



**IUPUI**

INDIANA UNIVERSITY  
Lilly Family School of Philanthropy

## The 2022 Global Philanthropy Environment Index France

**Experts:** Philippe-Henri Dutheil / Charles Sellen

**Institutional Affiliations:** Haut Conseil à la Vie Associative (HCVA), Paris / Indiana University Lilly Family School of Philanthropy

Edited by the Indiana University Lilly Family School of Philanthropy

### QUICK FACTS

**Legal forms of philanthropic organizations included in the law:** Association, Foundation, Cooperative, Endowment, Social Utility Company (ESUS)

**Five main social issues addressed by these organizations:** Primary and High School Education, Arts and Culture, Health and Medical Research, International Causes, Sports

**Average time established by law to register a philanthropic organization:** 31-60 days

Depending on the philanthropic organization (PO), the time it takes to register can vary from 31-60 days to more than 90 days. However, for public utility associations or foundations it could take 12 to 18 months since the organization has to apply for its “public utility” recognition in the *Ministère de l’Intérieur* (Ministry of the Interior). Afterward, the Ministry transfers the application to the French *Conseil d’Etat* (Council of State) for advice. The government can follow the advice of the *Conseil d’Etat* by publishing a decree of recognition of public utility.

**Average cost for registering a philanthropic organization:** USD 0

Since 2020, registration is free.

**Government levels primarily regulating the incorporation of philanthropic organizations:** Central/Federal Government, Local Government

Concerning public utility foundations, the application for “public utility” recognition is made by the central government (*Ministère de l’Intérieur*). Concerning associations, endowment funds, and corporate foundations, registration is made by the prefecture (French local administrative authority).

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
<b>2022 GPEI</b>	4.33	5.00	4.00	5.00	4.50	5.00	4.64
<b>2018 GPEI</b>	4.33	5.00	4.00	5.00	N.A.	5.00	4.67

**Source:** Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

## Key Findings

### I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

*The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.*

Question One: To what extent can individuals form and incorporate the organizations defined?

<b>Score: 4.0</b>
-------------------

In France, there is no restriction concerning the purpose of a philanthropic organization (PO) as long as the aim of the organization is not to share profits among members or to pursue an unlawful purpose. There are several kinds of POs, including associations and foundations, which are further subdivided into public utility foundations, sheltered foundations, corporate foundations, and endowment funds. These organizations are subject to different regulatory regimes.

French law currently permits the easy creation and registration of POs, and it is relatively simple to create an association or an endowment fund within a prefecture. The process usually takes about 4 to 6 weeks. For public utility foundations, however, the process is more complex. New POs have to apply for “public utility” recognition within the *Ministère de l’Intérieur* (Ministry of the Interior), which can take 12 to 18 months to receive approval, and in some cases, even longer.

There is no minimal endowment required for POs, except for public utility foundations, which are mandated to have no less than EUR 1.5 million (USD 1,822,568) to register. The Law on Social and Solidarity Economy, enacted on July 31, 2014, also establishes a minimum endowment required to create an endowment fund, which has been set at EUR 15,000 (USD 18,226) by the decree enacted in January 2015.

After the *loi de finance* (Budget Bill) No. 2019-1479 was voted on December 28, 2019, the registration of associations, endowment funds, and corporate foundations has become totally free as of January 1, 2020.

French law covers all ranges of existing POs. Since the enactment of the Law on Social and Solidarity Economy, for-profit organizations are able to participate in the social and solidarity economy, provided that they meet certain requirements established in the law. French corporate law does not provide a minimum fixed amount of shared capital to create a *société à responsabilité limitée* (limited liability company) nor to create a *société par actions simplifiée* (simplified joint-stock company), except for *société anonyme* (corporation) which requires a minimum of EUR 37,000 (USD 44,957) shared capital.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 4.0
------------

Subject to France's freedom of association, the French Law of July 1, 1901 does not constrain the founders by deciding the governance structure of an association. This same principle also governs endowment funds. For public utility foundations, their governance is modeled on standard statutes. POs may conduct any activities that are not illegal or reserved for another type of organization. While associations and foundations may engage in economic activities, such activities must not be their primary function.

