly had previously seemed impossible, it was necessary to prevent the homeless from wandering through cities and possibly spreading the corona virus or catching it themselves.

Many people went from precariousness to poverty in a matter of weeks, particularly but not exclusively in the most disadvantaged neighborhoods. These included single mothers, temporary workers who could no longer work but did not qualify for unemployment benefits, and French and foreign university students who were no longer provided with meals by their halls of residence. The lines outside distribution of packed lunches, solidarity grocery stores and food banks brought to mind the images of the Great Depression of the 1930s. These queues narrowed after the lockdown was over, but the change in clients from charities was sustainable

A significant movement of solidarity and engagement has developed during lockdown that goes well beyond the health reserves of retired doctors and nurses called in case of epidemic

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<sup>1</sup> Mouvement associatif is an umbrella that represents French associations at national and sub-national levels.

emergency and associations although some of them have served as intermediaries. Medical and social work students from all across France have volunteered at hospitals in the regions hit hardest by the pandemic. Restaurant owners have taken from their own reserves and freezers to give these workers good meals, and in doing so have kept some of their staff busy. University students have offered to tutor pupils struggling with remote learning and who could not get help from family members. Sports volunteers have offered in-home exercises or converted to social action while gyms are closed.

Has this solidarity movement been sustainable? To know this scientifically, a household survey on volunteer practices would be necessary, because the previous survey of this type dates back to 2002! However, we know better the evolution in 2021 and 2022 of the number, size and sector of organizations and that of their various resources thanks to the recent survey mentioned above (Prouteau and Tchernonog, 2023)

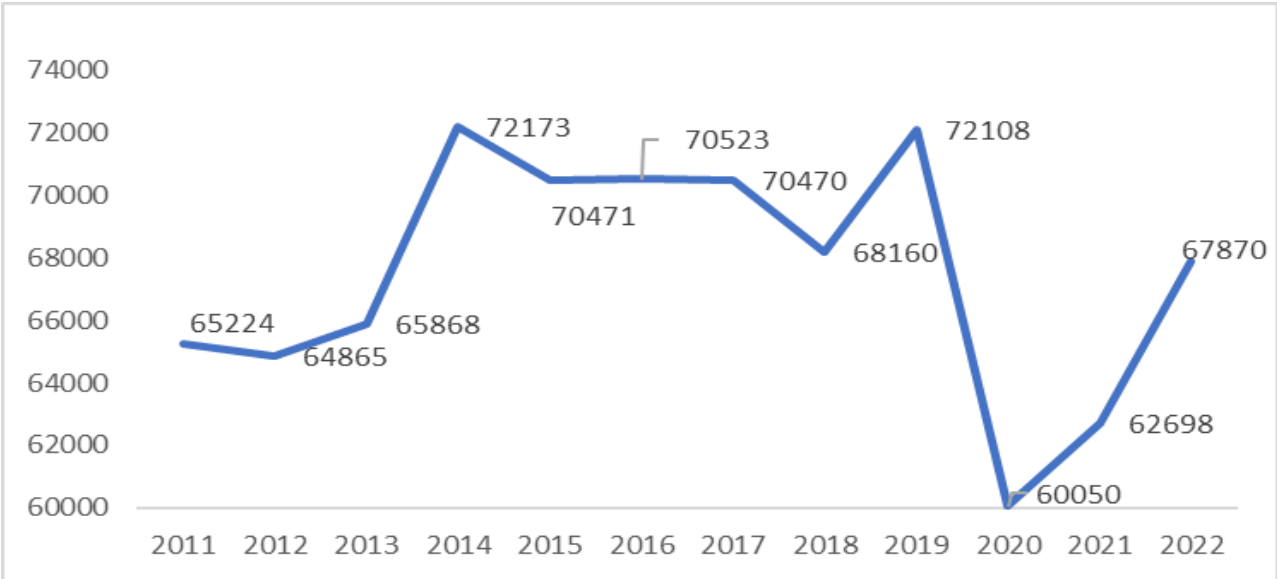
**3- The French Third sector after lockdowns**

3.1 How many non profit organizations after the peak of the covid-19 crisis

Of course the end of the lockdowns does not mean the end of the covid, but with most of the population vaccinated there was a resumption of the usual economic and social life in most industries and activities, except culture, sports and recreation large events. French GDP fell by 7.5% in 2020 and increased of 6.4% in 2021 and 2.5% in 2022, thus erasing the effect of the health crisis

A recent and periodic large survey shows how the associations survive or not after the lockdowns in 2021(Prouteau and Tchernonog, 2023). There was less creation of associations than in the decade preceding the crisis: between 2010 and 2019 more than 65 000 associations were created each year with a peak of 72 000 in 2019. In 2020, a slump but not a collapse, at 60,000 and in 2021 and 2022, a rapid recovery to previous levels. See figure1.

