

*Committed
and standing
together*

FOR THE
COMMON GOOD

2020 ACTIVITY REPORT



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*Agile
and committed*

TO OUR MISSION, EVERY DAY

Manifesto

IN THE EYE OF AN UNPRECEDENTED STORM, THE SOCIAL PARTNERS AND UNÉDIC'S EXPERTS STAYED THE COURSE. COMMITTED. STANDING TOGETHER. THEIR ATTENTION FOCUSSED ON OUR MUTUAL GOOD.

Indispensable and united in response to the crisis, they remained on deck to keep our economy afloat and preserve our social cohesion. The Unemployment Insurance scheme thus redistributed over €35 billion in contributions and injected over €18 billion into the economy to protect nearly 11 million workers at the height of the crisis (including those benefiting from the furlough scheme) and to support 3 million businesses.

This required the social partners and Unédic to be **innovative and exacting about their management of the system**, in the context of an unstable environment. For over 60 years, when faced with a turbulent economic environment and today's unprecedented crisis, the Unemployment Insurance scheme has proven how robust it is. Controlling its financial trajectory, building trust in the markets, continuously updating its management and forecasting tools, working hand in hand with the other public actors.

To stay the course, the social partners and Unédic also had to **mobilise their expertise and remain attentive to changes in employment** so as to adapt to the realities on the ground, the labour market and the needs of each and all.

Agile, the members of this team were **mobilise daily**, remaining close despite the distance imposed by the crisis.

THEY ALLOWED UNÉDIC TO STAY ON COURSE AND NEVER FALTER IN ITS MISSION.

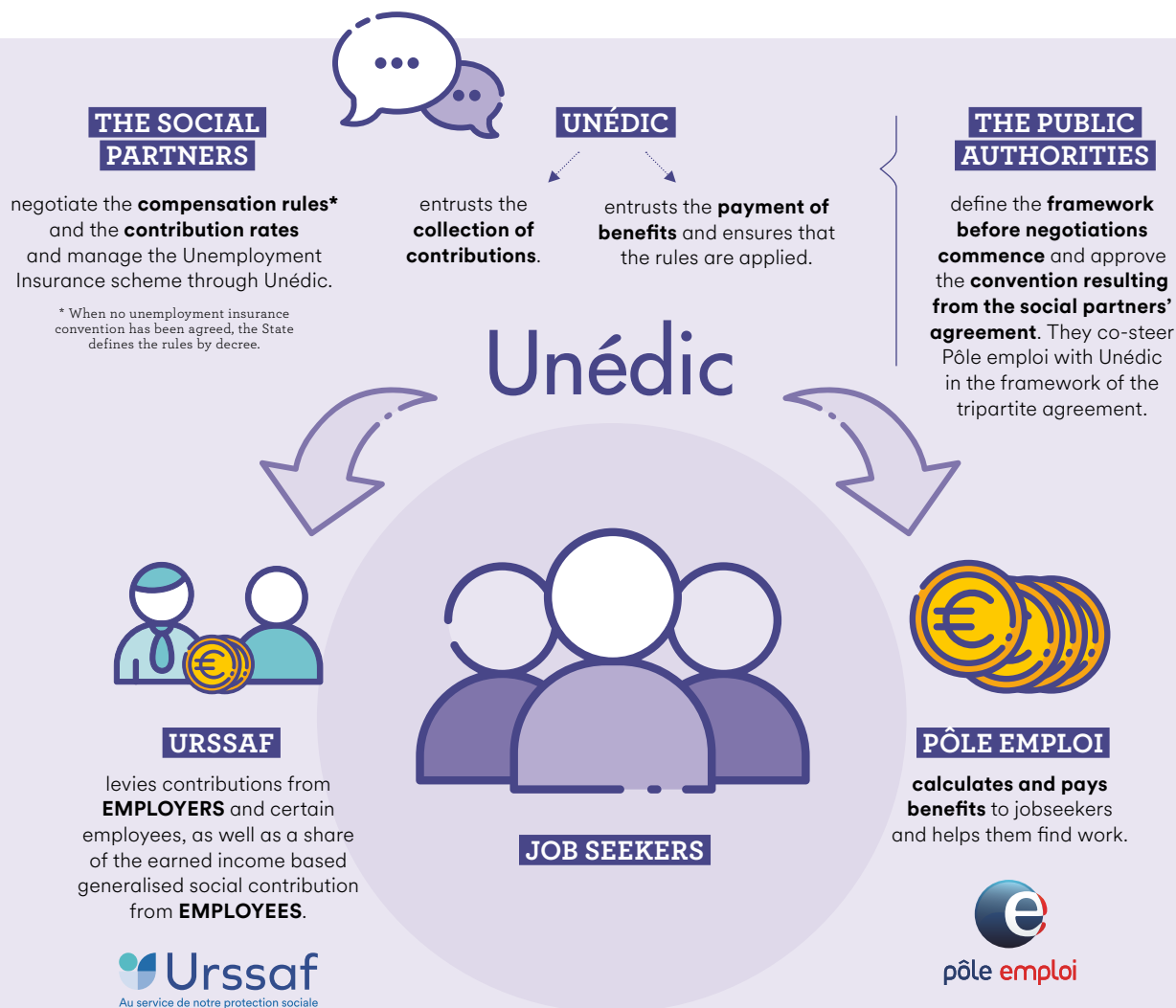
Who does what for jobseekers?

Thanks to the Unemployment Insurance, workers who lose their jobs can receive replacement income allowing them to maintain their resources during their job search. Steered and managed by Unédic, this system is financed by employer contributions and a share of the earned income based generalised social contribution. The scheme is jointly managed. Unédic's Management Committee ("*Bureau*") and Board of Directors ("*Conseil d'administration*") are made up of an equal number of employee representatives (CFDT, CFTC, CFE-CGC, CGT, FO) and employer representatives (Medef, CPME, U2P).

Unédic's mission is to define and safeguard the unemployment insurance rules and to ensure that contribu-

tions are collected and unemployment benefits are paid, when necessary by borrowing on the financial markets.