Some specific kinds of associations can be created for the purposes of financing a political party or an election campaign. Such associations are ruled by the law of March 11, 1988. According to this law, such associations have to receive an accreditation from the *Commission nationale des comptes de campagne* (National Commission of Campaign Accounts) in order to operate. How easy it is for these political associations to receive gifts, however, is limited, as a single donor cannot give more than EUR 7,500 (USD 9,113) per year to a political association.

Like any other organization, a philanthropic organization (PO) is free to communicate through all media and to participate in various networks, provided that such actions are consistent with their statutory objects. There are, however, various requirements to fulfill if a PO wants to receive public donations. The most important among these requirements are the financial reporting obligations, which stipulate that if a PO receives more than EUR 153,000 (USD 185,902) in public subsidies or donations in a year, it must publish its accounts within three months following its approbation.

Associations are also required to have a statutory auditor if they receive more than EUR 153,000 (USD 185,902) in public subsidies or if they receive donations eligible for tax deductions exceeding EUR 153,000 a year. Additionally, they may be required to use an auditor if they meet at least two of the following three thresholds: the organization has 50 employees, the organization has an annual turnover greater than EUR 3.1 million (USD 3.76 million), or it has more than EUR 1.55 million (USD 1.88 million) worth of assets. The nomination of a statutory auditor may also be triggered by other, more specific regulations. Similarly, endowment funds also have an obligation to have a statutory auditor if their resources exceed EUR 10,000 (USD 12,150). Finally, foundations always have an obligation to appoint a statutory auditor unless they are organized as a sheltered foundation.

POs supporting a scientific, social, family, humanitarian, philanthropic, educational, athletic, cultural, or environmental protection cause may make appeals to the public by a fundraising campaign with prior administrative declaration. By way of exception, endowment funds need to ask for an authorization within the French local administrative authority.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 5.0

The founders of a PO can decide whenever they want to pursue the dissolution of their organization. The law does not, however, limit the right of dissolution solely to the founders; the involuntary termination of an association or an endowment fund may be imposed by a court. In practice, however, such decisions are very rare and are only carried out if the organization has violated Article 3 of the Law on associations of July 1, 1901, which states that “any association founded on a cause or with unlawful objectives, contrary to the law, morality, or which aims to interfere with the interests of national territory and the republican form of Government, is null and void.” In some cases, a judge can pronounce the dissolution of the association, but only if the proceedings are brought by a person with a direct and personal interest in the matter. The causes of dissolution are diverse but can usually be related to unlawful purposes, criminal offenses, or “proper reasons.”

For public utility foundations, the *Ministère de l’Intérieur* (Ministry of the Interior) can decide to retire its recognition of public interest if the foundation no longer meets the requirements for eligibility, which effectively dissolves the foundation. Before retiring the recognition, the Ministry notifies the affected foundation and provides time to rectify the error(s). Again, in practice, this case is very rare. After an involuntary dissolution, the goods and assets of the entity are liquidated, and the court appoints a person to oversee the liquidation.

## II. Domestic Tax and Fiscal Issues

*The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.*

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 5.0

Article 200 of the French Tax Code provides that individual donations to the type of organizations listed in its statutes are entitled to tax deduction at the rate of 66 percent of the amount paid, within a limit of 20 percent of the taxable income. In order for individuals to be entitled to this tax deduction, it must be demonstrated that the donations were made to those organizations that are listed in article 200 of the French Tax Code. Eligible organizations include: public interest works or organizations of a philanthropic, educational, scientific, social, humanitarian, athletic, family-related or cultural nature; endowment funds; corporate foundations; nonprofit higher education or artistic education institutions (public or private); religious and charitable associations, and recognized public religious institutions in Alsace-Moselle; cultural heritage foundations or certain related organizations for donations that finance the restoration of private historical monuments; and university foundations and partnership foundations. Critically, taxpayers liable for the *Impôt sur la fortune immobilière* (IFI)—direct wealth tax levied on French citizens whose assets exceed EUR 1.3 million (USD 1.58 million)—may claim 75 percent of the amount of any donations made to certain public-interest organizations over the amount of their IFI payment, within a limit of EUR 50,000 (USD 52,631). These contributions can either be made in the form of cash donations or fee-simple donations of shares of companies listed on a regulated French or foreign market.