**Figure1: Number of associations created each year**



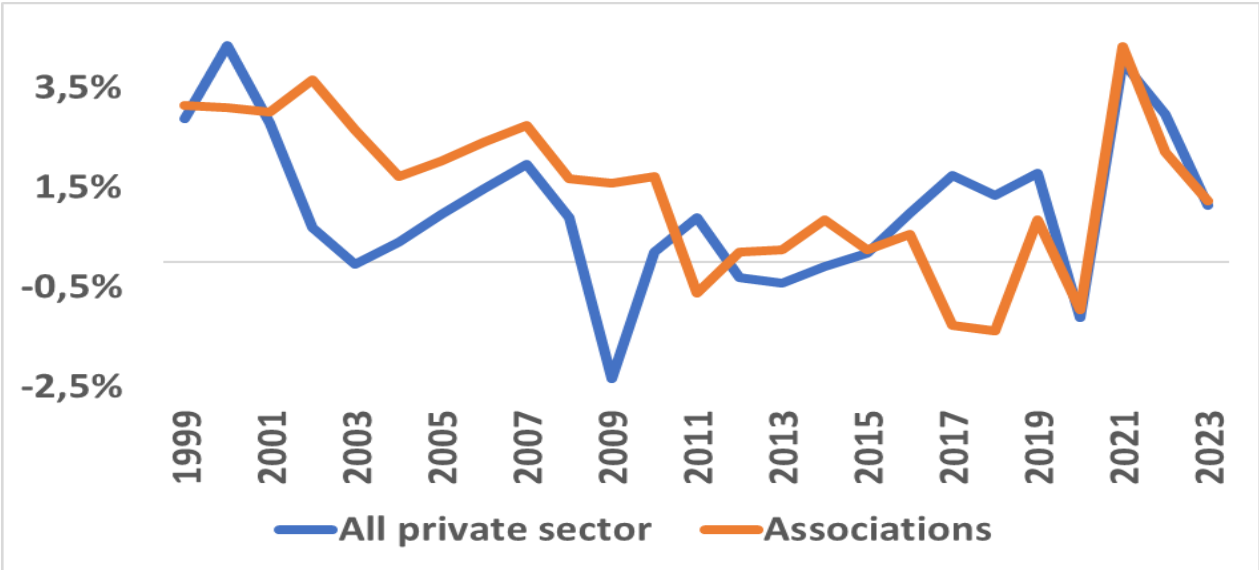
Geographical scope: France excluding Alsace and Moselle departments.  
 Source: Journal officiel in Prouteau and Tchernonog (2023)

There is also an increase in declarations of dissolution of associations during the crisis. Therefore there are fewer living associations with employees: 144 000 in 2021, a few less than in 2017: 148,000. Some associations with one or two employees disappeared. Some other with staff of any size have merged with associations with the same activity or working in the same territory. This concentration movement has begun before the pandemic and was helped by the 2014 Law on Social and Solidarity Economy (SSE). But 89% of all declared associations have no salaried employees and are run only by volunteers: they are 1 226 000. They closed partially or totally during the lockdown and they have subsequently regained their activity, sometimes with a partial resumption of volunteering after the lockdowns.

3.2 – Employment and volunteering in Nonprofit organizations after the lockdowns

For several decades, employment in associations grew faster than private-sector employment. But this trend reversed in the second half of the 2010s, as shown in graph 2, based on statistics from organizations collecting social security contributions. One of the explanations for this reversal lies in the decision taken by the public authorities in 2017 to severely restrict the number of subsidized jobs, which associations were making extensive use of. On the other hand, since a favourable 2003 patronage Act foundations multiply in France, a recent trend, and the number of their employees is growing faster than in associations (Archambault, 2022).

