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ASSISTING

THE RETURN

TO EMPLOYMENT

Report 6

COUNCIL FOR EMPLOYMENT, INCOME AND SOCIAL COHESION

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TO EMPLOYMENT**

REPORT 6

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ISBN: 2-11-006063-8

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ASSISTING THE RETURN TO EMPLOYMENT¹

INTRODUCTION

In a letter dated 29 July 2004 (Appendix I)², the French Prime Minister asked the Council for Employment, Income and Social Cohesion, the CERC,³ to undertake an in-depth analysis of return-to-employment assistance schemes and formulate proposals intended to improve individual support measures for the unemployed.⁴ In order to meet this request, the Council has chosen to situate the analysis of the schemes providing support to job-seekers within a more general analysis of the handling of unemployment. Indeed, the unemployment situation in France and the extreme complexity of the system for back-to-work assistance would seem to require an in-depth reform going beyond those undertaken since the beginning of the decade with the aims of reintroducing greater coherence, readability and stability, and thus greater efficiency.

France, more than most other European countries, has a high level of unemployment: in 2004, within the fifteen-member European Union, only Spain and Greece faced a more serious situation and the French unemployment rate was more than twice as much as those in countries as different as Ireland, Austria, The Netherlands and the United Kingdom. And this is a lasting situation which has locked French society into unemployment. Since 1984, the unemployment rate has never gone below 8.5 percent.

France is not the only country to have undertaken profound reforms of the handling of unemployment but it has done so later than many of its neighbours. It is thus important to analyse the French reforms in the light of the other experiences. The idea is not to recommend borrowing a good practice here or there (this would be more appropriate for the different operators to consider), or to propose the application of a given national model to the French situation. Rather, the foreign experiences offer a mirror for analysing the coherence of the French schemes and shedding light on paths for reform. We have analysed five countries in particular: the United Kingdom, Sweden, Denmark, The Netherlands and Germany, where the CERC carried out study missions. These countries have all undertaken major reforms which, to be sure, do not converge on all points. But they do permit us to analyse the role of unemployment compensation in back-to-work assistance, the roles of the different players, including public authorities and social partners but also placement companies, and last of all, the procedures and tools used for assisting the return to employment.

In preparing this report, the CERC worked closely with the services of the state, the National Employment Agency (ANPE) and the jointly managed unemployment insurance system, the National Union for Employment in Industry and Commerce (UNEDIC) and it met with many other players at national or local level.

¹ Translated by Miriam Rosen.

² All annexes are only available in french.

³ For the original names corresponding to all acronyms used here, see the list at the end of the report.

⁴ The term 'back-to-work assistance' (*aide au retour à l'emploi*) should, of course, be taken to include entry into a first job for those who have not previously held one, i.e., the 'first-time job-seekers', notably young people exiting initial education and training. Using the expression 'entry into employment' would place too much emphasis on this aspect and lead to examining school-to-work transition schemes as well.

The opinions it has formulated are based on an examination of the analytical elements available for France and experiences encountered abroad.⁵ Two studies were specially conducted, one with researchers at the Université d'Évry on local differences in return to employment and the other with the Centre d'Études de l'Emploi on the local aspects of co-ordination between players. On the basis of these investigations, the Council is calling for an overall consideration of strategic policies in the handling of unemployment, including the compensation systems, the mode of governance and the organisation of individual support measures for job-seekers.

I. EMPLOYMENT POLICY IN FRANCE

1. The role and limits of back-to- work assistance

The Council must once again emphasise that finding the way back to full employment and absorbing unemployment depends on a return to increased growth and thus macro-economic regulation policies and those improving the structural conditions of growth. The experience of the period between 1997 and 2001 serves as a reminder: the return to growth (+ 3.1 % yearly average) and a greater increase in jobs (372,000 new jobs net per year, mainly in the business sector) allowed a reduction of unemployment over this period (from an average of 3.3 million in 1997 to an average of 2.5 million in 2001 [Source: national accounts]), as well as a decrease in its average duration.

The economy as a whole needs flexibility in order to adapt to changing demand and technological developments. As a result, and even if this flexibility can and should be found as much as possible within existing organisations (the companies as well as public administrations and other institutions), there is a growing 'instability' in employment, with consequences in turn for insecurity. This issue has been addressed in the CERC's previous report, 'Job security' (CERC, 2005).⁶

Labour-market flows are considerable. Thus, in 2002, in a field of 13 million employees of business firms, the Ministry of Labour's research department, the DARES, inventoried 5.2 million recruitments (excluding temporary work or non-renewable contracts of less than one month) and practically as many departures. Admittedly, a good number of transitions between two jobs occur without a spell of unemployment but that same year, the ANPE registered some four million job-seekers in category 1 alone (those seeking permanent full-time employment).

This example brings out the importance of back-to-work assistance schemes, for the good of the persons concerned as well as for macro- and micro-economic adjustment. A quicker return to employment can improve individual incomes but also decrease the funding needs of the unemployment insurance schemes and thus generate a reduction in labour costs which encourages growth. But other important issues must also be taken into account.

⁵ With regard to France, three recent reports of major importance must be cited in particular: the evaluation of the third ANPE progress contract (Rack, 2004), the Marimbert report on closer co-ordination between the public employment services (Marimbert, 2004) and the evaluation of subcontracting, known as the Balmory report (Balmory, 2004).

⁶ In that report, the CERC emphasises the importance of distinguishing between employment instability (related to the end of the work contract owing to redundancy, expiration of contract or resignation) and employment insecurity (a long period of unemployment following instability in employment).

Sharp employment instability reflects in part the disparity between wage-earners' individual characteristics and those of available jobs; back-to-work assistance schemes should be aimed at better matching, which is favourable both to the stability of the jobs found, to economic efficiency and thus to growth and employment. This process involves the quality of the ANPE's intermediation and the improvement of job-seekers' skills through training.

The CERC's previous report also stressed that instability and insecurity of employment have an unequal impact on the different categories of wage-earners, notably because of their age and qualifications, and that these inequalities with regard to employment were tending to increase. This analysis leads us to examine the back-to-work assistance schemes in terms of social justice as well. One of the policy orientations of assistance for return to employment should be the greatest possible correction of these inequalities, in keeping with the objectives assigned to the public employment service and, in particular, the National Employment Agency.

2. Active social policies

Social policies were initially developed in order to compensate for the consequences of risks faced by citizens, and mainly wage-earners, through one of two means: insurance (funded through contributions based on earned income) or solidarity (budgetary funding). Gradually, however, two complementary objectives were added to this purely 'compensatory' conception.⁷ Social policies can play a preventive role by influencing behaviours in order to avoid the occurrence of risks. And they can encourage the return to a situation where the person no longer needs this compensation by attempting to improve individual abilities and allowing them to be utilised (curative role).

An active social assistance policy

The first area in which this new approach has been developed in France is social assistance; the second is the struggle against unemployment. The choice of an active policy was seen with the creation of the minimum income benefit (RMI). Here, legislators established the principle not only of a social assistance allowance providing a minimum income but also of a tool aimed at permitting the beneficiaries' economic and social integration. Indeed, the 1988 law establishing the RMI indicates that, "The social and economic integration of disadvantaged people constitutes a national imperative" and specifies the conditions for the exercise of this right: 'All persons ... who commit themselves to participating in the actions or activities defined with them and necessary for their social or economic integration, have the right ... to a minimum income benefit.'

This commitment is formalised by an integration contract signed between the public authorities (at the level of the local *départements* since 2003) and the beneficiary. The debates at the time the RMI was created revealed the divergences between the different political and social players over the nature of this active policy. These divergences re-emerged during the discussion of the December 2003 law decentralising the RMI to the *départements* and creating the 'integration contract-minimum earned income guarantee' (CI-RMA).

⁷ This theme was addressed at a conference of the Social Affairs Ministers from the OECD member countries held on 31 March-1 April 2005: 'Extending opportunities: How active social policy can benefit us all' (OECD, 2005).

An active policy for handling unemployment

Three kinds of actions are necessary if unemployment risk insurance is to help reduce unemployment at the same time that it compensates unemployed wage-earners for the financial consequences of their situation. The first, studied in the previous CERC report, concerns the funding of the insurance system: is it possible to set up funding methods which encourage employers to have less recourse to external flexibility and thus to putting employees out of work? To that end, it has been proposed that each company's contribution rate depend on its workforce management policy.

The second action involves the forms of support measures in case of redundancies, which were also discussed in the previous report. An active policy for handling unemployment also means attempting to ensure the redeployment of personnel made redundant. This is the sense of the laws and agreements aimed at involving the different players, notably the company which undertakes mass redundancy. The retraining agreements prior to 2001, the procedures anticipating the 'back-to-work assistance plan' (PARE) which were in effect from 2001 to the implementation of the law on social cohesion and the new individual redeployment agreements resulting from this law and the inter-trade agreement of May 2005 have been and are at present the main instruments.

The final component concerns back-to-work assistance for the unemployed. There is general consensus on one point: that the public authorities should assist unemployed persons to return to employment, whether or not they are covered by an insurance or solidarity scheme. This assistance takes various forms, including intermediation, individual support measures, training and subsidised jobs. Two other points concerning unemployed persons receiving compensation are subject to greater debate. First of all, should eligibility for unemployment compensation be tied to participation in programmes and actions aimed at assisting the return to employment? This is what is known as unemployment insurance 'activation', to borrow a neologism introduced several years ago in the vocabulary of the international organisations. And second, should the UNEDIC, which is responsible for the unemployment insurance system, play a role in both the implementation of active policies and their funding?⁸

3. Active unemployment policy before 2001

Until 2001, back-to-work assistance for the unemployed was mainly provided by the state or the public employment service, in its standard sense (state and ANPE). It relied on several tools: the collecting and management of job vacancies, intermediation, training and the development of work placements and subsidised jobs.

The individual support programmes only concerned certain categories of job-seekers, notably low-skilled young people in difficult social situations (e.g., the TRACE programme) and the long-term unemployed or young people unemployed for six months (e.g., the programme of 'individualised service for a new start towards employment', SPNDE).

⁸ Here a distinction must be made between the role of the UNEDIC and that of the social partners which, as we shall see through European examples, can be expressed in the definition of policies to be implemented and in the choice of the agency primarily responsible for handling back-to-work assistance.

The unemployment insurance scheme run by the social partners took several forms, notably the ‘redeployment training allowances’ (AFR) and the ‘specific retraining allowances’ (ASC). This intervention was relatively marginal, however. At the same time, the reduced activities scheme allowed unemployed persons with compensation to combine a work income and a fraction of their allowance and, after 1986, also reflected the orientation towards a more active role for unemployment insurance.

4. The 2001 UNEDIC agreement and the PARE/PAP programme

The handling of unemployment has undergone major reshufflings since 2000 but these changes have not maintained an overall coherence. During the year 2000, the social partners’ renegotiation of the UNEDIC agreement, in the context of a group of negotiations on the theme of ‘social overhaul’ (*refondation sociale*), led to a more active role for unemployment insurance and considerably advanced the position of the social partners as participants in the return to employment.

This agreement reflects a very profound change in the unemployment insurance scheme, which has thus become a highly active element in the return to employment. Quite symptomatically, the unemployment allowance (known as the ‘degressive single allowance’ [AUD]) becomes a ‘back-to-work assistance allowance’ (ARE).⁹

There is clearly an ‘activation’ of compensation: the payment of the allowance is contingent on the signing of a ‘back-to-work assistance plan’ (PARE), which has the value of a contract specifying the reciprocal obligations of the job-seeker and the UNEDIC.¹⁰ The assistance provided to the job-seeker is defined and implemented by the ANPE within the framework of a ‘personal action plan’ (PAP).

During the year 2000, the role of the UNEDIC in assisting the return to employment was increased, within specific limits, in the context of the approval procedure for the agreement. The public authorities were determined that the ANPE should remain responsible for providing support to job-seekers, whether or not the latter were beneficiaries of the unemployment insurance scheme. The UNEDIC was associated with follow-up of PAP procedures, however, although it did not become the direct operator for back-to-work assistance to unemployed persons receiving compensation. It has also assumed greater responsibility for funding various elements of the back-to-work assistance scheme, including the recruitment of ANPE agents, individual support or training services, relocation support devices or subsidies to employers for hiring the long-term unemployed.

All in all, the UNEDIC has thus increased its role in the organisation, and to some extent in the orientation, of back-to-work assistance. This constitutes a major distinctive feature of the French system with regard to experiences elsewhere in Europe (see below).

⁹ The same semantic transformation took place in the UK in 1995, when the unemployment benefit (UB) became the job-seeker’s allowance (JSA).

¹⁰ This contractual value was recognised by the courts when certain job-seekers contested the reduction of the length of their allowance by the January 2003 agreement in what are known as the cases of the ‘recalculated’ job-seekers.

5. The broadening of the ANPE's activities

In the context of the UNEDIC agreement negotiations, the public authorities decided to extend individual support measures to all job-seekers from the time of their entry into unemployment and, in order to do so, to undertake a greatly increased number of actions. Their decision came in response to both the new directions of the unemployment insurance scheme and policies adopted within the framework of European guidelines on employment in order to avoid long-term unemployment.

The public authorities thus increased the ANPE's missions and means for the individual support of job-seekers.¹¹ For the ANPE, the additional responsibility for this extended support of job-seekers did not greatly modify the kind of interventions or services which it had developed in the context of the programme of 'individualised service for a new start towards employment' (SPNDE). On the other hand, this led to temporary difficulty in accomplishing its intermediation mission (matching employers and job-seekers), which requires active prospecting of employers. At the same time, co-ordination between the state, the ANPE and the UNEDIC was increased through numerous agreements defining their respective roles at national as well as regional and local levels.