There also exists a category of for-profit organizations that donors can contribute to and still receive tax benefits. Organizations in this category include: public or private institutions for research or higher or artistic education that are of public interest; recognized public utility foundations; university foundations; partnership foundations; professional and occupational integration organizations; the French National Research Agency; and recognized public utility associations whose objective is financing and assisting in the setting-up or takeover of companies.

According to article 238 of the French Tax Code, companies that fall within the scope of the Corporate Income Tax or income tax schedules under certain taxation regimes may benefit from France's corporate patronage regime. Under this regime, corporate patronage transactions grant tax deductions that equal 60 percent of the amounts paid. These deductions are, however, limited to 0.5 percent of the company's revenue, excluding taxes. The tax deduction incentive is reduced to 40 percent for donations exceeding EUR 2 million (USD 2.43 million) per year.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

<b>Score:5.0</b>
------------------

Associations, endowment funds, and foundations are generally exempt from commercial taxes, such as corporate income taxes, turnover taxes, and professional taxes. However, special rules apply to value added tax (VAT). According to article 261, 7.1 of the French Tax Code, earnings from economic activities are exempt from taxes if they meet certain conditions. First, the management of the organization must perform their functions on a voluntary basis. It is also worth noting that the fact that the PO also has a salaried director does question the voluntary nature of the management. Additionally, a PO cannot distribute benefits among its members or founders. This prohibition includes distribution of direct and indirect benefits, no matter their kind. Second, if the organization carries out a competitive activity, it must perform this activity in conditions that are different from those of commercial companies.

To determine if the PO is in competition with a company, organizations are assessed on four criteria (the so-called "4Ps"): the product, the price, the public component, and the promotion channels. In order to avoid falling within the scope of competition, it is imperative that the organization perform these four activities in conditions that are different from those practiced by commercial operators in the field.

If the analysis of these activities leads to the conclusion that some of them are for-profit, they may still be entitled to an exemption from business taxes for ancillary for-profit activities, provided that these activities are less than EUR 72,000 (USD 87,483) of the organization's annual revenue.

Even if these criteria are fulfilled, an organization may still be classified as having a for-profit purpose if it maintains privileged relations with organizations in the commercial sector that draw a competitive advantage therefrom. According to France's tax administration, a privileged relation is defined as cases when companies draw a competitive advantage from the activities of an organization that allows them to either reduce their expenses or increase their income.

### III. Cross-Border Philanthropic Flows

*The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.*

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

<b>Score: 4.0</b>
-------------------

The eligibility to receive tax incentives generally depends on the legislation of the country of the donor. According to the Persche judgment of the Court of Justice of the European Communities on January 27, 2009 (case C-318/07, *hein Persche v. Finanzamt Lüdenscheid*), the principle of free movement of capital under Article 56 of the Treaty of the European Community prevents a member state from restricting the benefits of its tax system to only include payments made to a public interest entity established inside its territory, if it can be shown that a gift or a payment made to a body in another member state meets the requirements of the tax system. This essentially prevents member countries from designing their tax codes to unfairly discriminate against recipients in other member states.

Therefore, France—through the Article 35 of the Third Amended Finance Act for 2009 (No. 2009-1674 of December 30, 2009)—extends the scope of the tax benefits available to entities making sponsorship donations and payments to include foreign organizations established in a Member State of the European Union. It also extends these benefits to those members of the European Economic Area (EEA) that have settled with France tax treaties containing an administrative assistance clause aiding to fight against fraud and tax evasion, provided that organizations in these countries have objectives and characteristics similar to eligible organizations headquartered in France. Donations made to bodies established outside these states are excluded from France’s tax scheme.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

<b>Score: 4.0</b>
-------------------

There are no additional costs on cross-border donations. According to the jurisprudence of the European Court of Justice, a member state has no right to refuse to provide tax benefits to a donor if the receiving organization is based in another member state and meets the conditions granting a tax benefit in the country of residence of the donor. Cross-border donations should be done in compliance with international regulations on financial flows and money laundering. Lastly, while cross-border donations are not subject to VAT, there are no income tax exemptions offered on cross-border donations.