**Graph 2: Comparative annual growth rate in employment, associations versus private sector as a whole**



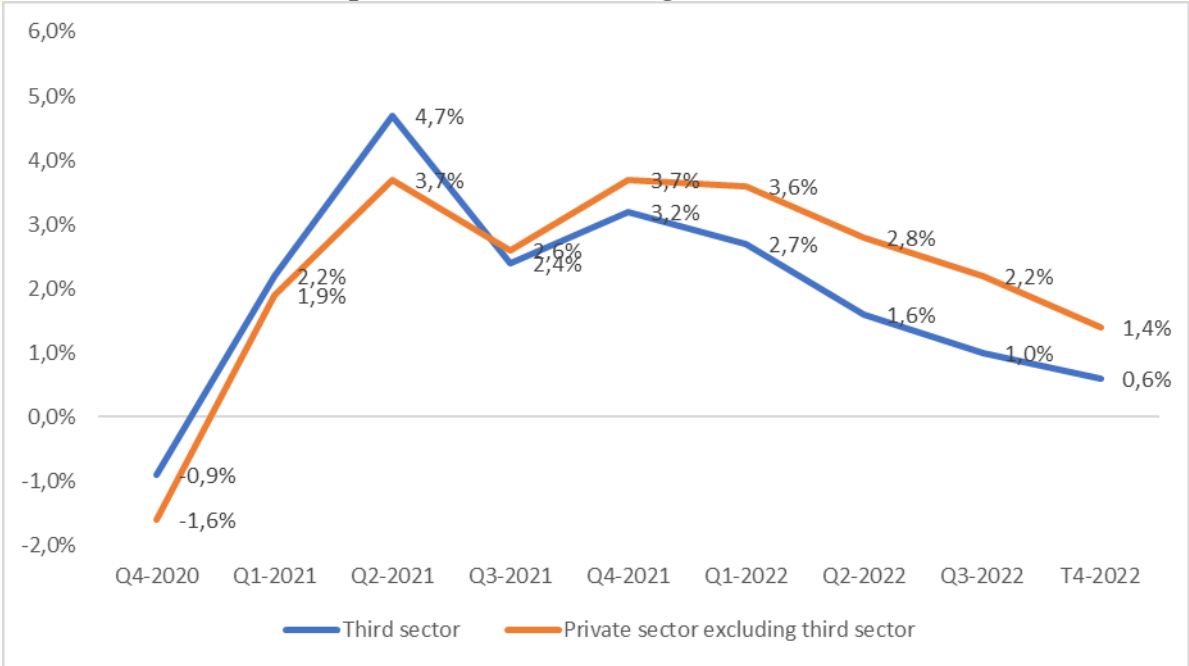
Source : URSSAF in Prouteau and Tchernonog (2023)

Private employment decreased very little between 2019 and 2020 due to the measures of paid partial employment co-financed by the State and the unemployment insurance agency. In associations, the impact of the crisis was less than in the private sector as a whole. This is explained by the much larger share of social and health activities in associative employment (60% of the total in full-time equivalents) than in the private sector. Indeed, employment in these activities has been less sensitive to the health crisis than it has been in other activities, such as construction or certain branches of industry, where associations are absent, or accommodation and catering, in which they have very little presence.



Between 2020 and 2022, private employment increased by 6%. Graph 3 shows that employment in the third sector followed a quarterly trend parallel to that of employment in the private sector excluding the third sector, although in 2022 growth in the former was lower than in the latter. In 2023, there were 1,852,000 employees in associations, i.e. 1,567,000 FTE employees, and 108,000 employees in foundations (Observatoire ESS France).

**Graph 3 : Year-on-year employment growth rates per quarter in the third sector and in the private sector excluding the third sector**



80,000 is the net balance of Third sector employment between the end of 2020 and the end of 2022 in the third sector.

Source : Observatoire national de l’ESS, based on URSSAF statistics.

What about volunteers after the peak of the pandemic? First, we know that 60% of volunteers work in the culture, sports and recreation sector which have been closed the longest. Second, the volunteers who have the most responsibilities, particularly as board members, are often elderly people who withdrew during the pandemic. The aforementioned survey shows that at the end of 2022, only a part of these volunteers had resumed their activity (Prouteau and Tchernonog, 2023, p 132-145). The withdrawal of the elderly is especially worrying for organizations close to the welfare state and publicly funded in the sectors of education, health and social services where the replacement of presidents is a major issue (Prouteau, 2022). To know if new volunteers, younger, replaced them, as associations have the intuition, a large household survey on volunteering is obviously necessary.