Unédic also contributes to financing the pensions (Cnav, Agirc-Arrco) of jobseekers receiving benefits. On an operational level, Unédic manages the operators that collect contributions (Urssaf caisse nationale, CCMSA, etc.) and pay benefits (Pôle emploi). In addition to these missions, on behalf of the association for the management of the wage guarantee scheme ("*Association pour la gestion du régime de garantie des créances des salariés*" - ASG), Unédic also pays the salaries of the employees of companies that are being liquidated or are in rehabilitation proceedings.



HOW UNÉDIC CONTRIBUTED TO SUPPORTING THE ECONOMY AND PRESERVING SOCIAL COHESION

Éric Le Jaouen, Unédic's President, and **Patricia Ferrand**, Unédic's Vice President, look back on Unédic's decisive role and governance in response to the crisis, safeguarding the system and the rights of jobseekers and supporting the economy.

UNÉDIC FULLY PLAYED ITS ROLE AS A SOCIAL SHOCK ABSORBER IN THE FACE OF THE CRISIS. HOW MUCH MORE CAN IT TAKE ON?

Éric Le Jaouen: In 2020, Unédic played this role on an unprecedented scale, not only by continuing to finance the payment of benefits to jobseekers but also by financing the furlough scheme (*activité partielle*) and by extending entitlement periods. Despite the magnitude of the shock, Unédic continues to have the capacity to support the economy and raise debt to finance the scheme. The borrowing terms we benefited from last March when issuing a new €3bn Social Bond prove that investors continue to have confidence in us.

Patricia Ferrand: This role of social and economic shock absorber is Unédic's very *raison d'être*. And Unédic fully played this role in 2020 in a way that was nothing short of extraordinary, including by financing 1/3 of the expenditures under the furlough scheme. This allowed over 8 million employees to keep their jobs at the peak of the crisis.

TODAY, THE FURLOUGH SCHEME IS MUCH MORE THAN AN EMERGENCY MEASURE. HOW SHOULD IT BE MANAGED AND FINANCED?

É. Le J.: The furlough scheme, which was designed by the social partners before the crisis happened, proved itself to be extremely effective at playing a role that was not that scheme's role at the outset. As Unédic's President, it's not for me to comment on how the scheme is managed or financed – that's for the managing organisations to do. That said, throughout our discussions with the French State, we argued for a complete re-write of the scheme – so that the scheme can be safeguarded legally and so that its management and financing can be clarified.

P. F.: With the crisis, the nature of the covered risk changed completely. We relied on emergency measures because we had to provide responses very quickly and we safeguarded the scheme through an agreement with the French State. But the scheme's financing was not adjusted to reflect this new factor. The consultation between the social partners and the French State that is about to be commenced should address these structural issues.



HOW DO YOU VIEW THE EVOLUTION OF THE UNEMPLOYMENT INSURANCE SCHEME'S DEBT?

É. Le J.: The crisis brutally interrupted our deleveraging trajectory and our debt surged. But this debt makes sense because it prevented part of our economy from collapsing and preserved our social cohesion. And it's sustainable, because all our financings are raised under very good market conditions. However, it could compromise our future room for manoeuvring. After the crisis, the issue of deleveraging will necessarily be on the agenda for the discussions between the management organisations and the French State.



P. F.: Today, the decisions about financing this debt are not ours to make. But as managers, in 2020 we focussed on tracking the nature of the expenditures that were financed by the additional debt so we could precisely identify what we can really call “Covid debt”.

IN WHAT WAY WAS YOUR JOINT-GOVERNANCE EFFECTIVE?

É. Le J.: In normal circumstances, the social partners’ main strength is their knowledge about businesses and their close connection to those on the ground. Contrary to what one might have thought, this strength did not waver during period under which no unemployment insurance

convention was agreed and even less so during the crisis. The social partners played a decisive role as an intermediary, between the decisions of the French State and how they were implemented by businesses.

P. F.: In 2020, the social partners played an essential role, one that was extremely valuable. Our proximity to the people on the ground, which the French State does not have on its own, made it possible to be extraordinarily responsive. Beyond this responsiveness, we mobilised ourselves with a keen sense of our responsibilities, reporting up the true needs we saw on the ground. Not only was it possible to implement the measures, but what’s more, they were more relevant.

HOW WAS THE REGIONAL LEVEL ESSENTIAL TO AN UNDERSTANDING OF THE STAKES AT PLAY IN THE LABOUR MARKET?

P. F.: The regional level is absolutely relevant in the analysis of the stakes at play in the labour market. All workers are citizens who are seeking local solidarity, childcare for their children, means of transportation, etc. Multiple issues emerge at the scale of labour markets and in catchment areas and these require responses that vary enormously from one region to the next. Labour policies must take these differences into account, all while avoiding creating inequalities at the national level.

É. Le J.: I completely agree. We won’t go back to the days of the employment office (“*bureau de l’emploi*”), but we do need to be able to reflect and provide support at the level of each region.

WHAT ARE UNÉDIC’S PROSPECTS FOR THE YEAR TO COME?

É. Le J.: Our first challenge is to continue financing the Unemployment Insurance scheme, be it in our ordinary scope or a broader scope, that is to say with the furlough scheme and the various measures prolonging entitlements. Then, it is up to us to safeguard the new unemployment insurance rules from a legal point of view and to ensure they are implemented on an operational level. Finally, we will have a key role of study and analysis, for informing the management organisations in view their discussions with the French State on governance issues and the scheme’s financing.

P. F.: In addition to safeguarding entitlements and regulations, I’d like to stress this informational role. Whilst Unédic does not participate in the discussions as an actor, its role is to be available to the employee and employer representative bodies so that it can enlighten discussions. Over the past 10 years, Unédic’s mission has been consolidated around this role. ■

Joint governance for managing the Unemployment Insurance Scheme

Unédic, a non-profit organisation (“*Association loi 1901*”), was created in 1958 by employee and employer representatives for the purpose of managing the Unemployment Insurance scheme. The social partners, who are at the head of the organisation, negotiate the unemployment insurance rules and manage the scheme by ensuring that contributions are properly collected and that benefits are paid to jobseekers.

