

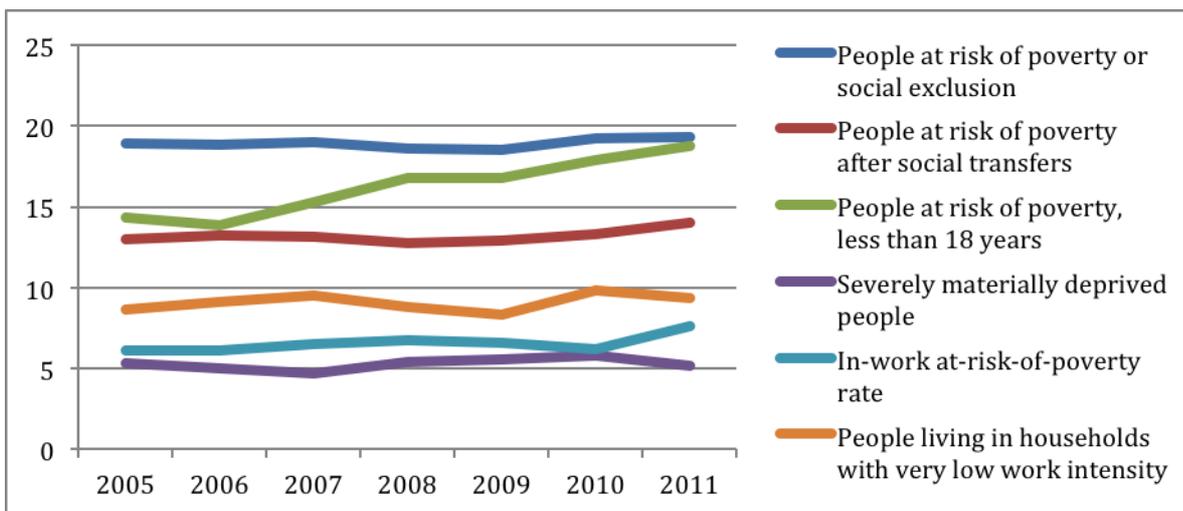
1. POVERTY

1.1. Recent trends

Developments of poverty and social exclusion in France based on Eurostat:

- All poverty indicators rose during the observed period (2008-2012) with the exception of people living in jobless households, which dropped by almost 1 p.p. reaching 8.4%.
- Child poverty increased by a worrying 2 p.p., with a rate of 18.8% in 2012 making **children the age group at second highest risk of poverty, after young people aged 18-24** (22.4% at-risk of poverty in 2012)
- The at-risk-of-poverty rate of **households with dependent children** increased by 2.3 p.p. between 2008 and 2011 (from 14.3% in 2008 to 16.6% in 2011), especially among **single-parents with children** who were at a significantly higher risk of poverty in 2011 (33.9%) than in 2008 (27.9%).
- **At-risk of poverty rate after social transfers** increased by 1.3 p.p. from 12.7% (2008) to 14,1% in 2012 showing that social transfers are not sufficient to live and fight against poverty.
- **Housing cost overburden**, representing the percentage of population living in a household where the total housing costs account for more than 40% of the total disposable household income, increased from 4.1% in 2008 to 5.3% in 2011.

Poverty trends in France (% of population):



The findings of a recent study¹ on beneficiaries receiving assistance by Secours Catholique/Caritas France provide a more detailed insight into the severity of the problem:

- The number of cases dealt with by Secours Catholique remained almost stable between 2001 (595,300 cases and 1,387,000 people) and 2011 (585,500 cases and 1,422,000 people).
- The number of families and children in poverty has increased. Families accounted for 47% of households in 2001, 49% in 2008 and 53% in 2011. In 2001, children accounted for 42% of total beneficiaries, in 2008 they accounted for 46.2% and in 2011 for 47%. The **most affected families are single-parent families** (31% of the situations encountered in 2011 are single-parent families compared with 26% in 2001 and 29.4% in 2008), **especially single mothers** (90% of single families).