The new Act No. 2021-1109 “consolidating the respect of Republican principles” (inaccurately termed “law against Islamic separatism”) voted on August 24, 2021 now requires nonprofits to report to public authorities any foreign gift of EUR 10,000 (USD 12,150) or more. This requirement is said

to be designed to monitor particularly the financing of Islamic religious groups, but it applies to the whole nonprofit sector.

#### IV. Political Environment

*The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.*

Question Eight: To what extent is the political environment favorable for philanthropy?

<b>Score: 5.0</b>
-------------------

Relations between the government and the philanthropic sector from the distant past to the Law of July 1, 1901 were mainly characterized by the government's intentions to control and narrow the scope of actions of POs. From ignorance and mistrust, the government has progressively moved to establishing close relationships with the philanthropic sector.

With growing democratic values, the philanthropic sector affirmed its legitimacy and its social role. Today in France, POs enjoy a large range of liberties and a liberal status. POs are considered an independent credible voice between the state and the business sector. They represent and assume various interests and points of view of the civil society. They also assume some of the social activities and causes that public authorities do not provide. There is a common understanding that POs have a role in the implementation of public policies. For this reason, POs are entitled to public subsidies.

The central government strongly encourages philanthropic initiatives. The main evidence is the tax deduction on the amounts paid by individuals making donations.

The French nonprofit sector shows a good dynamism; nowadays, there are 1.6 million associations in France, and 71,000 new associations are registered per year. According to the Fondation de France's Observatory on Philanthropy (2021), there were 2,711 philanthropic foundations in France in 2020, up from 2,626 in 2019 and 2,509 in 2018. In addition, there were 1,947 endowment funds considered "active" in 2020 (there formally exist many more of these entities but a significant percentage of them have no known activity), a new type of PO invented in 2009. As a result, the total number of POs amounts to 4,658 foundations or endowment funds in 2020.

A major law (Law No. 2014-856 on Social and Solidarity Economy) was enacted on July 31, 2014. This law introduced the formalization of the social and solidarity economy. It created a legal frame gathering the three pre-existing strata, namely social economy, solidarity economy, and social entrepreneurship around shared values. This text provides new guidelines for the sector, gives a definition of the social and solidarity economy, and includes in its scope for-profit organizations, provided that they fulfill certain conditions laid out in the law. Several regulations have been issued to implement this text.

Following Article 1 of the aforementioned law, for-profit organizations may be part of the social and solidarity economy sector provided they meet certain requirements, such as:

- the aim pursued by the partnership is not only profit-sharing;



- the organization utilizes democratic governance, not only based on the level of financial contribution;
- for commercial companies, governance shall include participative mechanisms;
- the potential benefits must be mainly used to maintain or develop the activity of the entity; some rules apply to the use of capital, as well as on their indivisibility and non-shareable character; and
- their activity must comply with at least one of the “social utility” objectives set in Article 2 of the law: to provide support, through its activities, to people in fragile situations, and/or contribute to create or maintain local solidarity, and/or concur to sustainable development in the economic, social, or environmental dimensions.

The French landscape of philanthropy shows that various public institutions dedicated to the sector have been created and that the government is more and more proactive in the philanthropic sector. The *Conseil National des Chambres Régionales de l’Economie Sociale* (National Council of Regional Chambers of Social and Solidarity Economy) was created in 2004, and the *Haut Conseil à la Vie Associative* (High Council for Associative Activities) was created in 2011. Following the law enacted on July 31, 2014, the tasks of the *Conseil Supérieur de l’Economie Sociale et Solidaire* (High Council of Social and Solidarity Economy) have been extended.

All these public institutions establish the link between politics and POs, including profit-making organizations acting in the social and solidarity economy sector. They promote dialogue and work to improve the relevance of the measures taken by public authorities regarding the philanthropic sector.

Further, in 2014, the government designed the accreditation of “*La France s’engage*” (“France takes commitment”), which promotes innovative social projects implemented by social and solidarity economy organizations. Projects can be initiated in various fields: education, culture, solidarity, ecology, healthcare, or citizenship. It gives these organizations the opportunity to benefit from financial support, growing notoriety, and general support to develop their projects. A foundation is currently being set up in order to implement this program.

