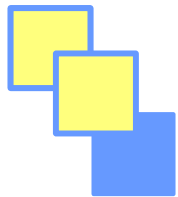


# **Impact of the European Union right on private non profit social service providers in France**



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# Uniopss is

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The French union of health care and social welfare associations.

Uniopss brings together 20,000 non-profit private institutions and services in the solidarity sector.

Uniopss organizes a trans-sector consultation and representation within the traditional branches of social and health care work (elderly, disabled people, childhood and family, poverty and exclusion, health)

Uniopss is a founding member of the French Social Service of General Interest collective (SSGI) – (informal network)

1 : Non profit service providers reality and roles in France

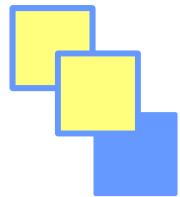
2 : How the EU initiatives have affected these organizations



3 : Recommendations for changes and improvements from non profit service providers in relation to EU-policy

4 : Recommendations on other improvements for non-profit service providers

## **I: Non profit social service providers reality and roles in France**



1.1: The French welfare system now : key figures

1.2: Associations in the French welfare system

## 1.1: The French welfare system now : key figures

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French welfare system = 580 billion euros ; about 30% of GDP

Main component is the “Social security” (1947)  
social insurance = 341 billion euros composed by  
Health insurance, Retirement insurance, Family insurance, Professional disease insurance  
+ Unemployment insurance  
+ Non compulsory employers insurance

## 1.1: The French welfare system now : key figures

In addition, the social action helps people non covered by social insurances

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- State : regulation and direct intervention = 14 billion euros
  - County council = 31 billion euros
  - Cities = no data
  - Associations = about 21 – 27 billion euros

## 1.2: Associations in the French welfare system

Historical background : religious charitable organizations

Private non profit associations acts in all the main sectors of solidarity :

 Health sector : care infrastructures, private hospitals, care services

= 15% of the health services in France

High quality services and expertise. Some are “best in class” in their speciality.

## 1.2: Associations in the French welfare system

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Social services which take care of :

- Children (nurseries) = about 35% of the infrastructures
- Children and teenagers protection and delinquency prevention = about 62% of the services
- Disabled children and adults = about 90% of the infrastructures
- Elderly people who might be dependant = about 33% of the infrastructures
- People in insertion = about 95% of the infrastructures

## 1.2: Associations in the French welfare system

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In economic terms associations of solidarity are :

- 33,000 employers who give jobs to more than 925,000 persons (5% of the employment in France).
- Job growth of about 3% per year over the last 10 years.
- About 17 billion euros of wage bills
- About 27 billion euros of added value (1.6% of GDP)

## 1.2: Associations in the French welfare system

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### Current debates:

- Important state reform which will have repercussions on social action and health
- Regional health and social public agencies which will measure performance and organize the system at a local level
- Pressure for fusion and co-operation from 33,000 structures and services to 3,000 budget units
- Pressure for procurement legislation, intensification of competency for profit sector and within non profit sector

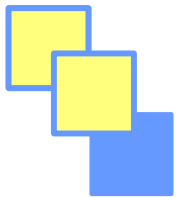
## 2: How the EU initiatives have affected these organisations

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2.1 : The impact of the services directive

2.2 : The impact of the state aids regulation

2.3 : The impact of the procurement legislation

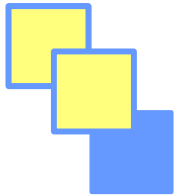


## 2.1 : The impact of the services directive

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### A : The current situation :

- The Ministry of economy is in charge of the transposition before the end of 2009.
- They screened all the major service legislations. They won't make a global law but change day by day all the legislations.
- The report "Thierry" given to the minister of economy in January gives advices for the transposition

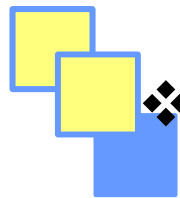


## 2.1 : The impact of the services directive

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B : Which social sectors are impacted ?

Three main sectors can be **excluded** because their regulation can be considered as a mandate :



- ❖ - Social housing
- ❖ - Social and social health services
- ❖ - Children and teenagers protection and delinquency prevention

## 2.1 : The impact of the services directive

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### B : Which social sectors are affected ?

The other social services will remain in the scope of the directive.

 Two sectors are directly impacted

- ❖ Childhood care sector

- ❖ In house social and health care for dependant persons.

