

Department of Social Policy

**The third sector and the policy process in  
France: The centralised horizontal third sector  
policy community faced with the reconfiguration  
of the state-centred republican model**

Laurent Fraise

October 2005



Number 7

Third Sector European Policy Working Papers



## **General introduction to TSEP Working Paper series**

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This paper is part of the **TSEP Working Paper series**, and is based upon work conducted by the authors within the Third Sector European Policy (TSEP) network. The primary, overarching objective of the network is to describe and analyse the trajectory of 'horizontal' (industry cross-cutting) European policy towards the 'third sector', understood as a 'multi-level process' (see Appendix for a Glossary of terms).

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Individual members of the network share an expertise on the third sector in their countries, but come from diverse disciplinary backgrounds (including political science, sociology, and policy studies). Countries included are the Czech Republic, France, Germany, the Netherlands, Italy, Spain, Sweden, Switzerland and the UK. The sample includes:

- Major geographical regions of the EU/larger as well as smaller countries
- Different types of national constitutional structures and welfare systems
- 7 established Member States, one new Member, and Switzerland

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## Foreword

While studies of the third sector as an economic and social actor, and their significance within particular fields of policy have grown significantly in recent years, their links to broader policy processes are poorly understood. This paper is part of an effort to fill that gap, and is one in a series which seeks to build our understanding of the nature of the third sector's relationship to the European policy process.

Putting together 'European public policy process' and the 'third sector' suggests an extraordinarily wide range of potential subject matter. This paper, however, has a very particular focus. It feeds into the wider process of knowledge building by developing an analysis of the relationship defined in three ways which limit its scope, but at the same time, which is assumed will ultimately be important in helping us understand the broader European landscape.

First, its primary explanandum is the *national* situation, looking at the position in just one of the nine countries in the TSEP network. The sub-national and supra-national levels feature here only to the extent they allow us to understand the national position. Later papers attend specifically to other levels and their interactions *per se*, but it is assumed that a deeper knowledge of national policy landscapes is a prerequisite to understanding how policy evolves at other levels.

Second, it attends to the third sector using the collective noun or nouns that dominate, or are most prominent in this country's own actually existing policy community or communities. This is important because language and terminology are themselves part of the policy process, providing symbols for mobilisation, as well as being bound up with resource allocation (see the first working paper in this series).

Third, here and throughout the TSEP network's research endeavours, we are interested in 'horizontal third sector-specific policy'. By this, we mean policies and practices that shape the environment of these organisations by virtue of their non-market, non-state arrangements for ownership and control, and which are not limited to their situation in a particular 'industry' or 'vertical field'. (The general meaning of these and other terms used to guide our research can be found in a glossary appendix at the end of this paper.)

In approaching this particular, but important dimension of the third sector policy process, we have taken additional decisions regarding the disciplinary and topical scope of our inquiry, which are reflected directly in the structure of this paper. Being politically and culturally embedded, national third sector policies are heavily influenced by historical conditions, so we need to at least sketch this formative background. The country's arrangements for building and consolidating its social welfare system have been central to this story. Indeed, our Working Papers show that often - but not always - it is third sector policy actors in and around the social welfare domain who occupy most of the (theoretically available) space for horizontal policy institution building. The papers also explore how three key problems, shared across Europe and linked to the social welfare domain in different ways, play into and are processed by, this component of the policy space: social exclusion, unemployment and (more broadly) governance

Furthermore, while we have noted that language is indeed at the heart of policy development, it is also important to be aware that rhetoric in this sphere of policy is often regarded as particularly prone to emptiness (Kendall, 2003). We have therefore sought to explicate not only the character of the policy discourse, but also to assess the significance of the associated institution building efforts. Wherever possible, the papers seek to point to the relationship between agenda setting and concrete implementation, and refer to the extent of economic and political investment in the process.

Most importantly, throughout the research, we have been guided not only by a desire to explicate *what* is happening, but also a wish to explicitly ask and move towards answering - the *why* question. Each paper seeks therefore to move from a descriptive stock-take of the national policy landscape to a synthesis of the factors which seem to have been particularly important in generating this situation.

In so doing, we have been guided by insights from the more general policy analytic literature. This has been cross disciplinary exploratory research in a new field, so it has not been possible to pre-determine too specifically the range of influences. But we have been aware that some of the most apparently successful efforts at policy process theorising in recent years have sought to judiciously combine structure and agency (Parsons, 1995; Sabatier, 1999). We, therefore, have sought to consider the potential and actual role of

- relatively stable institutional factors, such as broad constitutional design, and deeply embedded aspects of welfare system architecture;
- ‘external’ shocks and changes to these systems, associated with shifts in societal values, or unanticipated social movements; and
- the role of policy entrepreneurship, in particular the ‘internal’ role of third sector specialists - inside the sector itself, the State, and as part of the broader policy community - as catalysts, individually or collectively, of policy evolution. What beliefs, values and motivations have characterised those actors who have had proximate responsibility for shaping policy, and how have they been constrained or enabled by the structures that they inhabit?

The evidence base for this paper is two-fold. First, the paper builds on the expertise of the authors in research on the third sector for their own countries, including their familiarity with the national scholarly literature. Second, primary evidence was collected. As the TSEP network started countries presented descriptions characterising the *policy* activities and salience of the sector in their national case. The main data points for these reports were bi-lateral meetings with policy actors - including leaders from third sector bodies, policy makers within the public sector, or academics and other experts. Potentially relevant sources were identified using country-level Partner’s familiarity with the general third sector policy community or networks in their country, and by ‘snowballing’ from actors identified in earlier meetings. Relevant events and fora were also attended and observed. Meetings were used to access documentary sources, in addition to those available publicly, and websites belonging both to third sector organisations and groupings, and to administrative units in government that had some responsibility for working with the sector, were also investigated. The balance between these different sources varied according to the specific national situation: where third sector umbrella groups or government units with a special focus on relationships with the sector were in existence, these formed the focus of research. Elsewhere, Partners were guided by the emergent and more informal activities of third sector actors, especially as they connected to key policy issues (including in relation to the shared European problems of unemployment, social inclusion and governance). Initial reports were produced in May 2003 and circulated, discussed and reviewed in an iterative process over the following two year period.

These are first and tentative efforts to move towards more systematic accounts of third sectors’ places in policy processes, but we hope they will provide a platform in the years to come.

Jeremy Kendall  
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June 2005

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**The third sector and the policy process in France: The centralised horizontal third sector policy community faced with the reconfiguration of the state-centred republican model**

**Laurent Fraise**

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## **The third Sector and the policy process in France: The centralised horizontal third sector policy community faced with the reconfiguration of the state-centred republican model**

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### **1. Introduction**

It is a French paradox to see national then local third sector policies emerging in a country that has historically denied intermediary bodies both recognition and the right to participate in the production of general interest. Even if they remain, for now, marginal, it is legitimate to ask whether these policies are the circumstantial fruit born of a specific national political context, or whether they form part of a more generalised re-ordering of a public action that accords a greater place for civil society in the elaboration and conduct of civil affairs.

If European social enterprises (Borzaga and Defourny, 2001) and the third sector (Evers and Laville, 2003) are significant players in political and economic terms, this does not necessarily signify the existence of specific and well-founded public policy at either EU or member state levels.

The novelty of the French situation lies in the affirmation, albeit embryonic, of horizontal policies whereby the specific aim of public action is the development of the third sector, with a particular emphasis on the ‘social and solidarity-based economy’ construct (cf. section 3 below). Contrast this to the position in many other European countries where other constructs tend to dominate, or where the political recognition of the actors and organisations remains restricted by vertical industry-specific considerations that limit the value and the possibility of constituting umbrella groupings and horizontal coalitions.

However, as we will see in what follows, it is not certain that the emergence of policies for the social and solidarity-based economy at the national and local levels is the harbinger of greater socio-economic dynamism in French civil society. Rather, it will be argued that it is a reflection of the negotiating skills of the sector’s representatives, and have much to do with the the very specific institutional and historical background prevailing in this country.

The predominance of social and solidarity-based economy sector-based and social integration as part of public action is still formative. But this has not stopped the beginning of political-administrative recognition at the central government level. French political culture is



characterised by the pre-eminence of the law as the incarnation of the general interest and by an administrative centralisation, which in part explains the importance to the social economy actors of the existence of a legislative framework to protect cooperative, mutual and association legal forms. The need for a dedicated administration to establish a minimum of political visibility and institutional legitimacy is the logical result. It will be argued in what follows that this cross-cutting policy may thus be interpreted as being the result of civil society's reaction and adaptation to political and administrative centralisation within a context of alternating political power, decentralisation and the reform on the welfare state faced with the constraints of liberalisation and globalisation in the 1980s and 1990s.

If the emergence of policies for the social economy and the solidarity-based economy, as well as the social policy role played by associations, can be understood as signs of the reconfiguration of the centralised French model sometimes referred to as 'amended Jacobinism' (Rosanvallon, 2004), then the political (decentralisation and Europeanization) and socio-economic (rise of the tertiary sector, mercantilisation and liberalisation) changes are as much opportunities as obstacles to the consolidation of a French-style third sector community.

This paper develops this line of argument by first drawing together historical materials and outlining definitional debates. We then proceed to examine the policy environment in terms of architecture, agenda content and implementation. The penultimate section draws out the analytic components, using the TSEP framework; while the final section concludes<sup>1</sup>.

## **2. Historical development**

### *General background*

To understand the history of the third sector in France, it should be set in the context of the *centralising tradition of the French government*. This dates back to Louis XIV, and has progressively allowed the central government and the administration to monopolise societal interpretations of general interest. French centralisation was emphasised during the French Revolution by the well-known Le Chapelier Act of June 1791 which abolished corporations and banned any form of professional or workers association (Archambault, 1996a). These strict

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<sup>1</sup> The research sources of this paper are not only based on French academic literature and reports dealing with social economy, solidarity based economy and associative sector but also empirical material resulting from 27 interviews with policy actors within the social and solidarity-based economy and associative community. The interviews were either conducted face to face, or by telephone. All evidence is presented in an anonymised format.

restrictions on associations' rights were further confirmed during the First Empire and the Monarchy of July.

However, workers associations gradually emerged in the late 1830s as the industrialisation and urbanisation movement developed and republican opposition formed. The trend of workers wanting to form associations not only exploded but also achieved its aim with the Second Republic that recognised associations' rights (Laville, 1994). Held back in June 1848, the association movement was definitively stopped with the establishment of the Second Empire (1851-1870). It was just over fifty years later, in 1901, when, after professional trade unions were set up (1884), the legal existence of associations as 'intermediary bodies' between the State and the people were recognised. It is, however, interesting to note that mutual benefit societies and cooperatives had already been recognised under the Second Empire (1852 and 1867 respectively). They were clearly seen as less subversive to political order than associations whose status was not recognised until 1901.

The legal recognition and progressive support offered to the cooperative, mutual and association movements under the Third Republic (1871-1940) must be coupled with the loss of political unity and an increasing specialisation by status and industry. This was despite the attempt by some academics towards the end of the 19<sup>th</sup> century to construct and present their common identity through the prism of the social economy concept. Although the concept of social economy was brought to the fore in the 19<sup>th</sup> century by French-speaking economists C. Gide and L. Walras, throughout the 20<sup>th</sup> Century the dual effect of intricate institutionalisation and integration resulted in a growing dispersal of the social economy (Bidet, 2000). The three legal forms differed - and continue to differ from capitalist traditional companies in their legal structures: cooperative, mutual and association, were becoming dependent on the social and economic pattern of which they were a part, especially through the separation between market economy and welfare state. Within this framework, all three have been subjected to institutional isomorphisms: cooperatives are components of the market economy, social securities and mutual insurances became complementary to the mandatory welfare state after 1945. The corporatist kind of welfare state implemented in France does in other respects leave plenty of room to the associations willing to provide social services.

With the establishment of a social protection system after the Second World War, mutual benefit societies' and associations' activities aimed to reaffirm their autonomy to give themselves a better level of integration into the welfare state architecture. In the field of welfare services, the majority

of social action, medical and sanitary associations grouped together within 'l'Union Nationale Interfédérale des œuvres et Organismes Privés Sanitaires et Sociaux'<sup>2</sup> (UNIOPSS) created in 1947. These associations continued to highlight the needs of various population groups left behind by economic growth (Lenoir, 1974) - children, teenagers, young workers, immigrants, the elderly, the handicapped - and offer them services. At the same time, their relationships with the State were developing. Inter alia, major social laws introduced in the 1970s brought heightened official recognition, distancing many bodies from their independent philanthropic roots (Schaller, 1999). Although this state approval came hand in hand with increased and stabilised public funding, as well as the professionalisation of social welfare interventions, the downside was associations' increased dependence on hierarchical regulation (national approval procedures), to the extent that they could be seen as offshoots of public services.

Starting in the 1970s, the post-war State market compromise began to splinter, ushering in a propitious era for the revitalization of the third sector in all its forms, using multiple collective nouns: social economy, solidarity-based economy and the not-for-profit sector. This repositioning of the relationship between the economic and the social gave rise to a change of values followed by economic changes (Laville, 1994). The associated welfare state crisis (Rosanvallon, 1981) was as much a result of the State's loss of legitimacy in its role as the sole actor of social regulation as of the budgetary constraints linked to the slowdown in economic growth. Following on from the protest movement of May 1968, association militants and reforming bureaucrats came together to confirm the value of association-based experiments and emphasize their political and social contribution to the forming of the general interest (in interaction with elected politicians and the public administration). This questioning of the monopoly held by elected representatives and the public services over political debate generated a dual movement: on the one hand, the quest for political representativeness via attempts to create cross-industry links at the national level between social economy families and major association federations in order to put themselves in a negotiating position with the state; on the other hand, the recognition and then integration of associations into national and local public policies as a partner in their conception and implementation (see section 4 below). This evolution was reflected on the politico-administrative level under the first socialist government with the creation of the DIES (Interministerial Delegation to the Social Economy) in 1981 and the CNVA (National Council for the Associations Sector) in 1983.

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<sup>2</sup> National Interfederal Union of Private Health and Social Works and Organisations

*Links with three European problems*

The third sector has often been linked in policy terms to the shared European problems of unemployment, social exclusion and governance (see Appendix I). How did they relate in France? The social aspect of the welfare state crisis was linked to the rise in unemployment and social exclusion. The appearance in the mid 1980s of what was then termed ‘the new poverty’ revealed the flaws in the social protection system. The mechanisms for vertical redistribution and solidarity encountered increasing difficulties in averting deterioration in social conditions for several population groups, especially those affected by the lack of security on the labour market: young people, women, immigrants and the long-term unemployed. Rising social exclusion then gave new impetus to philanthropic associations, such as the *Restos du cœur*, and gave rise in particular to the increasing demand made on associations within the context of labour market policies and policies for the fight against exclusion.

In terms of employment policies, the failure of macro-economic reflationary policies in the 1970s and 1980s led governments to strengthen public labour market policies. Since the mid 1980s, governments increasingly presented specific employment contracts, Community Utility contracts, solidarity-based employment contracts and youth job schemes, in the non-market sector fields. Generally, these contracts were (and continue to be) fixed-term contracts, partially subsidised and targeting a specific population group (young people, the long-term unemployed, recipients of minimum income benefits, etc.) in not-for-profit fields of activity which provide ‘social utility’ in some way. The public authorities’ increased awareness along with the process of developing economies and non-commercial services in education, health and the social sector became major sources of job creation.