6. The impact of the new policies

If the Council has, in this report, privileged the examination of the 2001 reforms, the likely consequences of subsequent reforms affecting this domain must also be taken into account. In the area of compensation, the January 2004 UNEDIC agreement made both the length of prior affiliation and the duration of the allowances more restrictive. The same was true for the eligibility conditions of the 'specific solidarity allowance' (ASS).¹² At the same time, responsibility for managing the RMI scheme, as well as the funding of allowance and integration expenditures, were totally transferred to the *départements* by the December 2003 law.

Concerning the back-to-work assistance schemes, the law of 13 August 2004 on local freedoms and responsibilities entrusted the regions with the definition and implementation of policy on apprenticeship and the vocational training of young people and adults seeking employment or a new occupational orientation.

All the subsidised jobs were modified between 2001 and 2004, while their overall volume was sharply reduced through the gradual elimination of the 'youth jobs-new services' scheme, the creation of the 'in-company youth jobs', the modification of alternating training contracts in the law on vocational training, the creation of the integration contract-minimum earned income guarantee (CI-RMA) at the time the RMI was decentralised, and so on.

The January 2005 law on social cohesion also introduced many changes concerning the handling of unemployment; it will be specifically analysed in the third section of this report.

¹¹ The number of personnel went from 16,990 in 2000 to 21,524 in 2004.

¹² The application of the decree was suspended, however.

II. THE DIFFERENT COMPONENTS OF ACTIVE UNEMPLOYMENT POLICY

In this section we shall study in turn the compensation (analysed in greater detail in Appendix II), individual support and follow-up of job-seekers by examining support procedures and services, training and the role of subsidised jobs (see also Appendix III). Last of all, the analysis will also address the system's mode of governance (cf. also Appendix IV).

1. Income replacement benefits

Ordinarily classified as passive expenditures, unemployment compensation nonetheless plays an active role in the return to employment. This is true in two different respects. Living with uncertainty and financial difficulties is a handicap, sometimes overwhelming, for active job seeking. At the same time, having income prospects, even if they are limited relative to a wage, allows job-seekers to find employment more in keeping with their qualifications or skills and their objectives; even if this does not accelerate the return to employment, it still allows better matching between job supply and demand, with positive consequences for the quality and durability of the employment found.

The allowances may be granted to persons without employment because of their prior situation as wage-earners; such is the case with the 'back-to-work assistance allowance' (ARE) and the 'specific solidarity allowance' (ASS). They may also result from guaranteed income schemes, in particular the RMI. Here, the motive is the inadequacy of household income.

Unemployment compensation

Rules of unemployment insurance and solidarity schemes (as of 1 January 2005)

	Duration of affiliation	Age	Maximum duration of compensation
ARE	6 months over the last 22 months	any	7 months
	14 months over the last 24 months	any	23 months
	27 months over the last 36 months	≥ 50 years ≥ 57 years	36 months 42 months
ASS	5 years over the last 10 years prior to entry into unemployment	< 55 years	Unlimited ^a
		≥ 55 years	Unlimited

a) A limited two-year period for wage-earners under 55 had been instituted by Decree no. 2003-1315 of 30 December 2003 but its application was suspended.

Several factors may result in the job-seeker's failure to receive unemployment compensation:

He or she may be ineligible because of a prior period of employment which is too short. This is the case for more than six out of every ten unemployed persons without compensation. These are often young people under 25: over half of the job-seekers in that age group are not compensated, mainly because of an insufficient period of affiliation.

The unemployed person may not have found a job before the end of his or her unemployment insurance entitlements, without being eligible for the specific solidarity allowance because of an insufficient period of prior paid activity. About 11 percent of those not compensated are in this category.¹³

¹³ Within categories 1 and 6 (job-seekers looking for permanent, full-time employment) of the official statistical breakdown of end-of-month demand for employment (DEFM).

The compensation may be suspended because of the exercise of reduced activities leading to remunerations exceeding the level determined in function of the previous wage.

Suspension can also result from a sick leave or similar reasons (parental leave, etc.), in which case job-seekers receive sickness benefits from their health insurance fund. Exclusion from unemployment insurance thus results mainly from a problem of eligibility, although France is the European country which grants entitlements most easily (see below, section IV).

The RMI

Certain unemployed persons who are not compensated through insurance or solidarity may, depending on their means, receive the RMI.¹⁴ In practice, it plays the role of a third level of unemployment insurance, although it was not conceived in this spirit and this situation is problematic.

First of all, young people under 25 do not have recourse to the RMI, despite the fact that, as we have seen, they are badly covered by unemployment insurance. In addition, RMI beneficiaries constitute a very heterogeneous population. Some are close to employment and are often registered as job-seekers at the ANPE or actively looking for work through other channels.¹⁵ They should thus be covered by unemployment compensation schemes. Others are quite removed from the labour market, without being eligible for solidarity income schemes recognising this situation (disability, age). They more clearly come under social assistance schemes.

As of 31 December 2004, out of 4.4 million job-seekers potentially eligible for compensation (categories 1 to 3 and 6 to 8 and those exempt from looking for work), 2.7 million were compensated, either through unemployment insurance (ARE, 2.3 million) or through solidarity (0.4 million). At the same date, there were 1.2 million RMI beneficiaries.

Factors influencing the return to employment

Four features of the allowances have an impact on the return to employment in terms of timing and the quality of the jobs found:

The first is the income replacement rate, which is the proportion of the former wage which the job-seeker now receives through the allowance.¹⁶ A high rate is likely to provide less incentive for compensated job-seekers to find a job quickly because it can lead them to refuse proposed jobs with wages deemed insufficient in light of their present and past situations.¹⁷

¹⁴ Certain unemployed persons receiving slight compensation may also be RMI beneficiaries.

¹⁵ Among the job-seekers registered at the ANPE in 2004, about 12 % were identified as RMI beneficiaries, which represents some 40 % of total RMI beneficiaries.

¹⁶ The notion of 'income replacement rate' may give rise to different evaluations, depending on whether it is measured by dividing gross allowance by gross wage or by taking into account differences in the wage-earners' social contributions (net allowance divided by net wage), or by also taking into account the effect of taxes and means-tested benefits.

¹⁷ The wage threshold under which the unemployed person refuses a job is known as a 'reservation wage' (*salair de reserve*).

Conversely, a low rate may lead unemployed persons to accept jobs which do not correspond to their real capabilities; in this case, the jobs created are of lesser quality and lower productivity, which has a negative effect for both the individual concerned and the economy. The nominal replacement rate is now 57.4 percent for monthly wages between 1,809 € and 10,064 €, in other words, four times the social protection ceiling.¹⁸

The second factor is the length of the compensation period. At present, this depends on the length of prior employment and the job-seeker's age. These time periods do not depend, however, on the probability of quickly finding a job except, in a sense, for unemployed persons aged 50 and over.

Third, the temporal profile of the compensation may be involved. Today, the amount of the allowance (ARE) is constant during the compensation period. But from 1992 to 2001, the unemployment allowance was reduced over time in stages ('single degressive allowance' [AUD]). Studies available for France (Dormont, Fougère and Prieto, 2001; Lollivier and Rioux, 2005) suggest that the elimination of the degressive system may have prolonged the unemployment period of the wage-earners receiving the greatest compensation.

The last factor is the possibility of combining a paid activity with the allowance: the 'reduced activities' mechanism for people receiving an unemployment allowance (ARE or ASS) permits an increase in income but above all an extension of the entitlements period; the 'financial involvement' (*intéressement*) mechanism allows RMI beneficiaries to combine a fraction of their wage with the allowance during a period of up to one year. These schemes allow beneficiaries to maintain a closer connection with work, which should help the return to employment. There are, however, few studies on the effectiveness of these arrangements in terms of the rapidity of return to employment.

2. Assistance schemes

We shall first analyse the methods existing from 2001 to summer 2005. The modifications introduced by the law on social cohesion and those under discussion in the draft of the new agreement between the state, the ANPE and the UNEDIC will be examined afterwards.

2.1. Follow-up

From the outset, unemployment compensation was contingent on the beneficiary's active job search and the acceptance of a 'suitable' job, a precondition existing in France as everywhere else. These two conditions also apply to unemployed persons not receiving compensation if they wish to be registered as job-seekers and benefit from the ANPE's services. Only older beneficiaries are, in France as in other European countries, 'exempt from seeking employment' (about 400,000 among ARE or ASS beneficiaries in December 2004). The monitoring of the respect of these conditions, and in particular, the regular follow-up of the actions undertaken to find a job, are also part of individual support measures insofar as these provide the opportunity for contacts with job vacancies or counselling.

¹⁸ The nominal income replacement rate is equal to the allowance after employee contributions divided by the net former wage (see Appendix II). The level of the ceiling for the reference wage reduces the income replacement rate for the highest wages and, for the job-seekers concerned, increases the incentive to resume working quickly; in general, this involves those who have a greater likelihood of finding another job.

Indeed, there is a certain over-simplification in separating, or even opposing, follow-up/monitoring and individual support measures on the grounds that the former are distrustful and detrimental to the rights of the unemployed while the latter should be increased.

Follow-up in practice

Job-seekers are required to provide an update on their situations every month at their local benefits office, the ASSEDIC (Association for Employment in Industry and Commerce), but this progress report does not include any information on the nature and intensity of their job searches or on possible job offers which they might have refused. There is also regular follow-up in the context of the six-month update visits for the ‘personal action plan’ (PAP) at the local employment office.

Last of all, the ASSEDIC offices should, ‘in order to monitor the fulfilment of the commitments which the job-seeker has made in the context of the personal action plan, examine the situations of a certain percentage of beneficiaries at the end of the standard 182-day benefits period (the allowance is granted by periods of 182 days, after which it must be renewed). For the other beneficiaries, the allowance is renewed automatically.

To our knowledge, there is no study in France dealing with the effect of the different forms of follow-up and sanctions throughout the unemployment period.¹⁹ On the other hand, a certain number of studies available abroad (especially in The Netherlands) suggest that this effect is considerable. Various indications lead us to believe that in France as well, closer follow-up would also have an effect. Thus, in more than one out of every ten cases, the ASSEDIC convocations issued to certain job-seekers in order to monitor their employment search at the end of each 182-day compensation period lead the unemployed person to declare that he or she has found a job. At the same time, according to a survey carried out among a sample of job-seekers received in September 2002 for the second PAP update interview, the job-seekers had a relatively positive view of the measure. The majority perceive this interview as a help, one-fifth of the respondents consider it as an administrative interview and another fifth as a tool for verifying the job search (Klein and Pommier, 2003).

Suitable jobs

As in most countries, job-seekers should, under penalty of sanctions, accept the ‘suitable jobs’ proposed to them. The definition of a ‘suitable job’ is less precise than in other European countries, however. Prior to the law on social cohesion, it involved a job which was compatible with the job-seeker’s speciality or prior training and his or her possibilities of geographical mobility and which was paid at a normal rate for the occupation and the region.

Sanctions

A person who no longer fulfils the conditions for being registered on the list of job-seekers for reasons other than returning to work, entering training, illness, and so on, is to be removed from the list.

¹⁹ This is difficult to estimate, moreover, because it is necessary to distinguish between the effect of receiving a sanction and that of living in a system with sanctions. The latter is preventive: the simple possibility of sanctioning may encourage the job search. It is also necessary to take into account the fact that unemployed persons subject to sanctions have particular characteristics which also affect the likelihood of their finding a job.

If he or she is compensated by unemployment insurance (or the solidarity scheme), the payment of the allowance is to be suspended.

The ANPE, which is in charge of the list of job-seekers, can carry out the removal procedure when it observes that certain obligations have not been respected. The job-seeker concerned should be informed in advance and has the right to provide written remarks within two weeks. The removal can last between two and six months, depending on the seriousness of the incidents, except in the case of a false statement, when it lasts between six and twelve months. For unemployed persons receiving compensation, removal from the list leads to the suspension of income replacement entitlements, which are deferred to the end of the compensation period in the case of back-to-work assistance (ARE). While the removal decision depends solely on the head of the ANPE office at *département* level, it must nonetheless be transmitted to the state services (the prefect or, by delegation, the Division of Labour, Employment and Vocational Training at *département* level [DDTEFP]), which are the only ones with the power to impose sanctions.

The failure to provide the monthly progress report or unjustified absence from ANPE convocations are the most frequent motives for administrative suspension. Among other factors which may lead the UNEDIC or ANPE to propose sanctions are: the suspicion of insufficient job-search efforts (based on the interviews) and the refusal of a proposed apprenticeship or another alternating training contract, a training or work-integration activity or a subsidised contract without a legitimate reason.

2.2. Support measures

The principle of individual support measures for all job-seekers was introduced in 2001. In the twenty days following registration as a job-seeker with the ASSEDIC, the unemployed person should meet with a local employment agency (ALE) staff member. This interview (known as PAP01) should be the opportunity to assess the risks of long-term unemployment and determine the appropriate responses to the job-seeker's needs.²⁰ To these ends, it is necessary to analyse the job-seeker's qualifications and skills and evaluate them in light of the local labour-market situation. The interview should lead to the definition of a personal action plan, the PAP, which constitutes the job-seeker's 'waybill' and identifies, among the ANPE's services, those which seem best adapted to the individual's particular situation. The personal action plan can be revised at any time and must be updated every six months.

In the course of the interviews, and especially the PAP interviews, the counsellors should try to match job-seekers with employers by proposing job vacancies corresponding to his or her characteristics and qualifications and the types of contracts and occupations sought.²¹ This intermediation activity has a considerable volume (about 15 million operations a year).

²⁰ For reasons of scheduling, this in-depth interview may take place after an initial meeting.

²¹ This process applies to initial interviews, follow-up interviews and any other encounter between the agency's counsellors and job-seekers.

It should be noted that this most often involves 'proposals' for contacts, with the ANPE agent simply providing the vacancies; it is rare for the actual contact to be made in the course of the interview either by the job-seeker or through the intermediary of the agent. Normally, at the following interview, the job-seeker should indicate how her or she has followed up and the results of these contacts.