## 2.1 : The impact of the services directive

### B : Which social sectors are affected ?

- ❖ In these sectors public agreements are not considered as an entrustment
- ❖ In consequence, the Government is working now to create a new regulation framework for these sectors.

Question : what does “free provision service” mean for in house social service for dependant persons ?



## 2.2 : The impact of the state aids regulation

A : Compensation of social service of general economic interest (SSGEI) issue (Altmark + Kroes)

According to the « Thierry » report all the current laws that rule the sector could be considered as a framework for entrustment.

The problem is to clearly define mandate according to “Monti / Kroes” package. The question of overcompensation is difficult because not all the associations have an analytic accountability

## 2.2 : The impact of the state aids regulation

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### B : Financing by public subsidies

EU Commission allows public subsidies if they are given with a mandate.

The problem is that in France, the judges tend to qualify all subsidies given with a mandate as public procurement.

## 2.2 : The impact of the state aids regulation

### B : Financing by public subsidies

In consequence, the Government is working now to create a new framework for subsidy (Euro-compatible).

The proposal will be made the **17th of December** during the 2<sup>nd</sup> National association conference

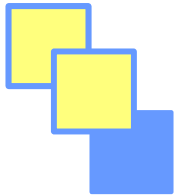
## 2.2 : The impact of the state aids regulation

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### B : Financing by public subsidies

Question :

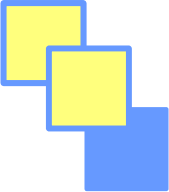
Is the French Government creating a simple and useful framework or a new complex system ?



## 2.3 : The impact of the procurement legislation

### A : Current situation

According to the public procurement directive, public authorities could contract with health and social services without following all the rules of the directive. An appropriate publicity is sufficient.



Nevertheless, more and more local public authorities prefer to contract with solidarity associations with an invitation to tender. They consider it as an obligation.

Social housing, nurseries and social inclusion field are particularly concerned

## 2.3 : The impact of the procurement legislation

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### B : Increasing of intensity of competition :

- ❖ Among solidarity associations
- ❖ Between solidarity associations and for profit companies

 It's a major disruption in the environment of solidarity associations.

Uniopss is currently arguing for the preservation of non competitive relations between health and social associations and public authorities.

This may also have an impact on the capacity of initiative and experimentations for the associations

## 2.3 : The impact of the procurement legislation

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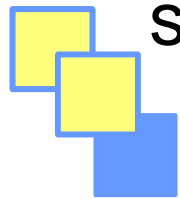
Question :

In France, will it possible to allow associations acting as pioneers or social innovators in fields not covered by general laws (ex: social microcredit) to present new projects to authorities ?

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### **3: Recommendations for changes, improvements from non profit service providers in relation to EU-policy**

3.1 : Create a Community framework for Social services of general interest

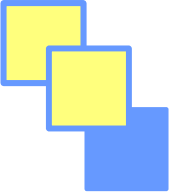


3.2 : Adapt European controls and rules according to the social sector

## 3.1 : Create a Community legislative framework adapted to Social services of general interest

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*Unik*  
*les associations*  
*pour développer*  
*les Solidarités*



The French SSGI collective ask for the creation of a coordinated, coherent and non-dissociated Community approach to social and health services of an economic nature, through the adoption of a specific directive.

More information : <http://www.ssig-fr.org/>

## 3.2 : Adapt European controls and rules according to the social sector

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Rules and controls should :

- ❖ Be proportionate with the weak impact of SSGI on intra-Community exchange
- ❖ Avoid to create an unnecessary and costly bureaucracy.

In France, more than 36,000 local authorities have to mandate 60,000 local service providers among 33,000 social services. It's a huge task !

## 3.2 : Adapt controls and rules according to the social sector

Report « Thierry » proposals for simplification :

*“Each member states should be able to exclude from the scope of application of the state aids regulation / legislation all activities that have a weak impact on intra-community exchanges according to several criteria :*

- *Low amount of aids*
- *Area badly served by social services*
- *Hardly profitable activities or not at all*
- *Local initiatives that have created activities supported by local authorities without the possibility to identify a prior market on this field (ex : social microcredit).”*

## 4 : Recommendations on other improvements for non-profit service providers

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Create an **European agency for non profit service providers** with different missions such as :

❖ Spread non profit European model

❖ Spread best practices

❖ Make comparative analysis of different national situations

❖ Organize promotional campaigns