There is no political crisis that may affect the development of philanthropy. Nevertheless, it must be noted that public funds are becoming scarce. In such circumstances, new funding techniques from the private sector are encouraged (crowdfunding, for example). Public entities bearing public services assignments are increasingly relying on patronage. For instance, a survey on local authorities and patronage conducted by EY/Régions de France has shown that in 2015, 26 percent of firms involved in *mécénat* (corporate giving) supported public entities, such as local authorities, compared with 13 percent in 2013. Furthermore, 10 percent of local authorities’ budget comes from patronage.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

<b>Score: 5.0</b>
-------------------

The French government actively promotes philanthropic values and facilitates equal access to national resources and opportunities. Various regulations have implemented mechanisms to access resources, such as:

- The “*contrat pluriannual d’objectifs*,” a multi-annual contract to be signed between the state and POs, in order to obtain public funds for four years. The government strongly promotes the use of such a contract because it provides long-term support; and
- The “best value for social matters” criterion, which is often used within public procurements by the contracting authority in order to select the bidder, providing this criterion does not lead to discrimination.

Donors and funders of POs have to know beforehand whether the recipient organization is recognized as tax-exempt in order to be entitled to tax deduction at the rate of 66 percent of the amount paid, within a limit of 20 percent of the taxable income. Corporations are entitled to a tax deduction equal to 60 percent of the amounts paid, limited to 0.5 percent of the company’s revenue, excluding taxes. The tax deduction incentive is reduced to 40 percent for donations exceeding EUR 2 million (USD 2.43 million) per year.

It must be demonstrated that the donations were made to organizations in the patronage regime. These are POs that:

- operate in France;
- develop activities in at least one of the public interest fields listed in article 200 of the French Tax Code (see Q4);
- do not operate with the purpose of making profit; and
- do not operate for the benefit of a restricted circle of beneficiaries.

In addition, French regulation facilitates cross-border donations; the scope of the tax benefits available to entities making sponsorship donations and payments is extended to foreign organizations established in the European Union or in the European Economic Area (EEA) (see Q6).

It must be noted that, regardless of whether the PO is entitled to patronage, donors and funders of POs are free to support any philanthropic cause or organization without government pressure, as long as the purpose of the PO is lawful. For instance, activities carried out by sects are unlawful and registered on a list established by a Parliamentary Investigatory Commission on sects.

To access public funds, there are conditions that must be fulfilled depending on the legal structure of the PO. For example, an endowment fund is not eligible, per se, to public funds.

In order to prevent corruption, a law recently enacted on December 9, 2016 has created the *Agence française anticorruption* (French Anti-corruption Agency). It is in charge of controlling the quality and efficiency of the procedures implemented within associations and public utility foundations in order to prevent and detect corruption, influence peddling, bribery, unlawful taking of interest, embezzlement of public funds, and favoritism.

Moreover, the last Amending Finance Law enacted on December 29, 2016 states that the French Tax Administration now has the ability to check on-site the conformity of the donations and payments actually received and therefore authorize (or forbid) the issuance of tax receipts. This inspection may occur independently of an accounting audit.

## V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

<b>Score: 4.5</b>
-------------------

In terms of income, 42 percent of donors earn at least EUR 2,300 (USD 2,795) per month, 22 percent of donors earn between EUR 1,500 and EUR 2,300 (USD 1,823 and USD 2,795) per month, and 21 percent of donors earn less than EUR 1,500 (USD 1,823) per month.

Moreover, 77 percent of taxpayers liable for the *Impôt sur la fortune immobilière* (real estate wealth tax, or IFI) have made a donation at least once in 2018. The philanthropic subsectors privileged by this category of donors are healthcare (55%), aid to the most deprived, and education. 39 percent of these donors consider donating a superior amount in the year ahead.

On the corporate patronage side, in 2019, the amount of corporate patronage activities had reached EUR 3.6 billion (USD 4.4 billion), and 9 percent of for-profit organizations were patrons. The involvement is steady for enterprises with between 1 and 9 employees. It is increasing for small and medium-sized enterprises and large enterprises. In 2019, 64 percent of small enterprises and 32 percent of medium-sized enterprises were patrons.