Indeed, it is one of the main forms of assistance which the ANPE can provide to every job-seeker. In order to do so, the agency must maintain a dense network of relationships with businesses looking to recruit and these businesses must be satisfied with the service provided. This explains the capital importance of the ANPE counsellor's selection of individuals to be directed towards a given job vacancy.

The number of PAP-related interviews is high: in 2004, there were 2.6 million for phase 1, 1.6 million for phase 2 and 3.1 million for phase 3 and over. This results in a mass treatment which is fairly codified in terms of its content, especially for the first interview, as well as in the way it proceeds. Given the limited instruments available to counsellors for helping them in their diagnoses, their guidance is mainly based on individual judgement.

The systematic procedure of the first PAP interview probably constitutes an improvement over the 'targeting' of particular categories of job-seekers for support measures, as was the case before the general use of such measures. Early intervention is most likely useful for persons with high risks of long-term unemployment. But this consideration raises the question of the development of instruments which would permit interviewers to make a better evaluation of risks as well as an overview of the job-seekers' specific characteristics. These 'profiling' tools, which are developed in certain countries such as The Netherlands, Denmark or Germany, should come into use shortly in France at the time of job-seeker registration (see below).

Levels of services

The definition of the levels of services offered to each job-seeker at a given stage of his or her pathway is one of the new features introduced in 2001. Four levels of services are proposed.

The most autonomous job-seekers have '**self-service**' access to information in the agencies, such as job announcements, guides and so on (in 2004, 42 % at the time of the first PAP01 interview). The '**individual support**' level which follows includes evaluation of skills or job-seeking workshops (44 % at PAP01). The level of services increases with '**stepped-up support**', which may include skills audits or support measures generally lasting three months with the possibility of renewal and which permit regular follow-up by a personal adviser (13 % at PAP01). Finally, in certain rare cases, the need for prior resolution of problems of a social nature (housing, health, etc.) leads to '**social support measures**' carried out by specialised service providers (1 %). The definition of the level of services proposed does not simply take into account the assessment of the job-seeker's needs but also the overall budget guidelines which the agencies are supposed to respect.

In practice, the levels of services proposed depend on certain characteristics of the job-seekers (Debauche and Jugnot, 2005a). Thus, first-time job-seekers or individuals who have been outside the labour market for a long time more often benefit from individual or stepped-up support measures, as is also the case for unskilled blue- and white-collar workers, while managers and professional staff are more often directed towards 'self-service' resources.

When the spell of unemployment persists and the job-seeker moves on to update interviews (PAP02, PAP03, etc.), it is particularly important for information on the earlier stages (content of previous interviews, services obtained, actions undertaken by the job-seeker) to be fully available to the counsellor conducting the interview.

According to a survey carried out by ROM Consulting, this is often not the case and these interviews are, in part, repetitions of the earlier ones.

In addition, it must be noted that the proportion of update interviews leading to simple 'self-service' remains high (roughly one-third) from the time of the first update interview (PAP02), which means at the end of about six months of unemployment, to the fifth (30 months) and beyond. It is understandable that after major support measures (e.g., an in-depth skills audit possibly followed by training), the job-seeker might be judged sufficiently autonomous to function in 'self-service' for a certain time. On the other hand, when a very long period of unemployment, over two years, for example, reveals the job-seeker's inability to find an ordinary job, the 'self-service' option is rather a reflection of the lack of an appropriate measure (subsidised work contract or long-term training) for finding a way out of the impasse. In the case of the very long-term unemployed, the solution is not to 'throw up the sponge' little by little by offering them nothing other than access to the employment agency and job announcements or, for the oldest persons among them, the wait for exemption from the job search.

Support-measure operators

The initial process is the same for every job-seeker: registration with the ASSEDIC office (with a PARE contract if there is eligibility for unemployment insurance), a first interview at the ANPE to draw up a PAP. After this point, the pathways may diverge. Indeed, for certain publics, the agency may entrust the whole of the support measures to 'co-contractors': APEC, the employment agency for managers and professional staff (the objective in 2004 was 37,000 job-seekers in this category), the local missions for low-skilled young people in difficult social situations (objective in 2004: 103,000), the CAP-employment network for unemployed persons with disabilities (58,000).

In these cases, the nature of the follow-up and support is different: in general, the follow-up is more intensive and carried out by a personal adviser; the interviews last longer and the support measures may be more diversified. Examining the relative effectiveness of support measures provided by these co-contractors and the ANPE could offer useful information about the role of increased support, and notably the impact of the personal adviser. Here too, however, few studies are available.

A 2004 study carried out for the APEC compares the cases of managers and professional staff handled by that body and those handled by the ANPE by examining the rapidity of the return to employment and the nature of the jobs found. The back-to-work rates, measured twelve months after unemployment registration, are the same overall but the relative performances vary during the first year. Rapid return (three months) is better at the ANPE, but this may be due to the fact that the APEC's intervention is later since the job-seeker is only taken on after an initial PAP01 interview at the ANPE; the back-to-work rate is greater for APEC at six or nine months. And managers and professional staff taken on by the APEC more often find managerial or professional jobs. The results of this study are tenuous, however, because of uncorrected selection biases (the fact that managers or professional staff go through the APEC is not a coincidence and depends in part on their personal characteristics).

Pilot programmes initiated by the UNEDIC with the agreement of the ANPE are also underway. These involve entrusting private companies with responsibility for support provision to unemployed persons (volunteers). Here we may cite the example of the Australian-based company Ingeus, which is taking part in Lille and Rouen. This experience is similar to co-contracting but the form of remuneration is different: co-contractors (APEC, etc.) receive fixed payments, while that of Ingeus depends in part on its results in terms of the percentage of successful returns to employment and the durability of the job found. There is as yet no evaluation of the programme underway.

Support services can be provided in-house by the ANPE or outsourced to government-regulated providers, in which case the ANPE defines the specifications and evaluates the services provided. Thus, in 2004, two-thirds of the services were subcontracted. Training, moreover, is always carried out by other operators.

The lack of a personal adviser

In most cases, support measures do not place the job-seeker in contact with a single agent responsible for follow-up through the entire period of unemployment. Quite often, the PAP update interviews are carried out by different ANPE counsellors while the in-house services, and even more frequently, those which are outsourced, call on other parties (although these may become personal advisers for one stage of the process).

This absence of a personal adviser may be perceived as a shortcoming by the job-seeker and it poses an undisputable management problem for the agency.²² From one PAP update interview to another, the counsellors have difficulty identifying and taking into account the services involved.

2.3. Services

Support services

In principle, the different levels of services involve back-to-work assistance measures adapted to the job-seeker's identified needs. Placing a job-seeker at a level of individual or stepped-up support during the PAP interview, however, does not always mean that this unemployed person will actually benefit from a service in the months that follow (Debauche and Jugnot, 2005a). In spite of the considerable increase in means which allowed a tripling of the number of services provided between 2000 and 2004, there are still problems with the real availability of services, in terms of volume, time and sites alike. And there may also be problems with the job-seeker's real availability. This disparity must not be overlooked: there is something artificial about a service supply which does not give rise to actual services and which may lead to disillusionment on the part of the job-seeker.²³

²² In the survey conducted among job-seekers at the PAP02 stage, a large proportion of them express the desire for a personal adviser. On the other hand, in certain programmes analysed in other countries, operators with good results in terms of effectiveness in return to employment indicate that they prefer not having recourse to a personal adviser on the grounds that the diversity of contact persons can be a plus for job-seekers.

²³ This kind of problem has come to make the RMI integration contracts procedure into a theoretical exercise.

The services associated with individual support (the second to fourth levels described above) are short-term (workshops, evaluations) and permit more efficient job searches or definition of the job-seeker's skills. The stepped-up support services (third level) are notably aimed at defining the job-seeker's career plan (a 'career-plan objective', for example) or improving job-search techniques ('employment objective'). These services provide three months of individual follow-up.

Until now, only two studies have attempted to evaluate the impact of the services on the return to employment in terms of the job-seekers' individual characteristics.²⁴ The first, commissioned by the UNEDIC (Fougère, Kamionka and Prieto, 2002), addresses the level of services proposed and concerns only job-seekers receiving unemployment insurance compensation.

The second (Crépon, Dejemeppe and Gurgand, 2005a and 2005b) deals with the services themselves; some are not included ('workshops'), the others (the most expensive) are divided into four groups: evaluations, in-depth skills audits, employment objective, career-plan objective. This study, carried out at the request of the ANPE, covers all job-seekers, whether or not they receive unemployment compensation.

What findings can be brought out in brief (see Appendix III for a more detailed presentation)? First of all, the higher the level of services provided (in ascending order: self-service, individual support, stepped-up support), the higher the back-to-work rate. In terms of the four groups of services, the impact on the return to employment is low with the exception of employment objectives, where it is quite favourable. At the same time, job-seekers who have benefited from services in one of the four groups and returned to employment have more stable jobs.²⁵

These findings unquestionably plead for the implementation of job-search support services when the job-seeker demonstrates features penalising the return to employment. But they do not yet permit responses to several key questions for the future development of the scheme: Should a given service be 'administered' earlier? Within a given budget, should we concentrate on certain services? Should there be greater recourse to outside operators (subcontracting or co-contracting for certain services, or even one subcontractor for the entire support scheme) or should they be provided in-house?

Training services

Training job-seekers may seem particularly necessary for various categories of publics: young people exiting the school system with little or no training, low-skilled wage-earners entering unemployment, wage-earners in great need of retraining or facing a major change in professional direction. In all these cases, the need for training leading to qualification and training which lasts for fairly long periods seem important for access to durable employment.

²⁴ Such analyses of effectiveness must take into account the fact that arriving at a given level or service depends on the job-seeker's particular difficulties in finding employment. Ignoring these features and considering only the raw findings would introduce errors of judgement. Thus, if the job-seekers classified 'self-service' at the first PAP interview are, on the average, the first to find employment, this is above all a reflection of the fact that the 'self-service' category applies to the job-seekers facing the least difficulty in returning to employment.

²⁵ More specifically, re-registration as job-seekers within six months is less frequent.

Furthermore, training courses may seem necessary in order to face job scarcities in ‘sectors under pressure’ or to permit job-seekers to answer company announcements (pre-hiring training).

There is thus a balance to be sought between these two kinds of training, one of which is more oriented towards the acquisition of skills and qualifications, the other towards quick access to employment. This balance also depends on the orientation of vocational training for those in employment. A rapid return to work, for example, when it leads to jobs where there is vocational training, with accreditation of prior experience, could be more likely to stabilise the job and benefit people with difficulties entering more formal training programmes.

There seems to be little articulation between the training of wage-earners and that of job-seekers, however. In addition, training courses for quick access to employment are mainly funded by the UNEDIC; they are less available to non-compensated job-seekers since the elimination of the ‘employment access training courses’ (SAE).

Because of the dispersal of funding structures and bodies responsible for training, it is difficult to obtain complete, up-to-date information in this area. It seems, however, that the distribution of training efforts according to the characteristics of the unemployed has the same profile as that of in-company training expenditures.²⁶ The unemployed persons with the most diplomas are most likely to have access to training courses. But it seems, by contrast, that the length of the training is longer for the unemployed than for wage-earners and that certain categories of unemployed persons (e.g., the oldest or those with the fewest diplomas) benefit from longer training periods.²⁷

If training is a tool for back-to-work assistance, it is nonetheless badly integrated in the job-seeker support measures, at least for a large portion of the beneficiaries. In the first place, the fact that the training makes job-seekers unavailable for work removes them from the unemployment statistics, which means that these individuals receive less attention. From the standpoint of back-to-work assistance, however, this situation should not lead to the interruption of the job-seeker’s follow-up.

Second, the complexity of the funding and the multiplicity of training bodies makes it difficult for agency counsellors to master the field. The availability of a training supply catalogue (OFAA), common to the ANPE and the UNEDIC, marks a first step.

A final difficulty lies in the ability to diagnose the reality of job-seekers’ training needs, especially in the case of ample programmes leading to qualifications. In response to this situation, an ‘integrated service for career plan support’ (S2) has been developed for the Association for Adult Vocational Training (AFPA) and the ANPE.

²⁶ Cf. Fleuret and Zamora (2004), results drawn from the 2003 Employment Survey.

²⁷ Cf. Gélot and Minni (2004) based on the Continuing Training Survey for 1999-2000; one of the difficulties of interpreting the findings, however, is that the survey includes alternating training.

The AFPA labour psychologists are responsible for validating the training-need diagnosis for the job-seekers sent by the ANPE and, where necessary, to develop a training plan which can be carried out within the AFPA or other bodies.²⁸ Overall, this pathway, as useful as it might be, leads to rather long waiting periods between the ANPE's initial proposal and the completion of the training, which accounts for the high dropout rate.

The ANPE does not fund training directly and thus does not take part in either the definition of training specifications or the evaluation of their effectiveness. All of which explains why training possibilities are badly integrated into job-seeker follow-up.

In addition to being badly integrated, moreover, training activities are also subject to little evaluation: the AFPA does so for its own training; the ANPE does not evaluate the quality of the training programmes it prescribes. Rather, it is the funding organisations who assess the training quality: certain regions (Provence-Alpes-Côte d'Azur, for example) have set up evaluation tools for their Regional Training Plan and the UNEDIC evaluates training providers at regional level.

The few existing studies seem to allow two conclusions to be drawn. As is the case with alternating training for young people, training courses close to in-company employment seem more effective for all publics in terms of return to employment. At the same time, training which leads to a certification or qualification recognised by one or several collective agreements improve labour-market entry for unemployed persons. The value of the diploma on the job market also leads to stressing the importance of accreditation of prior experience (VAE) procedures.

Lack of time and the scarcity of existing studies prevented the CERC from going further in the analysis of the functioning of the 'training market' for job-seekers, in terms of the quality of the services provided, as well as assessing the quality of the providers or pursuing the analysis of the forms of organisation and follow-up of training decisions. It is regrettable that, in the area of training for job-seekers, an evaluation comparable to that conducted under the presidency of Dominique Balmay (member of the Council of state and former government representative for employment and vocational training) for the other subcontracted services has not been carried out.