Unédic is managed by a Board of Directors (“*Conseil d’administration*”) that has 50 members and a Management Committee (“*Bureau*”) that is made up of 10 members of the Board of Directors. Elected for two-year terms, half of the members are employee representatives (CFDT, CFTC, CFE-CGC, CGT, FO) and the other half are employer representatives (Medef, CPME, U2P). The same is true for Unédic’s Presidency and Vice-Presidency, which alternates between the two employee/employer colleges. Since January 2020, Éric Le Jaouen (Medef) has been Unédic’s President and Patricia Ferrand (CFDT) is its Vice President.

WHAT ARE THE ROLES OF THE BOARD OF DIRECTORS, THE MANAGEMENT COMMITTEE AND THE MANAGEMENT TEAM?

The Board of Directors decides what Unédic’s broad orientations are, approves its financial strategy, votes on the amount of benefits, and elects the Management Committee and the President for a two-year term. The Board meets twice per year and also approves the Unemployment Insurance scheme’s accounts. The Management Committee meets monthly and ensures that the unemployment insurance rules are properly applied and makes all decisions relating to those rules. It also ensures that Unédic functions properly and appoints its Managing Director.

Three times per year, the Management Committee adopts forecasts of the scheme’s revenues and expenditures in order to anticipate its financing needs. A general, economic and financial controller liaises with the public authorities and participates in the Board’s meetings on an advisory basis. The Management Team, which is headed by Christophe Valentie, implements the Management Committee’s decisions.

NEARLY 1,000 APPOINTED IN THE REGIONS

One thousand social partners have been appointed, from each of the employee/employer colleges, and represent Unédic’s voice in the regions. Jointly facilitated by Unédic and Pôle emploi, these regional joint bodies (“*instances paritaires en région*” – IPR) meet within Pôle emploi’s regional departments. They ensure that the unemployment insurance rules are correctly applied by monitoring implementation and provide information for the regulatory reports Unédic publishes for the social partners. They also make decisions about individual situations that require special attention: voluntary resignations, assessment of bonus compensation or certain conditions in which entitlements are acquired, for example.

When the strict application of the rules leads to difficulties for certain jobseekers or creates barriers to a return to employment, the regional joint bodies (IPR) can assess the situation of individuals who make that request and exceptionally decide on a case-by-case basis, all while continuing to ensure decisions are made coherently throughout the regions. The observations they make and report up provide valuable input for monitoring how the unemployment insurance rules are implemented, and, as necessary help modify how they are implemented. ■

50% of Unédic’s Management Committee is made up of employee representatives and 50% is made up of employer representatives.

MEMBERS OF THE MANAGEMENT COMMITTEE



ASSESSOR

Hubert Mongon
Medef



ASSESSOR

Michel Beaugas
FO



3rd VICE PRESIDENT

Éric Courpotin
CFTC



DEPUTY TREASURER

Michel Picon
U2P



PRESIDENT

Éric Le Jaouen
Medef



ASSESSOR

**Élisabeth Tomé-
Gertheinrichs**
Medef



VICE PRESIDENT

Patricia Ferrand
CFDT



ASSESSOR

Denis Gravouil
CGT



TREASURER

**Jean-François
Foucard**
CFE-CGC



2nd VICE PRESIDENT

Jean-Michel Pottier
CPME



Indispensable and united

IN THE FACE OF THE CRISIS

Indispensable and united in the face of the crisis, the social partners and Unédic's experts stayed on deck so they could keep our economy afloat and preserve our social cohesion. Starting March 2020, Unédic, alongside the State, fully committed itself to weathering the storm.

This role of social and economic shock absorber is Unédic's very *raison d'être*. And Unédic fully played this role in 2020 in a way that was nothing short of extraordinary, including by financing 1/3 of the expenditures under the furlough scheme. This allowed over 8 million employees to keep their jobs at the peak of the crisis.

PATRICIA FERRAND
Vice President, Unédic

Despite the magnitude of the shock, Unédic continues to have the capacity to support the economy and raise debt to finance the scheme. The borrowing terms we benefited from last March when issuing a new €3bn Social Bond prove that investors continue to have confidence in us.

ÉRIC LE JAOUEN
President, Unédic

A year in the eye of the storm

27 MARCH

The second component of the Unemployment Insurance scheme reform pushed back to 1 September 2020

Due to the magnitude of the crisis, the government decided to push back to 1 September 2020 the effective date of the measures of the second component of the Unemployment Insurance scheme reform, including the new method for calculating the daily reference salary (DRS).

28 APRIL

Over 11 million people in France protected by Unédic

As early as the first days of the lockdown, Unédic worked alongside the public authorities in support of emergency measures: expansion of the furlough scheme, one-third of which was financed by Unédic, extended benefits for beneficiaries who were at the end of their entitlement periods, and deferment of company contributions. By funding all or part of the revenues of over 3 million jobseekers and more than 8 million furloughed workers at the height of the 2020 crisis, Unédic fully played its role of economic and social stabiliser.



15 MAY

Unédic injects over €10bn to support the French economy

To finance the emergency measures, including the furlough scheme, Unédic took out €10bn in debt in a span of just a few weeks. This massive support, along with that of the State, made it possible to protect over 11 million people in France. In order to cover its cash requirements, Unédic issued for the first time a Social Bond on 15 May 2020. Most of the proceeds were dedicated to financing crisis response measures.

18 JUNE

Unédic publishes its first financial forecasts while in the middle of a health crisis

For the first time since the beginning of the crisis, Unédic published financial forecasts that were based on a new model. These forecasts, which took into account economic impacts by sector, included expenditures tied to the furlough scheme and emergency measures as well as the decrease in contributions due to deferrals and decreased activity. They predict a €25.7bn deficit, compared to the €900M forecasted before the crisis.



31 JULY

The French State defers the reform of the Unemployment Insurance to 1 January, “blank year” for entertainment workers and long-term furlough

In response to the economic consequences arising from the health crisis, the government once again decided to defer the compensation component of the Unemployment Insurance reform. The rules under the 2017 convention therefore continue to apply until 1 January 2021. In addition, other rules which have applied since 1 November 2019 were neutralised or modified. This was the case of the minimum affiliation condition, which went back to 4 months from 6, or degressive benefits for the highest earners, which was suspended.