**Box 1: Political and socio-economic evolutions and third sector development in France**

	Socio-political evolutions	Socio-economic evolutions	Legislation and policy	Implications for the third sector
1789-1848	<p>Revolution: 1789</p> <p>Restoration: 1815-1848</p> <p>Revolution: 1848</p>	<p>Dawn of the industrial revolution</p>	<p>Le Chapelier law (1791)</p> <p>Right of association provisionally recognised (1848)</p>	<p>Corporations abolished and associations banned</p> <p>Repression of the associationist movement</p>
1848-1901	<p>Second Empire</p> <p>Third Republic</p>	<p>Industrial revolution</p>	<p>Mutual society statutes (1850-52)</p> <p>Cooperatives, via the Act governing commercial companies (1867)</p> <p>Unions recognised. 1901 Act governing associations.</p>	<p>Associationist movement splinters into various different statuses</p> <p>Charter of Mutuality (1898)</p>
1901-1945	<p>War: 1914-18</p> <p>Popular front: 1936</p> <p>Vichy regime: 1940-1944</p>	<p>Social security begins</p>	<p>French Red Cross</p> <p>First laws governing social security (1930)</p> <p>Paid holidays and leisure travel</p>	<p>Creation of national federations of the Mutualité Française (1902); consumer cooperatives (1912)</p>
1945-1975	<p>National Resistance Council (1945)</p> <p>May 1968</p> <p>Emerging social movements (women, ecologists, etc.)</p>	<p>Social security system</p> <p>Economic growth, mass production and social redistribution</p>	<p>Social protection system (1945)</p>	<p>Mutuals and associations incorporated into social policies UNIOSS created (1947)</p> <p>Cooperation Act (1947)</p>
1975-2005	<p>Socialist party in power – left/right changeover of political power</p> <p>Emergence of the alternative globalisation movement</p>	<p>Unemployment and new forms of social exclusion</p> <p>Welfare state in crisis</p> <p>Expansion of service sector and proximity services</p>	<p>Decentralisation (1982)</p> <p>Law on minimum welfare payment RMI (1988)</p> <p>Integration of work-integration enterprises (1988)</p> <p>Associations' tax status legislation (1998)</p>	<p>Assemblies of social economy families (CNLAMCA, then CEGES).</p> <p>Growth and organisation of the associations sector (CNVA, CPCA)</p> <p>Emergence of solidarity based economy</p> <p>Institutional recognition (DIES, SEES)</p>

Table inspired by de Demoustier (2001); Chaniel, Laville (2005)

As far as the policies for the fight against exclusion were concerned, philanthropic associations and work integration social enterprises played an important role in shedding light on new forms of poverty and in demanding new social rights. These demands widely influenced the major laws in the fight against exclusion in the 1980s and 1990s. One example is the role played by ATD Quart Monde in the debates preceding the law on the *Revenu Minimum d'Insertion* (RMI - minimum income benefit) in 1988, or the *collectif Alerte*'s proposals prior to the framework law in the fight against exclusion in 1998. Since the 1980s the RMI policy has been an important reference point (see Box 2). But over and above the associations sector's power to shape and question the public authorities' policies in this area, the conception and implementation of the policies in the fight against exclusion itself modified the relationship between State and third sector as well as governance mechanisms. The RMI and the fight against exclusion policies may be seen as recognition by the welfare state that the centralised bureaucratic management of social rights and services is no longer an adequate instrument when it comes to combating new forms of poverty. The state is called upon *to coordinate* its policy and its supervisory responsibilities with other institutions, local governments but also local third sector organisations in order to put its integration policies and projects into practice. Thus a social policy such as the RMI scheme was expressly conceived for transmission to the local level in a manner which could not be reduced to the implementation of predetermined rules. The decentralisation of decision-making and funding certainly reflected the quest for a more efficient form of political structure, based on the idea that solutions to the problem of social exclusion can best be found at the level which is in closest touch with the needs of users of the welfare state and with local socio-economic initiatives (see section 7 below).

**Box 2: The Integration Minimum Income (*Revenu minimum d'insertion – RMI*)**

The Integration Minimum Income (*Revenu minimum d'insertion – RMI*) is the youngest of all the forms of income support. It was instituted by Act in December 1988. RMI is *a safety net of last resort and is not a substitute for other benefits*. This is an objective right to a minimum income with, as counterpart, a personalised procedure for improving the job prospects and social integration of RMI recipients through the *an integration contract* signed with social workers.

While the minimum-income element has to do with national solidarity and is therefore administered in the form of a national benefit, the same does not apply to the integration component. In the spirit of the RMI Act, tackling all the causes of poverty means mobilising the whole of society. The fight against poverty cannot be a matter for the public authorities alone; it must also be waged by an active partnership at the local level, as is emphasised by the circular of March 1993:

‘The transformation of industrial relations that must take place if social exclusion in its various manifestations is to be curbed necessitates a long-awaited genuine mobilisation of all local players in the social field with a view to generating a massive impetus towards integration’.

As Serge Paugam (1999) has emphasised, the RMI scheme is based on a philosophy of public action in awareness of the inability of the welfare state to cope on its own with the growth of exclusion and of new forms of poverty.

This recognition of the third sector in the elaboration and implementation of public employment and fight against exclusion policies is reflected in a shift in the relationship between public authorities and the third sector in terms of governance more generally. The 1980s and 1990s were characterised by the switch from a form of hierarchical third sector governance heavily controlled by the state, to a style of mixed governance incorporating competitive mechanisms (competitive tendering) alongside new forums for consultation and partnership, especially with local authorities.

### **3. Definitions and typologies: a contested terrain**

Categories covering the third sector in France have not been definitively established, particularly if by ‘institutionalised third sector’ we mean an area lying somewhere between the State and the market, public services and private businesses. The term ‘third sector’ *per se*, as in most other European countries has been little used by public authorities as well as representatives of civil society. It thus remains, for the moment, limited to an academic and predictive field of debate (Delors and Gaudin, 1978; Eme, 1996; Lipietz, 2000). What, then, are the ways of constructing

boundaries in the French terminological debate? Behind a common rejection of a 'philanthropic' conception of the third sector founded principally on charity and voluntary participation, on a larger scale lies a certain French reticence to conceive of the third sector as an exclusively not-for-profit sector (Evers and Laville, 2003). This conception is perceived as an acceptance of the dichotomy between the economic and the social that is rejected by the French social and solidarity-based economy.

We can identify three approaches in France (Demoustier, 2001). First, a 'not-for-profit sector' approach, often the most effective when welfare services are at issue. This draws attention especially to associations, particularly those active in health and social care, social integration, social housing, etc. and tends to exclude cooperatives. At the academic level, Edith Archimbault's work (1996a and 1996b) on the assessment of the not-for-profit sector refers primarily to this grouping. But the not-for-profit sector can be seen as industry more than associations. The 5,000 health and insurance mutual societies that offer cover to almost 30 million French residents also need to be taken into account. Furthermore, once the problems of unemployment and social exclusion are highlighted as relevant for policy, it is important to include work-integration social enterprises which have been developing over the last twenty years. They are not always associations in law; sometimes make a profit and are subject to the rules of competition.

Second, a 'statutory and legal form' approach, as with the social economy construct, groups mutual benefit societies, cooperatives and associations around shared organisational principles: voluntary participation, membership and commitment; democratic decision-making process in accordance with the one member, one vote principle; the priority of members and work over capital in the distribution of revenue and surplus (not for individual gain); independence and autonomy from the state. More generally, 'the social economy is the generic term used to designate a society of people (as opposed to capitalist organisation) that play an economic role'<sup>3</sup>. This approach focuses attention on the economic aspect and only covers associations known as 'managers', i.e. having a significant budget and staff numbers. It tends to exclude non-economic and purely advocacy associations. But the tendency of social economic leaders to present social economy as a 'family' contrasts with the feeble sense of belonging experienced by local managers, employees and users. Considering academic research, following the work carried out by Henri Desroche and Claude Vienney, the social economy approach is today embraced by prominent researchers such as Jean-François Draperi (2000) on cooperatives, and Danièle Demoustier (2001) on association-based enterprises.

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<sup>3</sup> Conseil des entreprises, employeurs et groupements de l'économie sociale' (Council of Social Economy Enterprises). 'Qu'est-ce que l'économie sociale', in [http://www.ceges.org/eco\\_cadre.php](http://www.ceges.org/eco_cadre.php).



The third, and more ‘socio-political approach’, refers to the solidarity-based economy concept. This emphasises a development model, citizen participation and the economic mix of resources (from the market, public subsidies and voluntary commitments) (Chanial and Laville, 2005: 72). Not limited to social economy organizations, the civil and solidarity-based economy can be broadly defined as a perspective centred on all production, distribution and consumption activities contributing to the democratisation of the economy based on citizen commitments and a public engagement in civil society. Civil and solidarity-based economy is a process of reciprocity and solidarity which links individual interests to the collective interest. In this sense, the civil and solidarity-based economy is not a ‘sector’ of the economy, but a cross-cutting approach that includes several types of local initiatives. It is about ethical consumption, fair trade, community and local services, community and ecological agriculture, social money (LETS, etc.), microcredit and social finance, social housing, recycling (an environmental enterprise), micro and collective enterprise creation and development, especially among the unemployed, immigrants, women, etc. In so doing, these communities affirm their will and capacity to be effective social entrepreneurs and to respond collectively to new social needs whilst trying to conceive of economics differently. At the academic level in France, the concept of the solidarity-based economy was primarily posited by Bernard Eme and Jean-Louis Laville (1993 and 1994).

#### **4. Third sector specific horizontal policy architecture: key facets**

What policy support structures exist, and how can we characterise them? Generally, the factors for institutionalising and gaining recognition of the social economy, the solidarity-based economy and the associations sector through specific and horizontal policies remain somewhat fragile. As with other countries, most activities occur within industry groups, vertical or policy fields (finance, health and social, environment, culture and leisure, international solidarity, etc., cf. Kendall, 2005). In France, we also witness stronger links between organisations adopting particular legal forms (mutual societies, cooperatives and associations).

However, as has already been noted (see section 2), since the mid 1970s France has, at a national and to a lesser degree local level, witnessed a process of slow structuring of a horizontal third sector community, based on the progressive consolidation of networks of actors, organisations and institutions, eventually being able to lobby for and support the emergence of specific third sector policy. From among the components of this policy process it is instructive to distinguish between the national horizontal umbrella groupings, the specific administrative bodies and the various councils and consultative committees, the politicians, notably those holding local and national elected office, and party leaderships, and finally the experts and academics whose work also contributes to the structuring of a public dialogue on these topics. We consider each in turn.

**Box 3: Main horizontal third sector bodies**

	Associations	Cooperatives	Mutual societies	Social and solidarity-based economy
Sector-based groupings	UNIOPSS (1947)			
Cross-sector groupings	CPCA (1999)	GNC (1968)	FNMF (1902) GEMA (1964)	
Inter-statutory grouping				CNLAMCA (1970-2001) CEGES (2001) MES (1997) CRES (1999)
Consultative committees	CNVA (1983)	CSC	Mutual Council	Social Economy Consultative Committee
Parliamentarians, local councillors	CES (1958)	CES (1958)	CES (1958)	RTES (2002)
Governments/ Administration	Ministry Youth and Sport DIES (1981)	DIES (1981)	DIES (1981)	DIES (1981) SEES (2002-2004)

CEGES: Council of Social Economy Enterprises / CES: the Economic and Social Council / CNLAMCA: Liaison Committee for Mutual, Co-operative and Associations Activities / CNVA: the National Council for the Associations Sector/ CPCA: Standing Conference of Associations Coordination/ CRES: Social Economy Regional Chambers / CSC: the Councils of Cooperation / DIES: the Interministerial Delegation to the Social Economy / MES: Solidarity-based Economy Movement / RTES: Réseau des territoires pour l'économie solidaire / SEES: State department for the civil and solidarity-based economy / UNIOPSS: The National Interfederal Union of Private Health and Social Works and Organisations.

**4.1. National horizontal umbrella groupings**

Historically most national horizontal umbrella groupings covering the social economy, as well as associations, have been formed with the aim of dealing with public authorities. They generally fill a traditional role of providing information, regulatory surveillance and lobbying.

The components of the social economy in France are divided and represented in a similar double horizontal structure. Firstly, the political horizontal umbrellas which gather and represent all the sector-based organisations of social economy (CEGES), of co-operatives (GNC), of mutual societies (FNMF, GEMA) and of associations (CPCA). Secondly, the official Consultative bodies which, under the responsibility of the Prime Minister, advise the government on social economy issues (Consultative Council to Social Economy), co-operative issues (Co-operation Council), mutual society issues (Mutual Council) and association issues (National Council for the Associations Sector). The consultative councils are joint groups of representatives of the sector and of the administration.

Created in 1970, 'Comité National de Liaison des Activités Mutualiste, Coopérative et Associative' (*Liaison Committee for Mutual, Co-operative and Associations Activities - CNLAMCA*) was replaced in 2001 by the 'Conseil des entreprises, employeurs et groupements de l'économie sociale' (*Council of Social Economy Enterprises - CEGES*) whose main objective is to 'achieve recognition by the public authorities and society at large of the specific form of entrepreneurship that the social economy represents' (CEGES 2001). The CEGES comprises four colleges composed of the main organisations representing co-operatives (GNC), associations (CPCA), mutual societies (FNMF, GEMA) and the Social Economy Regional Chambers (CRES).

The members of the CEGES aim to be recognised by the government and other organisations as social partners at the same level as the trade unions and the Movement for French Enterprises (MEDEF, formerly CNPF, French national employers council). CEGES' leadership regularly adopts positions vis-à-vis government measures (social security, Europe, social cohesion law, services provided at home). The CEGES also seeks to make its voice heard amongst French (meeting held at the National Assembly) and European parliamentarians (the social economy intergroup). But the main action of the CEGES has been to build a union of social economy employers on the *Conseils des Prud'hommes* (tribunals that adjudicate employment disputes). More recently the President of the CEGES has complained to Jacques Chirac that the DIES has been under the responsibility of the Minister of Sport which has very few administrative competences and political interest on enterprises and economic issues.

More recently, solidarity-based organisations have started to group together at the national and local levels: initially, from 1992 to 1999 via the Social and Solidarity-based Economy Network (REAS) and, from 1997 via the 'Mouvement pour l'économie solidaire' (*Solidarity-based Economy Movement - MES*). MES members comprise approximately twenty national and local networks from sectors as varied as ethical consumption, fair trade, community and proximity services, community and ecological agriculture, social money (LETS, etc.), international solidarity, micro-credit and social finance, micro and collective enterprise creation and development, especially among unemployed, migrants, and women. Operating more in the manner of a loose network than a representative federation, organisations from the solidarity-based economy act in ways that are less formal and less institutionalised. The creation of the SEES in 2002 demonstrates that these stakeholders are not without influence on the policy process.