2.4 Subsidised jobs

Job-seekers who fail to gain access to an ordinary job may be offered subsidised jobs after a certain period of unemployment. These tools have also been heavily used in France for more than twenty years. But here too, complexity and ambiguity go hand in hand. The variety of subsidised jobs will be analysed in the third section in the context of the law on social cohesion.

Continuous modifications of the kinds of contracts proposed have proven to be costly in terms of efficiency and waiting periods for implementation. In recent years, these waiting periods and the reduction of the overall volume have not allowed the subsidised jobs to assume their full role in the return to employment.

²⁸ In about one-third of the cases, the diagnosis leads to not recommending training leading to a qualification.

Should access to a subsidised contract be treated as a return to employment which no longer requires follow-up of the former job-seeker? In fact, it is only when the beneficiary finds a non-subsidised job that the back-to-work assistance can be deemed successful with the end of the subsidised contract. The institutions handling job-seekers take another approach, however, and those who obtain a subsidised contract, like those entering training, exit the unemployment statistics (because they are no longer immediately available for work). The agency is concerned neither with what becomes of the beneficiary during this contract nor with its outcome. And it is not certain that other services adequately ensure this follow-up. At the same time, the dispersal of the responsibility for allocating the different subsidised jobs also means that they are not adequately integrated into support measures for job-seekers.²⁹

The evaluation of the effectiveness of each kind of subsidised contract for the return to employment is complicated by the fact that they are addressed at different publics. In order to measure the efficiency of the instruments, it is thus necessary to eliminate the selection biases.³⁰ It does seem, however, that contracts including elements of alternating training have had good rates of exits into non-subsidised jobs. At the same time, given identical apparent characteristics, the ‘employment initiative contract’ (CIE) seems to improve the unemployed persons’ trajectories towards stable jobs considerably.³¹ Conversely, subsidised jobs towards the non-profit sector (e.g. ‘employment solidarity contract’ [CES], ‘consolidated employment contract’ [CEC]) rarely lead to non-subsidised jobs, although this finding cannot be imputed to the nature of these contracts insofar as they have been reserved for the individuals facing the greatest difficulties.³²

3. Structures and governance of the system

The handling of unemployment in France is handicapped by the dispersal of responsibilities, the multiplicity of structures and the lack of coherence in implementation at local level (Appendix IV). This observation is not new: it has been the substance of numerous administrative evaluations for twenty years or more. The analyses of the Marimbert report on closer co-ordination between employment services (Marimbert, 2004) are particularly worthy of attention. In his overview, the author, a member of the Council of State and former director of the ANPE, stresses the handicaps of the French organisational structure, which is, *‘owing to its complexity and dispersal, probably without equivalent in comparable countries elsewhere in Europe.’*

²⁹ Until 2004, these deciders included the state and the ANPE for the ‘employment-solidarity contract’ (CES), the ‘consolidated job contract’ (CEC) and the ‘employment initiative contract’ (CIE), and the *départements* for the ‘integration contract-minimum earned income guarantee’ (CI-RMA).

³⁰ Some progress has been made through the use of the ‘beneficiaries panel’ created by the DARES, which permits a comparison of persons who have received subsidised jobs and those with the same apparent characteristics who have not received them.

³¹ The use of identical apparent characteristics does not eliminate the selection bias, however. Unemployed persons obtaining a CIE can have characteristics which are not identified in the beneficiaries file, which explains both their recruitment and the better nature of their subsequent trajectory.

³² It should be noted, however, that a number of CES or CEC employers have made little effort to train these employees, when in fact training was one of the components of the initial plan.

This very particular physiognomy of the French scheme, a source of wasted time and energy for the agents of the employment services, but too often also a source of complications for job-seekers and companies and difficulty in flexibly adapting to their needs, is a result of our country's social history and the institutional cultures it has generated.

'In this respect, France offers the fourfold particularity of having unemployment insurance institutions which are separate from placement institutions and run jointly by the social partners; of maintaining a publicly-governed national body which is notably devoted to providing counselling about training and carrying out activities in this area; of maintaining a division of the spectrum of public schemes assisting labour-market entry and redeployment between a public placement operator and ministerial services and, last of all, of having that operator coexist with other institutions specialised in the support and placement of certain categories of job-seekers, such as managers and professional staff, young people facing particular problems of labour-market entry and social integration or handicapped workers.'

Why, in that case, should we come back to this issue? For one thing, the Marimbert report was not able to take into account various recent reforms (decentralisation laws, reform of the RMI, law on social cohesion). These reforms considerably modify the givens and may well aggravate the findings, even though they are sometimes presented as a response to the observations made in the report. At the same time, the analysis of systems outside of France (Appendix V) reinforces the feeling that the question of the system's very structures must be brought up once again.

The dispersal and overlapping of responsibilities are apparent beginning with the **strategic policy orientations** for unemployment.

The definition of allowances (eligibility, amount, duration) is mainly the responsibility of those who provide the funding. The social partners fix the rules for the unemployment insurance allowance (ARE) through UNEDIC agreements, but these agreements must receive state approval. The state determines means-tested allowances (ASS, RMI), but the *départements* are now responsible for the funding of the RMI, without any guarantee that the transfer of tax resources which is supposed to cover this new responsibility will keep up with changes in allowance expenditures.

Here, we are clearly dealing with connecting vessels between these allowances: any decision concerning the unemployment insurance scheme affects the number of ASS beneficiaries; any decision relative to this allowance has repercussions on the RMI and thus the *départements*. To our knowledge, however, there is not and has never been any authority bringing together the national and local public authorities and the social partners in order to define a strategy for the allowances system.

The main lines of back-to-work assistance policy seem more clearly the responsibility of the state, even if it is sometimes led to shift this policy more in reaction to the strategic policy orientations of other partners than on its own initiative (the extension of support measures for the unemployed is one example of this).

In addition, the UNEDIC tends to maintain control over strategic policies concerning support measures for job-seekers compensated by the unemployment insurance scheme. This development, which has been pronounced since 2001, is reinforced in the context of the law on social cohesion (see below).

The reality of strategic policy also depends on the scope of the **funding**. But here too, the dispersal and overlapping of responsibilities prevail. The state and the UNEDIC provide the direct resources of the ANPE and fund the services carried out by subcontractors or co-contractors. The state (which is gradually withdrawing), the regions and the UNEDIC participate in the funding of training for job-seekers. The state, but also the *départements* and the UNEDIC, fund subsidised jobs, and so on.

The multiplicity of players and overlapping of roles reappear at **implementation level** as well, but on an even greater scale.

The calculation of allowance entitlements and their payment are assigned to the UNEDIC for the back-to-work assistance (ARE) and specific solidarity (ASS) allowances but to the National Family Allowance Fund (CNAF) and Agricultural Mutual Benefit Insurance System (MSA) for the RMI. This means that several institutions examine the beneficiary's situation, depending not only on the risk covered but also on the household financial situation (e.g., the UNEDIC for the ASS).

Back-to-work assistance is, in the first instance, within the competence of the ANPE for job-seekers, but within that of the *départements* for RMI beneficiaries.

In addition, these players responsible for economic integration do not have control over the entire process, notably with regard to training (the orientation and funding of which depend on the state, the regions and the UNEDIC) and the allocating of subsidised jobs (divided between the state, the ANPE, the *départements*, the municipalities and the UNEDIC).

At **local level**, the multiplicity of players is striking and the problems of co-ordination no less so. To begin with, the national players (state, ANPE, UNEDIC, AFPA, APEC) have chosen neither the same geographical divisions nor the same level of responsibility for their offices in the field. Second, local and regional authorities all take part in the handling of unemployment to various degrees, sometimes going beyond their areas of competence. In addition, the number of structures dealing with job-seekers or RMI beneficiaries, whether public, private or mixed, is considerable. The resulting risks of inefficiency, co-ordination costs, difficulties for job-seekers or minimum income beneficiaries in mastering this institutional labyrinth should not be neglected, however. And last of all, as the studies carried out for the CERC on the local dimension of back-to-work assistance illustrate, the relationships between economic development and unemployment are also played out at this local level. But the link-up between the authorities participating in these two spheres also seems very tenuous.

4. By way of conclusion: what overall effects?

The setting up of the new UNEDIC agreement and the implementation of the ANPE's 'personal action programme for a new start' (PAP-ND) have led to a considerable increase in the public employment agency's human resources as well as in the various services proposed to job-seekers.

The reforms have undoubtedly set off a new dynamic for the institutions and their personnel, as well as greater institutional collaboration, marked in particular by agreements potentially drawn up at local level and the creation of co-ordinating authorities.

Beyond these relatively satisfactory general findings, it is difficult to evaluate the overall effect of the increased back-to-work assistance on the unemployment exit rate after July 2001. There are several reasons for this. The first is the turnaround in the economic situation. By reducing the number of recruitments, the slowdown in economic activity has prolonged the duration of unemployment. The UNEDIC and ANPE have had not only to set up the new system but to handle a very sharply increasing flow of entries into unemployment.

The second difficulty stems from the fact that the July 2001 reform includes several parts: increased support measures for unemployed persons, elimination of the degressiveness of insurance benefits, a modest but real broadening of eligibility conditions for the unemployment insurance allowance. But these different changes do not influence the rate of exits from unemployment in the same way. Thus, improved follow-up of unemployed persons should accelerate their return to employment, while the elimination of degressive benefits may well slow down this return, at least for those receiving the highest compensation. In the third place, substantial changes in the volume (and types) of subsidised jobs have reduced exits from unemployment towards these kinds of jobs.

Only two studies (Crépon, Dejemeppe and Gurgand, 2002; Debauche and Jugnot, 2005b) attempt to evaluate the overall effect of the reforms. Among the factors cited above, the authors try to eliminate the effects of the economic situation and their consequences on the composition of the job-seeker population. The conclusion of these two evaluations is the same: it is difficult to identify a clear effect of the 2001 reforms on the rate of return to employment. The positive effect of the increased support measures is probably masked by the effects of eliminating degressiveness or reducing the number of subsidised jobs.

III. THE NEW CONTEXT CREATED BY THE LAW ON SOCIAL COHESION

The social cohesion plan has, in many respects, modified the struggle against unemployment. Some of these are beyond the scope of this report but may have considerable importance, such as the schemes for young people, and notably the expansion of apprenticeship and the desire to develop the service sector.

What we shall analyse here are the components of the law on social cohesion, its enforcement orders and the draft agreement between the state, the ANPE and the UNEDIC, which have the most direct impact on back-to-work assistance. These texts considerably modify the players' situations.

1. A definition of the public employment service

First of all, one definition of the public employment service is given. The services of the state, the ANPE, AFPA and the UNEDIC are said to 'ensure' this public service. The local authorities and their groups also 'contribute' to it. Last of all, public or private bodies responsible for different services for job-seekers (placement, integration, training, support measures), as well as government-regulated bodies for integration through employment and temporary agencies 'may participate' in the public employment service. The analysis of this notion of public employment service will be developed below (part V).

2. Follow-up, suitable job, sanctions

Job-search follow-up can be carried out by agents of the state, the ANPE and the ASSEDIC offices. At the same time, the ANPE will now be expected to conduct monthly update interviews for the PAP as of the fourth month of unemployment. Here we are clearly approaching the job-search follow-up methods existing in many European countries. Since a monthly interview can only last a short time, its basic role would be the follow-up or monitoring of the steps taken by the job-seeker. In addition, job-seekers would continue to provide the ASSEDIC with monthly progress reports (DSM), which would also include information on future as well as past availability.

The definition of a suitable job is modified on at least one point: it is evaluated in function of training (and no longer *prior* training). This change may permit a 'forced' reorientation of job-seekers insofar as they cannot refuse training proposed by either the ANPE or the UNEDIC in the context of their personal action plans (see below) orienting them towards new occupations and will thus have to accept the corresponding jobs. More generally, the suitable job conditions are, according to the decree, 'evaluated, if need be, with regard to the personal plan for access to employment'. The PAP's role is thus increased: rather than a waybill defining support measures and actions to be undertaken, it is now a document more clearly representing a commitment on the job-seeker's part.

Since the law on social cohesion, the level of sanctions for unemployed persons receiving compensation can be adapted and the UNEDIC can, as a precaution, decide to suspend or reduce the payment of the allowance. If this is the case for a period of over two months, the job-seeker may request a hearing before a commission composed of state, ANPE and ASSEDIC agents.

3. Support measures

The UNEDIC's role in the individual support process is strengthened, as the draft tripartite agreement specifies. At the time of registration, the ASSEDIC would undertake an initial analysis of the job-seeker's difficulties in returning to employment through the use of a statistical profiling tool complemented by the collecting of personal information. The first professional interview, which should take place more quickly (5 days) at the ANPE, would then draw on this information and decide whether the diagnosis is valid or not.

In addition, and most important, the UNEDIC would be authorised to sign agreements with outside bodies for the placement of certain beneficiaries. In such a case, the ANPE follow-up of the unemployed persons thus assigned to a support programme by these bodies would be suspended. This extension of the pilot programmes underway (Ingeus and others) was decided upon, however, without any prior evaluation of their results. It is also being done without defining either the ANPE's role or the rules determining the kind of unemployed persons targeted.

The strategic importance of these potential changes must be stressed. But the necessary evaluations of both the profiling tools and the pilot programmes underway remain to be completed and examined by independent authorities.

4. Subsidised jobs

The subsidised jobs scheme has once again been modified. Six forms of contracts can now concern job-seekers.³³

Two of these are alternating training contracts:

Apprenticeship contracts (which are in fact tied to initial training but may be used by unskilled young people in order to resume their studies).

Professionalisation contracts introduced in October 2004.