Two other texts were published in connection with fighting the crisis’s effects on certain populations. A “blank year” (or year of no change) was approved for casual workers in the entertainment industry, which extended their benefits to 31 August 2021. In addition to the furlough scheme, a long-term furlough scheme (“*activité partielle de longue durée*” – APLD) was put in place for businesses that are confronted with a lasting reduction in their activity.



8 OCTOBER

First monitoring committee meeting on the new tripartite State-Unédic-Pôle emploi convention

In accordance with the multi-year convention signed on 20 December 2019 between the French State, Unédic and Pôle emploi, a first monitoring committee meeting was held on 8 October 2020. At the meeting, it was formally acknowledged that the crisis had not called into question the directives given to Pôle emploi but that it would have an impact on how they would be implemented and the expected effects. A second committee meeting was held in January 2021 which focused on making changes to indicators by neutralising the crisis’s effects.



25 SEPTEMBER

Unédic makes an initial assessment of the furlough scheme

Six months after the beginning of the crisis, Unédic published its first assessment of the furlough scheme, one-third of which has been financed by Unédic since March 2020. This scheme, which was massively used contrary to its initial purpose, made it possible to preserve employment, particularly in industries that experienced closures mandated by the administration. At the end of August 2020, over 6.6 billion furlough hours have been authorised, compared to 260 million at the height of the 2008-2009 economic crisis.

12 NOVEMBER

Unédic closes its 2020 financing programme with a final Social Bond issue



Unédic closed its 2020 financing programme with a final €2.5bn Social Bond issue on 12 November. In order to face the crisis, Unédic’s aggregate medium- and long-term borrowings in 2020 amounted to €19bn, of which €17bn were through social bond issues, an innovative financing method that is consistent with Unédic’s management identity. All issuers of social bonds must disclose the social use for the proceeds and then assess and demonstrate their use. Unédic was a trail blazer with a €4bn issue in May 2020, the largest issuance made to date at the time.

13 NOVEMBER

Unédic updates the impact study on the reform of the Unemployment Insurance by taking the effects of the crisis into account

Unédic updated its impact study to enlighten the social partners in the framework of the consultation on the reform of the Unemployment Insurance. In order to account for the effects of the crisis, Unédic adapted the tool used to simulate rule changes so that the financial effects and the human effects of each of the reform's measures could be identified. In particular, the study anticipates that the new method for calculating the daily reference salary would affect 37% of beneficiaries acquiring rights to benefits, i.e. 840,000 individuals. On average, the benefits of the people in question would decrease by 24%, while the theoretical period during which compensation would be paid would increase.

18 DECEMBER

An amendment to the furlough scheme financing convention

In view of the scale of the use of furlough scheme to limit the effects of the crisis, the State and Unédic had to modify the convention on its financing by signing an amendment. The latter ratifies Unédic's contribution of 33%, extends the scope of the convention to the long-term furlough scheme ("*activité partielle de longue durée*" – APLD), and strengthens the monitoring tools and bodies. Its term, initially set at 31 March 2021, will be extended until 31 December.

24 FEBRUARY

Unédic's new financial forecasts confirm its consistently massive support of the economy

In the context of a lasting crisis, Unédic will continue to fully play its role as a social shock absorber for millions of jobseekers, furloughed workers and businesses. Unédic's financial forecasts for 2021 confirm this. They predict a €10bn deficit in 2021 and a €6.4bn deficit in 2022 due to increased unemployment, the exceptional extension of entitlement periods and the furlough scheme. This deficit would raise aggregate debt to €70.6bn by the end of 2022. This debt would amount to €55.1bn if financing of the furlough scheme was excluded.

25 NOVEMBER

The Council of State ("*Conseil d'État*") nullifies two measures of the Unemployment Insurance reform

The supreme administrative court in France nullified two reform measures: the one relating to the calculation of the daily reference salary on which benefits are based and the measure relating to adapting employer contributions depending on certain circumstances.

8 JANUARY

Unédic publishes a circular detailing the emergency rules and measures



On 28 December 2020, at the end of the second lock-down and in response to a crisis that was taking hold, the government once again deferred the second component of the Unemployment Insurance reform and extended the emergency measures. In line with its mission of safeguarding regulations, Unédic published a circular detailing the applicable rules. On 29 October 2020, a prior circular regarding the support measures for businesses was published, subsequent to the adoption of the third amending finance law. And on 22 January, a circular dedicated to the "blank year" (or year of no change) for casual workers in the entertainment industry was published.

2 MARCH

Reform of the Unemployment Insurance deferred to 1 July

At the end of a final meeting in the concertation process, which began with the social partners in September, the government announced that the reform of Unemployment Insurance would take effect on 1 July.

22 JUNE

The Council of State ("*Conseil d'État*") suspends the rules for calculating benefits which were to take effect on 1 July 2021

“UNÉDIC STAYED THE COURSE WITH SOLIDARITY AND EFFICACY.”



DISCUSSION WITH

CHRISTOPHE VALENTIE MANAGING DIRECTOR, UNÉDIC

Christophe Valentie stakes stock of a year that took place in the middle of an exceptional crisis and revisits Unédic's commitment.

HOW DO YOU ASSESS THIS YEAR THAT TOOK PLACE IN THE MIDST OF AN EXCEPTIONAL CRISIS?

This first word that comes to mind is commitment, based on a wealth of exchanges and competence. I arrived at the end of June, between two lockdowns, a completely crazy time! And even though it's a little complicated to take the helm in the middle of a storm, the crew was on deck, very present, very committed. This was an emotional year because the situation was critical, but also because Unédic knew how to respond to the challenges before it.

BEYOND THAT OBSERVATION, HOW DID UNÉDIC PLAY ITS ROLE AND CARRY OUT ITS MISSION?

Unédic is a rather exceptional tool that serves citizens and the social partners who steer the scheme and manage about €40bn per year. To do so, Unédic relies on a combination of various disciplines: forecasting and analysis, so we know where we are and where we're going; legal, to structure how the rules apply; and finance, to finance unemployment benefits and Pôle emploi. Without forgetting methodological support for determining how the rules affect beneficiaries, the financial impact of the rules and their implementation in the operators' tools. During the crisis, this combination of disciplines was strongly tested, but showed how relevant it is.