The 'Conférence Permanente des Coordinations Associatives' (*Standing Conference of Associations Coordination - CPCA*) was created on 21 February 1992 and was established as an association on 20 November 1999. It is an umbrella organization composed of sixteen French

umbrella organizations representing the main vertical policy fields that the associations populate in France. Compared to CNVA, the CPCA is a more political horizontal umbrella than a technical one in the way that it can easily launch public campaigns and put pressure on the government. The CPCA aroused public debate with its critical statement on the fiscal reform of associations in 1998. But it was in 1999 that the CPCA was recognised as an official third sector partner by the government following the General Conferences of Associations Sector. On 1 July 2001 the French government entered into a general agreement with the French 'not-or-profit' sector (cf. section 3 above). The event took place on the anniversary of the French Association Law of 1 July 1901. The agreement, referred to as the 'State-Association Charter', was signed by the Prime Minister and the President of the CPCA (see section 5). This agreement is not a legally binding document but a political and symbolic one, granting public recognition to the third sector as a key social actor in French society. Both parties to the Charter stipulate their future reciprocal commitments with the purpose of (i) strengthening democracy through greater public participation and (ii) helping to ensure that the 'market economy [will not] deteriorate into a market society but instead will enable greater solidarity'<sup>4</sup>.

Created in 1947, the 'Union Nationale Interfédérale des œuvres et Organismes Privés Sanitaires et Sociaux' (*The National Interfederal Union of Private Health and Social Works and Organisations* - UNIOPSS) covers the majority of social action, medical and sanitary associations in France, thus relating to the social welfare domain component (see Appendix I). The twenty-two regional unions (URIOPSS), covering the entire country, include more than 7,200 establishments and associations services. UNIOPSS acts with institutions for the recognition of the health and social associations sector and has long experience in consulting and negotiating with public authorities in fields as diverse as rights and services for the disabled, the elderly, children, the unemployed and the marginalized. At the French level UNIOPSS is a member of the CPCA and CNVA (with their broader coverage) as well as a member of several European networks including CEDAG, EAPN (European Anti-Poverty Network) and ET Welfare. The fact that it operates both in the social economy and the associations sector, and at both the national and European levels, means that the UNIOPSS is a structuring force within the French third sector.

#### **4.2. Administrations and governments**

In France, horizontal third sector structuring has been aided by the creation of a specific administration at the national level (Interministerial Delegation to the Social Economy), as well as

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<sup>4</sup> The Charter document is available on the CPCA website: <http://cpca.asso.fr/archives/charte.html>

a dedicated Minister (Minister of State for the Social Economy) and the establishment of consultative committees for the social economy, associations and cooperatives, members of which are drawn from representatives of government and from the sectors concerned. The administrations and committees are active to a greater or lesser degree and remain heavily reliant on government for both political goodwill and financing. Nevertheless, they are the lead components in the recognition of the horizontal character of the social and solidarity-based economy and of associations.

Despite its limited budget and staff (€6.8 millions in 2003 and 14 technical advisors), the 'Délégation Interministérielle à l'Economie Sociale' (*Interministerial Delegation to the Social Economy - DIES*) and its head have since 1981 provided a level of administrative continuity that has made it an important player in the construction of public policy in support of the social economy, and, more recently<sup>5</sup>, associations and the solidarity-based economy. Aside from the fact that its existence itself is a form of symbolic recognition of the horizontal nature of the third sector, through its interministerial remit the DIES attempts to leverage social economy concerns into a variety of public policies. Furthermore, DIES actions are supported locally by local officials responsible for the social and solidarity-based economy in the 22 French regions. The regional correspondents were tasked with developing a number of priorities: the development of the associations sector, the contribution of the social economy to employment and local development, and assistance with structuring the 'Chambres Régionales de l'Economie Sociale' (*Social Economy Regional Chambers - CRES*). The impact made by DIES is highly variable, depending largely on the political willingness of successive governments to make the social and solidarity-based economy a priority. Concrete expressions of this sensitivity to change are manifested in the interest of the politician nominated as delegation head in third sector matters and his/her competence in such matters, of the total budget envelope accorded by the government of the day and of the status of the Minister to which the DIES is answerable (Prime Minister, Employment and Social Affairs, Youth and Sport). The fact remains, however, that the DIES' relative longevity (over twenty years) allows a degree of predictability in the examination of dossiers and in the support provided to the social economy and associations.

Notwithstanding its limited lifespan (2000-2002), the experience of the 'Secrétariat d'Etat à l'Economie Solidaire' (*State department for the civil and solidarity-based economy - SEES*) serves to underline the instability of a horizontal policy approach to the social and solidarity-based economy. On the one hand, the creation of the SEES provided visibility and political

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<sup>5</sup> The DIES remit expanded in 1998 to include the 'whole development of associative life' (circulaire du 14 septembre 1998) which was previously shared by the Ministry of Youth and Sport.

legitimacy through its support for the structuring of national networks and its encouragement of new local initiatives whose specific features (collective dimension, social purpose, participation by citizens) are all too often undermined by other dominant economic interest groups and by administrative fragmentation (economy, employment, social affairs). SEES achieved a substantial increase in available budgets (cf. section 5), despite the fact that these remain at a derisory level compared to the funding made available to the public and for-profit sectors (Hascoët, 2005). But SEES's rapid demise more recently stands as witness to the fragility of the initial political compromise both in terms of the deal struck between the Greens and the Socialists, and in terms of the lack of consultation with representatives from the social economy and actors from the solidarity-based economy. The SEES experiment remains, however, an important phase in the construction of the social and solidarity-based economy as the legitimate object of public action, as it demonstrated by the proliferation of local policies in this domain over the past few years (Laville, 2005).

#### **4.3. Consultative committees**

During the 1980s, several councils and committees were formed with members drawn from representatives of government and of the third sector. The aim of these bodies was to improve availability of information about the various families comprising the social economy through issuing reports and advice on proposed legislation. Being purely consultative, these committees made only a modest impact owing to limitations to their political scope and financial resources. Members were nominated by government and the committees only truly operated when deemed necessary by government. An example of such a body is the *Comité Consultatif à l'Economie Sociale*. Very rarely called upon to meet, it played a minor role in the elaboration of public policy. Conversely, the 'Conseil de la Coopération' (*Council of Cooperation - CSC*) and the 'Conseil national de la Vie Associative' (*National Council for the Associations Sector - CNVA*) provide consultancy on a more regular basis, and thus play a more significant role.

The Council of Cooperation (CSC) is an official consultative body representing the co-operative movement. Designated by the Prime Minister, the Council produces advice notes and proposals to the government on all cooperatives issues. Eighteen representatives of cooperatives, eleven from the administration and four from the Parliament are members of the GNC. The Secretariat is the responsibility of the DIES. Since 1997, the CSC has been producing an annual report on cooperatives' situation.

Contrary to the co-operative and mutual sectors, the National Council for the Associations Sector (CNVA) was created before its political umbrella (CPCA). CNVA was established in 1983 as the

first official consultative body to represent the associations sector. The council works in coordination with national assemblies of associations and with members of the government committee representative of the associations sector. The council is composed of seventy-six members, sixty-six of which are representatives of the associations sector, designated for a three-year term by the Prime Minister upon proposals from the various competent Ministries after consultation with the associations sector. Moreover, six representatives of regional and municipal council are now members of the CNVA. Its mission includes consultation on draft legislation affecting the associations sector, the preparation of proposals favouring the associations sector and a three-year report on the associations sector. Since its creation, the CNVA has produced a wealth of reports for Prime Ministers on topics as varied as the tax position of associations, volunteer status, funding for the associations sector and associations' economic activities.

#### **4.4. Parliamentarians, local councillors and political leaders**

No construction of a third sector policy is possible without support from within the political class. It is fair to state that this political support remains uncertain at both the parliamentary and party levels. There exists no true, permanent forum in which this debate can be continued. This fact is underlined by the difficulties faced in setting up and dynamising a parliamentary social economy group<sup>6</sup>. Similarly, development of the social and solidarity-based economy rarely features in any political party's programmes, with the exception of the Socialists during the 1980s and the Greens in the 1990s. Generally more well-intentioned towards associations, politicians tend to take a category-based approach according to individual industries instead of a global approach intended to promote the third sector in a broader sense.

The exception is without doubt the 'Conseil Economique et Social' (*Economic and Social Council* - CES), France's third constitutional assembly. Composed of trade unions, groups representing private enterprises, industry, trade, arts and crafts, agriculture and professionals, the social economy is represented by its legal family, the co-operatives (ten members) and the mutual societies (four members), family associations (ten members) and the (broader) associations sector (five members). This representation is judged inadequate as it fails to reflect the socio-economic weight of the social economy, especially associations. Moreover, for some the role played by the national CES in arguing for recognition of the social economy is seen as being marginal by virtue of its essentially consultative character within the French institutional system.

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<sup>6</sup> In 2000 and 2001, the different constituents of the social economy were at the initiative of the Social Economy Parliamentary intergroup that comprises deputies, senators and CES members. The parliamentary group organised social economy parliamentary days.

At the local level the increasing importance of the role played by local authority representatives should also be mentioned. In the wake of the 2001 municipal and 2004 regional elections, many local councillors demanded, and were granted, responsibility for the social and solidarity-based economy. A number of towns (Nantes, Grenoble, Lille) and regions (Nord Pas-de-Calais, Provence Alpes Côte d'Azur, Basse Normandie, etc.) have put in place local, horizontal policies for the development of the social and solidarity-based economy (Laville, 2005). With the aim of reinforcing political positions at the local level and capitalising on their programmes, since 2002 these locally elected councillors have met and publicised their action via the Réseau des territoires pour l'économie solidaire (RTES). The heightened profile of horizontal third sector policies at the local level has been partially offset by the marginalization of this issue in terms of the government's agenda at the national level.

#### **4.5. Role of the academic world**

Research makes a major contribution to understanding and defining the scope of the third sector by attempting to pinpoint features shared by all third sector actors and organisations over and above any sector-specific characteristics. In this regard, the legitimacy of the third sector as the subject of research is not entirely unrelated to its legitimacy as part of public policy. The question of the compatibility of vocabularies employed in the academic, parliamentary and media spheres, is an important factor in the social acceptability and understanding of a horizontal approach to the third sector. Politicians are, therefore, often at the forefront of demands for improved quantitative and qualitative understanding of the sector as well as requiring evaluations for programmes put in place. Hence the significant increase over the past few years in the number of reports, studies and publications focusing on the social economy, the solidarity-based economy and associations<sup>7</sup>. Furthermore, the existence of platforms for academic dialogue such as the *Association d'Economie sociale*, and, especially over the past five years, the annual conferences of the *Inter-réseaux Univesitaire de l'économie sociale et solidaire*<sup>8</sup> are a means for strengthening ties between professors and doctoral students, and collaborations between research centres and universities.

However, the most influential research in political terms is research that examines definitions and concepts, and research that tackles statistical quantification. Although not mutually exclusive, the

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<sup>7</sup> All regional studies undertaken as part of the research programme of the *Secrétariat d'Etat à l'économie solidaire* can be consulted on the DIES website: [http://www.association.gouv.fr/rubrique.php3?id\\_rubrique=18](http://www.association.gouv.fr/rubrique.php3?id_rubrique=18).

<sup>8</sup> See details of the 5th *Rencontres Inter-Universitaires* at Marseilles on the Cefi website: [http://www.univ-cefi.fr/article.php3?id\\_article=580](http://www.univ-cefi.fr/article.php3?id_article=580).



three terms we have used here - social economy, solidarity-based economy, associations sector - are analysed by different researchers using different theoretical approaches (cf. section 3).

Another public policy challenge is to statistically prove the socio-economic weight of the social economy and associations sector. Hence the importance accorded by national and local administrations to quantifying the number of enterprises, employees, and volunteers active in mutual societies, cooperatives, and associations. In this regard, great progress has been made over the past 10 years: at the national level has been Edith Archimbault's 1996 work on the not-for-profit sector carried out as part of the international comparison undertaken by John Hopkins University (Archimbault, 1996a and 1996b); more recently, we have seen the spread of INSEE<sup>9</sup> (National Institute for Statistics and Economic Studies) surveys at the regional and conurbation levels looking at key data on the social and solidarity-based economy (see below).

## **5. Review of current horizontal policy agenda content and priorities**

The legitimacy of horizontal third sector groups implies the existence of cross-cutting political questions that transcend categorisation problems. In other words, only problems that cannot be solved by vertical policy field-specific policy actors taking action are relevant to the existence of third sector horizontal coalitions. Therefore, as we have already mentioned, the 1998 project for reforming association taxation was the determining factor in the founding of the CPCA. These issues also need to be put onto the political agenda and be communicated to national and local governments via intermediaries.

Within the TSEP network, we have identified a number of areas where third sector horizontal policy has been justified at national levels in European countries. On the one hand, it has been linked to three specific 'external' societal problems: social exclusion, unemployment and governance. Partly linked to these, but also 'internal' - being to do with the sector per se rather than as a response to predetermined problems - are a range of issues, including, prominently, legal and fiscal structures and voluntarism (Kendall, 2005a; Appendix I). Box 4 highlights some of the most significant recent events in relation to the latter; in the subsections that follow, the paper will point to key aspects in more detail.

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<sup>9</sup> See details on the INSEE website ([www.insee.fr/fr/insee\\_regions/](http://www.insee.fr/fr/insee_regions/)). For examples: Poitou Charente ([www.insee.fr/fr/insee\\_regions/poitou-charentes/publi/sommaire\\_cahier42.htm](http://www.insee.fr/fr/insee_regions/poitou-charentes/publi/sommaire_cahier42.htm)); Limousin ([www.insee.fr/fr/insee\\_regions/limousin/publi/cres2003.htm](http://www.insee.fr/fr/insee_regions/limousin/publi/cres2003.htm)), Midi Pyrénées ([www.insee.fr/fr/insee\\_regions/midi-pyrenees/publi/listedossiers01a03.htm](http://www.insee.fr/fr/insee_regions/midi-pyrenees/publi/listedossiers01a03.htm)).

**Box 4: Key events and legislation over the last 10 years**

	Objectives (1) and process (2)
1998: tax reform of associations	(1) Clarify the fiscal situation of associations developing commercial activities. (2) Consultation of CNVA then lobbying of CPCA
1999: Regional Social and Solidarity-Based Economy Consultations	(1) Promotion of social economy and collective identification of political priorities (2) Organisation of 22 regional conferences, thematic working groups and final reports
2001: Celebration of the centenary of the law of 1901 / Charter of Mutual Commitments between the State and the associations	(1) Defining shared principles for new contractualisation and partnership (2) Symbolic national signature and then attempts to implement at regional and industry levels
2002: Collective Interest Cooperative Societies (SCIC)	(1) New legal forms for multi-stakeholder social entrepreneurship (2) DIES activism in collaboration with main cooperative umbrellas (GNC, CG SCOP)
2001/2004: Municipal and Regional elections	Nomination of regional and municipal delegates to social and solidarity-based economy delegates and new local public policies towards third sector
2004: International solidarity volunteering contract	(1) Providing a secure legal framework to humanitarian voluntary work. (2) Consultation of CNVA and NGOs.