Two are limited to beneficiaries of the RMI, the lone parent allowance (API) or the specific solidarity allowance (ASS):

‘Prospects contracts’ (CA) in the non-profit sector.

Integration contracts-minimum earned income guarantee (CI-RMA) in the business sector.

Two contracts could presumably concern all kinds of disadvantaged unemployed people but will probably be proposed in their large majority to non-beneficiaries of social minimums

‘Employment initiative contracts’ (CIE) in the business sector.

‘Support measures in employment contracts’ (CAE) in the non-profit sector.

To a certain extent, the prospects contracts and support measures in employment contracts replace the earlier employment-solidarity contracts (CES) and consolidated job contracts (CEC). Since the 2001 agreement, the UNEDIC can also provide degressive assistance to an employer hiring a long-term unemployed person compensated by the unemployment insurance scheme.

The distinctions between certain kinds of contracts has to do less with the nature of the jobs proposed or the employers concerned than with that of the funding organisations and/or deciders. Thus, the contracts reserved for social minimum beneficiaries (CI-RMA and prospects contracts) are funded, at least in part, by paying the employer the social minimum (RMI, ASS) which would otherwise have gone to the beneficiary. In fact, it is probably preferable for a person to be in employment with a subsidised contract (even if the prospects of going on to a non-subsidised job are limited) than to receive an income replacement benefit (RMI, ASS).

This will be especially true when these subsidised jobs are accompanied by training and more generally by support measures, which is normally anticipated in the scheme (see box).

Training and support measures in subsidised jobs

The beneficiaries of subsidised jobs should have access to the entire service offering of the public employment service ‘in a much more systematic way than in the past,’ as the circulars indicate, and notably to the ANPE’s instruments (interviews, workshops, services, etc.). In addition, other actions may be introduced locally (those of the Regional Councils for training, of the General Councils for the back-to-work plans for RMI beneficiaries at *département* level, of the ‘Local Plans for Integration through Employment’ [PLIE], etc.).

³³ To which should be added the ‘contracts for integration into social life’ (CIVIS), aimed at certain young people under 22 years of age who do not have qualifications, and the contracts for ‘support of youth employment in business’ (SEJE).

In the case of the prospects contract, support measures and training activities are required. They are included in the agreement through a 'job-entry plan' for the beneficiary. The decision-making body can refuse to sign a contract if it judges the carrying out of these actions insufficient. The decider designates a personal adviser responsible for following the beneficiary during the contract and adopting any mechanism contributing to that person's job entry. The contract gives the right to a 'certificate of competences' which is issued by the employer and taken into account for the accreditation of past experience.

For the CIE and CAE, the ANPE is asked to arrange an interview with one of its counsellors two months before the end of the agreement in order to take stock, and notably evaluate the complementary support and training activities.

The creation of specific jobs to implement this policy has not reduced the number of deciders, however, and at the same time, the link-up between the main operator for back-to-work support measures, the ANPE, and the *départements*, which are responsible for the re-entry of RMI beneficiaries, has potentially been weakened.

Subsidised contract agreements

For the CIE and CAE, the ANPE gives the order for the contract and signs the agreement on behalf of the state, a procedure which contributes to a simplification and rationalisation of the circuit and increases the ANPE's role.

For the CI-RMA, the order and the signing of the agreement are carried out either by the ANPE, for ASS and API beneficiaries, or by the president of the *département* Council for RMI beneficiaries.

For the CA, the first step is an objectives agreement (which commits the partners and notably sets the number of local CAS) which is signed between the state and the local municipality or the public authority for inter-municipal co-operation (EPCI). If the 'implementation' of these contracts is the responsibility of the municipalities or the EPCIs, the body which orders them and signs the agreements can be the municipality, the EPCI, the *département* or a body delegated by agreement such as the ANPE, the local youth mission, the PLIE, the municipal centre for social action (CCAS), the job centre (*maison de l'emploi*) and so on.

The separation between subsidised jobs reserved for social minimum beneficiaries (ASS, API, RMI) and those aimed mainly at other job-seekers runs the risk of generating competition and difficulties in implementation if the terms of the related contracts, namely the requirements placed on employers (or the subsidy rates), are not harmonised, while responsibilities for determining their allotment are dispersed.

5. Governance

The modifications underway also affect the governance of the system, and in a very profound way. First of all, the UNEDIC potentially becomes a placement operator in its own right, with almost as many instruments at its disposal as the ANPE. It will set up a statistical tool for profiling job-seekers and could carry out an initial assessment interview at the time of registration.

For beneficiaries of the unemployment insurance scheme, it will be able to decide on support measures provided by operators for whom it defines the specifications, kind of remuneration and so on (with the obligation to follow the decisions entering into the assessment of the job search carried out). It handles relocation support and funds one form of subsidised contract (employer subsidies).

In some ways, this amounts to a return to the proposal which certain negotiators formulated in 2000 to have the UNEDIC carry out support measures for unemployed persons receiving compensation. When all is said and done, through successive additions, the actual engineering would lead to having two contracting operators for support measures and placement, the ANPE and the UNEDIC, and two circuits for the follow-up/monitoring of the job search run by one and the other. Our fears about this development remain, even if the heads of these bodies have told us that all the operations are and will be carried out in co-operation.

At local level, meanwhile, the law on social cohesion creates a new kind of body, the 'job centre' (*maison de l'emploi*), which should mainly originate with the municipalities or inter-municipal structures. These job centres should ensure local co-ordination of the different public employment service players; they could also play a role in the reception of job-seekers. It is to be hoped that the introduction of this additional player will help to simplify the tangle of local bodies and networks and thus increase co-operation among them.

The fact remains, however, that the problems of governance seem badly handled by the present system from several standpoints:

The separation between the treatment of job-seekers and that of RMI beneficiaries is accentuated;

In the case of job-seekers, the division of responsibilities between the state, ANPE and UNEDIC may well give rise to inequalities in the treatment of those compensated by the unemployment insurance scheme and the others;

At local level, a new player has appeared, the job centre, which is responsible for co-ordinating -- without any delegation of authority -- the activity of local operators but also that of local employment agencies and ASSEDIC offices, which are bound by directives and objectives defined regionally or, above all, nationally.

The whole of these modifications raises questions about the evolution of back-to-work assistance: from a function provided by the state, we are gradually moving towards a service whose 'public service' nature remains to be defined, and not only by enumerating, as is the case with the law on social cohesion, the gamut of bodies and institutions which it includes, but by recognising that its operating rules cannot be reduced to the simple functioning of a market (see below).

IV. EUROPEAN PRACTICES AND MODELS

In important respects, the French model for the handling of unemployment continues to depart from systems applied elsewhere in Europe. In order to detail this situation, the presentation of the European systems we have chosen to examine corresponds to the preceding discussion of the system in France.

1. Income replacement benefits

Closer co-ordination of employment compensation and minimum income allowances

In the area of allowances for workless individuals, the separation which used to exist, as in France, between unemployment compensation and guaranteed income allowances tends to be disappearing. This development may take different forms, but the trend is clear. Certain countries have merged the unemployment allowances of the solidarity schemes (allowances at the end of entitlements or allowances for job-seekers not eligible for the insurance) and income support allowances (minimum income benefit). This is notably the case in The Netherlands, the United Kingdom and, recently, Germany.

In the UK, this co-ordination has gone much farther. First of all, a 1995 reform merged unemployment allowance and income support in practice. The former, known as the 'job-seeker's allowance', is a uniform sum (before family situation supplements), independent of wage history and equal to that of income support. The unemployment allowance is paid without means testing during the first six months and becomes means tested afterwards. Second, the bodies responsible for handling unemployment and those dealing with income support have been merged, whether these are government structures (creation of the Department for Work and Pensions) or services in the field (creation of the Jobcentre Plus network within that department).

Eligibility conditions, duration, amount

France's eligibility conditions for unemployment insurance (see Appendix II) are generally easier to meet than elsewhere in Europe. In Italy, Denmark, Sweden, Luxembourg and the UK, the compensation period is uniform once eligibility for entitlements has been verified. In all the other European countries, the maximum compensation period is defined, as in France, in function of the length of affiliation. But as in France, age also plays an important role in several countries (Germany, Ireland, Italy, Portugal). France occupies a favourable position for the duration of the allowance, even if it is not the most generous country. The amount of the unemployment insurance allowance is based on the former wage nearly everywhere, with the exception of the UK and Ireland, where it is a fixed sum (equal to the minimum income benefit, as indicated above). In the other countries, the amount of the compensation varies between 40 percent of the gross reference wage in Italy and 90 percent in Denmark. It is 60 or 67 percent of the net reference wage (in function of dependents) in Germany, 70 and then 60 percent of the reference wage in Spain, 80 percent in Sweden and 80 percent in Luxembourg.

It is difficult to make cross-country comparisons for income replacement rates (i.e., the ratio between replacement benefits and prior income (see Appendix II)). In particular, it should be kept in mind that this ratio varies in function of the way the wage level is calculated: in terms of gross or net income, on the basis of employee contributions alone, or taking into account the effects of taxation and other transfers.

Income replacement rates

According to the UNEDIC, in the case of an individual with a monthly reference wage of 1,500 €, the net allowance he or she would obtain in France (872.77 € monthly) is lower than that in Luxembourg, Spain, Belgium, Denmark, Sweden, The Netherlands or Portugal (where the amounts vary between 900 € and 1,200 €). On the other hand, it is higher than what would be obtained in Germany, Ireland or Italy (about 600 €) and especially in the UK (350 €).

If we take into account all the taxation and transfer effects, based on an OECD study, the overall picture is slightly different. For example, in 2002, the situation in France (for a single person without children earning an average worker's wage) seems less favourable than that in Luxembourg, Portugal or Sweden, but better than that in Belgium, Germany, Denmark, Italy, Ireland or the UK (while the situations are comparable in Spain and The Netherlands). In certain countries, furthermore, the net income replacement rates after employee contributions and taxes are more favourable for the lower wages (2/3 of the average worker's wage), notably in Portugal and Ireland and even more so in the UK and Denmark.

On the other hand, France has the highest maximum monthly allowance. It is nearly five times higher than that found in Belgium, Spain or Italy, two to three times higher than that in Germany (1,581 € or 2,120 € depending on family situation and tax bracket), Denmark (1,905 €) or Sweden (1,754 €). It is even 40 percent higher than that found in Luxembourg (3,667 €). If the upper ceiling for the allowance were placed at 1,500 €, which is practically the same as in Germany, some 15 percent of present beneficiaries would be affected; with a ceiling of 1,800 €, which is close to that in Denmark, 8 percent of the beneficiaries would be affected.

Thus, the French system is as generous as that of many of its neighbours for unemployed persons earning low or average wages but more generous for those receiving high wages. Obviously, any consideration of unemployment compensation reforms should also take into account the contributions of the different categories of wage-earners to the funding of the scheme.

With regard to the minimum income benefit schemes, meanwhile, the most salient point is the fact that in France, young people under 25 (except those with dependent children) are excluded, which is not the case in the other countries with such a system. It should be noted, however, that in certain countries such as The Netherlands, the amount of the minimum income may be limited for young people. In all the European countries studied, minimum income beneficiaries must actively look for work and participate in the actions proposed to them, unless they are exempted for reasons of age, handicap, health or dependents (children, disabled persons, etc.) While they are subject to the same activation conditions (or even more restrictive ones, as is the case for 'suitable' jobs) as the unemployment compensation beneficiaries, they also benefit from considerable back-to-work assistance adapted to their particular needs.

Activation of allowances

The degree and frequency of job-search follow-up is sometimes high, to the point where job-seekers are required to report on the steps taken twice a month (e.g., in the UK and Sweden). At the same time, the requirement that beneficiaries pursue every activation scheme proposed to them is widespread.

2. Individual support measures

The obligation to look actively for work is accompanied by various back-to-work assistance schemes. These differ rather clearly from one European country to another with regard to the categories receiving such assistance and the forms it takes, but also the organisation of the back-to-work assistance system as a whole.

While all those requesting allowances are taken on, the form of treatment does not depend primarily on the kind of allowance but on the estimated difficulty of their return to work. This is notably the case in The Netherlands, but also in Denmark and Sweden. Furthermore, what we might call the 'level' of services proposed (by analogy with French terminology) increases with the duration of unemployment, although 'self-service' is more frequent, if not the rule, at the outset.

3. Players and governance

Although this point should be explored in greater depth, it would seem that outside of France, job-seekers without compensation have much less access to individual support services, although they have 'self-service' access to the different agencies. The fact that all job-seekers in France are taken on, without too much distinction with regard to income situations, is to the credit of the French system.

The roles of the state and the social partners

Here we shall briefly describe the roles of the state, the social partners and the local public authorities, as well as the general organisation of the back-to-work assistance system (see also Appendices IV and V). In the five countries studied (and elsewhere in Europe), the public authorities assume clear responsibility for the handling of unemployment, not only in the definition of the general framework but in its application as well. This does not exclude (with the exception of the UK) the participation of the social partners, but the terms are different from those in France, with regard not to their ties with the bodies administering the payment of the allowances but to those with the agency responsible for back-to-work assistance.

Three points should be noted:

France is the only country where the application of the state's responsibilities in the field takes the form of a coexistence between a public agency (the ANPE) and devolved services (employment and vocational training services in the regions and *départements*). The presence of the social partners in the bodies handling the unemployment allowance gives rise to a variety of configurations. In addition, and contrary to the situation in France, the funds do not generally participate in the organisation of back-to-work assistance schemes.

In Denmark and Sweden, the funds are highly dependent on the trade unions, but these do not play a role in the activation processes. In the UK, a single body, the Jobcentre Plus network, which is part of the Department for Work and Pensions, is in charge of both functions (payment of all the allowances, organisation of the return to work) and the social partners have no responsibility for them. In Germany, the social partners' role has been reduced within the body which handles both benefits and back-to-work assistance (the Federal Labour Agency at present).