DOES THE DEBT RESULTING FROM THIS CRISIS REPRESENT A RISK FOR THE UNEMPLOYMENT INSURANCE SCHEME?

Indeed, the scenario of a return to a balanced budget and then progressive deleveraging starting in 2021 was completely upended. In just a few months, our deficit increased to more than €17bn, instead of the €900M that had been forecasted, in large part due to the financing of the furlough scheme. But the debt from the crisis played a role and makes sense. It allowed millions of employees to maintain their incomes, helped business retain their employees and helped jobseekers to receive benefits. This debt therefore responded to a need experienced by the French people and will continue to do so in 2021. To finance this debt, we borrowed from the financial markets under very favourable terms thanks to investor confidence. So, no, the debt does not put the scheme in danger. But, it will have to be repaid and there needs to be visibility on how Unédic and the French State intend to address it and over what timeframe.

HOW DID UNÉDIC'S TEAMS MOBILISE TO FACE THE CRISIS?

In just a few days, all of Unédic's employees switched to telecommuting and were equipped to work in proper conditions. In order to make sure that no one felt isolated, the human resources department actively monitored how employees were doing and organised remote discussions. At the peak of the crisis, the Management Team met every evening. At Unédic's request, a steering committee was put in place with the State in order to monitor the furlough scheme rules and the modification of the unemployment insurance rules. The meetings of the Management Committee and the Board of Directors were held remotely, thanks to new tools. So, concretely, we adapted very quickly, with solidarity and efficacy. ■

Studies and quantification to inform the debate, in the midst of a public health crisis

In this particularly turbulent year which was marked by a public health crisis, emergency measures and successive deferrals of the Unemployment Insurance reform, Unédic's experts were mobilised on all fronts in order to inform the social partners. Since June 2020, numerous studies and analyses that were vital to managing the scheme were presented: financial forecasts, impact studies, emergency measure tracking and analysis, briefs on regulations.

AN ECONOMIC SHOCKWAVE THAT UPENDED ALL MODELS

GDP in free-fall, entire sectors shut down, population lockdown, massive use of the furlough scheme, emergency measures that were modified weekly for businesses, employees and jobseekers who were at the end of their entitlement periods, casual workers in the entertainment industry, etc. Since 2020, the crisis completely upset all the points of reference that guide the management of the Unemployment Insurance scheme.

Be they economists, statisticians, in-house counsel, financial experts, auditors or regulatory analysts, Unédic's experts have extensive experience in managing the Unemployment Insurance scheme, both under normal conditions and in times of crisis. Their work informs the social partners so that the scheme can fully play its role of protecting employees against the risk of losing their jobs. But, in the face of the magnitude of the shock, the models that had been patiently devised to manage the scheme had to be urgently adapted and reinvented.

Unédic's expertise at the service of negotiating the CSP

Negotiated by the social partners, the career safeguarding contract ("*contrat de sécurisation professionnelle*" – CSP) allows employees who are being laid off for economic reasons to better retrain, thanks to intensive and personalised monitoring and support measures. This arrangement has been renewed several times since it was created in 2011. As the latest amendment was ending 30 June 2021, Unédic's teams worked to prepare the new negotiation and provide a reference file to the social partners. This very comprehensive file details the arrangement's results, the regulatory, financial and operational challenges, and the issues that arose, notably during this time of crisis.



MOBILISATION ON ALL FRONTS

Beginning in March 2020, all of Unédic's experts were mobilised to measure the extent of the economic shock resulting from the public health crisis and to understand the issues at stake. Growth scenarios had anticipated a decline in GDP of between 2 and 18 points, depending on the forecasters. In the face of this context of unprecedented economic and regulatory instability, the financial forecasting models were completely revisited and a sectoral approach that takes into account the furlough scheme's effects was used. The frequency of forecasts was also accelerated so that the necessary financial budgets could be adapted to most closely match needs.

The furlough scheme, one-third of which was financed by Unédic, was massively used by employers in order to protect jobs and retain skills. During the crisis, this scheme took centre stage and Unédic's statisticians and in-house counsel regularly tracked the furlough scheme's impact on the Unemployment Insurance scheme's financial situation. In September, they published a comprehensive report on the regulatory lands-

cape and a snapshot of the use of this mechanism. In addition to the furlough scheme, Unédic's in-house counsel, regulatory analysts and studies managers carried out daily monitoring in order to document the regulatory changes that apply to the emergency measures. The "blank year" (or year of no change) for casual workers in the entertainment industry, extension of benefits for jobseekers nearing the end of their entitlement period, and the furlough scheme gave rise to quantifications and analyses used for informing the social partners' reflections. Several webinars at which these studies were presented were organised.

A survey of employers and jobseekers on the Covid crisis's effects on the labour market was also conducted over the first lockdown. This study made it possible to better understand how managing the labour force, job searches and recruitment were comprehended.

Finally, Unédic's auditors ensured that the quality and reliability of the benefit payment system was maintained during this difficult period, in particular by monitoring the operators' deployment of the emergency measures.

PRECIOUS ANALYSES FOR UNDERSTANDING THE EFFECTS OF THE NEW UNEMPLOYMENT INSURANCE RULES

Another consequence of the public health crisis: the compensation component of the reform of the Unemployment Insurance. The minimum affiliation condition was shortened to 4 months, as was the case before the reform's first component took effect in November 2019.

In the fall of 2020, a concertation between the French State and the social partners took place for the purpose of adapting the reform to the consequences resulting from the crisis. To prepare these exchanges, Unédic updated its impact study on the new rules by taking the current environment into account. To do so, the staff of the studies and analysis department simulated the impacts of the crisis on the labour market, and then, on this revised basis, evaluated the impact of the new rules on the persons at issue and in financial terms. This update was taken into account in the October financial forecasts. Indeed, studying and anticipating the effects of a reform is of fundamental importance to planning and managing the scheme.

Finally, it was thanks to this preliminary work that Unédic was able to rapidly respond in April 2021 and update its impact study again, when the reform was deferred to 1 July. ■



“WITH THE CRISIS,
WE HAD TO
ADAPT WITHOUT
TURNING OUR
BACKS ON
OUR MAJOR
PROJECTS.”