**5.1. Changes in governance architecture**

*Clarification and stabilisation of the relationships between public authorities and associations*

Two main events have highlighted the state of, and issues at stake for, the associations sector in recent years. First of all, there was the 1999 National Associations Meetings jointly held by the DIES in association with the CPCA and the CNVA. Nearly 20,000 association managers took part in 100 local forums, which prompted think tanks and proposals regarding relations between the State and associations, citizenship, social and employment innovations, human resources, Europe and women in the associations sector. The other major event was the *celebration of the centenary of the law of 1901*, which gave rise to hundreds of meetings, symposia and publications. The entire celebration was coordinated by an Interministerial Task Force. Conferences were held in Parliament (National Assembly, Senate and the Economic and Social Council), in the European Parliament and in different regions. Many summaries of these events were published, in particular by the DIES, the CNVA and the Centenary Task Force.

The issue of relations between the State and associations is a constant subject of debate and demands. Between the fear of being used for the public authorities' own ends and the fear of

being abandoned by them, the associations have been calling for a stable contract-based relationship with the State and the local authorities for many years. The main advance in recent years is the signing of the Charter of Mutual Commitments between the State and the associations signed by the Prime Minister and the President of the CPCA on 1 July 2001. This charter, which lays down shared principles for contractualisation, was to be taken on board by each Ministry and the local authorities. Importantly, however, as discussed in more detail below, it would appear that the more recent arrival of Raffarin's government has put somewhat of a brake on the process of actually applying the Charter.

**Box 5: The National Charter of Reciprocal Commitments**

In 2001, the centenary of the France's 1 July 1901 law of Associations, the CPCA was a 'Major National Cause for 2001', centring on the theme of 'associations' commitment. It was an opportunity to reaffirm the importance of the associations sector in French society, its diversity and special characteristic as a third pillar standing between the state and private sectors. As well as an opportunity to restate the core values of liberty, disinterestedness and solidarity and not-for-profit volunteering, all of which make associations partners in an active democracy.

The Charter of Reciprocal Commitments between the State and the 400,000 associations represented by the CPCA was signed on 1 July 2001 by Prime Minister Lionel Jospin and CPCA President Huvert Prévot. It symbolises and codifies the new conditions under which the rights granted by the 1901 Law are exercised in a spirit of openness and dialogue with the State. It emphasises the independence and legitimacy of associations.

The idea for a Charter of Reciprocal Commitments originated in the UK and Portugal. (In the UK case styled as a 'compact', see Kendall, 2005b.) Today, the concept is applied in Canada, Australia, Croatia, Poland, and Argentina. With the active support of the CPCA, the Charter is also used at the regional level, having already been signed in Aquitaine, Lorraine, Centre, Poitou-Charentes, and Provence Alpes Côte d'Azur.

In addition to the powerful message sent out by the signing ceremony, the Charter has been helpful in enabling better partnerships with public bodies, which have to deal with organisations that are well-organised and publicly recognised.

*Building a horizontal policy for the social and solidarity-based economy at the local level*

One of the positive effects of decentralisation was the emergence of local policies; this time framed using the social and solidarity-based economy construct in the early 2000s. This could be called a second phase for the sector in this sense following the national policies in the 1980s and 1990s, marked by the setting up of the Interministerial Delegation to the Social Economy (DIES) in 1981 and the State department for the solidarity-based economy (2000-2002).

The creation of a local public programme specifically for the social and solidarity-based economy has been the fruit of a two-tiered movement driven by central government and the widespread appointment of local officials responsible for the social and solidarity-based economy in the 22

French regions. They have, in particular, assisted with the organisation of the Regional Social and Solidarity-Based Economy Consultations. In addition, in 1999 the DIES promoted the introduction of a social and solidarity-based economy budget line line in the State-Regions Plan. The regional correspondents were tasked with developing a number of priorities: the development of the associations sector, raising the profile of social innovation, the contribution of the social economy to employment and local development, and assistance with structuring the Social Economy Regional Chambers (CRES).

Beyond this, a significant change has been the emergence of hundreds of solidarity-based economy ‘delegates’ in local authorities after the municipal elections in 2001, and then also the regional elections in 2004. In many cities (Nantes, Lille, Grenoble, etc.) and regions (Nord-pas de Calais, Provinces Alpes Côte d’Azur, etc.) local policies mobilising social and solidarity-based economy organisations and local networks have been gradually implemented (Laville and Fraisse, 2005). These initiatives have two advantages: the first is providing third sector horizontal policies with a local foothold. The second is the provision of a platform for dialogue and cooperation, or even for organisational representatives, for the various actors in the social economy, the solidarity-based economy and the associations sector.

## **5.2. Legal, tax and funding frameworks**

The growing role of associations that deliver commercial activities, the mixed economy nature (mix of market, public and voluntary resources) of the solidarity-based economy and the emergence of a multi-stakeholder social entrepreneurship are all elements that have led to fiscal and legislative reforms over recent years. Legal forms and taxation are two public policy tools that have historically been a determining factor in the identity of the social and solidarity-based economy as well as the associations sector in France.

### *A new legal status, the Collective Interest Cooperative Societies (SCIC)*

The main statutory innovation in recent years has been the creation of the Collective Interest Cooperative Societies (SCIC) in 2002. The private, public-interest SCIC is a new form of cooperative undertaking that brings together employees, users, voluntary workers, local and regional authorities and any other partners who wish to work together on a given local development project. The SCIC is one outcome of a debate on the need to take into account, in the legal forms for social economy enterprises, the different stakeholders involved in putting together local initiatives. This new statute was significantly inspired by wider European developments. The French co-operative movement looked to pioneering research on ‘social

enterprise' (Borzaga and Defourny, 2001) and was particularly influenced by the experience of social co-operatives in Italy (Ranci et al., 2005). The new statutory form was meant on the one hand to enable cooperatives to open up more fully to the vast 'market' of social services and, on the other hand, to help the entrepreneurial development of several association-based economic activities. However, after 36 months of existence, only 55 SCICs have been created (Malgado, 2005). The SCIC has not yet proved to be the legal form capable of creating a third sector identity based on the grouping together of cooperative and association families.

#### *Taxation and contractualisation of associations*

The debates on financing the associations sector have focused on two major issues: the taxation of associations; and mechanisms for entering into a contract with the State. The growth in associations' commercial activities has prompted the Ministry of the Economy and Finance, often following unfair trading complaints by commercial companies, to reconsider the taxation of associations. Two tax directives were published in 1998 and 1999. They specified criteria (product, price, public and advertising; see Box 6) that they claimed go to make up the specific nature of associations compared with the competitive sector, and which make associations liable for VAT (value-added tax). The tax directive triggered political mobilisation by the associations to make its rules of enforcement more flexible. It was on this occasion that the CPCA asserted itself politically as a negotiating partner with the public authorities. Following this mobilisation, a circular on the development of *long term State-association agreements* was published in December 2000, partially responding to a long-standing call from the association movement for the necessary continuity of public funding. The DIES played a monitoring role in these two matters (taxation and agreements).

### **Box 6: Associations and taxation**

Associations and not-for-profit bodies in general (foundations, religious bodies, etc.) are not in theory subject to taxes levied on entities providing a commercial service (notably value-added tax, corporation tax and local business tax). Such bodies effectively benefit from significant tax exemptions.

Over the last twenty years, many associations have developed their trading activities. This change led the tax authorities to issue three guidance notes on 15 September 1998, 19 February 1999, and 17 December 2001.

New criteria must be considered when determining an association's liabilities for these taxes:

- is the organisation's management remunerated?
- does the organisation trade?
- does the organisation compete against the commercial sector in a given geographical zone?
- does the organisation operate in a competitive field?

Examination of these four conditions, often referred to as the 4P rule (Product offered by the organisation, Public targeted, Prices charged, and Publicity/advertising) allows an assessment to be made of the degree of commercial influence prevailing within associations' activities, and hence their possible liability to taxation.

Behind the question of a tax regime specific to associations lie the possible outlines of a future third sector. The debate on the opportunity of creating a 'social utility' label (Lipietz, 2000; Gadrey, 2005) takes the issue even further. In 2001, the SEES worked on a Bill to give all the social and solidarity-based economy components a common legal framework and to ensure the sustainability of their financing. The Bill provided, in particular, for the creation of a 'social and solidarity utility' label or approval that could give rise to certain tax cuts or regulatory advantages. However the Bill, part of which aimed to better define the solidarity-based economy's legal scope, did not go through in the end due to lack of time and credible proposals, but also due to reticence from the social economy organisations. These organisations feared, among other things, that the 'social and solidarity utility' label granted to enterprises would not completely meet the principles common to the association and co-operative statuses.

*Sustainability and specific funding support*

The implementation of a horizontal third sector policy also depends on specific and suitable funding mechanisms. However, the funding designed specifically to support the social and solidarity-based economy remains limited and most public aid is incorporated in other public policies. Examples are programmes for business start-up support, local urban development, assisted jobs and the fight against exclusion (see 5.3 below).

How can support and funding policies that take into account the specific nature of the social and solidarity-based economy (collective and participative aspects, voluntary participation, mixed resources and funding) be put in place? Changes over the last few years demonstrate how fragile the sustainability of funding remains, as shown by the example of the development of the SEES and DIES budget. The budget earmarked for the social and solidarity-based economy increased considerably following the creation of SEES since it rose from approximately €3 million per year in 1999 to over €15 million in 2002. After the abolition of SEES in 2002 by Raffarin's government, this budget was again brought down to €6.4 million in 2004. Likewise, DIES and State department teams increased between 2000 to 2002. For example, the DIES had fifteen technical advisors at the time as opposed to ten today.

The main measure to support the creation of activities was the call for projects for the 'Solidarity Dynamics' programme launched in 2000. This policy partly fulfilled the expectations of the solidarity-based economy networks, which had noted the problems many local initiatives had getting off the ground and developing for want of a specific support policy. In the end, 700 of the 3,500 dossiers considered received financial assistance. This success was presented as a sign of the vitality of citizens' initiatives on the ground and the need for a permanent mechanism to support this type of initiative. But it is important to recognise the lack of sustainability in this type of programme, which did not survive the disappearance of the State department. We can observe similar application difficulties for the circular on the State-association agreement for long term subsidies adopted in 2000. Therefore, following the change of government in 2002, a great many long term contracts were revised or condemned by the State in the context of a drop in taxes and slow growth.

Another legislative advance made by SEES was the tax system's recognition of social savings and their inclusion in the law on employee savings (French-style pension funds). Article 19 provided, in particular, for the creation of investment funds to invest in solidarity-based firms. This law provided for a substantial increase in solidarity-based savings in 2004.



Finally, the management by the third sector (Regional Chambers of Social economy, URIOPSS, etc.) of Measure 10B (European Structural Funds) can also be considered as an innovation, not only to demonstrate that third sector bodies can act as credible managers of European funds but also initiate a new form of local dialogue and partnership with local government and administration. This is especially to support solidarity-based and association-based micro-projects in a less bureaucratic way than the government (see Crowhurst et al., 2005).

### **5.3. The rise in unemployment, social exclusion and the generalisation of active labour market policies**

#### *Associations sector and economic integration enterprises as a tool of active labour policies?*

Associations as well as initiatives from the solidarity-based economy were the first to invest in the fight against unemployment and exclusion through, for example, the emergence of associations for the unemployed or work integration enterprises (cf. section 2 above). Moreover, the creation of new activities and jobs by associations in a context of structural unemployment was progressively taken into account in public employment policies. Since the mid-1980s, governments have increased specific employment contracts (Community Utility contracts, solidarity employment contracts and New Youth Employment Services programme) in the non-market sector (Enjolras et al., 2000). Generally, these contracts are fixed-term contracts, partially subsidised and targeting a specific population group (young people, the long-term unemployed, recipients of minimum income benefit, etc.) in uncompetitive sectors of activity and which provide ‘social utility’ in some way. Labour market policies had an ambivalent effect on the development of the solidarity-based and social economy as well as the associations sector. These policies are at once a way of bringing recognition and reinforcement to third sector economic activities and employment, as well as a way of instrumentalising association-based jobs by the authorities in making the financial aid for creating activities dependant on their potential to create jobs rather than on the content of association-based or solidarity-based economy projects. The public authorities’ assessment and financial support of third sector organisations based on the criteria of how many people in difficulty are employed or integrated has sometimes been judged to be a criterion that diminishes social utility. Moreover, the generalisation of ‘atypical jobs’ could also be viewed as a form of destabilisation of association-based jobs that is detrimental to the professionalisation process of the third sector. The abolition of the youth employment programme<sup>10</sup> and the decreasing of subsidised jobs (2002/2004) in the associations sector reveal

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<sup>10</sup> The number of associations that benefited from the New Youth Employment Services programme (NSEJ) between 1997 and 2002 is estimated at 37,000. The programme was more than a measure to fight

the increasing economic dependency of the associations on labour market policies for their development. In any case, it seems clear that the growth of cooperative jobs and especially association-based jobs in the 1990s has not yet been sufficient to make representatives of the social economy or the associations sector real stakeholders in labour market policy in the same way as employer and employee trade unions. The issue of recognition of the associations sector by governments and administrations as either entrepreneurs or employers remains unanswered.

Be that as it may, the importance of assisted jobs in the associations sector and, more generally, the social and solidarity-based economy makes it a significant problem for the entire sector. The role of employer and human resources manager, as well as the professionalisation of jobs and working conditions, has become one of the cross-cutting issues for most federations and local initiatives<sup>11</sup>.

#### **5.4. New forms of volunteering**

However, the management of human resources is not confined to supervising paid work. One of associations' specific aspects lies in the importance of voluntary participation. The number of volunteers in the associations sector is, depending on the study, estimated at between ten and twelve million (Archimbault, 1996; Fevre and Muller, 2004). Their recognition, status, legal responsibility and remuneration are all cross-industry issues that have been the object of legislative reforms over the last few years. Conceptually, most of the debate revolved around the distinction between *volontariat* and *bénévolat*. Although both concepts have at their core values of commitment freely delivered participation and solidarity, they are not equivalent. In France, a distinction is made between a *bénévole* and a *volontaire*. A *volontaire* formally commits, for a limited period of time, to working full-time for the good of a community. The status of the *volontaire* is recognised by the state, and they are paid an indemnity. The *bénévole* does not enjoy an official status and any commitment made is performed outside working hours. *Bénévoles* receive no monetary recompense. As a result, *volontariat* is inevitably more tightly controlled (civil forms of national service, international cooperation international and humanitarian aid, etc.) than *bénévolat*, which is the dominant form of commitment made in France to local and national associations.

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against youth unemployment. By subsidising jobs in the not-for-profit sector, the State intended to encourage the emergence of innovative activities in the services sector. The programme was on an unprecedented scale, since the State spent 20.6 billion euros between 1997 and 2002. For an analysis of the overall programme see Nahapetian (2003).

<sup>11</sup> A recent CPCA seminar on 'employment in associations' in September 2004 demonstrates this fact, as does the project plan for a major conference on association development organised with governmental support.

With regards to the debates and legislative progress, three steps can be mentioned.