The situation in The Netherlands is particular: the social partners do not participate in the direction of the Institute for the Management of Wage-Earners' Social Insurances (UWV), which replaced a body under tripartite management in 2002.³⁴ The UWV, which pays unemployment and disability allowances, is also responsible for the labour-market re-entry of job-seekers receiving compensation when the employment agency (CWI, see below) considers that they are far from employment. But this responsibility for reintegration should be met through recourse to outside operators.

The social partners' influence may be expressed through their participation in the bodies responsible for organising the return to work. In the UK, as we have seen, such participation is excluded. In The Netherlands, the social partners are no longer involved in the direction of the 'Employment and Income Centres' (CWI) which receive, register and inform all those requesting allowances (unemployment or minimum income benefits) and directs them (in function of their distance from employment, measured through a profiling model) towards the institutions most apt for handling their cases. On the other hand, in the tradition of the Dutch model, the general lines of employment policies are still based on broad consultation.

In Sweden, the National Labour-Market Administration (AMS) has a tripartite board of directors, like all the commissions at local level. In Denmark, the social partners are represented on the boards of the national agency and the regional agencies (AF) handling the return to work. In Germany, the presence of the social partners has gradually been reduced: they remain on the Federal Agency's board of directors but with limited power for budget proposals.

The role of local public authorities

It is above all their role in the management of minimum income benefits that the local public authorities, and in particular the municipalities, are involved in the implementation of back-to-work assistance.

Recourse to outside operators

The organisation of the reception, follow-up and support of job-seekers varies in function of the policies determining the co-ordination of the two forms of allowances (unemployment insurance and minimum income benefits), and the same is true for the recourse to outside operators. In the five countries studied here, the financial responsibility is assumed by public players: the employment agency and possibly the municipalities (for minimum income benefits). In the UK, the Jobcentre Plus network takes charge of everything.

In The Netherlands, the CWI centres receive all allowance-seekers (and job-seekers who are not compensated) and evaluate their problems and employability potential. They take on those deemed closest to employment and direct those who are the most distant towards either the local municipalities (for minimum income beneficiaries) or the UWV (for beneficiaries of the insurance and disability scheme).

In Sweden and Denmark, responsibilities are divided between the municipalities (for minimum income beneficiaries) and the employment agency (for job-seekers).

³⁴ The social partners have not sat on the UWV's board of directors since 2002.

It should be noted that in Denmark, the two networks are being brought closer together and should merge, or at least cohabit, as of the beginning of 2007.

Support measures for job-seekers or minimum income beneficiaries are provided in a variety of ways, however, with possible recourse to different kinds of operators. The public agency may treat the majority of the publics directly or entrust them to certain public or private operators, often for the totality of the follow-up, more rarely for isolated services. This is notably the case in the UK for interventions in particularly difficult employment areas.

In The Netherlands, the organisation is two-tiered: for persons deemed close to employment, the CWIs handle the back-to-work assistance, generally through 'self-service'; for those judged very far from employment, the local municipalities or the UWV, the body administering employee insurance schemes, are given responsibility for taking them on but are required to organise back-to-work assistance by calling upon subcontractors (totally for the UWV and at least 70 % of the time for the municipalities).

In Sweden, the local municipalities (for minimum income beneficiaries) and the employment agency (for job-seekers, compensated or not) provide a range of services which depend on the estimated difficulties of their return to work; there appears to be little recourse to outside operators. In Denmark, the treatment is also differentiated. The municipalities have little recourse to outside operators but the employment agency is rapidly increasing this kind of procedure (30 % in 2004). In Germany, recourse to outside operators is also frequent and since 2002, the federal agency has been able to call upon service providers for the entire placement process. In all countries, it thus seems that one or several public players organise the recourse to operators.

V. RECOMMENDATIONS

The analysis presented in the preceding pages, and developed in greater detail in the four technical appendices, leads us to single out four major difficulties in the handling of unemployment, in France:

A spreading out of responsibilities, within a system which does not succeed in imposing a hierarchy among those of the state, the social partners and the local authorities and making them converge;

A dispersal of funding with regard to both the income replacement benefits of workless persons (unemployment insurance, unemployment solidarity and RMI) and the assistance provided for entering or re-entering employment;

A fragmentation of the operators, whose responsibilities tend to overlap, at the risk of a loss of efficiency;

A process of change marked by highly unstable tools, if not policy directions, and a scarcity of preparatory evaluations for decision-making and especially of ex-post evaluations.³⁵

The close examination of the reforms undertaken by the European countries we have studied brings out, should this be necessary, the extent of the French difficulties in defining an adequate approach to the treatment of unemployment.

³⁵ The French National Audit Office (*Cour des Comptes*) has decided to undertake an examination of the evaluations of back-to-work assistance schemes; the findings should be made public in spring 2006.

In response to the Prime Minister's request to formulate proposals at the conclusion of this analysis, the Council would like to begin with a few remarks on the principles which might guide a reform process and then offer certain suggestions for reform or adaptation which might structure changes in the handling of unemployment in the medium term. These are, however, only beginnings which might be pursued in greater depth in the context of the Advisory Council on Employment created in April 2005.

1. Redefining responsibilities

The state

It must be recalled first of all that taking charge of persons deprived of employment is one of the state's fundamental responsibilities, whether this involves income replacement benefits or back-to-work assistance. This responsibility stems from principles inscribed in the Constitution, and the preamble in particular.

With regard to income replacement benefits, this responsibility is expressed in two ways. Article 1 of the 1988 law creating the RMI is thus the recasting of paragraph 18 of the preamble to the Constitution: 'All people who, by virtue of their age, physical or mental condition, or economic situation, are incapable of working, shall have the right to receive suitable means of existence from society.' The management of unemployment insurance is entrusted to the UNEDIC and the ASSEDIC offices pending an agreement with the state. And the agreements governing the unemployment insurance scheme must be approved by the minister in charge of employment.

Similarly, organising back-to-work assistance is one of the state's basic responsibilities. It is one aspect of the implementation, admittedly very incomplete, of the right to employment, which is a fundamental right inscribed in the Constitution.

One last factor leads us to emphasise the state's responsibility in this area, which is the equilibrium of the public finances. In 2004, compensation for job-seekers through unemployment insurance cost about 25.7 billion euros, the expenditures of the unemployment solidarity scheme (mainly the ASS), 2 billion, and those of the RMI, 5.7 billion. As we have already indicated, all decisions about unemployment insurance have consequences on spending for the solidarity scheme or the RMI (the 'connecting vessels' effect). In addition, the overall deficit of public funds (state, regional and local authorities and social protection bodies) affects the conditions of growth and is taken into account in the public debt standards within the Euro area.

The other players

Emphasising the state's responsibility should not lead us to deny those of the other players (social partners, regional and local authorities). Indeed, it is up to them to commit themselves on the responsibilities they wish to assume while clearly specifying the bases of their legitimacy.

These responsibilities are of two orders. First, there are management responsibilities in the areas delegated to them (management of unemployment insurance for the social partners, responsibility for training transferred to the regions, management of the RMI entrusted to the departments, etc.). But there are also, and above all, the general political responsibilities they have with regard to their constituents. It is therefore essential to set up structures capable of ensuring the exercise of these different responsibilities (see below).

2. What objectives for the public employment service?

The law on social cohesion reaffirms the state’s responsibility in defining the public employment service. ‘The public employment service includes the placement, compensation, integration, training and support of job-seekers’ (article L311-1 of the French Labour Code). It also defines the different players involved in it and their respective responsibilities. The law on social cohesion does not really specify, however, the objectives and thus the criteria to be applied in the exercise of this public service mission.

It is necessary to come back to this question in order to further develop the Council’s recommendations. The elements of public service doctrine cited in a report by the Vice-President of the Council of State, Renaud Denoix de Saint-Marc (see box), suggest that two points should be emphasised immediately.

If the compensation of workless persons is part of the public service missions, it is necessary to make an overall analysis of the different allowance schemes, whether they involve unemployment insurance, solidarity (mainly the ASS) or the RMI. The conception and coverage of the insurance scheme poses particular problems here.

One of the fundamental principles of public service doctrine is that it should be adapted in function of changing needs. The compensation of unemployment through the insurance and solidarity schemes, however, seems to us to be badly adapted to the present nature of unemployment (see below and Appendix II).

With regard to back-to-work assistance, this should doubtless be differentiated in function of each person’s specific needs. On the other hand, it should not depend on the compensation scheme.

Public service doctrine in relation to the ‘public employment service’

The following excerpts from the report prepared by the Vice-President of the Council of State, Renaud Denoix de Saint Marc, may help to clarify the missions of the public employment service.

‘In practice, the Constitution leaves great latitude in the area of public services. It does not generally stipulate the operator’s status: the only restriction it imposes concerns state monopolies, which cannot be entrusted to private enterprises. Among the general principles of the law, that of equality, which is fundamental, is particularly applicable to the public services. It notably implies limiting differences in the provision of a public service over the national territory. Freedom of enterprise also has constitutional value, however, and this implies, for example, that a local authority can only exercise a public service activity in the absence of private initiative. . . . This doctrine defines public service missions by describing the needs they meet, the prerogatives of their recipients -- users or customers --, the objectives assigned to them and the public authorities organising them.’

Objectives

‘A first kind of objective consists of satisfying the social needs of all the members of the national or local community concerned: no one should be excluded from the benefits of the service on account of physical, economic or other handicaps . . . The organising authority sees to it that service is rendered to all, and in particular, to those who would be excluded under normal economic conditions . . .’

'In function of the objectives, the organising authority defines a system of provision for the service specifying under what conditions and constraints the public service missions should be carried out. . . .'

'The organising authority should not only define the specifications but also ensure that these are respected. It attends to the monitoring of the operator and, when there is more than one provider, the equitable organisation of the sector. This is what is commonly called regulation, in accordance with the English terminology.'

'The treatment reserved for those receiving public services should also be specified . . .'. 'The users are entitled to rights and, in this sense, can lay claim to satisfactions which the market does not spontaneously provide: they can require that the service be provided under conditions of continuity and price which would not be obtained from an ordinary business. But that should not keep them from obtaining high-quality service and reception even if the provider enjoys a monopoly situation.'

3. Allowance schemes

The income replacement system should be re-examined in its entirety in order to ensure more equitable coverage of risks and take into account the role these schemes play in the return to employment.

1. The link-up between the unemployment insurance and solidarity allowances and the RMI should be modified in order to provide a better response to the present risks of unemployment and their consequences and to attempt to correct two defects of the existing situation.

On the one hand, the insurance scheme where entitlements are based on the length of employment is no longer adapted to the present features of unemployment; too many job-seekers are excluded, and notably too many young people, because they are often subject to precarious employment. In particular, the principle of a social insurance allowance rather than private insurance does not imply that the advantages increase with length of service through 'accumulation of entitlements'.

On the other hand, and contrary to practices in other countries, RMI beneficiaries -- a status to which job-seekers are relegated for lack of unemployment compensation income -- are not integrated into back-to-work assistance processes in the same way as other unemployed persons receiving compensation.

Within this reappraisal of the compensation schemes, three issues should be examined.

- First, there is the *question of funding*. More than three-quarters of the funding is provided by inter-trade solidarity, through unemployment insurance contributions, and the rest through taxes (for the solidarity scheme and the RMI). In a country where, regardless of the reasons, it is not possible to reduce the unemployment rate, it should be recognised that the responsibility for the financial consequences should not depend solely on inter-trade solidarity but on fiscal sources reflecting national solidarity. And it might also be asked whether the share of funding through employee contributions should not be further reduced, if only to smooth out short-term economic fluctuations.

- Second, would it not be advisable to *provide better coverage of unemployment situations*? Expanding the coverage of allowances based on the job-seeker's situation and associating them with intensive individual support measures and rigorous follow-up would allow the RMI to be concentrated on the persons with the greatest difficulties and the most remote from employment.³⁶

A balance remains to be defined between, on the one hand, the so-called insurance allowances, which are paid without means testing or consideration of family situation and, on the other hand, the means-tested solidarity allowances.³⁷ The eligibility conditions for the insurance scheme are, as we have seen, among the most open in Europe. But they still lead to the exclusion of a considerable number of job-seekers.

a. With regard to the insurance allowance, instead of having a system of tracks excluding a significant number of wage-earners, entitlement to benefits could begin with the first month of contribution and last for a period corresponding to the length of contribution, with the end of this progressive increase corresponding to the duration of the main track (23 months at present). It is unfair that certain persons contribute to an insurance scheme without obtaining any entitlement.

b. In any case, a means-tested solidarity allowance should be open to any job-seeker registered with the ANPE and actively looking for work. Such an arrangement would concern wage-earners who have lost their jobs and exhausted their insurance entitlements and young people entering the labour market (or persons returning to it after a long period of inactivity).

For the 'first-time job-seekers' category, the allowance could be paid only after a period, to be defined, of individual job-search support at the ANPE. The follow-up and terms of the support measures should be precisely defined, notably for young people.³⁸

For the funding parties as a whole, the consequences of this increased right to compensation (whether through insurance or unemployment solidarity) would be rather limited. For the extension of the unemployment solidarity allowance, the cost would remain the same as it is today for job-seekers aged 25 and over if the means test and allowance level were equal to those of the RMI. The additional cost would correspond to the allowance for those under 25 years old.

If such a reform were adopted, recourse to the RMI would, in practice, be reserved for persons whose difficulties in finding a job would be recognised in the course of an examination of their employability and personal problems severe enough to constitute a handicap.

- Third, *minimum unemployment compensation allowances* (whether insurance or solidarity) *should be defined in such a way that a wage-earner entering unemployment does not have to resort to the RMI.*

³⁶ This solution was evoked in the CERC's first report, 'Access to employment and social protection' (CERC, 2001).

³⁷ It should be noted that certain countries, such as Belgium, adjust unemployment insurance allowances in function of family situation.