INTERVIEW

JEAN BASSÈRES

MANAGING DIRECTOR, PÔLE EMPLOI

Jean Bassères looks back on the cooperation between Pôle emploi, Unédic and the French State in 2020 and presents current and future workstreams.

IN WHAT WAY DID PÔLE EMPLOI ADAPT ITS RESOURCES TO FACE UP TO THE HEALTH CRISIS?

Starting in March 2020, and despite the fact that our offices were closed, we maintained all our services remotely, in particular to assist jobseekers when signing up and updating their status. This helped us achieve an update rate of 96.6%, which is similar to the normal rate. Since September 2020, we've been functioning almost normally and, during the second lockdown, 100% of our offices were open.

HOW REACTIVE DID YOU NEED TO BE TO APPLY THE EMERGENCY MEASURES?

We had to meet three challenges:

- adapting our information system very quickly in order to incorporate the return to a 4-month affiliation period (instead of 6) and suspend the digressivity of unemployment insurance benefits;
- securing extended entitlements for jobseekers;
- paying exceptional aid to beneficiaries of the specific solidary allowance, to persons alternating between work and unemployment, former scholarship recipients who had graduated and young people benefiting from intensive support.

DID THE HEALTH CRISIS CALL INTO QUESTION THE OBJECTIVES OF THE

PÔLE EMPLOI – UNÉDIC – STATE TRIPARTITE CONVENTION?

In light of the context and the government's priorities, Pôle emploi adapted the schedule for its roadmap, without giving up on its major projects, the relevance of which remains fully intact. Our strong mobilisation in the first half of 2021 to implement the emergency measures led us to delay the establishment of the “Main Benefits Contact” to September 2021. I know that Unédic is waiting for this change, as are our counsellors, but it will happen under better conditions this way. Regarding the “Start Kit”, which totally revamps the evaluation but that could not be deployed in 2020, we intend to relaunch it as soon as the public health situation allows it.

HOW DO YOU VIEW THE COOPERATION BETWEEN PÔLE EMPLOI AND UNÉDIC?

Unédic understands our projects very well and sets our performance

objectives along with the French State. We regularly discuss our mutual challenges and work on projects in which we have a shared interest, such as, for example, preventing and improving the collection of overpayments. We have a good relationship and I appreciate the trust that's been established between us.

HOW DOES THIS COOPERATION ENABLE THE UNEMPLOYMENT INSURANCE SCHEME TO FULLY PLAY ITS ROLE AS A SOCIAL SHOCK ABSORBER?

Unédic played a key role in mitigating the impacts of the crisis by financing unemployment benefits for jobseekers approaching the end of their entitlements as well as the “blank year” for casual workers in the entertainment industry. For its part, Pôle emploi was able to agilely implement the measures in order to continue to pay benefits to jobseekers. ■

International studies and comparisons: from perspective to foresight

In order to inform the debate on unemployment benefits and to feed the social partners' reflections, each year, Unédic publishes international studies and comparisons on the unemployment insurance systems in Europe, but also in North America. These constitute a precious source of information, nuance and foresight, which contribute to Unédic's influence.

A FORWARD-LOOKING PERSPECTIVE

As the manager of the Unemployment Insurance scheme, studying foreign systems provides Unédic a rich source of information. This international monitoring allows the social partners to be informed about different unemployment insurance models and to identify the principles or modes of operation that could be adapted to the situation in France. Without going so far as transposing the rules, the study of these systems, and in particular those of our European neighbours, can be a source of inspiration for changing the rules.

Practically speaking, Unédic published six country sheets in 2020 and 2021 that analyse compensation paid to jobseekers in Germany, Great Britain, Belgium, Spain, the United States and Canada. We discover for instance that the two North American countries change certain parameters of their unemployment insurance system depending on the economic situation. This insight should be looked at in the context of the entry into force of certain measures of the unemployment insurance reform in France (new affiliation conditions and degressive benefits for high earners), which is also conditioned upon the financial situation.

MUCH MORE THAN SIMPLE COMPARISONS

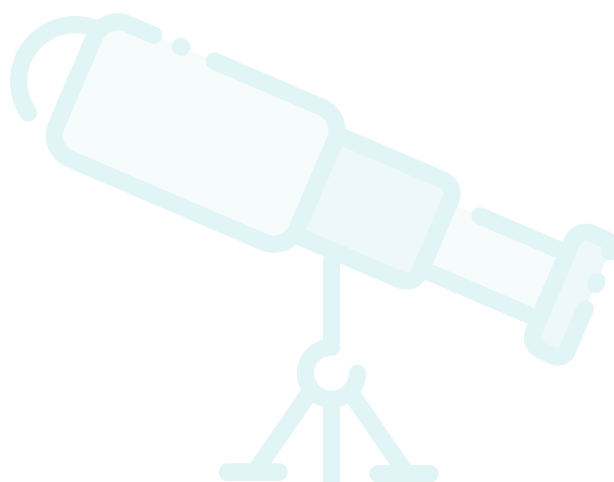
In addition to providing foresight, the role of these international insights is also to explain differences, to provide nuance, and to even do away with certain preconceived notions when they lack any basis. We often hear that such and such country compensates its jobseekers better or that such and such other country pays benefits for longer, and still yet that another country has more flexible affiliation conditions, etc. With these studies, Unédic goes beyond a simple factor by factor comparison to focus on the overall economic components and the labour markets in the countries.