It is to be noted that interest in skill development has increased. A national survey on foundations and endowment funds conducted by EY/Entreprises pour la Cité in 2020 has shown that 87 percent of patron companies actively promote skill development and skill-based sponsorship for their workforce by seeking to engage with their employees through the charitable projects supported by their corporate foundation.

## VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

<b>Score: 5.0</b>
-------------------

According to France Générosités (2020), in France in 2019, 60 percent of the population financially supported POs. An aggregated amount of charitable giving of EUR 8.5 billion (USD 10.3 billion) was raised in 2019 in the country (59% of this grand total coming from individuals and 41% from corporate donors) according to a nationwide study (Fondation de France et al., 2021). The average amount of donations using check or other means of payment was EUR 78 (USD 95), except for donations on the Internet that averaged EUR 131 (USD 159). It must be noted that 40 percent of donations in France are made between October and December, half of them in December. In 2015, donors were mostly composed of women (53%), people aged more than 50 (51%), people who have done more than three years of study after high school (28%), or people with religious beliefs (62%). Furthermore, donors demonstrate high loyalty, since 93 percent of donations are made by donors who already gave to the same PO in the past.

There are no limitations for women to participate in philanthropic activities. Men and women are equally free to join a philanthropic cause, whatever the involved issue is, as long as the activities

of the organization are lawful or not reserved for another type of organization. This freedom is preserved by the French law of July 1, 1901 and has constitutional value. Since the enactment of the law on equality and citizenship on January 27, 2017, young people under the age of 18 can join a PO—this was forbidden before. Additionally, any young people under the age of 16 can contribute to create an association with written approval of their legal representative and may also perform all actions, except transactions relating to rights or property.

## VII. Future of Philanthropy

*These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.*

### Current state of the philanthropic sector

The philanthropic sector in France is mature, institutionalized, and prevalent. Nevertheless, if 60-70 percent of the sector is institutionalized, many small POs, often at a local level, have difficulties getting known by public entities.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

- The *loi de finances* (Budget Bill) No. 2018-1317 voted on December 28, 2018 changed the tax deduction threshold for corporate donations. Enterprises can now choose the most favorable option between these two thresholds: their corporate gifts are now deductible within a threshold of either 0.5 percent of their turnover, or a maximum of EUR 10,000 (USD 12,150). This reform eased the system for small enterprises whose annual revenues are lower than big corporations.
- The catastrophic Notre Dame fire in April 2019 triggered nearly EUR 1 billion (USD 1.21 billion) of immediate donations. This huge flow of generosity ignited harsh public debates around the influence of major donors (namely billionaires and multinational corporations) amidst an intense social crisis (the Yellow Vests movement), as well as controversies over which charitable causes should be prioritized.
- Heated parliamentary debates took place in fall 2019 that threatened to squeeze the favorable tax incentives and regulatory scheme for philanthropy. In response to this political move, leaders from the main organizations representing the philanthropic sector united their voices through a common front, called *La Coalition Générosité* (The Generosity Coalition). They successfully managed to minimize the constraints that politicians wanted to impose on the sector.

### Future development trends in the philanthropic landscape

There is an increasing diversity of organizations pursuing activities in the social and solidarity economy. Commercial entities, by nature, are more and more proactive in this sector. Since they may have “social utility,” they claim the same incentives (especially tax incentives) and benefits that are offered to POs.

Further, philanthropy is becoming easier and more accessible; it is now possible to make a donation by text message (SMS), and there are more and more crowdfunding platforms that encourage people to donate.

Three key recommendations to improve the environment for philanthropy

- To maintain tax incentives, especially for taxpayers liable for the direct wealth tax (IFI), or in case of elimination, to replace it with another advantage;
- To ease regulation for cross-border donations to promote this practice; and
- To strengthen the privileged status of POs with public authorities.

### VIII. Philanthropic Response to COVID-19

*These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.*

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

The sector played an important role in several ways:

According to France Générosités (national alliance of nonprofits raising funds), online giving by individual donors boomed in the first weeks of the epidemic: +393 percent between March 2019 and March 2020 (EUR 4 million to 20 million, or USD 4.86 million to 24.3 million) and +693 percent between April 2019 and April 2020 (EUR 2 million to 17 million, or USD 2.43 million to 20.66 million).

