

## France

### **New Relations Between the French State and NGOs The “State Association Charter”**

**by Caroline Loussouarn Newman\***

On July 1, 2001, the French Government entered into a general agreement with the French NGO sector. The event took place on the anniversary date of the French association law of July 1, 1901. The agreement, referred to as the “State-Association Charter” (Charter) was signed by the Prime Minister on the one hand and the President of the “Standing Conference of Associative Coordinations” (Conférence Permanente des Coordinations associatives – CPDA<sup>[1]</sup>) on the other.

This agreement is not a legally binding document but a political and symbolic one, which grants public recognition to the NGO 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 “market economy [will not] deteriorate into a market society but instead will enable a greater solidarity”.

Commitments by the State include:

- Promotion of volunteer work;
- Improvement of public financing mechanisms, including better transparency;
- Improvement of participation of NGOs in legislation drafting and decision making processes within their spheres of competence;
- Promotion of charitable giving through greater tax incentives;
- Promotion of understanding of the NGO sector by government officials, in schools, and in universities;
- Promotion of the European statute for NGOs.

Commitments by the NGO sector include:

- Respect of democratic principles within their governing organs;
- Defining programs and projects in accordance with the needs of beneficiaries and members, taking into consideration the quality of relational service instead of the economic ends;
- Developing methods for evaluations of projects;
- Developing ethical financing practices, through greater transparency, diversification of funding, and the non-distribution constraint;
- Establishing representative coalitions to ease the dialogue with public authorities.

Many of the above-mentioned reforms have already been underway since February 1999. For example:

- With respect to the improvement of public financing mechanisms, a decree<sup>[2]</sup> of the Prime Minister established the possibility that state bodies may enter into multiple year agreements to subsidize the programs of NGOs. A provisional evaluation guide<sup>[3]</sup> for the implementation of such agreements was published in June 2001; the final evaluation guide is expected to be published in early 2002.
- With respect to the promotion of voluntary work, several measures have been adopted. For example, employees who were eligible for continuing education during working hours can now request that the training be related to their outside voluntary activities in addition to their professional careers.<sup>[4]</sup> Another measure includes the possibility for employers to benefit from tax deductions for not having suspended the salary of their employees during employee time taken off (limited to 9 working days) in order to perform voluntary activities.<sup>[5]</sup> A guide for volunteers was prepared by an inter-ministerial working group, describing the rights of volunteers.<sup>[6]</sup>

- With respect to tax incentives for charitable giving, the finance law of 2000 had increased the tax credit for donations to charities of 50% of the amount of the donation for up to 6% of taxable income. The finance bill for 2002 raises the tax credit to 10% of taxable income.
- Other reforms include changes in the procurement rules, clarification of taxation of NGOs, etc.

Progress on the commitments stipulated in the Charter are to be evaluated every three years. The National Center for Associative Life<sup>[7]</sup> is to carry out the performance evaluation.

Although the new “Charter” has no binding force and mainly engages commitments of the current government, it’s symbolic nature is quite significant. It is quite unlikely that future governments would denounce it, as it would be quite unpopular to do so. It is also very likely that candidates to the upcoming presidential elections will use the commitments stipulated in the charter in their agenda.

For more information on the Charter and the reforms underway to implement it, please consult the following website: <http://www.vie-associative.gouv.fr>

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[1] The CPDA was created on February 21, 1992 and was established as an association on November 20, 1999. It is an umbrella organization composed of fourteen French umbrella organizations representing the various sectors of activities of the NGO sector in France.

[2] *Circulaire du 1er décembre 2000 relative aux conventions pluriannuelles d'objectif entre l'Etat et les associations.*

[3] Ministry of Labour and Solidarity, *Guide de l'évaluation, document provisoire*, June 21, 2001.

[4] Law n°2000-37 of July 6, 2000

[5] Since 1991, employees can request from their employers up to 9 days of leave to perform their duties as members of the governing body of a not-for-profit organization. If the salary of the employee was suspended by the employer, the employee would get a fixed stipend from the state. The new measure is an incentive for employers not to suspend the salary of the employee.

[6] The guide is available on-line on the site of the Ministry of Youth and Sports at: <http://www.jeunesse-sports.gouv.fr/benevole/guide.htm>

[7] The National Center for Associative Life – CNVA was established in 1983<sup>[7]</sup> as the first official body to represent the NGO sector. The council works in coordination with national assemblies of NGOs and with members of the government committee representative of the NGO sector from the National Fund for the Development of Associative Life (FNDVA see Part II). The council is composed of 72 members, 66 of which are representatives of the NGO sector, designated for a three year term by the Prime Minister upon proposition of the various competent ministries after consultation with the NGO sector. The secretariat of the council is carried out jointly by the minister of Youth and Sport and the minister of Social Economy. Its mission includes consultation on draft legislation affecting the NGO sector and preparation of proposals favoring the NGO sector.