

## Legal Structure

Unédic is a **non-profit organisation** (association loi 1901 avec mission de service public) established in 1958. The position of Unédic within the French social security framework and the relationship with the State central administration are established by law.

## Missions & Governance

Unédic ensures the management of the **French Unemployment insurance system** for the benefit of employees, companies and job seekers of the private sector.

Unédic is jointly and equally managed by the **Social Partners**:

- **Employers' organisations** (Medef, CGPME, UPA)
- **Trade unions** (CFDT, CFE-CGC, CFTC, CGT, CGT-FO)

**Collective negotiations** between **Social Partners** occur at regular intervals. Once an **agreement** is reached, Unédic establishes **new application rules** for the French Unemployment insurance system.

During summer 2018, a new law (Loi n°2018-771 "Avenir Professionnel") was passed. It has strengthened the role of the State:

- It provides a negotiation framework to Social Partners,
- It has the capacity to intervene by decree and implement specific measures,
- It is entitled to take control of the Unemployment insurance if Social Partners fail to reach an agreement.

Once the agreement is approved by the Prime Minister, the rules become compulsory for all companies of private sector.

## Responsibility of the State

- The State shares responsibility with Social Partners in managing the French Unemployment insurance system:
  - Compulsory nature of the unemployment insurance by law (Labour Code Art. L 5422-13)
  - New framework and involvement of the State in the decision-making process (Decree n°2018-791)
- **EMTN programme**: The French Republic provides an explicit first demand, unconditional and irrevocable guarantee renewed since 2011, covering up to €2.5 billion of new issuance in 2019.

## Sustainability of the Scheme

Collective negotiations conducted at regular intervals to ensure the financial balance of the scheme "over the economic cycle":

- Legal obligation for a balanced budget (Labour Code Art. L 5422-12)
- Definition of the applicable rules for a 2 to 3-year term
- The last collective negotiations of **2014** and **2017** witnessed the decision to implement **new measures**, resulting in €1.5bn of saving per year.
- The **new negotiation** has started since October 28. The new framework set by the government has an explicit target: additional savings of €1.0bn to €1.3bn per year for 3 years starting from 2019.

## Facts & Figures of the Scheme

- Compulsory national insurance:
  - 17.1 million employees covered out of 26 million employed in the private sector in France
  - 1.6 million companies covered
  - Contribution rate:
    - Tax-based overall social contribution ("CSG"): equivalent to 2.4% of gross base salary
    - Employer's contribution: 4.05% of gross salary
- 3.6 million jobseekers receiving services
- 2.7 million receiving benefits
- Benefit rate: 61% of previous base salary
- Unédic financial figures for 2018:
  - €39.4 billion expenditure (forecast)
  - €38.0 billion revenue (forecast)
  - Interest cost of debt below 1%
  - €2.25bn funding program

## Funding Strategy

- **NEU CP** – Short-term funding program:
  - Up to 1-year maturity
  - €10 billion
  - No explicit guarantee
- **NEU MTN** – Mid-term funding program:
  - 1 to 7-year maturity
  - €8 billion
  - No explicit guarantee
- **EMTN** – Long-term bond program:
  - 8 to 15-year maturity
  - €37 billion
  - **Explicit guarantee**
  - Solvency: 0%

## Investment criteria

### Currency and structure:

**EUR Fixed rate only**

### Guarantee:

**EMTN: Explicit first demand, unconditional and irrevocable from the French Republic**

### Rating:

**Aa2 (Stable) / AA (Stable)  
By Moody's / Fitch**

### Governing Law:

**French Law**

### Listing:

**Euronext Paris**

### ECB Repo Eligibility:

**Yes**

### LCR Treatment:

**HQLA Level 1**

### Risk Weighting – Basel regulation:

**0%**

### PSPP Eligibility:

**Yes**

## Contacts

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