³⁸ One of the reasons the law refused to open RMI eligibility to young people in 1988 was the fear that they would postpone their active entry onto the labour market if they had access to an income guarantee system with few requirements for the beneficiary and, in addition, little structured assistance for entering employment.

It is particularly abnormal that wage-earners receiving the ARE at a reduced rate (because of a part-time job) should have to receive unemployment insurance and RMI allowances at the same time. Abnormal for the individual relegated to a status with little prestige and faced with even more procedures to carry out (a 'double penalty', so to speak). But abnormal as well for the present system, overwhelmed by management costs and problems of co-ordination. The minimum allowance could remain the same as it is now for job-seekers who have lost a full-time job; for those formerly working part-time, an additional benefit (means-tested) would be paid in order to reach the allowance level of the RMI. This reform would not be more expensive for the whole of the income replacement schemes than the present situation.

This condition is rather easy to verify for a wage-earner living alone. In other family structures, additional benefits (means-tested) would have to be paid in order to attain this result. In such a case, the situation of the public finances would be approximately the same. But the simplification for job-seekers, the symbolic value of assistance related to their actual situation and the gain in administrative management are doubtless worth examining.

2. Stabilising compensation rules

The renewal of the UNEDIC agreements leads to changes in compensation rules, mainly in function of funding constraints. When the employment situation improves, and with it, the UNEDIC's financial situation, compensation tends to be increased, and conversely.

Not only is this practice anti-economic, however, insofar as it reinforces the cyclical nature of growth, but it also runs counter to the perspective of return to employment because a difficult economic phase necessitates longer compensation periods or, in the least, periods which are not truncated.³⁹ For this reason, it seems necessary to us to stabilise the compensation rules over the medium term, with the peak phases of the cycle permitting the constitution of reserves (or the reduction of the debt to begin with).

3. Considering unemployment insurance as a form of back-to-work assistance would lead to redefining the terms of the unemployment insurance allowance

An initial question here concerns the minimum allowance. This issue should be examined in relation to the fact that grave financial difficulties slow down the job search.

With regard to the length of the compensation period, the present differentiation of tracks based on the prior length of affiliation does not make a great deal of sense in terms of return to employment. In a strategy of back-to-work assistance, it would be necessary to adjust the periods of coverage in function of the difficulties of finding another job and the kind of pathway to be pursued.⁴⁰ The length of the compensation period could be accompanied by the possibility of an extension following an examination of the actual difficulties the unemployed person encounters in finding work again.

³⁹ In passing, it should be noted that the economies thus achieved by the unemployment insurance scheme are partly transformed into an aggravation of the financial situation of the state (solidarity scheme) or the *départements* (RMI).

⁴⁰ The lengthening of the compensation period for older wage-earners responds in part to this issue.

This seems to be the case in Sweden. In a certain way, the insurance scheme would be led to maintain the allowance until a satisfactory solution was found for the job-seeker, once he or she was involved in an active search.⁴¹

Length of compensation

It is also necessary to reconsider the length of compensation for job-seekers involved in long-term training. Just as reduced activity leads to an extension of the maximum compensation period, the length of a training programme (which should be carefully decided upon and closely monitored) should permit the extension of the maximum compensation period. This is partly achieved through the end-of-training allowance, paid to an unemployed person receiving compensation who pursues a training programme which ends after the period of compensation by the unemployment insurance scheme but leaves the job-seeker without income afterwards.

4. Incentives and disincentives

In analysing the effects of unemployment allowances on the return to employment, it is necessary to take into account, as has been indicated earlier, incentives and disincentives for looking for work. We may note, however, that the importance of such effects may be counterbalanced by the degree to which the job search is monitored.

In France, there is much more recourse to financial incentive schemes than in certain neighbouring countries, and less recourse to follow-up or monitoring. Indeed, the unemployment allowance replacement rate is rather limited for the low or average reference wages and the monitoring of the job search, until now, not very real. Similarly, the level of the RMI allowance is low in relation to the full-time minimum wage, but in the past, beneficiaries had few obligations in terms of work integration actions in contracts which, parenthetically, were rarely drawn up.

Last of all, we must note the particular situation of the highest-paid former wage-earners, who are also those with a lower risk of undergoing a spell of unemployment. The present scheme guarantees them both a high replacement rate (because of the amount of the ceiling) and a long period of compensation (because their careers have been more stable). These two factors increase the reservation wage and reduce the rapidity of the return to work: the financial incentives are, for comparable situations, less than those of neighbouring countries, but that still does not mean that the monitoring of the job search is any more intensive.

A return to degressiveness?

Should the degressive allowance be reintroduced? Such degressiveness, it should be recalled, accelerates the return to employment for 25 percent of the best-compensated beneficiaries (those with the highest wages before their spell of unemployment), but has only a slight effect on the return to employment of other wage-earners. Reintroducing a degressive allowance would penalise the latter in terms of income replacement benefits without any real effectiveness in terms of the return to employment. France is one of the only countries to have set up a sharply degressive scheme between 1992 and 2001.

⁴¹ This approach is found in the proposals formulated by MEDEF at the beginning of the spring 2000 negotiations.

The Council considers that other solutions, as effective in terms of incentives but less detrimental to the beneficiaries receiving the least compensation, should be sought. These include, on the one hand, increased follow-up (see above) and, on the other, redefinition of the allowance ceiling.

A reduced allowance ceiling?

The other feature specific to France is the very high level of the allowance ceiling. In terms of effective incentives for accelerating the return to employment, lowering the ceiling, either for the entire compensation period or by stages, might lead to the same incentive effects as the degressive allowance without imposing financial penalties on those (with lower pay and less employability) whose difficulties in returning to work are greater than the lack of financial incentives.

This proposal might be interpreted as going counter to the principle of insurance which is the basis of the UNEDIC agreement, even if the latter includes elements of solidarity as well. This is admittedly a difficult question and potentially controversial question. But it calls for an open discussion which takes two other parameters into account.

1. The participation of the state, in our view, should be determined on a fixed basis in order to avoid a climate of uncertainties and sterile discussions. The equitable treatment of job-seekers cannot be ensured solely by inter-trade solidarity when a country is confronted by a chronically high unemployment rate and increased risks of exclusion.

2. A different adjustment of back-to-work assistance allowances should result in a parallel examination of the compensation schemes and the contributions of those involved.

If we refuse to undertake these two difficult debates, it will be impossible to remedy the shortcomings of the unemployment insurance scheme which we have brought out.

5. The engineering of follow-up and support measures

The large number of institutions, the partial overlapping of responsibilities, the variety of allowances and the diversity of support measures, training programmes and subsidised jobs require job-seekers to contact many different institutions. If the spell of unemployment persists, their pathways may come to resemble an obstacle course. And this is even more the case if they are simultaneously taken on by two circuits, the one for the treatment of unemployment in the strict sense, and the other for the reintegration of RMI beneficiaries.

The personal adviser

When specific difficulties requiring the provision of individual or increased support measures are diagnosed, either following the initial professional interview or during the PAP update, it would be preferable for a personal adviser to follow the job-seeker. This would permit a better integration of the successive measures provided, from the standpoint of both the job-seeker and the institution.

To the extent that the ANPE does not have the necessary means (and authority) to provide all the services, it would be preferable for the complete support of certain job-seekers to be entrusted to co-contractors or subcontractors.

Obviously, the latter could have recourse to service providers for specific actions (e.g. in the area of training) but they should be required to designate a personal adviser for each beneficiary and thus follow up and intensify the support of all job-seekers in function of their abilities and their own actions.

The personal adviser, whether belonging to the ANPE or a subcontractor or co-contractor, should also be responsible for follow-up during training periods or subsidised jobs. The new instructions on this subject reflect a positive intention but it will be necessary to verify their concrete implementation.

Follow-up

Transferring the handling of job-seeker files to the UNEDIC was aimed, among other things, at simplifying the necessary procedures. It also seemed more efficient to carry out professional interviews at the employment agency, along with the definition of a personal action plan once the unemployed person was informed of the terms and conditions of the compensation.

Prior to the 2001 agreement, job-seekers were in contact with an ASSEDIC office for their registration, the calculation of their compensation benefits and their monthly progress reports. They were mainly in contact with the ANPE for the job-search efforts (intermediation) and, much more rarely, in order to benefit from specific schemes.

With the spread of systematic support measures and the UNEDIC's increased role in back-to-work assistance, France has become one of the rare countries where job-seekers consistently have to address themselves to at least two institutions (in particular for beneficiaries of the insurance scheme) at every stage of their pathways: initial registration, regular follow-up, monitoring of the actual job search, etc. This also complicates the circulation of information to an extreme, which leads to excessive costs and low efficiency.

A simplification of the present situation would consist of sparing the job-seeker the ASSEDIC appointments. In many countries, registration as a job-seeker, presentation of proofs of eligibility, and follow-up or monitoring of the job search all take place uniquely at the employment office. But the same objective could also be attained if each local employment agency also had UNEDIC agents specifically assigned to these tasks. The presentation of necessary proofs of eligibility, the calculation of entitlements and the professional interview (PAP01) could then take place one after the other. This one-stop service would probably be less costly to set up than the systematic reduction of geographical distances between ASSEDIC offices and local employment agencies and would not impose any new constraints on the co-ordination of the information systems.

6. Improving the continuing training system

The desire expressed in the reform of subsidised jobs to develop beneficiaries' vocational training and permit its accreditation marks an advance. It is important, however, that this point is not neglected in the implementation of the reform. This has too often been the case in past reforms, where this objective was declared (e.g., the employment solidarity contracts) but never concretised.

Two issues merit careful examination in view of improving the effectiveness of training.

- First of all, an in-depth evaluation of the field, bearing on the quality of providers and services and the organisation of the continuing training market, whether it is aimed at wage-earners or job-seekers. The decentralisation of training to the regions does not eliminate the need for regular evaluation, at national level, of the possibilities of life-long learning.
- Second, the definition of procedures for better integration of training into the ANPE's support measures for job-seekers.

7. The return to employment and the market

Until now, we have not used the term 'labour market', classically employed in the economic literature to describe the handling of unemployment. And yet, the entire process is aimed at matching companies seeking to fill specific posts and individuals seeking to find a job. In order to find the right profiles, the companies are likely to call upon intermediaries, ranging from the executive search agencies to the ANPE, UNEDIC or APEC, by way of private placement companies, but also the temping agencies. The job-seekers, meanwhile, go through these same intermediaries, and are well advised to do so, in order to have information about vacancies and also to adapt their skills to the nature of the positions available.

It must be stressed, however, that if there is a market – in the sense of a process confronting the supply of and demand for a 'placement service' – it cannot be governed like an ordinary market. First of all because the work contract (which concludes the matching of employment supply and demand) is not commercial in nature. We have emphasised this point a great deal in our previous report on employment security, for we are dealing with men and women, not goods and services. Second, and more specifically, because public responsibilities are involved, all the missions of 'integration, training and support of job-seekers' are part of the public employment service as the law on social cohesion defines it.

In order to take the analysis further, we would recall the organisational rules of the public services, with particular attention to its two main 'sub-markets'. In the case of the 'recruitment sub-market', there is a trend towards a simple opening up to competition. The firms can recruit directly or go through the ANPE or other intermediaries: there is no monopoly on hiring as this has existed in other countries (e.g., Italy). They can also, as we see in the case of job-adaptation training courses for the 'sectors under pressure' (i.e., facing labour shortages), turn to the UNEDIC/ANPE to indicate the profiles they need; the UNEDIC THEN organises training courses (with the moral commitment that the trainee's application will be examined favourably) and, along with the ANPE, selects the 'training candidates'. In the past, companies could, in all illegality, use temping agencies as a way of obtaining employees on a trial basis, with the possibility of hiring them at the end of the mission. The law on social cohesion now goes farther by giving temping agencies the right to place job-seekers directly.

The state's intervention in the regulation of this first sub-market can remain relatively restricted, even if it is a component of the public service; its role may be limited to defining the specific rules to be respected. Here, we can cite the rules concerning non-discrimination in hiring, those dealing with the means of disseminating job announcements or those prohibiting remuneration of the placement company by the job-seeker.

On this sub-market, the ANPE should probably not be credited with any specific role. Its involvement is thus of two kinds: first, its market share in collecting job vacancies and second, the efficiency of the matching systems, which extends from the quality of the anpe.fr website to the procedures for putting job-seekers in contact with a company which has placed an announcement.

Other components of the public employment service, including the labour-market integration, training and individual support of job-seekers, constitute a 'sub-market' (or several) of a different kind, notably because they are aimed at re-establishing equal opportunities as much as possible. For this reason, it seems to us that a precise definition of specific methods of organisation is required.

There are in fact two elements at stake here: first of all, the attempt to improve the opportunities of the individuals with the greatest difficulties cannot arise from the simple behaviour of players with their own interests; second, all the activities carried out are funded by public sources (taxes or contributions). When an activity includes elements of public service and the participation of several players is involved, it is particularly necessary to define responsibilities with great care and fix the rules, especially for opening up the market to competition. This effort at definition and clarification has taken place in many areas, notably in the context of European directives. But in the case of the public employment service, this has clearly not yet been the case, at French or European level. In order to address the task at hand, it is useful to recall the guidelines commonly applied (see preceding box).

In general, the framework defining the operating rules of the market and the operators is established by law. A regulatory authority specifies them and monitors their application in order to ensure that the aims of the public service mission are in fact respected. Such a regulatory authority is lacking in France, unless certain services of the Ministry of Employment are considered to assume that function, but only in a very limited way, notably for the monitoring of operators.

One of the objectives of the public service mission is the equitable treatment of all job-seekers, regardless of their situation in terms of compensation and regardless of the operator responsible for their back-to-work pathway. It is particularly important that the process does not permit an operator to 'skim off' of certain job-seekers while rejecting those in the greatest difficulty.