3- 3- Impact of the crisis on the financing of the French Third Sector

In France, as in many other countries, there has been a decline in the share of public financing of the Third Sector over the past three decades. Symmetrically, revenues related to activities carried out increase whether they come from sales to households and companies or contracts with public authorities. This marketing trend seems to have been interrupted by the health crisis in 2020 as shown in Table 3: While the increase in private funding for associations is very significant in 2017, this increase stops abruptly in 2020 and we return to the situation in 2005. In addition, the continued decline of public authorities share has been halted and so has

the disengagement of local authorities and social security. Social security partially funds nonprofit hospitals and residential social services for persons with disabilities.

**Table 3 Evolution of associations' resources by origin**

<b>Resource</b>	<b>2005</b>	<b>2011</b>	<b>2017</b>	<b>2020</b>
Private funding	49%	51%	56%	49%
Public funding	51%	49%	44%	51%
<i>Of which state and EU</i>	<i>13%</i>	<i>12%</i>	<i>11%</i>	<i>13%</i>
<i>Of which local governments and social security</i>	<i>38%</i>	<i>37%</i>	<i>33%</i>	<i>38%</i>
Total	100%	100%	100%	100%

Source, Prouteau and Tchernonog, 2023

Table 4 presents a more detailed view of this evolution of the associations' resources over the period 2005-2020. In private financing, membership dues have seen their relative weight in budgets fall in the long run; this trend is accelerating in 2020 due to the closure of culture, sports and recreational associations. In addition, hospitals and residential social services which have no or few members have more activity in 2020. The share of sales or partial payment of the service by users who have increased over the last two decades decline sharply in 2020 and return to their 2011 level. Will this decline in the marketing of the Third Sector be sustainable? it is unlikely, but progress will be slowed.

In public financing, there is a sharp increase of public orders throughout the period linked with a reduction of subsidies. In 2020 there is an acceleration of public orders and long term contracts with nonprofit organisations in health and social services to combat the pandemic. However public subsidies which recorded over the long term continuous decline and their part in resources stabilize in 2020.

**Table 4 Evolution of associations' revenue, by type of resource**

<b>Resource</b>	<b>2005</b>	<b>2011</b>	<b>2017</b>	<b>2020</b>
Membership dues	12%	11%	9%	7%
Household and corporate giving	5%	4%	5%	5%
Sales, earned income	49%	61%	66%	65%
<i>Of which sales to users</i>	<i>32%</i>	<i>36%</i>	<i>42%</i>	<i>36%</i>
<i>Of which public orders or contracts</i>	<i>17%</i>	<i>25%</i>	<i>24%</i>	<i>29%</i>
Subsidies	34%	24%	20%	20%
Covid special help				2%
Total	100%	100%	100%	100%

Source, Prouteau and Tchernonog, 2023

## Conclusion

So far, non-profit organizations seem resilient after an unexpected medical crisis that shook the whole society and allowed it to revise its values. We have seen that the number of associations is almost the same before and after the pandemic: with an association for 48 inhabitants, France has one of the densest networks of proximity, well distributed throughout the country, including in the overseas islands which are catching up (Observatoire de l'économie sociale et solidaire, 2023). In addition, while France was one of the few developed countries where foundations had played a very small role in the 19th and 20th Century for historical, legal and sociological reasons exposed elsewhere (Archambault, 2004 and 2022)

since the Patronage Act 2003, it seems that the foundations are gradually tightening their historical gap. Grant-making foundations and endowment funds multiply and they offer a new kind of income for some associations.

After the lockdowns and the evidence of climate warming, a population movement from the Paris region and major cities to medium-sized cities or the countryside strengthened. This movement mainly concerns white collars and was encouraged by the spread of remote work. As a result, new forms of associations, such as *Tiers Lieux*, which are co working spaces linked to socializing spaces such as restaurants and Fab Labs, are emerging; they are areas of participative democracy and local development.

These links of proximity favoured by nonprofit organizations are enhanced by the Social and Solidarity Economy Act of 2014 (Loi 2014 856). This law is aimed at increasing co-operation among organisations of different legal status, namely cooperatives, mutual societies, associations, foundations and social enterprises, to facilitate a scaling up of the entire sector. Similar Social and Solidarity Economy (SSE) laws are increasingly voted in many countries (Caire & Tadjudje, 2019). European Union supports also SSE organizations and, in 2013 a UN Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSSE) was created in response to a growing concern within the UN system to rethink development in the wake of multiple global crises.

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