(1) First, the civil volunteering act of 14 March 2000 that followed the abolition of obligatory military service in 1997. But it was not until 2004 that a *volontariat civil de cohésion social et de solidarité* (civil volunteering based on social cohesion and solidarity) was set up, allowing 18- to 28-year-olds to undertake general interest work on French territory as part of their national service. In 2004, an *international solidarity volunteering contract* was adopted by the National Assembly and the Senate. This contract aimed to provide a secure legal framework for humanitarian voluntary work within the context of a non-governmental organisation (NGO). The contract encompassed all forms of association-based international solidarity volunteering work that is performed in all non-EU countries, whatever the age of the volunteer, the length of the mission and the means of financing.

(2) A Bill relating to a specific association-based volunteer status, distinct from the strict *bénévole* status or employee status, was recently proposed by the government<sup>12</sup>. The association-based volunteer would commit to working for an association for a fixed period of time and could receive an indemnity if the commitment made it impossible to undertake a professional activity. This status is a partial response to proposals from the CNVA *Bénévolat, volontariat et salariat* working group on the adoption of a specific legal form for *bénévoles*, as well as ways of valuing their contributions and providing them with an indemnity and social security cover for a limited period of time. Consulted by the government, the CNVA asked that the time period, indemnity amount and volunteering monitoring mechanisms be specified in more detail so that association-based volunteering does not risk producing bad work or becoming remunerated *bénévolat*. Whereas the CNVA spoke initially in favour of a cross-cutting approach with regards to association-based volunteering across different industries of activity (international solidarity, recreation and holiday centres, social integration, etc.), the successive adoptions of at least three volunteering legal forms (civil volunteering based on social cohesion and solidarity, international solidarity volunteering contract and association-based volunteering contract) in the last five years reveals the difficulties of the authorities and the associations sector in moving away from narrower approaches to association-based volunteering to give precedence to a cross-cutting approach. Despite these reservations, the creation of these different legal forms provides the building blocks for constructing a horizontal third sector policy rooted in consultative bodies (CNVA).

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<sup>12</sup>Ministers Council, 2 March 2005.

## **6. Review of implementation of the third sector specific horizontal policy agenda**

It is clear that between 1998-2002 a more ambitious social and solidarity-based economy policy has been put in place to meet the actors and networks' expectations for both economic reasons (centenary of the law of 1901) and political reasons (creation of a State department for the civil and solidarity-based economy in 2000). Many projects were launched or stepped up from the point of view of debates (regional social and solidarity-based economy consultations, associations sector meetings, the European meeting at Tours, etc.), budgets allocated, support for local initiatives, governance (Charter of Mutual Commitments between the State and the associations), statutory advances (SCIC), regional structuring (CRES) and research programmes.

However, a number of these programmes were stopped after 2002 without any real evaluation being made of the impact of this policy on players and public policies. SEES shows a mixed performance as regards the institutionalisation of a horizontal policy for the third sector. The failure of the framework law to address social and solidarity-based economy meant that there was no political and legislative anchoring, as required for the recognition of the social and solidarity-based economy. Moreover, the two-year coexistence of a dual administrative structure (SEES and DIES) has sometimes created some political tensions. Lastly, there has been rivalry between social and solidarity-based economy networks despite several joint projects.

Since 2002, the consequences of a horizontal third sector policy in France have gone in two directions. As far as the social and solidarity-based economy is concerned, local authorities (towns and regions) have taken up where the state left off, nominating for the very first time elected representatives responsible for the social and solidarity-based economy and launching local policies to address the issue. Nationally, actions taken by the DIES - now part of the remit of the Ministry for Youth and Sports - have been re-targeted to focus on questions surrounding the associations sector, especially in pursuing the goal of establishing a new status for civil volunteers (cf. section 5.4).

Three analytical levels can be distinguished for the purpose of evaluating the implementation of horizontal third sector policies: the inclusion of the social and solidarity-based economy in public policies, specific measures for the consolidation of the third sector, and lastly the continuity of policy direction. At all of these three levels questions arise surrounding the durability of policies for the social and solidarity-based economy, as well as the associations sector.

If these organisations are stakeholders in public policies for employment and the fight against social exclusion, there remains the risk of seeing the sector instrumentalised by government to

suit its own particular priorities. This effect is illustrated by labour market policies, previously cited in section 5. Having first been courted for the purposes of the *emplois-jeunes* programme (1997-2002) associations are now called upon, as during the early 1990s, to create jobs in the personal and home-help services sector at the national level. Regionally, the social and solidarity-based economy is required to play its part supporting the roll-out of *emplois-tremplin* by regional authorities controlled by the left. The recurrent difficulty encountered by social enterprises and associations is the fact that they are required to forever adapt to changes in political priorities of employment policy, but without being able to gain proper recognition of the specific problems of association-based employment in terms of funding, professionalisation and the quality of the jobs offered.

An evaluation of specific measures to encourage consolidation within the third sector also shows a highly contrasting situation. On the one hand, the low rate of SCIC creation and the difficulties in the sector-specific and local application of the Charter of Mutual Commitments between the State and Associations serves as a reminder that legislative progress and written undertakings are meaningless unless the political will exists to see them translated into reality. On the other hand, measures such as the tax system's recognition of social savings have helped to nurture the development of solidarity-based finance. Similarly, the management of sub-measure 10b (European Social Fund) actions by local third sector organisations, the structuring of the CRES, the continuation of the movement towards regional and local solidarity-based economy groupings<sup>13</sup>, the production of local research and statistics (see section 4.4) are all advances that serve to consolidate the establishment of local social and solidarity-based economy policies.

It is, however, worth questioning the political coherence of the catalogue of measures and aid offered to the social and solidarity-based economy. Although their horizontal nature cannot be denied, their partial and specific character prevents them from being classed as part of the political mainstream. This may be explained by a lack of continuity in the policies adopted, by the administrative marginalisation of the DIES, and by the low level of monetary resources allocated. Has the time come to implement a framework law (as was attempted by the former Minister of State for the Solidarity-based Economy, Guy Hascoet, in 2005) for raising the political profile of actors and enterprises from the social and solidarity-based economy as well as providing them with regulatory and fiscal mechanisms that improve control of their interfaces with the for-profit and competitive sectors? Without falling into the trap of underestimating the pitfalls of institutionalising the social utility offered social enterprises and associations by granting them

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<sup>13</sup> The main local solidarity-based economy groupings were identified in a report issued by the *Mouvement pour l'économie solidaire* (MES; see Appendix 2).

some form of approved status, it cannot but be noticed that once again the path to legitimacy for horizontal third sector policies appears to lie in the adoption of a law. Whether this is a peculiarity of the political process in France, or is indicative of the fragility of civil society coalitions is an issue to which some clues may be found in the following section.

## **7. Towards an understanding of aspects of the third sector's national situation**

In retrospect, the past thirty years may be analysed as being a process during which the social and solidarity-based economy, and associations progressively took root within the range of public policy issues: legal recognition via statutes, specific administrative departments, consultative committees, a seat on social and economic councils, the formation of cross-industry and inter-statutory groupings, and the emergence of local policies. These are all tangible signs of institutionalisation.

This part of the text attempts to identify the factors and events that explain the specific nature of the French context. The rise in the number of associations and progressive affirmation of the social and solidarity-based economy are linked to favourable socio-political factors - weakening of traditional political forces and changes in forms of commitment - and socio-economic factors - development of the services sector, unemployment and exclusion. It is argued, however, that the construction of horizontal aspects of third sector policy is to be traced especially to the historical struggle waged by civil society for recognition as a legitimate political stakeholder within a French political system characterised by the pre-eminence of the law as the incarnation of the general interest, administrative centralisation and the weakness of social dialogue.

### **7.1. Relative Stable systemic parameters**

#### *Constitutional factors*

While modern cooperatives, mutual societies and associations are all firmly rooted in the associations movement of the mid-nineteenth century and share the values and principles common to organisations, a part of their identity is founded on specific legal statuses. The historical difficulties in gaining these statuses, particularly freedom of association, partially explain the importance social economy organisations have attached, and continue to attach, to recognition by the law and the guarantees it provides.

*The 1901 Act*

Article 1 of the 1901 act defines an association as

‘an agreement by which two or more people pool, on a permanent basis, their knowledge and their activity with an aim other than that of sharing out profits’.

The 1901 Act is attractive due to its flexibility. A large variety of types of activities and organisations can coexist under the same status. What do a private hospital recognised as a public utility association, a bowling club ran by volunteers, and a political movement organisation like ATTAC have in common? The huge freedom that associations enjoy with regards the activities in which they participate partly explains the rise in the number of associations that have set up during a period of growth for service activities. If France had the same social cooperatives act as Italy, it is possible that an entire section of the trade activities of associations would be developed under a cooperative status. This huge adaptability, however, is precisely that which makes the unique nature and identity of the association movement problematic. Referring to the 1901 Act is not always sufficient in encompassing all the many different socio-economic players in one movement. Moreover, this adaptability makes the association status particularly vulnerable when faced with the risks of authorities exploiting the 1901 Act. It has been common for people to denounce the creation of associations that the government or regional authorities exploit to get round strict administrative regulation. This type of para-public association blurs the divide between the State and civil society and can make it hard for association players to feel part of one and the same united group.

*The centralising tradition of French government and administration*

While associations, mutual societies and cooperatives succeeded in gaining legal recognition, the long denial of intermediary bodies by the politico-administrative authorities had a huge impact on the French political model (Rosanvallon, 2004). The influence of centralisation was crucial in relation to the structures adopted by the French social economy and associations sectors, which had for a long time more or less modelled their federative organisations on the regional division of the French administration. In order to be in a position to negotiate with the State, it has often been the case in Paris that social economy leaders have set up their vertical and horizontal groups: for example the CNLAMCA, the CEGES, the CPCA. But many other statutory and industry-based bodies are primarily the product of upper tier managers from the social economy or associations sector. It is often in a second phase that regional structures are created following a top-down approach. In a certain way, the public legitimacy and the political base of the third

sector comes as much from the State as from the number of members. Faced with the relative weakness of their social base, some authors have even spoken of 'public services associationism' to describe the huge complementary nature that exists between the State and large associations in France and the tendency towards institutional isomorphism (Enjolras, 1994), even if we can really speak of neo-corporatism (Barthélémy, 2000).

Besides the way it is structured and the idea of legitimisation, a further particularity of the French political model is that the horizontal structuring of the third sector is very rhetorical and political, rather than economic and social. In other words, although there is a common dialogue that happens within and between the various constituents of the social economy, this does not necessarily lead to intersector and interstatutory socio-economic cooperation in terms of actual implementation. This method of structuring from the top can also be attributed to the possible gaps between the production of a unifying dialogue between the national representatives of the social economy and associations sector and a scattered social base.

#### *A corporatist welfare-mix system*

Although the welfare state is experiencing financial pressures, as illustrated by recent reforms to health insurance and pensions, it remains nonetheless characterised by the significant role assigned to associations and mutual benefit societies, notably in the areas of healthcare and social action. This historical incorporation of third sector organisations into the social protection system goes a long way to explaining the quantitative importance of the social services sector, in terms of the total number of associations and salaried employees as well as of public subsidy expenditure (Archimbault, 1999).

Moreover, reforms to the welfare state, structural unemployment and exclusion have opened up a vast field of public-private partnerships in which there is plenty of space for both social enterprises and associations. This is also true of the mutual benefit societies operating in the healthcare sphere, whose financial and political role has been strengthened by successive reforms of the national health assurance system. It also applies to associations that manage health and social services as - owing notably to an aging population - they are regularly solicited by local and national government to develop services to the elderly. Although expenditure on social services may be tailing off, it nonetheless remains sufficiently large to foster growth in an associations sector that provides the added advantage of offering enhanced accounting and staff flexibility in comparison to the public sector. It continues to be a French trait that public resources play a large part in financing associations, and that donations, such as in the form of corporate sponsorship, is commensurately low.



*The difficulty of becoming a sustainable social partner*

Besides recognition from elected officials and administrations, the capacity of third sector coalitions to build up effective social pressure can also be assessed via the degree of recognition shown by organisations, parties and trade unions, which sway socio-political and socio-economic life. In this respect, the political situation is uneven: becoming a legitimate and regular negotiator with the authorities is no easy feat for horizontal umbrella organisations from the social economy and associations sector. The absence of an established tradition of social negotiation leaves a significant place for the French administration to occupy in social regulation. Furthermore, the reticence of employers' organisations and trade unions to recognise the social economy as a stakeholder in social dialogue has not lessened.

On the whole, employers' organisations remain hostile to enterprises in the social economy. Representatives of business enterprises generally denounce the constraints upon competition such as tax and legal benefits or other subsidies from which cooperatives, mutual societies and associations benefit (CNPFP, 1985; MEDEF, 2002). Moreover, these enterprises contest the legitimacy of associations to develop commercial activities and prefer to confine them to a voluntary and philanthropic role.

Relations with trade unions are more constructive even though they are not as institutionalised as they are in Quebec for example<sup>14</sup>. To summarise, enterprises that are part of the social and solidarity-based economy are not considered by trade unions as party to social dialogue. In France, as in the rest of Europe, questions relating to employment, professional training and social benefits remain the special domain of trade unions in which recipient associations (unemployed, pensioners, the sick, etc.) are rarely considered as legitimate and representative groups.

Despite this weak legitimacy amongst business enterprises and the difficult dialogue with trade unions a certain amount of progress has been made, notably with the platform for the representation of social economy employers on the *Conseils des Prud'hommes* (tribunals that adjudicate employment disputes) alongside business leaders' representatives (MEDEF) and the main unions. Presenting themselves for the first time at the elections for the Prud'hommes in

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<sup>14</sup> In Quebec, the 'Confédération des Syndicats Nationaux' (*The Confederation of National Trade Unions*) support the social economy platform (Chantier de l'économie sociale), the official body gathering the different components the social economy. For details on the CSN's position, see documents available on the web site: <http://www.unites.ugam.ca/econos/documents.htm>.

2001, social economy employers gained an 11.5% share of the vote, demonstrating the strength of the social economy.

## **7.2. External shocks / system events**

Whilst elements of a horizontal social and solidarity-based economy policy have existed in France since the 1980s, they remain fragile. Several events lead us to believe that the institutionalisation of the social and solidarity-based economy within the context of public action is in no way irreversible. Although public support of associations is less of an issue, particularly at the sector-based level, a global policy for promoting the associations sector has experienced highs and lows, fluctuating significantly in recent years. The ambivalent effects of decentralisation, the changes in modes of governance, the absence of a stabilized common vocabulary in a context of the affirmation of solidarity-based economy, the constraints of liberalisation and competition, the changes in activism or voluntary commitments create new opportunities of development but also new obstacles that need to be overcome to consolidate a cross-cutting policy. These can be seen as ‘shoves’ to the system, and are now considered in turn.

### *The ambivalent effects of decentralisation*

One of the most notable developments that had an effect on the structuring of the third sector economy in France has been *decentralisation*. Introduced in 1982, the process particularly affected associations since social action became the specific domain of the *départements* (General Councils). Raffarin’s government (2002-2005) proceeded to implement a new step in the decentralisation process by adding this principle to the French constitution (‘the Republic is a decentralised organisation’) and by transferring new responsibilities to the *régions* and *départements*.