¹ Secours Catholique, 2012, *Statistiques d'accueil 2011. Regards sur 10 ans de pauvreté*. URL: http://www.secours-catholique.org/IMG/pdf/DPSTAT_2012_-_sans_mention.pdf

- Housing costs have increased: between 2001 and 2011, rents paid by households dealt with by Secours Catholique increased by 21% in social housing and by 26% in the private housing market. We also observed an unfortunate **increase in the price of water by 38%** over the same period and an **increase of 48% for electricity, gas and other fuels**.
- The number of people with no resources is worryingly increasing: **In 2011, 16% of beneficiary households had no resources**: young people under 25 without dependents child cannot receive the RSA (minimum income support), irregular migrants are not entitled to receiving benefits and there is a **high rate of non-take-up**. According to the final report of the National Committee for RSA Assessment of December 2011², the rate of non-take-up for RSA-socle (*solidarity revenue for non-employed people*) is 35%, while it is 68% for RSA-activité (*earned income supplement: minimum revenue for people working but not enough to earn a sufficient salary*).
- The most frequent requests made by beneficiary households encountered in 2011 were **food (56%; + 20 p.p. from 2001)**, followed by **psychological support and counseling (54%; + 10 p.p. from 2001)** and **payment of rents and invoices with 16%**.
- In 2011, groups most affected by poverty³ were **young people** (no resources, no job, family breakdown etc.); **single-parents families**; **migrants** mainly with administrative troubles; **elderly and retirees, unemployed people and poor workers**.

1.2. Recent policy developments

Since last year the following policy developments have been registered:

France is currently facing a period of political transition as a change of government took place in May 2012. The transition is reflected in the policies pursued, including policies regarding poverty and social exclusion. On 21 January 2013, the government adopted a **5-year plan against poverty and for social inclusion**. It focuses on three points: (1) reduce inequality and preventing social breakdown, (2) support integration and (3) coordinating social action and develop capacity of the stakeholders.

The measures of the plan include: **promoting access to benefits** that are experiencing a significant non-take-up, including a reform of the RSA-activité (*earned income supplement: minimum revenue for people working but not enough to earn a sufficient salary*) whose non-take-up has peaked recently (68%); a **reevaluation of the RSA base** (*the solidarity revenue for unemployed people*) by 10% above inflation by 2017, with a first revaluation of 2% in September 2013; an increase of the ceiling of the Complementary Universal Health Care Coverage (*Couverture Maladie Universelle Complémentaire - CMU-C*) and a simultaneous increase to obtain a supplementary health cover (*acquisition d'une complémentaire santé - ACS*); a **support to single-parent families and large families** facing poverty with an increase of the amount of family benefits (*allocation de soutien familial - ASF - and complément familial - CF-*); a **massive investment in housing and access to housing**, including emergency response: 9,000 additional places – classic accommodation and reception for asylum seekers and structural measures of access housing; **strengthening access to childcare for children from families confronted with poverty**: in each region, the number of children in childcare from these families should reflect the composition of the local population, with a minimum of 10%.

A stakeholder (politicians, governments, public authorities, social partners, associations, citizens) implementation guideline of this plan was adopted on June 7, 2013. Although it is too early to assess the effectiveness of the foreseen measures, the plan is an undeniable step forward and it can be considered as a positive aspect in the fight against poverty.

² Revenu de Solidarité active (rSa), 2011, *Comité national d'évaluation du rSa. Rapport final*. URL: <http://www.ladocumentationfrancaise.fr/var/storage/rapports-publics/114000721/0000.pdf>

³ In December 2011, 110 teams from Secours Catholique were interviewed about changes of poverty cases. The observations were collected in a document called "baromètre" (bi monthly basis document)

Assessment of France's NRP and policies it refers to:

The NRP outlines mainly the measures presented in the **multi-year plan against poverty and for social inclusion** adopted in January 2013. The NRP focuses to a great extent on the reduction of **unemployment**. Thus, all measures adopted in order to achieve employment growth also address the fight against poverty and active inclusion (see employment section below). However, the **NRP barely addresses the issue of child poverty**, which is an important challenge. Furthermore, it has to be noted that the NRP **does not adequately address poverty of migrants, including Roma**, while this population group is particularly affected by poverty

The measures outlined in the NRP (see above) appear relevant and adequate and are a first step to correctly address the challenges of poverty reduction. However, it is still too early to draw conclusions, as the results of these measures will have to be assessed. Nevertheless, some of these measures **would need to be improved**:

- The measures announced about emergency shelter are only general intentions but are not concrete enough. Resources allocated to prevent the loss of housing are limited, and there is a **little budget allocated to the creation of social housing**.
- The announced **review of the family benefits aims at reducing the deficit** rather than radically reforming and increasing family support for the poorest and the most vulnerable.
- The document does not address the issue of a **lack of access to medical care in rural areas**.
- The NRP does not address the *Aide Médicale de l'Etat* (AME), which allows **irregular immigrants to have access to health care** and has a very high rate of non-take-up. The government has only removed one measure of the previous government, which levied EUR 30 for access to health care services.
- The NRP does not report on the question of domicile: **homeless people need an address in order to receive their rights**. A reform is needed on this matter as the associations are no longer able to fulfil this role and the *centres communaux d'action sociale* (public service centres), currently in charge of this issue, are not efficient enough.
- The **reevaluation of RSA-socle by 10% is too low**. A reevaluation of 25% would be considered more adequate.

Assessment of France's Country Specific Recommendations (CSRs) adopted in 2013:

The following CSRs may have a negative impact on the situation of poverty and social exclusion in France:

CSRs that could have a negative impact	Possible negative impact
CSR 1 on the correction of the excessive deficit.	• Efforts to reduce deficits may have a negative impact on social policies as austerity policies still affect the poorest first.
CSR 4 on enhancing competition in services.	• The introduction of competition in some sectors could result in significant job losses and ultimately reduce the quality of services and increase fares.
CSR 5 on simplifying the tax system.	• It may increase consumption taxes, which affect heavily on the budgets of the poorest

1.3. Recommendations

- **Increase the RSA by 25%** so that no one lives with less than 40% of the median income in five years. Deploy territorial integration agreements so that they are effective and representative.
- **Increase the RSA in Mayotte** (Mozambique), where the RSA represents 25% of the urban RSA.

- At the end of the test period, in case of a positive outcome, **extend the Young Guarantee** to more beneficiaries. If the outcome is not positive, create an extension of the RSA-activité for young workers.
- Reform family and fiscal policy to make it more effective in the fight against child poverty, for example by **replacing the family quotient by a tax credit per child** and by developing childcare access to poor families.
- Continue efforts to **build affordable housing for people with low incomes** and allocate a quota of housing for young people. It is important to **restore the indexation of housing subsidies at the current level of rent** for private and public accommodations.
- Design an emergency plan in the territories where the DALO (Droit Au Logement Opposable) is not respected in order to mobilise the additional accommodations to complete the existing social complex of apartments.
- **Simplify the procedures to access care services** so as to reduce the non-take-up of health coverage. The AME and the CMU should be merged into one specific tool as a unique service. This would improve financial management, simplify procedures for individuals and health professionals, and ensure a better and more efficient consultation process. The system of CMU should be applied in Mayotte.

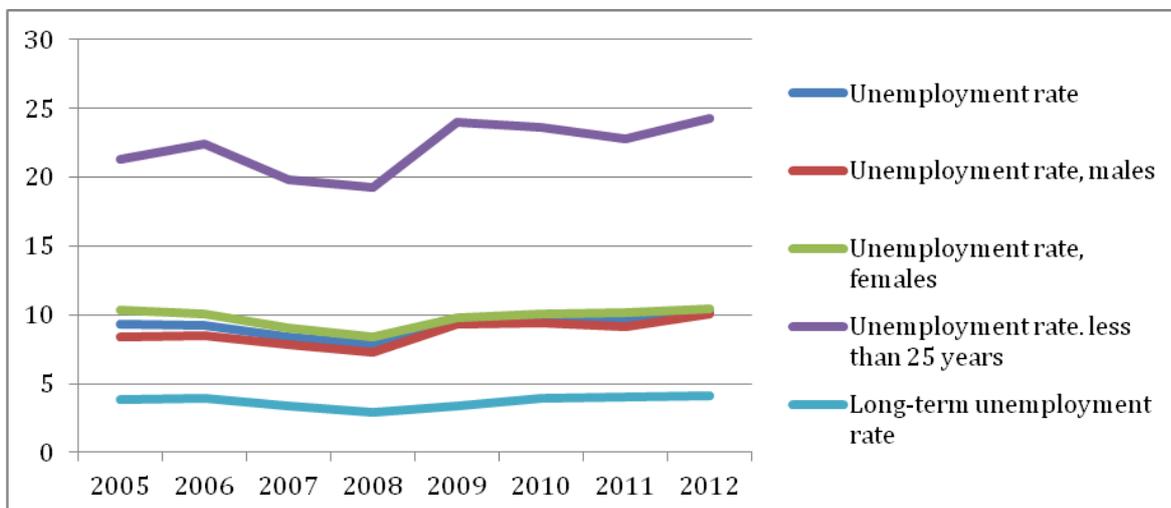
2. EMPLOYMENT

2.1. Recent trends

Developments of the employment situation in France:

- **Unemployment kept rising during the observed period** (from 7.8% in 2008 to 10.2% in 2012), especially affecting young people whose unemployment rate rose by 5 p.p.. While all other employment indicators performed relatively better than EU averages, with 24.3% **youth unemployment stood above the EU average** of 22.8% in 2012.
- The **highest proportional increase can be observed in the long-term unemployment rate**, which increased from 2.9% in 2008 to 4.1% in 2012. The rate rose more sharply among men (by 1.3 p.p.), closing the gender gap for this indicator.
- The **unemployment rate of the population with only primary and lower secondary education has risen sharply** between 2008 and 2012 (from 9.7% to 13.8%). Further increases can be observed among those with only upper secondary and post-secondary education (from 5.5% in 2008 to 8.3% in 2008). **Persons with higher education levels are less severely affected** by unemployment as their rate rose by only 1 .1 p.p. (from 4.0% in 2008 to 5.1% in 2012).

Employment trends in France (% of population):



The findings of a recent study⁴ on beneficiaries receiving assistance by Secours Catholique/Caritas France provide a more detailed insight into the severity of the problem:

- In 2008, 20% of beneficiaries had a job while in 2011 only 18% were employed.
- The unemployment rate increased among those interviewed from 65.1% in 2008 to 66% in 2011.
- In 2011, **33.1% of interviewed persons had been unemployed for more than 2 years** in comparison to 29.9% of interviewees in 2008.
- In 2010, 40.2% of young beneficiaries aged between 18 and 25 were unemployed. 30% of young beneficiaries (18-25 years) did not receive any benefits in the same year.

Additionally, national statistics support the above observations:

- According to national statistics (INSEE), 22.9% of 15-24 year olds were unemployed in 2010, whereas the rate dropped slightly to 21.7% in 2011.⁵
- 15.1% of people with only primary and pre-secondary education were unemployed in 2011. At the same time, 8.9% of people with secondary and post-secondary education (excl. higher education) and 5.6% of university graduates were unemployed⁶. The statistics show that at times of economic difficulties, the less educated are the most vulnerable.

2.2. Recent policy developments

Since last year the following policy developments have been registered:

The law “**on job security**” was adopted on 14 June 2013 and transcribes the national agreement on employment (ANI) of January 2013. It provides measures to fight against the **labour market segmentation**. Its provisions make possible for workers to remain employed in case of crisis with the signature of “companies’ agreements” that allow them to modify maximum working hours and wages of employees, rather than making redundancies for 2 years. Once the “companies’ agreement” is signed, individual approval from the employee is no longer required and consequently, working time and/or wages may be reduced without the employee’s permission. This measure has worrying consequences as, in case of refusal of an employee, companies can dismiss the employee for economic reasons. The law also addresses the quality of employment and the decline of precariousness, especially encouraging the use of the permanent contracts rather than fixed term contracts through the flexibility of the unemployment insurance participation for precarious contracts and creating the right for every employee to have access to a personal training, accounting for lifelong learning. The same regulation foresees actions for **young people leaving school without qualifications** in order to help them to find a job or enrol for training.

Other measures taken for young people include: **Emplois d’avenir** (law of 26 October 2012) which introduces a State support to promote the creation of jobs for young people who have difficulties finding employment; “**generation contract**” (*contrat de génération*) was introduced (law 1st March 2013) to encourage the recruitment of young people under 26 with a permanent contract while at the same time keeping a person over 57 to train him; **Garanties jeunes** (Youth Guarantees) planned by the multi-year plan to fight against poverty that intends to help 100,000 young people living in poverty to find employment or training (the programme will be launched in 10 pilot areas in September 2013).