French people have been creative to find myriads of ways to help, not necessarily by donating money: Sewing homemade cloth masks; lending one's flat to victims of domestic violence; cooking for others; lending PC computing capacity to academic researchers; donating blood; opening free access to formerly payable online resources; rounding checkout payments in supermarkets to benefit charities, etc.

Contrary to what happened in the US, wealthy French people did not publicly announce mega-gifts to fight the pandemic, at least in its early stages (there was no French citizen in the world's first 75 billionaires who donated, according to Forbes, as of April 15, 2020). This situation contrasts sharply with the loud announcements of charitable donations a year earlier in response to another disaster, the Notre Dame fire in April 2019, amounting to nearly EUR 1 billion (USD 1.22 billion) in just a few days, mostly from affluent French donors.

Some of the wealthiest families involved in business acted through corporate giving. Decathlon, a leading French sporting goods outlet, converted scuba masks into medical ventilator devices, thanks to a partnership with a 3D-printing start-up. LVMH, the French conglomerate of luxury brands, converted some of its factory production chains to produce hydroalcoholic gel instead of perfumes as soon as March 2020. In October 2020, LVMH granted EUR 5 million (USD 6.1 million) to the Institut Pasteur of Lille to conduct clinical trials of an innovative drug that could cure the disease. Meanwhile, the company also faced criticism for completing the purchase of the jeweler Tiffany by using a letter from a French Minister to negotiate a more advantageous deal than the initially agreed price. Although business and philanthropy are two different things, some observers

disapprovingly noted the significant difference between the scope of this USD 440 million discount and the relatively modest level of philanthropic giving in times of emergency. Particularly in contrast with the EUR 200 million (USD 243 million) pledge made one year earlier for the reconstruction of the Notre Dame cathedral. This episode fueled social backlash towards corporate philanthropy, seen by some critics as a form of reputational washing.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

Many nonprofits responded in an innovative way.

Established charities have reacted promptly, like Fondation Abbé Pierre that created an emergency fund. Over the first 11 months of the crisis, this new fund supported over 250,000 people in need or facing homelessness throughout the entire country.

New charities were also created, like Association MaMaMa founded in Paris by young professionals to support pregnant women and single moms by collecting in kind donations (food, health and hygiene products, etc.). Within months of existence, this nonprofit already established partnerships with AP-HP, the network of Parisian public hospitals.

The state established a dedicated website presenting resources and government measures to support nonprofits in times of crisis. For more information, please visit the website: <https://www.associations.gouv.fr/covid.html>

The COVID-19 crisis also sparked some heated public debates around controversies. For instance, government officials initially sought to use nonprofit vehicles to leverage additional funding to fight the disease. The announcement by a minister that an official crowdfunding page would be launched by the government to raise funds from citizens sparked infuriated indignation, particularly (but not only) from political leaders of the left in a country where the state is viewed as the ultimate resort in cases of emergency. By acting this way, the minister made the state look like it was begging people for private funding, while at the same time this minister openly refused to consider restoring the wealth tax rescinded in 2017 (one of the first measures taken by the new president when taking office). This anecdote illustrates the fact that French public opinion and nonprofit leaders alike view private generosity as a *complement*, not as a *substitute* of national solidarity expressed mainly through taxation and government redistribution.

Impact of COVID-19 on the philanthropic environment

It has become difficult for volunteers to convene and run daily activities due to several (national or local) lockdowns and a nationwide curfew after 6pm. That has strongly affected nonprofit associations, 88 percent of which rely only on volunteers with no permanent staff. Two-thirds of associations were confronted with an immediate standstill according to a study conducted in March 2020, although a majority managed to maintain distance relationships with their stakeholders.

Total charitable giving has increased by 22 percent between the first semester 2019 and the first semester 2020 according to France Générosités' Barometer. Understandably, online giving has soared 230 percent during this period.

*Tiers lieux* (third places), that is, locations where people (particularly independent workers or “makers”) can gather to work in open spaces (such as co-working or fablabs) or to convene events, have been hit hard. The Fondation de France and France Tiers-Lieux have co-established a fund called “Makers against COVID-19” to support those hybrid places that contribute to maintain sociability and connectedness in both urban and rural areas.