The effects of decentralisation on the structure of the association movement have been ambivalent. In the first instance, the process managed to slow down the formation of horizontal coalitions at the national levels. The political power at the national level is now counterbalanced by the regional and departmental level, which undermines the large national coordinating bodies that were used to negotiate those measures which affected all or a section of the associations sector with central administrations. Decentralisation was a factor in stimulating the associations sector in the *régions* and *départements*. At the same time, however, the process also gave way to new forms of instrumentalisation by local MPs (CNVA, 1993), who managed to undermine the capacity of associations to be autonomous political representatives and, where necessary, critical of public action.

*Diversification in modes of third sector governance*

The changes affecting the third sector centre on diversification in modes of governance and in relationships to central and local government. On the one hand there is the trend whereby the state, including local government, ceases to act as a direct provider of a service, concentrating instead on the regulatory and funding aspects, and thereby favouring the growth of external, including third sector, organisations. On the other hand the quest for greater efficiency in social policies, decentralisation and EU restrictions on public contracts lead to a weakening of hierarchical modes of third sector governance. The provision of social services is witnessing the emergence of new regulatory and funding modes, either on a contractual per-project basis or by competition between providers. It is too early to assess whether these contractual or competitive governance modes contribute to a political strengthening or weakening of the third sector. In any event there is the fear that liberalisation of social services will lead in the future to a strict separation between third sector advocacy-type activities and economic activities. However, it is a clear responsibility of the social and solidarity-based economy, as well as the large majority of the associations sector, to loudly defend the twin socio-political and socio-economic functions of its activities.

*Transformation of types of political activism and the change in forms of associations' commitments*

We often hear that in the late 1980s the French began to lose faith in political parties and trade unions. This translated into a fall of participation levels in electoral and professional elections as well as a drop in the number of members and activists. The activist crisis that has hit politics and trade unions is in contrast with the vitality of the associations sector in terms of the number of associations created and the number of active volunteers. However, the demographic growth of associations and volunteers also hides the transformation in the modes of participation in the associations sector (Barthélémy, 2000). The crisis in traditional forms of political representation and membership (parties, unions) has left space for new forms of committed voluntary engagement, largely benefiting the associations sector, although in disparate, even contradictory, ways. On the one hand is the growth in voluntary work unencumbered by any strong ideological viewpoint, for example in local associations, NGOs and charities. On the other hand, the newly emerging 'anti-establishment movements' (Sommier, 2003) operate as associations, organising to defend the rights of those without a voice powerful enough to be heard (the unemployed no longer entitled to benefit, the homeless, immigrants without proper papers). Similarly, the constituent parts of the alternative-globalisation movement are largely associations, even if within the solidarity-based economy only part of the cooperative movement is mobilised.

The French third sector, and the associations sector in particular, has two challenges to meet. The first concerns the relevance of the national association coordinating bodies in the face of a continual increase in the number of local associations and the diversification of the ways in which people manifest their commitment. Functioning for the most part using an elective model that reproduces the mechanisms of representative democracy within a social organisation, the association federations cannot escape the crisis of legitimacy that afflicts all forms of representative government. The challenge is to avoid construction of a third sector policy that relies exclusively on deals reached between the elites from the associations sector and their political and administrative counterparts, and that does not reflect or win the backing of the local associations that are largely responsible for driving growth in this sector.

The second challenge is sociological. The new forms of voluntary, committed engagement remain largely the preserve of the middle classes, and they thus fail to address the question of associations' abilities to promote participation and social promotion by members of less well-favoured social groups. This inability of the associations sector to provide itself with a popular base is not new and cannot be divorced from questions concerning changes to its leadership.

*The absence of a stabilized common vocabulary in a context of the affirmation of solidarity-based economy*

The construction of a new field of public policy comes up against the dual issue of the legitimacy and legibility of its area of competence amongst both elected representatives and local authorities, and the electors and local economic actors. The identification of a political field of action is an essential stage in a process favouring the social and solidarity-based economy.

In the 1990s, the solidarity-based economy emerged as a similar, but rival concept to the social economy notion. A range of actors and initiatives (fair trade, micro-finance, LETS, organic foods and cooperatives, local and community services, etc.) underline the inadequacies of understanding third sector projects and practices as only 'social economy' (in the sense of the second approach discussed in section 3) as well as being a factor in the ideological revitalisation in the face of a diluted identity. Firstly, proclaiming values and recognition by statute alone is no longer adequate either to federate actors and organisations, nor is convincing governments and public opinion of the necessity for a horizontal policy. The appearance of private labelling schemes (for example, fair trade and solidarity finance labels) seeking to provide proof of the solidarity or equitable nature of the production and distribution process of a good or service, or indeed the recent debate over social utility, are examples of the search for objectification of the third sector's social objectives and impacts. Secondly, defending legal statuses (mutual benefit society, cooperative

and association) does not amount to a policy if it does not account for the wider institutional changes inherent in liberalisation and the mercantilisation of the economy. Faced with the risk of the market ethos subsuming the social economy, the reaffirmation by actors from the solidarity-based economy that other types of economy are possible and needed seems to us to be symptomatic of a search for a political view capable of mobilising support.

In 2000, the creation of SEES - as State department for the civil and solidarity-based economy - created an upheaval in the social economy administration and networks. Although mobilising more human and financial resources for the third sector SEES risked undermining the last twenty years of work to institutionalise the social economy in public policies and the administration by introducing a new expression. The existence of the dual terminology also risked creating more confusion surrounding the perception of activities and enterprises still not sufficiently taken into account by administrations and fairly unknown to public opinion. In order to take account of the institutional heritage and economic weight of the social economy while leaving room for solidarity-based economy initiatives, SEES and DIES as well as many local authorities placed their policy under the name of the social and solidarity-based economy.

#### *The constraints of liberalisation and competition*

At the same time as this top-level compact was sealed, the social economy began to suffer the pressure occasioned by neo-liberal deregulation (1980-90), which in turn exacerbated the trend towards institutional isomorphism. Faced with competition, cooperatives and mutual benefit societies tend to mimic the managerial practices of a traditional enterprise. The need to reach a critical size and to mobilise capital within an economy open towards Europe and the world led to a bout of rationalisations, mergers and affiliations with traditional capitalist enterprises that called into question the durability of the cooperative and mutual society management model in the context of globalisation. In addition to widespread adoption of market practices, the other oft-decried risk has been that of the exploitation of associations to perform missions of general interest whose objectives, regulatory framework and funding are all defined more-or-less completely by local or national government without any form of consultation.

Faced with the constraints of liberalisation and competition, the political unity shown by the leaders of the social economy has at times resembled a somewhat artificial and ideological alliance, bearing in mind the small scale of economic cooperation between participants and the very limited sense of belonging to the social economy felt by employees and users. However, this assessment can be reversed. As regards the pressure applied by the market and the State, and in comparison to the situation of the third sector in other European countries, the social economy's

institutional gains and its coalition's resistance to the past twenty years' changes are sufficiently important to be underlined.

On a different matter, it is worth underlining that the associations sector, whose vitality has already been noted, has maintained its institutional ties to the social economy. Aside from the historical closeness of mutual society, cooperative and association networks, it is awareness of the economic role of the associations movement that undoubtedly plays a part in explaining this situation. Associations' increasing commercial activities, and their role as employers, have already led a number of authors (Demoustier, 2001; Hély, 2003) to talk of 'association enterprises'. However, the growth in associations' entrepreneurial dimension is more of a factor strengthening the social and solidarity-based economy than a factor in its dilution. With the changing public regulations and the advent of competition between associations and private companies for the provision of social services (for example, services to the elderly and to children), market pressure is no longer the sole preserve of mutual benefit societies and cooperatives, it is also a reality for a section of the associations sector. In the social sector, in other words, the question of public governance of associations' economic activities blurs the commonly accepted boundaries between market cooperatives and associations.

### **7.3. Motivating beliefs, policy entrepreneurship and coalitions**

Despite the fact that France has a long tradition of democracy it has historically been afflicted by a degree of political and constitutional instability. It is only recently - more or less since François Mitterand's election in 1981 - that the changeover of political power between parties from the left and right has taken place peacefully, within a political system that is constitutionally relatively stable. The process of development of the associations sector and, to a lesser extent, validation of the social economy has succeeded in adapting to the political switchovers that happen at each election. The continued presence of certain administrative bodies (DIES) and committees (CNVA) can be seen as a sign of the French third sector's integration into the political system.

However, the relative lack of awareness of the social and solidarity-based economy amongst a number of French political leaders as well as the absence of any real proposals for civil society in the main political parties' programmes have made third sector coalitions somewhat sensitive to changes of government. We first consider the nature of this sensitivity, which draws attention to instability. However, we can also see durable values or beliefs, which have clearly endured in spite of these political shifts.

*Governing coalition: sensitivity to change in the national and local governments*

To appreciate the impact of the political changes on the recognition and support of the third sector economy in France, we simply need to identify two types of change. First, the changes related to national elections and in particular the re-election of Jacques Chirac in 2002 and the victory of the conservative right during the legislative elections a month later. At this level, we need to appreciate the impact of the changes in government on administrations (DIES), consultative bodies (CNVA) as well as the existing coalitions. Then we need to consider the regional and local elections that can represent a political counterweight to the national majority.

We need to differentiate between different collective nouns when examining the effects of those political changes. It was in fact undoubtedly the solidarity-based economy coalition that was the most sensitive to the change of government in 2002. The creation of the State department for the civil and solidarity-based economy had been the product of a fragile compromise between the Socialist and the Green parties. It came as no surprise that the solidarity-based economy department was removed when Raffarin's government came into power. However, it is interesting to mention a few elements that persisted in the theme of the solidarity-based economy and the object of the public policy of some local and regional governments. Several local MPs (often from the Green party) are in charge of the solidarity-based economy and the social and solidarity-based economy in town councils (Nantes, Lille, Grenoble) and Regional Councils (Nord-Pas-de-Calais, Provence Alpes Cotes d'Azur, etc.).

In principle the sustainability of the networks, the politico-administrative institutionalisation and the economic power of the social economy should have made it more resistant to changes in the political majority. Unlike the solidarity-based economy, the social economy has experienced several changes in the political majority since 1981, which can be interpreted as a sign of political implantation. However, the promotion of enterprises in the social economy has never really figured in the programme of political parties or governments of the right that seem to favour a vertical industry-based or legal status-specific approach than a broader cross-cutting one. For example, the French mutual societies were considered by the Ministry of Health as party to the negotiation on the current reform of the health insurance system. But in this cross-cutting context, the development of the social economy did not seem to be a priority of the current government as certain changes would suggest. The DIES budget has been considerably reduced, falling from over €15 million during the term of the State department for the civil and solidarity-based economy (2002) to €6.4 million in 2004. Moreover, the recent incorporation of the DIES into the Ministry of Youth and Sports which has little sway within the government was little appreciated

by those in charge of France's social economy representative. They have always been in favour of being incorporated into the Prime Minister's office.

By comparison the adverse effects of political change on the third sector using the associations construct appears to have been less marked. Indeed, political and religious affinities cross the association movement to the point that we can less easily incorporate this sector into a political spectrum position or ideological family. It should therefore be, in theory, less sensitive to changes in government. However, even here several recent developments demonstrate that the actors and networks of the associations sector have experienced difficulties since Raffarin's government came to office in 2002: the government's difficulty in recognising the cross-cutting and horizontal structures of the associations sector. Following several demands, it was not until late 2004 that the former Prime Minister, Jean-Pierre Raffarin, received the CPCA delegates. Jospin's decision to make the CPCA the government's political representative, on the basis of the 'charter of reciprocal commitments between the State and associations' was undermined. Moreover, it was not until a year and a half later that the decree specifying the missions and members of the CNVA appeared in the *Journal Officiel* (November 2003). This latency period reinforced the feeling that the government did not have any real policy on the associations sector. It is only recently that relations between the government and organisations representing the associations sector (CNVA and CPCA) seem to have become more productive, notably with a strong political declaration from the Prime Minister on the development of associations in January 2005 and the launch of a national conference on the associations sector (cf. Box 7). Although this can be interpreted as the revival of a horizontal policy for the associations sector, it is to be hoped that the commitments it produces benefit from political support that lasts longer than that produced by the National Conference on the Associations Sector (1999) and the celebration of the 1901 Act's one hundredth anniversary (2001).



**Box 7: National conference on the associations sector**

In January 2005 the Prime Minister announced the organisation of the first national conference, to be organised by the Minister for Youth, Sports and Associations.

Announced in January 2005 by former PM Jean-Pierre Raffarin, the organisation of the first national Conference on the associations sector by the Minister for Youth, Sports and Associations came in response to a proposal put forward by the Standing Conference of Associations Coordination (CPCA). This standing conference will welcome representatives from associations and all tiers of government. They will form working groups during the first quarter of 2005, intended to come up with a range of concrete measures to be announced at a final public meeting later in the year.

At the suggestion of the CPCA, three working groups were established to examine the following themes:

Group 1: rationalise contractual ties between the state and associations, and facilitate the use of partnerships within the framework of long-term objectives conventions;

Group 2: strengthen the place of associations in civil dialogue. The aim is to define the role and modalities for a dialogue between the state and the associations sector; and

Group 3: development and support for voluntary activities.

*Core beliefs*

While the current political situation with regards to State-third sector relations seems more difficult, we should also put this into perspective by considering the progress that has been made in the community of associations over the last twenty years. Over and above the heterogeneity linked to industry introspectiveness, statutory divisions, diversity of approaches to development and the differing sizes of organisations, it is important to highlight the points of ideological convergence that intersect the various components of the French third sector.

A feature specific to the French context is the dual expression of a social economy and a solidarity-based economy, two concepts originating in France that are understandable to varying degrees in other European countries. The emphasis placed on the entrepreneurial dimension of the

third sector is doubtless the result of the economic weight of mutual benefit societies and social action associations on the French domestic scene. The large share of total employment accounted for by social services and the total amounts spent by associations in France (Archimbault, 1996) combine to explain the importance accorded to managerial and employer functions by representatives of the associations sector.

More generally, the importance of a shared ideational narrative - or even doctrine - should also be stressed. It is true that the ideological cohesion of the social and solidarity-based economy appears to be more marked than that of the associations sector, which is characterised by its political and religious diversity. Nevertheless, it is possible to identify recurring traits in the values and arguments propounded by the key leaders of the French third sector within it, and within the State structures that support it: the rejection of an overly philanthropic approach to association activities, the desire not to separate economic activity from social action, the desire to marry the entrepreneurial mindset with the solidarity mindset, the firm intention to combine political lobbying functions with those of a producer of goods and services.

## **8. Conclusion**

The existence of a cross-cutting third sector policy in France is more a specific mechanism for recognition and institutionalisation in a country with a strong centralising tradition than the sign of a particularly mature civil society. This is not to say that the social and solidarity-based economy and the associations sector exercise a negligible political and economic influence. Simply put, the imperative to create alliances with a central political class and administration historically suspicious of civil society has paradoxically led to a structural form more favourable to horizontal policy. This accounts for the relatively high degree of institutional visibility, by wider European standards within public policy enjoyed by the social and solidarity-based economy and the associations sector. This centralised horizontal third sector community is founded upon a number of stable factors, outlined above: a relative shared definition and doctrine between the elite of the economy social and the associations sector; the sector's relatively longstanding horizontal structure; a number of dedicated and active governmental department or consultative bodies; the start of the sector's regional structuring and academic papers and research. Attempts to project some of these domestic factors on to the Brussels level have also been made as part of a conscious attempt to foster a European dimension. However, evidently the environment here has been very different and such efforts have had relatively limited success (cf. Kendall and Fraisse, 2005).