Regarding *Emplois d’avenir* and Youth Guarantees, the number of contracts already signed remains too low and a significant increase is needed in order to see a real positive impact of the measures. In addition, a “**tax credit for competitiveness and employment**” (*Crédit d’impôt pour la compétitivité et l’emploi* - CICE) became effective on 1 January 2013; it creates **lower labour costs** and a corresponding **increase of competitiveness**. According to the government, this measure will create 300,000 jobs by 2017. The government has also started a reform of **Pôle Emploi** (the French public employment service) to strengthen its human and financial resources in order to provide the most appropriate and

⁴ Secours Catholique, 2012, *Statistiques d’accueil 2011. Regards sur 10 ans de pauvreté*. URL: http://www.secours-catholique.org/IMG/pdf/DPSTAT_2012_-_sans_mention.pdf

⁵ INSEE, http://www.insee.fr/fr/themes/tableau.asp?reg_id=0&ref_id=NATnon03323

⁶ INSEE, http://www.insee.fr/fr/themes/tableau.asp?reg_id=0&ref_id=NATnon03345

individualised support to job seekers in their search for employment and in training. In order to do so, a strategic plan "Pôle Emploi 2015" has been launched. Most of the measures are a progress for increasing employment and reducing unemployment; however, there is room for improvement (see below).

Assessment of France's NRP and policies it refers to:

Many of the above measures can be considered adequate and relevant to achieve this goal of employment growth; however, some criticism has to be made: the **NRP fails to address other vulnerable groups, such as disabled people or migrants, including Roma**, which are particularly affected by exclusion from the labour market.

Long life learning as a factor combating unemployment is addressed, but it is unfortunate that **the NRP does not address a real reform of vocational training and its financing**. Unions are the main actors managing training programmes and it is worrying that financial losses have been observed.

Regarding the good administration of public employment services (Pôle Emploi), an increase of human and financial resources is planned. However, 2,000 permanent job contracts to be created were announced in late March, adding to an earlier announcement of 2,000 positions that will become effective in September 2013. It is estimated that the time of the implementation is relatively long despite the need for the action.

The NRP 2013 contains a large number of measures addressing the increase of employability of young people as well as the employment retention of older people. However, **emplois d'avenir are reserved to the public sector**. By the end of March 2013, 15,000 contracts had already been signed; however, this **number remains too low** in sight of the 150,000 planned contracts. Regarding the Youth Guarantees (Garanties jeunes), the measure is welcomed but it does not address enough young people. The ANI of 11 January 2013 tries to find a balance between the labour flexibility in favour of companies and the security of employees (guarantees of continued employment). However, measures allowing the temporary reduction of working time and wages in case of crisis should be applied with care (see above). Furthermore, it has to be highlighted that the provisions contained in the ANI **depend on the sectorial collective bargaining**. Therefore, the controversy raised by this measure comes from the fact that once the bargaining agreement is signed, the individual approval of the employee is no longer required and consequently, **working time and/or wages may be reduced without the employee's permission**.

The "tax credit for competitiveness and employment" (CICE) approved in January 2013 intends to create 300,000 jobs by 2017; however, it has to be ensured that its implementation really encourages companies to hire and not to just increase their benefits without job creation.

Finally, it is unfortunate that the **NRP does not provide any targets or indicators to assess the results**.

Assessment of France's Country Specific Recommendations (CSRs) adopted in 2013:

The following CSRs may have a negative impact on the employment situation in France:

CSRs that could have a negative impact	Possible negative impact
CSR 1 on the correction of the excessive deficit.	<ul style="list-style-type: none"> • Reducing deficits and austerity hamper the resumption of growth and therefore job creation.
CSR 4 on enhancing competition in services.	<ul style="list-style-type: none"> • Strengthening competition in public services may reduce the employment rate and the quality of services.

2.3. Recommendations

- **Increase resources allocated to vocational training and supporting employment search** by focusing them on those who need it the most: long-term unemployed, people without qualifications, and people with disabilities. It is also necessary to increase efforts to provide individual training.
- **Provide more resources to local agencies** in order to enable them to be more effective, in particular in their work with the vulnerable youth in order to address all their difficulties.
- Develop and simplify the testing of initiatives that support people who face difficulties finding employment: **extension of insertion contracts** for example.
- **Identify jobs** that, despite not being economically sustainable, can be **useful for society** and therefore supported by society as a whole.
- **Invest and train staff in** sectors that have been identified by unions and business associations as **key sectors that will demand human resources** (Medef, CGPME, UPA, CFDT, CFTC, CFE-CGC).