In certain countries, in order to achieve this objective of equitable treatment, a public operator receives all job-seekers and, on the basis of their individual features, assigns them to a given public or private operator for individual support. This is notably the case in the UK and The Netherlands, whether the individuals receive unemployment insurance compensation or minimum income benefits or no allowance at all. In the other countries studied, this is the case for job-seekers other than minimum income beneficiaries; the unemployment insurance funds do not intervene in the counselling of job-seekers in any of these countries.

Such counselling should be the specific role of the ANPE. To some extent, however, this function is carried out jointly by the ANPE and the UNEDIC and the trend may well be accentuated in the context of the draft agreement between the state, the ANPE and the UNEDIC.

There is a thus serious risk of unequal treatment of job-seekers depending on whether they are beneficiaries of the unemployment insurance scheme and, more fundamentally, on the basis of their employability. Indeed, the logic of the UNEDIC's intervention naturally privileges rapid exits from unemployment for compensated job-seekers.

From the standpoint of equal treatment, the means of funding the public service activities must also be defined. At present, the ANPE's support activities are mainly funded by the state and the UNEDIC.

On the one hand, the UNEDIC *funds* a part of the agency's personnel, who are not specifically assigned to support measures for unemployed persons receiving compensation, but on the other, the UNEDIC *reimburses* the agency for the cost of benefits for job-seekers receiving unemployment insurance benefits. As a result, when actions are decided upon, the ANPE counsellors are required to respect the guidelines fixing the proportion of unemployment insurance beneficiaries to be included.⁴²

In addition, certain benefits funded by the UNEDIC (training, relocation support, recruitment subsidy) are also restricted to those job-seekers receiving unemployment insurance benefits. This is a potential source of unequal treatment: while difficulties in finding a job must be taken into account in determining back-to-work assistance, compensation should not be a criterion.

A final, but extremely important question deals with the organisation of the way the different support operators gain access to this public service. It should be recalled that the intervention of multiple operators, public or private, is in no way incompatible with the provision of a public service. But its organisation must be different from that of other markets. In fact, the diversity of the job-seekers' situations and needs calls for a corresponding diversity of approaches and benefits: the objectives of efficiency and quality encourage calling on multiple operators. These should, however, be placed in competition on the basis of clear rules and their activity must also be evaluated and monitored.

Pilot programmes are presently underway with private operators responsible for providing support measures for certain categories of job-seekers. Before any new extension of this process, a rigorous, in-depth evaluation of these experiences should be carried out.

Whether what is involved is the provision of specific services or a complete support package for job-seekers, the organisation of a public service market should be subcontracted by concession or contract; it is particularly important to avoid 'skimming off' phenomena. From this standpoint, we believe that it is particularly necessary for the employment agency to retain permanent control over this process by defining the specifications and to organise the competition, regardless of the funding source (notably for training services).

Subcontracting in the area of employment policy (outside the field of training services) has been analysed by the evaluation commission presided over by Dominique Balmay. An in-depth evaluation to be carried out in the area of job-seeker training provision is more than necessary.

⁴² In this way, the agreements signed between the ANPE and its co-contractors include an annual objective for the number of cases taken on, including a specific number of job-seekers receiving unemployment compensation.

A second organisational rule concerns the separation between the agency responsible for assigning job-seekers and the operators providing the services. This separation is intended to avoid imbalances in the assignments which might arise from the distributing party's decision to utilise all of its own means before subcontracting, without fully taking the user's needs into account.

In certain countries (e.g., The Netherlands), the agency responsible for assigning job-seekers to operators only takes direct charge of those who have not been offered specific services and who benefit from simple 'self-service' access to information on job vacancies. In France, this separation does not exist in at least two areas: for individual support services, the ANPE carries out a large proportion in-house and subcontracts others; for training leading to qualification, the AFPA has the role of validating training plans but also carries out a considerable share of the training.

It is not certain, however, that the example of The Netherlands is to be followed in this area. Indeed, the ability to guide job-seekers towards one kind of service or another would seem to require ANPE counsellors to have a good knowledge of their cases. A more detailed analysis of this question is thus necessary, especially if there is growing recourse to private operators for complete support service packages.

A final problem, particular to the public employment service, concerns the fact that access to this service (including the compensation component) commits the job-seeker to a series of rights and duties. Should the monitoring of the respect of these obligations (being without employment, actively looking for work, accepting jobs which are suitable with regard to the individual situation) be entrusted to all the operators or only the employment agency? The present situation – and especially the coming one, given the draft agreement between the state, the ANPE and the UNEDIC – requires clarification.

8. Governance: difficult but pressing choices

Improving the governance of the system in order to fulfil the public employment service mission efficiently calls for resolving two types of problems. How is the joint responsibility of the state, the territorial authorities and the social partners for the definition of the public employment service's orientations to be organised? And at the same time, how are the organisation and respective roles of the different bodies and institutions to be defined in the most effective way?

Our analysis is based on two observations. For one thing, transferring responsibility for the management of the RMI to the *départements* does not help to integrate this scheme into a back-to-work dynamics. For another, a two-headed management of the overall back-to-work assistance scheme is emerging with, on one side, the state's services and the ANPE and, on the other, the social partners and the UNEDIC. This development entails great risks in terms of equity of treatment for job-seekers. Of all the European countries studied, France is the only one to have opted for this path. The others have chosen a clearer structure for the implementation of public service, which, in light of France's attachment to this issue, is paradoxical.

The question of the respective actors' exercise of responsibilities will be addressed mainly for the state and the social partners; the exercise of the territorial authorities' responsibilities poses problems of a constitutional nature and requires a more detailed analysis. We would add, however, that we are extremely concerned about the system's effectiveness with regard to the return to employment.

Concerning the *compensation of job-seekers*, if the general rules of the insurance scheme are defined by law (article L351-3 of the Labour Code), their parameters are defined in the context of the UNEDIC agreements negotiated by the social partners and approved by the minister in charge of employment. This procedure is not sound from three points of view.

First of all, it does not permit the question of income replacement benefits for workless persons to be examined as a whole and adapted to the economic and financial situation. The conditions of compensation cannot be defined without taking into account the consequences of decisions made within the unemployment insurance scheme on the other 'schemes', solidarity and RMI, from the standpoint of financial equilibrium and that of the persons deprived of employment alike.

Second, the process of establishing the UNEDIC agreements can only lead to confrontations between the state and the social partners if the compromise reached between those social partners accepting to sign an agreement does not respect the guidelines of the state, which, it should be remembered, still has the ultimate responsibility.

Last of all, the system does not permit adequate stability for the compensation rules, which are overly subject to the economic situation prevailing at the time of the negotiations.

The governance in this area might be improved by starting with an examination of the situation of compensation in all the schemes. This process could be jointly carried out by the services of the state and the social partners but should also associate the departments. Such a consultation should help to clarify the UNEDIC agreement negotiations, which might involve the government from the outset.

Concerning *back-to-work assistance*, the position of the social partners as reflected in the 2001 reform is extremely encouraging: the return to employment is part of their responsibilities, including compensation. The path adopted has included improvements (notably in terms of means) but has also introduced risks with regard to the objectives of the public employment service and notably that of equal opportunity for all job-seekers, as well as the coherence and efficiency of follow-up. In addition, the difficulties of co-ordination between players have been increased, as have the difficulties of individuals required to make their way through an even more complicated circuit.

It seems to us that in nearly all the countries we have studied, a better form of governance has been chosen.⁴³

⁴³ With the exception of the UK, where the social partners are practically excluded.

In one form or another, this consists of associating the social partners with the general orientation of employment policies on the one hand and with the direction of the employment agency on the other. In no case is the body responsible for handling compensation also an operator for back-to-work assistance (unless it plays both roles simultaneously, and alone).

How then should governance be organised in France?

The present path, which consists of increasing the co-ordination, at national or local level, between players assuming partially overlapping functions, is costly and inefficient and increases the risks the public service objectives are poorly implemented. One alternative would involve the merger of the institutions, with the resulting entity coming under the overall supervision of the state. This path, often evoked over the past twenty years, has never been pursued, as the Marimbert report recalls, because it would not allow the social partners to exercise their responsibilities.

The path which, in the Council's view, is worth exploring would aim at associating the state and the social partners in jointly handling unemployment compensation and back-to-work assistance without necessarily merging the institutions responsible for these two functions. **To this end, the following balance might be sought:**

a) The social partners would obtain a real role in defining the strategic orientations of the agency for return to employment, the ANPE. It is true that the ANPE already has a tripartite board of directors, but this board has little weight in determining strategic directions.

Similarly, the state could participate in the direction of the institution handling the unemployment insurance scheme, the UNEDIC, and participate in its funding. The insurance and solidarity schemes would or could be merged (which would prevent certain unemployment situations from being means tested and others not).

b) The missions of the UNEDIC and the ANPE would be recentred on the essentials: compensation of the unemployed and collection of contributions for the UNEDIC, and intermediation and back-to-work assistance for the ANPE.

The ANPE would organise the recourse to any operator entrusted with back-to-work assistance actions, preferably with responsibility for the complete follow-up of certain categories of unemployed persons. To be sure, in the system we are proposing for consideration by the public authorities and the social partners, the ANPE would undertake its missions in consultation with the other institutions, beginning with the ASSEDIC.

Only an approach of this type would make sense in the development of systematic instruments for detecting the risks of long-term unemployment which are necessary for counselling job-seekers, for these decision-making tools should combine statistical material with more qualitative elements for assessing individual potentialities and difficulties. Having this profiling carried out by UNEDIC agents, which seems to be anticipated at present, would result either in having to transform these agents' jobs to include counselling as well or in frequent invalidations of the initial statistical diagnosis at the time of the professional interview at the ANPE.

In sum, the system could allow could allow the social partners to assume the same level of responsibility in the handling of unemployment as the present approach but with a more precise division of tasks and simplified structures for governance and implementation. The organisation of the joint action of the state and the territorial authorities should be established through funding agreements, but the vast question of decentralisation and the conditions of its coherence and efficiency goes beyond the scope of this report.

Greater coherence in the treatment of RMI beneficiaries might be achieved, however, if the ANPE (or even the AFPA) were systematically involved in the examination of individual situations and the definition of integration contracts. For beneficiaries whose contracts would include the ‘back-to-work assistance’ dimension, the support measures should be the responsibility of the ANPE, as is the case for any other job-seeker.

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The foregoing analyses and proposals are shaped by two essential preoccupations: equal opportunity in function of each person’s abilities and the effectiveness of the system, which is in large part tied to its simplification. Such would be the foundations of a social contract involving the state and the economic and social players in a partnership based on responsibility and solidarity. But without forgetting the imperative of a return to greater economic growth as a vehicle of job creation.

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AFPA	Association nationale pour la formation professionnelle des adultes	Association for Adult Vocational Training
AFR	Allocation de formation-reclassement	Redeployment training allowance
ALE	Agence locale pour l'emploi	Local employment agency
AMS	Arbetsmarknadsstyrelsen	National Labour-Market Administration
ANPE	Agence nationale pour l'emploi	National Employment Agency
APEC	Association pour l'emploi des cadres	Employment agency for managers and professional staff
ARE	Allocation d'aide au retour à l'emploi	back-to-work assistance allowance
ASC	Allocation spécifique de conversion	Specific retraining allowance
ASS	Allocation de solidarité spécifique	back-to-work assistance allowance
ASSEDIC	Association pour l'emploi dans l'industrie et le commerce	Association for Employment in Industry and Commerce
AUD	Allocation unique dégressive	Degressive single allowance
CAE	Contrat d'accompagnement dans l'emploi	Support measures in employment contracts
CCAS	Centre communal d'action sociale	Municipal centre for social action
CEC	Contrat emploi-consolidé	consolidated employment contract
CES	Contrat emploi-solidarité	Employment solidarity contract
CIE	Contrat initiative emploi	Employment initiative contract
CI-RMA	Contrat d'insertion - revenu minimum d'activité	Integration contract-minimum earned income guarantee
CNAF	Caisse nationale d'allocations familiales	National Family Allowance Fund
CWI	Centrum voor werk en inkomen	
DARES	Direction de l'animation de la recherche, des études et des statistiques	Ministry of Labour's research department
DDTEFP	Direction départementale du travail, de l'emploi et de la formation professionnelle	Division of Labour, Employment and Vocational Training at <i>département</i> level
DEFM	Demandeurs d'emploi en fin de mois	end-of-month demand for employment
EMT	Évaluation en milieu de travail	
EPCI	Établissement public de coopération intercommunale	public authority for inter-municipal co-operation
JSA	Jobseeker's allowance	
MSA	Mutualité sociale agricole	Agricultural Mutual Benefit Insurance System
OECD	Organisation for Economic Co-operation and Development	
OFAA	Offre de formation ASSEDIC-ANPE	Training supply common to the ANPE and the UNEDIC
OPCAREG	Organisme paritaire collecteur agréé régional	
PAP	Projet d'action personnalisé	Personal action plan
PAP-ND	Programme d'action personnalisé pour un nouveau départ	Personal action programme for a new star
PARE	Plan d'aide au retour à l'emploi	Back-to-work assistance plan
PLIE	Plan local pluriannuel pour l'insertion et l'emploi	Local Plan for Integration through Employment
RMI	Revenu minimum d'insertion	Minimum income benefit
SAE	Stage d'accès à l'emploi	employment access training courses
SEJE	Soutien à l'emploi des jeunes en entreprises	Support of youth employment in business

SPNDE	Service personnalisé pour un nouveau départ vers l'emploi	Individualised service for a new start towards employment
TRACE	Trajectoire d'accès à l'emploi	Individual support programmes for low-skilled young job-seekers
UB	Unemployment benefit	
UNEDIC	Union nationale pour l'emploi dans l'industrie et le commerce	National Union for Employment in Industry and Commerce
UWV	Uitvoeringsinstituut werknemersverzekeringen	Institute for the Management of Wage-Earners' Social Insurances
VAE	Valorisation des acquis de l'expérience	Accreditation of prior experience