The degree of third sector institutionalisation in France should, however, not be over-stated. In France, the tradition of political centralisation generates a quest for public recognition through closer ties with the central administration in Paris (or Brussels). In addition, this type of third sector institutionalisation, based on political representation, does not in itself reflect the economic dynamism of local initiatives, whilst simultaneously under-estimating other forms of institutionalisation at more practical or economic levels. To put it another way, for the employees and users of mutual societies, cooperatives and associations at the grassroots level the sense of being part of a same world is highly relative - and this is especially true of the members themselves. Furthermore, the social and solidarity-based economy continues to suffer from a lack of profile amongst the wider public.

The fact however remains that European integration, the continuation of the process of decentralisation, the marketisation of services and the changes in committed voluntary engagement all serve to call into question the sustainability of the centralised horizontal third sector community. All attempts to reproduce this type of horizontal institutionalisation of the third sector at the EU and regional levels meet their limitations. They lead to tensions in a Europe of twenty-five member states that only very marginally recognises the concept of a social and solidarity-based economy, especially amongst those members that operate strict separation between cooperatives and associations, making it hard for them to envisage a third sector understood in this broad fashion.

But difficulties for reproducing and implementing horizontal third sector communities are also true at the local level. The top-down structuring of the horizontal social and solidarity-based economy and the associations sector is more or less out of synch with the trend of networking approach of horizontally. This can also explain the relative weakness of horizontal umbrellas at the local level.

Several perspectives may emerge from these tensions for the French third sector: a Republican perspective based on the reinforcement of the horizontal third sector community at the national level as a social partner of the administration with a progressive integration of third sector organisations as welfare services providers in the local co-ordination bodies; a social-liberal approach based on the sector-based recognition of the third sector, a commercialisation of social services and open competition with commercial enterprise for delivering social services and the promotion of volunteering; a networking perspective based on the reconstitution of the third sector horizontal community at the local level. Focusing mainly on the co-construction of services and cooperative governance with some local authorities, the structuring of a horizontal third

sector community is then driven by local development projects. It is without doubt in mixing elements of all three scenarios that the third sector *à la française* will find its own way.

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## Appendix 1: Working Glossary

Version of 23 June 2005

**Case** refers to the TSEP unit of analysis in relation to public policy as a multi-level process: there are ‘closed cases’, being particular policy events/programmes chosen to capture a range of policy modes and stages in the policy process of relevance to the third sector in Europe; or ‘open cases’, which are more thematic and diffuse in character. The former include the European Statute of Association; Global grants for social capital; the Convention/Constitution; National Actions Plans for social exclusion and employment; and the United Nations Year of Volunteering; the latter include Services of General Interest; and the European Structural Funds and the third sector at the sub-national level.

**Coalition** refers to alliances of policy actors, who can be individuals or organisations, who come together to pursue shared values, concretely expressed in policy change or policy perpetuation goals. Understanding the functioning and roles of such coalitions in national, EU or multi-level contexts requires accounting for the nature of their values and goals; the economic, political and cultural resources they are able to mobilise, and the political opportunity structure within which they operate. In the TSEP network, research effort has been directed at describing and analysing coalitions formed and perpetuated by full or part time *specialist third sector-specific policy actors*

**Collective noun** refers to the language used by domestic or EU level actors to group organisations sectorally at a level higher than *vertical policy fields*, and involving some implicit or explicit reference to ownership and control not reducible to either the market or the state. In some countries the collective noun and associated expressions involves a relatively stable or dominant language supported by formal or informal institutions and practices, while in others there is a more open field, with competing concepts and formulations, often fluidly co-existing and interacting with one another. Examples in Europe at the EU and national levels of expressions sometimes used in this way (and sometimes also used in other ways) include associations, [social] [action] NGOs, non-profit sector, nonprofits, organised civil society, popular movements, social economy, social enterprise, solidarity economy, third system, voluntary [and community] sector.

**Community method** has been described by the Commission as ‘a procedure leading to decisions or Act, involving balanced participation [at the EU institutional level] between Council, the European Parliament and the Commission’. It was the ‘classical’ or ‘traditional’ method of processing EU policy in the second half of the twentieth century, but in the twenty-first is increasingly supplemented or displaced by the *Open Method of Co-Ordination* which rebalances control away from the EU institutional level, towards Member State level actors.

**Cross-cutting** is used as shorthand for third sector relevant cross-cutting, and refers to concepts/beliefs or policies/practices/actions which are not confined to within *vertical policy fields*, but which are (a) either held to be relevant or applied discretely but according to common principles within two or more vertical policy fields, especially in the social welfare domain; or (b) which are held to be relevant/applied as a matter of ‘generic’ policy. Policy development in relation to these processes typically involves *specialist third sector-specific policy actors* within and outside the State, forming relatively loosely coupled ‘policy networks’ and/or a more formally institutionalised and recognised ‘policy community’ nominally involving a core of shared values and beliefs expressed in political rhetoric and/or the technical codified discourse associated with specialist policy instruments. The result can be the creation and perpetuation of a policy space jointly recognised by these experts as constituting the subject matter of third sector policy (using some collective noun) which is not reducible to the policy contents of a particular vertical field.

**Domain** Used to specify the level of policy between vertical policy field and the macro system of policy and politics. In relation to the third sector, the domain which TSEP has demonstrated is of most (but not universal) relevance is the *social welfare domain*.

**European problem set** refers to the cluster of high salience European policy issues or problems with which the third sector has most consistently been linked by policy actors at European, national and sub-national levels. Included here are *governance*; *social exclusion*; and unemployment. Third sector organisations may be seen as ‘partners’ whose contributions can and should be mobilised as part of the process of problem management, or problem solving.

**Governance** has multiple and contested meanings; but at its broadest, it can be used to refer to institutionally ordered arrangements for shaping the processing of policy at the key stages of agenda setting, decision making, implementation and evaluation. It tends to be linked to steering or strategic - as opposed to tactical - processes; patterned as opposed to unstructured relationships and interactions; and to be associated with such values as accountability, transparency, and effectiveness. The ways in which the third sector is linked to governance varies significantly across contexts, but often considered in scope are issues both in relation to internal governance - the design and application of appropriate legal structures and micro-constitutional models in the light of third sector specificities such as voluntarism and non-profit-distribution; and issues in relation to external governance, including how the third sector can and should fit as an actor at each of the policy stages, wherein it is one policy actor amongst many.

**Horizontal** policy is synonymous with *cross cutting* policy. Note that there are ‘pure’ cases of horizontality, whereby policies or concepts are related to the entire third sector as defined in the relevant collective nouns. But we *also* include as ‘horizontal’ narrower-in-scope concepts or policies which cut across some but not all *vertical fields*. In particular, overarching social welfare regime policies and practices, social inclusion policies and community development policies can be considered in scope, even if not extending outside the *social welfare domain*, to the extent that they necessarily suggest, involve or imply, participation by the third sector and its stakeholders.<sup>15</sup>

**Industry-specific policies** that are relevant to a particular *vertical field* only.

**Mainstreaming** is shorthand for *public policy* mainstreaming and refers to a situation in which the mainstreamed policy issue or problem (here, the third sector) is not only supported by technical institutions, but has high political and social visibility, and is seen by systemically powerful actors as of high generic public policy salience.

**Multi-level process** refers to how the European, national and subnational levels of public policy are inter-related. The extent to which this constitutes third sector policies is examined in the TSEP network by policy *cases*. Note that this is not synonymous with multi-level *governance* - which is typically used as a framing concept to claim that substantive power is situated at more than one level. The extent to which multi-level processes involve a reconfiguration towards multi level governance is treated as an open question for research.

**Open Method of Coordination** is based on mutual agreement of policy objectives by Member States; the development of common guidelines, indicators, and targets; benchmarking of performance and exchange of good practices, formulation of national action plans; and peer review and joint monitoring of implementation in an iterative multi-year cycle. It increasingly supplements and even displaces the *Community Method*.

**Path dependency** Refers to how historical policy decisions create a ‘policy legacy’, which can have long term consequences for the possibilities of current and future policies

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<sup>15</sup> Note that other writers use this term differently, often including *intra-vertical* policy field *multi-sector* initiatives as horizontal, while we do not consider *per se* as the core subject matter of our network. However, indirectly such policies may lead indirectly to our notion of horizontality, through spillover effects or *ex post* political construction of policy, as noted elsewhere.



**Policy** is used in TSEP as shorthand for *public policy*.

**Policy entrepreneurship** refers to actions taken either to deliberately change, or to deliberately protect, public policies - here, third sector specific policies. Such efforts typically involve the formation of *coalitions* between individuals or organisations, or both and are heavily constrained by national political opportunity structures. In the TSEP network, research effort has been directed at describing and analysing the entrepreneurship of full or part time *specialist third sector-specific policy actors*. Most horizontal third sector policy entrepreneurship takes place at the national level or below, but there are some individuals and organisations that specialise at the EU level, and some who operate on multiple levels.

**Policy field** is shorthand for *vertical policy field*.

**Policy mode** is a helpful way of recognising and analysing the different types of broad policy approaches that jointly constitute the highly complex EU public policy process. Examples of distinctive modes are the *community method* (relevant to the third sector in the European Statute of Association case) and the *open method of co-ordination* (relevant to the third sector in the case of National Action Plans for *social exclusion* and employment).

**Policy learning** refers to the impetus for policy change which occurs when actors adopt strategies, or various forms of policy belief, in the light of experience; or policy changes due to new information and analysis, generated by *policy entrepreneurs*, perhaps operating as part of *coalitions*.

**Public policy** comprises two elements. Unless otherwise qualified, ‘policy’ refers to intended courses of action which are explicitly and proactively articulated by actors with significant levels of political authority, and reflected in patterned policy discourse, events and institutions. If past policy decisions continue to be relevant because (due to *path dependency*) they shape current administration practices, resource allocation and the distribution of power, but they are *not* actively sustained and pushed as a categorical, proactive policy, they can be described as ‘latent’, that is implicit, policy. ‘Public’ refers to institutions and events involving ‘that dimension of human activity which is regarded as requiring governmental or social regulation or intervention, or at least common action’ (Parsons, 1995).

**Social exclusion** has been defined by the European commission as ‘referring to the multiple and changing factors resulting in people being excluded from the normal exchanges, practices and rights of modern society. Poverty is one of the most obvious factors, but social exclusion also refers to housing, education, health and access to services’.

**Social welfare domain** This corresponds to the ‘welfare state regime’ policy space. It is a ‘meso level’ concept nested within, and developmentally bound up with, the prevailing generic national political and public policy system, while being broader than a single *vertical field*. Within it are the family of ‘human services’ or ‘social [welfare] services’ whose vertical components include ICNPO groups 4 (‘personal’ social services, or social care, and income maintenance), group 6 (development and housing, including employment & training), part of group 7 (advocacy, to the extent it is geared towards social welfare; and excluding political parties); group 3 (health) and group 2 (education & research). Many of these services are (jointly) implicated in tackling *social exclusion*. Note that this formulation is not limited to ‘service provision’ in the sense of ownership and management of establishments (as with provision of care homes, social housing) but inclusive also of social welfare oriented activities in addition to/separate from direct services, including social welfare oriented self-help and community based activities, advocacy (campaigning on social policy issues, and individual clients’ rights etc), involvement in social welfare and social policy design, monitoring etc.

**Specialist third sector-specific policy actors** are the carriers of purposive *third sector specific policy* who claim to hold relevant expertise and knowledge. They may be full time specialist individuals or organisations, but such actors are often part time, fulfilling this role separately and/or in conjunction with other contributions to the policy system (particularly in the social welfare domain). They operate within and outside the State, forming relatively loosely coupled ‘policy networks’ and/or a more formally institutionalised and recognised ‘policy community’, or ‘policy communities’. At a minimum they share a language involving third sector collective nouns (otherwise they cannot be specialists); they may nominally claim to share a core of values and beliefs in relation to the third sector, expressed in political rhetoric and/or the technical codified discourse associated with the relevant specialist policy instruments. The result can be the creation and perpetuation of a policy space jointly recognised by these experts as constituting the subject matter of third sector policy (using some collective noun) which is not reducible to the policy contents of any particular vertical field<sup>16</sup>.

**Spill over effects** Policy effects and actions designed to apply in one domain or field which have consequences once adopted - and thus implicitly or explicitly, shape policies in other domains or fields.

**Third sector** at the highest level of generality refers to organisations situated between the market and the state in terms of ownership and control. TSEP needed more specificity to initiate research into this construct as an object of policy: It was therefore provisionally taken to include those organisations which are self-governing and constitutionally independent of the state; do not involve the distribution of profits to shareholders; and benefit to a significant degree from voluntarism. This was an initial orienting working definition of the third sector - but in application, this has had to be sensitive to national conditions, since our unit of analysis has been the actual existing horizontal policy community or communities with its associated constructs. In other words, the specific ‘indigenous’ conceptualisation (or conceptualisations) deployed in practice was a question to be determined empirically, not *a priori* imposed. By referring to more than one collective noun, and the relative salience of each from the perspective of policy network or community members, we are also able to reflect differences within countries, where boundary disputes and the contest between competing definitions is itself part of the policy process (since notions putting the accent on ‘civil society’, ‘voluntarism’, and ‘social economy’ for example, typically co-exist).

**Third sector [specific] policy** is usually used either as shorthand for *horizontal* third sector policy; or to refer to the sum of horizontal cross cutting policies, policies which are partly horizontal and partly vertical. As used in this network, it is by definition concerned *only* with public policy that is horizontal to at least a certain extent. It thus can contain both ‘deliberate’ policy designed or constructed for the third sector, and policies which are more accidental, *ex post* constructed as third sector policies, and therefore seen as relevant by actors who style themselves as third sector stakeholders. Third sector specific policies are sustained by policy networks and/or policy communities, where the latter are characterised by specialisation, involving claims-making in relation to expertise. In these specialist networks and/or communities, the third sector is often - but not always - coupled to problems and issues associated with the social welfare domain, particularly social exclusion and unemployment. The agendas of these policy networks or communities tend to include reference to the third sector’s policy environment in terms of legal structures and wider governance arrangements; institutional processes for mediating third sector-

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<sup>16</sup> Policies may not be cross cutting *initially* if developed independently within vertical policy fields; but *become* cross cutting if *ex post* ‘joined up’ by significant policy actors coordinating across or (if powerful) able to authoritatively transcend vertical policy fields. These policies can then be viewed after, and only after, the formative, politically constructive event of ‘joining up’ by policy actors as jointly constituting a shared ‘horizontal’ policy; otherwise they are considered not to exist as ‘horizontal’, or only ‘latent’.

public sector/State relations; arrangements for involvement across policy stages and policy modes; and the promotion of voluntarism, including volunteering.

**Third sector stakeholders** include actors who consciously have a significant role in third sector policy. It includes third sector organisations themselves, but also other actors including politicians, public officials, academics, the media, trade unions and (for-profit) business.