#### Anticipated impact of COVID-19 on the philanthropic environment in 2021

The situation is becoming catastrophic for students. The Fondation de France and the daily newspaper La Croix have co-launched a fundraising campaign (*Solidarité étudiants*) to support students in need. While 20 percent of students were living below the poverty line before the lockdown, 70 percent reported facing financial difficulties after the lockdown, according to a IPSOS poll. Indeed, a majority (60%) of students who were working lost their (often part-time) jobs. Other studies describe widespread adverse consequences on students’ health, with a third reporting psychological distress, and a quarter having severe anxiety.

According to a November 2020 poll, 85 percent of French people think that a “social explosion” is possible in the aftermath of the sanitary crisis. The social impact of the pandemic is already heavy, with poverty mounting to unprecedented levels: 9.3 million people (including 3 million children) were living below the poverty line prior to the crisis which may have generated 1 more million impoverished people. Less than 1 percent of the EUR 100 billion (USD 121.5 billion) economic emergency package adopted by the government is actually directed toward people suffering from precarious living conditions.

## References

- Durand, G. (2020), Coronavirus à Lille: LVMH Fait un Don de 5 Millions d’Euros à l’Institut Pasteur. 20 Minutes. Available at: <https://www.20minutes.fr/sante/2881671-20201009-coronavirus-lille-lvmh-fait-don-5-millions-euros-institut-pasteur>
- Ernst & Young (EY), & Régions de France. (2016), Les Collectivités à l’Heure du Mécénat (2nd ed.). Available at: <http://regions-france.org/wp-content/uploads/2016/10/1609SG111-Etude-me%CC%81ce%CC%81nat-des-collectivite%CC%81s-territoriales-VD.pdf>
- Ernst & Young (EY), & Les Entreprises pour la Cité. (2020). Panorama des Fondations et Fonds de Dotation Créés par des Entreprises Mécènes (4th Ed.). Available at: [https://www.ey.com/fr\\_fr/economie-sociale-et-solidaire/le-mecenat-un-outil-strategique-pour-l-avenir-des-organisations](https://www.ey.com/fr_fr/economie-sociale-et-solidaire/le-mecenat-un-outil-strategique-pour-l-avenir-des-organisations)
- Fondation de France (Observatoire de la Philanthropie). (2021). Baromètre Annuel de la Philanthropie. Les Fondations et Fonds de Dotation en France. Available at: <https://www.fondationdefrance.org/images/pdf/barometre-philanthropie-2021.pdf>
- Fondation de France (Observatoire de la Philanthropie), Daniel Bruneau, CerPhi, France Générosités, Association Française des Fundraisers, Centre Français des Fonds et Fondations, Admical, Don en Confiance, Institut des Dirigeants d’Associations et Fondations, & Institut National de la Jeunesse et de l’Éducation Populaire (2021). Panorama National des Générosités 2021. Available at: <https://www.francegenerosites.org/ressources/panorama-national-des-generosites-2021/>

- France Générosités. (2021). Chiffres Clés de la Générosité. Available at:  
<https://www.francegenerosites.org/chiffres-cles/>
- France Générosités. (2020). Baromètre de la Générosité. Available at:  
<http://r.newsletter.francegenerosites.org/adsz7p2qr9t7e.html?t=1603966354>
- France 24. (2021), What's in France's Draft Law against 'Islamist Separatism'? Available at:  
<https://www.france24.com/en/live-news/20210216-what-s-in-france-s-draft-law-against-islamist-separatism>
- Recherches & Solidarités. (2020a). Les Associations Face au Covid-19. Available at:  
<https://recherches-solidarites.org/les-associations-face-au-covid-19/>
- Recherches & Solidarités (2020b). Les Associations Face au Covid. In La Générosité des Français (25th Ed.), pp.19-22. Available at: <https://recherches-solidarites.org/don-dargent/>
- Reich A. (2020). Decathlon Turns Scuba Gear into Ventilators to Help Fight Coronavirus. The Jerusalem Post. Available at: <https://www.jpost.com/International/Decathlon-turns-scuba-gear-into-ventilators-to-help-fight-coronavirus-622308>