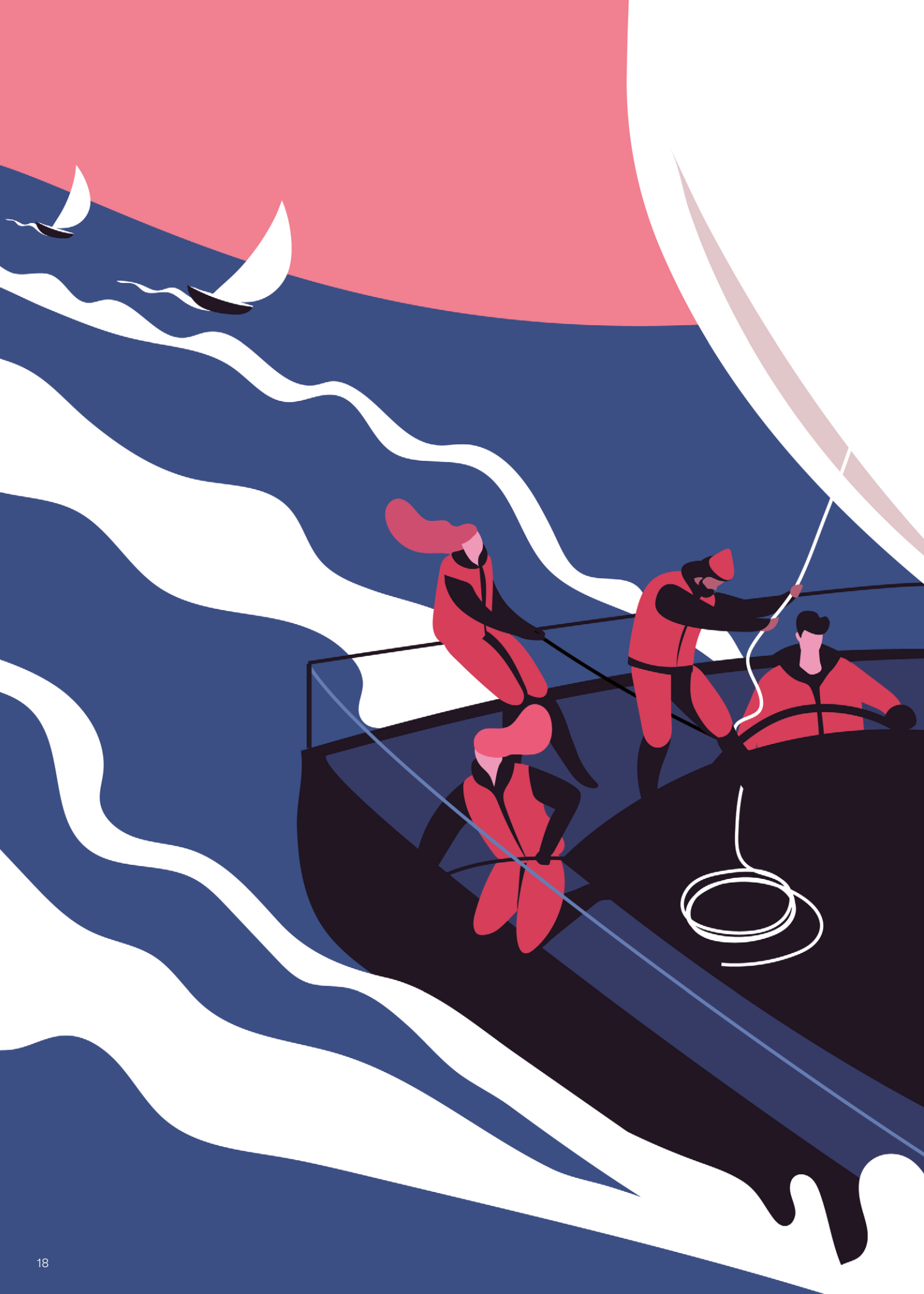
This was the case of the "Unemployment insurance systems in Europe: A Panorama", published in May 2020. Updated each year, this benchmark compares the unemployment insurance systems of 15 European countries, including France. The 2020 edition has an interactive data visualization module that allows two countries to be compared with one another.

WHAT SUPPORT SYSTEMS WERE USED IN RESPONSE TO THE CRISIS?

Fuelled by public health crisis, in 2020, Unédic also looked at how different countries supported their economies and jobs through two publications: a benchmark focused on furlough systems in Europe was published in December, and a major study, entitled "What policies in light of Covid-19?", which was published in November. This study compares eight European countries, including France, and the United States, indicator by indicator: the crisis's economic impact, modification of unemployment insurance and furlough rules, their cost, number of beneficiaries, etc. There is also a summary sheet for each country that describes how the crisis unfolded and what measures were taken.

In addition to their role in enlightening the social partners, these publications, which are publicly accessible, also contribute to Unédic's influence, both in France and on the international scene. ■





Demanding and innovative

IN ITS MANAGEMENT OF THE SCHEME

Demanding and innovative in their management of the system in a turbulent environment, the social partners and Unédic's experts took the helm. Controlling the scheme's financial trajectory, cultivating the confidence of the markets, constantly updating its management and forecasting tools, working hand in hand with other public actors.

This debt makes sense because it prevented part of our economy from collapsing and preserved our social cohesion. And it's sustainable, because all our financings are raised under very good market conditions.

ÉRIC LE JAOUEN
President, Unédic

In order to guarantee high quality service for both jobseekers and businesses, our relationships with the operators intensified. We closely monitored payment management and verified that the emergency measures were correctly applied.

RÉMY MAZZOCCHI
Deputy Managing Director, Unédic

“UNÉDIC ADAPTED ITSELF WITH BOTH AGILITY AND STRENGTH.”



DISCUSSION WITH

RÉMY MAZZOCCHI

DEPUTY MANAGING DIRECTOR, UNÉDIC

Rémy Mazzocchi looks back at Unédic’s role in safeguarding the Unemployment Insurance scheme in 2020.

HOW DID UNÉDIC ADAPT THE WAY IT MANAGED THE SYSTEM IN LIGHT OF THE CRISIS AND EMERGENCY MEASURES?

Unédic adapted itself with both agility and strength on three levels. First, it had to anticipate and secure the scheme’s liquidity so that unemployment benefits and furlough scheme payments could be made. This led us to completely restructure our financing strategy and significantly increase our recourse to the financial markets. Next, we had to modify the services for collecting contributions and paying unemployment benefits financed by Unédic. That is, securing collection operations, but also supervising and verifying with Pôle emploi service quality with respect to the payment of benefits. Finally, in order to understand and control the impact of the crisis, and above all the government’s emergency measures, Unédic needed to get closer to the State. That’s why we asked that a steering committee be set up with the Ministry of Labour as early as April 2020, to predict the decisions’ impact on the scheme’s cash. This committee still meets today at the pace of the crisis and emergency measures.

HOW WILL YOU SECURE THE SCHEME’S FINANCING IN 2021, GIVEN THAT THE SITUATION REMAINS DISTRESSED?