**Vertical policy field** Policies that are developed and apply essentially *within* a particular field or domain: here, horizontal institutions may differentiate between organisations but in the background or incidentally, rather than as the focal point of policy activity. To define ‘field’ boundaries, we follow the standard industrial classification adapted to account for the specificities of the third sector, as represented in the International Classification of Nonprofit Organisations (ICNPO). Policies which relate to a particular Group or subgroup of the ICNPO are considered ‘vertical’; while those which relate to two or more fields may be considered horizontal, either ‘narrower’ or ‘broader’ according to the range of fields in scope. Empirically in Europe, relevant policies are often (but not always) closely linked to the *social welfare domain*.

#### Further Reading

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## Appendix 2: Horizontal bodies

### **Conseil des entreprises, employeurs et groupements de l'économie sociale (CEGES) Council of Social Economy Enterprises**

#### *Origin*

Created in 1970, the CNLAMCA (Liaison Committee for Mutual, Co-operative and Associations Activities) was replaced in 2001 by the CEGES (Council of Social Economy Enterprises).

#### *Missions/Objectives*

- Achieve recognition by the public authorities and society at large of the specific form of entrepreneurship that the social economy represents.
- Monitor the legal and political environment.
- Act as representative and negotiator with public authorities and all other economic and social partners.
- Pilot committees and working groups designed to formulate and propose common positions agreeable to all members.

#### *Members/Composition*

President: Jean-Claude Detilleux (Crédit Coopératif)

General Delegate: Marie-Hélène Gillig

The CEGES comprises four colleges composed of the main organisations representing co-operatives (GNC), associations (CPCA), mutual societies (FNMF, GEMA) and the Social Economy Regional Chambers.

#### *Achievements*

- Representation of the Union of social economy employers on the *Conseils des Prud'hommes* (tribunals that adjudicate employment disputes)

Web site : <http://www.ceges.org/>

**Chambres régionales de l'économie sociale (CRES) Social Economy Regional Chambers**

*Origin*

Originally created as regionally-based cooperation groupings (*Groupements régionaux de la Coopération*), the 1980s saw the GRCs transformed into GRCMAs (*Groupement régionaux de la coopération, de la mutualité et des associations*), finally ending the 1990s under the label *Chambres régionales de l'économie sociale* (CRES). The CRESs are associations representing the various sectors of the social economy at the regional level.

Represented nationally by the standing conference of *Chambres régionales de l'économie sociale* (CCRES), they are the fourth college participating in the *Conseil des entreprises, employeurs et groupements de the social economy* (CEGES).

*Missions and objectives*

- Information and coordination between regional members.
- Training and research.
- Represent the entire social economy sector at the regional level.
- Exchanges, meetings, joint projects between members of cooperatives, mutual societies and associations.

The CRESs are the voice of the social economy on the *Comités Économique et Sociaux Régionaux* (CESR), within which they hold one or two seats, as well as acting as correspondents for the social economy, as designated by regional Prefects.

*Staff and budgets*

Highly variable from region to region.

*Main achievements*

- Several CRESs are lead managers of projects created as part of European Social Fund measure 10B.
- Input into publication of Social and Solidarity-based economy Key Data (INSEE).

**Conférence Permanente des Coordinations Associatives (CPCA) *The Standing Conference of Associations Coordination***

*Origin*

The CPCA was created on 21 February 1992 and was established as an association on 20 November 1999.

*Missions/Objectives*

- Improve the effectiveness of coordination between members through adoption of common strategies and platforms, and through dialogue and negotiation with the public authorities.
- Contribute to promoting the associations sector.
- Develop partnerships with all types of organisation that subscribe to the same values and strive for the same objectives (notably in the fields of the social economy and human rights).
- Improve representativeness through increasing membership.

*Members/Composition*

Sixteen French umbrella organizations representing the various sectors of activities of the associations sector in France.

ANIMA'FAC (student life and education), CADECS (education and human rights), CCOMCEN (education and youth), CELAVAR (local and rural development), CNL-CAFF (women's rights), CNAJEP (youth/popular education), CNOSF (sport), COFAC (culture), COORDINATION SUD (international development), FONDA (associations), COORDINATION JUSTICE - DROITS DE L'HOMME (human rights and justice), LA LIGUE DE L'ENSEIGNEMENT, UNAF (family associations), UNAT (tourism), UNIOPSS (health and social action).

President: Frédéric Pascal/ General Secretary: Julien Adda.

*Achievements*

- Critical statement on the fiscal reform of associations (1998).
- Official third sector partner of the government following the general conference on the associations sector (1999).
- Negotiation and agreement and signature of the '*State-Association Charter*' signed by the Prime Minister and the President of the CPCA (2001).
- Agreement on the Longterm Objectives-based Convention (2001).
- The 2004 campaign What Would Life Be Like Without Associations?

*Orientations for 2005*

Preparation and coordination, in collaboration with the Ministry for Youth, Sport, and Associations, of the first National Conference on the Associations Sector.

Website: <http://cpc.a.asso.fr>

**Le Conseil National de la Vie Associative (CNVA) *The National Council for the Associations Sector***

*Origin*

CNVA was established in 1983 as the first official consultative body to represent the associations sector. The council works in co-ordination with national assemblies of associations and with members of the government committee representative of the associations sector.

*Missions/Objectives*

- Consultation on draft legislation affecting the associations sector.
- Preparation of proposals favouring the associations sector.
- Production of the three-year report on the associations sector.

*Members/Composition*

- 76 members, 66 of which are representatives of the associations sector, designated for a three year term by the Prime Minister upon proposals from the main federations of the associations sector.
- 30 representatives from ministries affected by the associations sector.
- 10 'qualified persons' nominated by government.
- 6 representatives of local authorities associations (*Association des maires de France, l'Assemblée des départements de France et l'Association des régions de France*).

The secretariat of the council comprises 12 elected members, assisted by the Ministry for Youth and Sport and the Ministry for the Social Economy.

President: Edith Arnoult-Brill. The President proposes the content and the agenda for the CNVA after agreement with the government.

*Achievements*

Since its creation the CNVA has presented various Prime Ministers with numerous opinions on subjects as diverse as associations' fiscal situation, volunteer status, financing the associations sector, and associations' economic activities.

*Orientations for 2004-2006*

There are currently seven working groups, addressing the following topics:

- civil and social dialogue
- associations and local areas
- associations and Europe
- formal recognition of the gains of experience
- volunteering
- legal and fiscal
- management and accounting data

**L'Union Nationale Interfédérale des Œuvres et Organismes Privés Sanitaires et Sociaux (UNIOPSS)** *The National Interfederal Union of Private Health and Social Works and Organisations*

*Origin*

Created in 1947, UNIOPSS covers the majority of social action, medical and sanitary associations in France.

*Missions/Objectives*

UNIOPSS covers a range of types and fields of activity through voluntary membership by concerned associations or their federations.

Its primary actions are:

- monitoring the legal and political environment;
- piloting inter-association commissions and collectives (Collectif Alerte, EAPN France);
- publication and distribution of periodicals and papers that are either technical (management, law) or sector-specific (social action, health, the elderly, the disabled, etc.);
- Secretariat for the Committee into a Charter of Standards for Social and Humanitarian Bodies Soliciting Public Donations.

*Members/Composition*

Among the 140 national members of UNIOPSS are: the French Association for the Paralysed, the French Association against Myopathy, the Salvation Army, the French Red Cross, Restaurants du Cœur, the Catholic Aid, the French Popular Aid, SOS Friendship, Emmaüs, Médecins du Monde, the United Jewish Social Fund, the League against Cancer, Familles Rurales, the Foundation of France, the Orphan Apprentices of Auteuil, S.O.S. Children's Villages, the UNAPEI, and Protestant Assistance.

Twenty-two regional unions (URIOPSS), covering the entire country, include more than 7,200 establishments and associations services.

At the French level, UNIOPSS is member of the CPCA and CNVA. UNIOPSS is member of several European networks among which CEDAG, EAPN (European Anti-Poverty Network) and ET Welfare.

President: Jean-Michel Bloch-Lainé

Staff: 30 employees, 10 of whom are technical advisors

Budget: €3 million



**La Délégation Interministérielle à l'Economie et l'Innovation Sociale (DIES)** *Interministerial Delegation to the Social Economy*

*Origin*

Created in 1981 in recognition of the importance of the role played in France by cooperatives, mutual societies and associations, the DIES is the primary contact between social economy organisations and public authorities. In 1998 its remit was extended to include coordination of the associations sector, secretariat of the CNVA, management of the FNDVA and piloting local associations networks.

The DIES was successively attached to the Prime Minister, the Minister for Social Affairs, Work and Solidarity, and is now the responsibility of the Minister for Youth, Sport and Associations.

*Missions/Objectives*

- Foster the development and representation of cooperatives, mutual societies and associations.
- Promote social innovation.
- Coordinate the actions of the various ministries impacting these domains, notably those affecting associations. The DIES thus provides the secretariat for the National Council for the Associations Sector (CNVA), and the National Conference on the Development of Associations sector (CNDA).

*Administration*

Interministerial representative: Gérard Sarracanie

14 technical advisors, 26 social economy regional correspondents. At the *département* level it coordinates and pilots a network of 103 departmental representatives of the associations sector (DDVA), which is in turn responsible for, among other tasks, providing assistance and information to associations (MAIA).

Budget: €6.8 millions

*Recent achievements*

- National Conference of Associations (1999).
- Introduction of a social and solidarity-based economy line in the State-Regions Plan (2000-2006).
- Social and solidarity-based economy regional consultations (2000)
- A new legal status, the Collective Interest Cooperative Societies (SCIC).
- Set-up support for the Chambres régionales de l'Economie sociale (CRES).
- Longterm Objectives-Based Conventions for Associations (2000).

*Orientations for 2004/2005*

- Support knowledge and understanding of the associations sector.
- Preparation of the National Conference to the Associations sector
- Implementation of the Civil volunteering statute

Website: <http://www.vie-associative.gouv.fr>

**Le Secrétariat d'Etat à l'Economie Solidaire (SEES)** *State department for the civil and solidarity-based economy*

*Origin*

The State department for the civil and solidarity-based economy (SEES) was created in March 2000 only to be axed following the May 2002 presidential elections.

*Missions-Objectives*

Its remit was 'the associations sector, cooperatives, mutual societies, new forms of activity and partnership, and social and economic innovation.'

*Administration*

Secretary of State: Guy Hascoët

15 technical advisors

Budget: €15 million in 2002

*Main achievements*

- Call for projects for the Solidarity Dynamics programme (€5 million).
- Creation of investment funds to invest in solidarity-based firms included in the law on employee savings.
- European Conference on Social and solidarity-based economy during the French Presidency of the EU (November 2000).
- Long-term conventions with social and solidarity-based economy groupings and networks (2002).
- Conventions between the state and social and solidarity-based economy local authorities.

## **Le Mouvement pour l'Economie Solidaire (MES) *Solidarity-based Economy Movement***

### *Origin*

Created in 1997, this cross-network grouping is the leading umbrella body for actors and organisations that adhere to the idea of the solidarity-based economy defined as all production, distribution and consumption activities contributing to the democratization of the economy based on citizen commitments and a public engagement in civil society.

Civil and solidarity-based economy includes several type of local initiatives. It is about ethical consumption, fair trade, community and local services, community and ecological agriculture, social money (LETS, etc.), micro-credit and social finance, social housing, recycling (an environmental enterprise), micro and collective enterprise creation and development, especially among unemployed, migrants, and women.

### *Objectives/Missions*

Inform and raise awareness about the solidarity-based economy.

Nurture and support groupings at local, regional and national levels.

Facilitate international North-South exchanges between grassroots actors (participation at Social Forums)

### *Members/Composition*

The MES comprises twenty-odd highly diverse members: local actor networks, agencies concerned with supporting and assisting initiatives, international campaigning NGOs, federations, academic research centres.

ACPES, ADEL, ADSP, APEAS, APES, ARDES, Artisans du Monde, CCSC, CIGALES, CIVILITES, CNLRQ, CRIDA, MDS, MNCP, OPALE, Peuple et Culture, Peuples solidaires, PROGRES, Ré-actives<sup>17</sup>.

Presidents: Madeleine Hersent and Louise Eveno

No staff.

### *Achievements*

Co-organiser with the State department for the Solidarity-based economy of the European Conference on the social and solidarity-based economy in Tours, November 2000.

Co-organiser of the Village of the social and solidarity-based economy during the European Social Forum, November 2003.

2005 census of local solidarity-based economy groupings and organisations.

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<sup>17</sup> Appel pour une Conférence Permanente de l'Economie solidaire en IDF (ACPES) Agence pour le Développement de l'Economie Locale (ADEL), Agence pour le Développement des Services de Proximité (ADSP), Agence Provençale de l'économie alternatives et solidaire (APEAS), Appel pour le Développement de l'Economie Solidaire en Nord Pas-de-Calais (APES), Association Régionale pour le Développement de l'Economie solidaire en Basse Normandie (ARDES), Artisans du Monde, Comité Chrétien de Solidarité avec les Chômeurs (CCSC), Fédérations des Clubs d'Investisseurs pour une Gestion Alternative et Locale de l'Epargne Solidaire (CIGALES), Comité National de Liaison des Régies de Quartiers (CNLRQ), Centre de Recherche sur la Démocratie et l'Autonomie (CRIDA), Mouvement pour le Développement Solidaire (MDS), Mouvement national des Chômeurs et des Précaires (MNCP), OPALE, Peuple et Culture, Peuples Solidaires, PROGRES, Réseau d'activités d'économie solidaire (Ré-actives).

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## **Background to the Centre for Civil Society**

The Centre for Civil Society (CCS) is a leading, international organisation for research, analysis, debate and learning about civil society. It is based within the Department of Social Policy at the London School of Economics.

Established initially as the Centre for Voluntary Organisation, the Centre has for over 20 years pioneered the study of the voluntary sector in the UK, development NGOs and civil society organisations throughout the world. The CCS is distinguished by its interdisciplinary and reflective approach to understanding whether and how civil society contributes to processes of social, political and policy change and continuity. Its core staff, research associates and visiting fellows cover a range of disciplines, including social policy, anthropology, political science, development studies, law, sociology, international relations and economics.

## **Objectives**

Through research, teaching and policy analysis, the Centre adds to knowledge about the types, roles and contributions of civil society and social economic institutions in Britain, Europe and other parts of the world.

The Centre's four major objectives are to:

- Improve understanding of civil society and social economy institutions;
- Inform policy-making at local, regional, national and international levels;
- Provide academic and professional education; and
- Create a vibrant intellectual community for the study of civil society/the social economy.

## **Research**

Research is one of the Centre's core activities. It maintains a highly active and diversified research programme, ranging from basic theoretical approaches and empirical work to organisational and policy studies to historical analysis. Many research projects are inter-disciplinary and comparative. Examples of current and planned research projects include:

- Mapping civil society;
- The culture of giving in Britain;
- The European Union and the voluntary sector;
- Civil society and value changes in Britain;
- History of housing associations;
- Foundations in Europe;
- Studying small, local organisations; and
- NGOs and development.

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