Since managing is about planning, Unédic’s leading strength is its ability to anticipate and evaluate the scheme’s financial trajectory. Thanks to this ability, we can alert the scheme’s governance and the French State to the scheme’s financing needs. In times of crisis, when revenues are lower because there are fewer jobs and more expenses due to increased unemployment and the use of the furlough scheme, it’s normal for the scheme to be in deficit. To cope, Unédic borrows on the financial markets. But this financing is secure, because Unédic has earned the confidence of investors. This is because, even though the majority of its debt is guaranteed by the State, Unédic has always honoured its commitments and repaid its borrowings. Investors understand its insurance-based economic model very well, and it is this confidence

that makes it possible to borrow at very favourable interest rates. Therefore, predictability, clarity and coherence at the service of the French economy are what allow us to secure the Unemployment Insurance scheme’s financing.

IN THIS PERIOD OF HISTORIC CRISIS, HOW DID YOUR RELATIONSHIP WITH UNEMPLOYMENT INSURANCE OPERATORS EVOLVE?

Our relationships with the operators intensified in order to guarantee a high level of service across the entire scope of Unemployment Insurance system, for both jobseekers and businesses alike. This was reflected in emergency meetings with the collection agencies, including Caisse Nationale des URSSAF, with respect to financing, and Pôle emploi, with respect to benefit payments. We also closely monitored payment management, verified that the emergency measures were correctly applied and anticipated the end of entitlement periods. ■

The furlough scheme, a massive lifeline to the economy co-financed by Unédic

By financing one-third of the furlough scheme throughout the crisis, Unédic played a role of social and economic shock absorber that went way beyond its usual scope. A costly role, given that the furlough scheme is not financed by any revenues



OVER HALF OF UNÉDIC'S DEFICIT IN 2020

The furlough scheme has a major effect on the Unemployment Insurance scheme because it leads to both a rapid increase in expenditures and a significant shortfall in revenues. In total, in 2020, the furlough scheme represented 55% of Unédic's deficit. During the first lockdown in March 2020, most businesses used it. Whilst remaining high, this number fell during the summer before climbing up again during the second lockdown. Some sectors, such as trade, hotels and restaurants and construction, used the scheme to a greater extent. The vast majority of claims were filed by businesses with fewer than 20 employees. At the beginning of 2021, furlough scheme expenditures were at the high level of about €1.5 billion per month. However, the scheme's true cost can only be definitively estimated once all employers have submitted their compensation claims. They have one year to do so after having paid their employees (see inset). ■

AN EXCEPTIONAL MEASURE

In order to help businesses and workers cope with the crisis, the public authorities encouraged all employers to massively use the furlough scheme. Starting in the very first days of the lockdown, Unédic helped implement the measure alongside the State. In order to limit the economic and social impacts, this scheme was reformed several times since March 2020, in particular to extend it to new beneficiaries and to increase the allowance paid to employers. The scheme, 33% of which is financed by Unédic, has helped to keep workers in their jobs and prevent company bankruptcies. At the peak of the crisis in April 2020, over 8 million people took part in the furlough scheme. This massive lifeline to the economy, completely different from the original scheme which was designed to provide targeted assistance to companies experiencing difficulties, notably in the metal industry, led to additional expenditures of €9.2 billion for Unédic. Up until 2019, furlough scheme spending stood at between €40M and €60M per year, i.e., 0.1% of Unédic's expenditures, which is 150 times less than in 2020.

How did the scheme work during the crisis?

Any employer that was forced to place its employees on furlough must first submit an application on the ASP¹ website, specifying the number of employees in question and the percent of time they are on furlough. At the end of the month, the employer must indicate in its NSD² how many hours were actually subject to the furlough. The employer then has one year to ask for compensation on ASP's website. This two-step procedure explains why there is a lag between the estimates and the true cost of the furlough scheme. Unédic, which finances one-third of these amounts, has no contact with employers. It regularly pays an advance that finances ASP's working capital.


1 - ASP: "Agence de Services et de Paiement" (services and payment agency).
2 - NSD: Nominative social declaration.

Efficient and reactive management in order to cope with the shock

In this particular year that was marked by an unprecedented crisis, the management of the Unemployment Insurance system was put to the test.

Faced with the urgency of the situation and the scale of the shock, Unédic had to reconfigure all its tools in order to be able to safeguard the system and borrow most appropriately.

FINANCIAL PROJECTIONS UPDATED AS THE CRISIS WENT ON



The economic crisis of 2020 was of such a magnitude that all the financial forecasting models designed by Unédic to manage the Unemployment Insurance scheme had to be reinvented in just a few weeks. Unédic's forecasting experts had to revisit how frequently they issued forecasts so that they could constantly monitor the evolution of the situation and their methods. Indeed, in this unprecedented context, not only is it necessary to incorporate the data from a constantly changing economic situation but also the rules changes which are constantly evolving as the emergency measures do: furlough scheme, extension of entitlements, the "blank year" for casual workers in the entertainment industry, deferrals of the reform of the Unemployment Insurance scheme, recovery plan, etc.

In ordinary times, Unédic uses econometric models that are based on growth, inflation and employment in order to derive a forecast of unemployment and the wage bill. It is these forecasts that make it possible to estimate revenues and expenditures. To ensure that its analyses are neutral, Unédic uses the growth forecasts of the consensus of economists. In addition, the forecasting scenarios are shared throughout the year with institutions such as the OFCE, Banque de France, the Dares¹ and the Ministry of Finance. However, faced with an unprecedented crisis that impacts certain sectors worse than others and results in sector-based measures, particularly in terms of the furlough scheme, Unédic had to adapt its forecasting models.

These forecasts are all the more important, as they serve to determine the funding that is needed to continue paying benefits to jobseekers. The teams were therefore fully mobilised in order to adapt forecasts to take into account the public health announcements and emergency measures and to steer the scheme in real time. Thus, in addition to these three financial forecasts (June 2020, October 2020, February 2021 publications), several interim updates made throughout the year so that borrowings on the financial markets could be made as appropriately as possible.

Should we be frightened by Unédic's debt?

With aggregate debt of €54bn and a deficit in 2020 of €17.4bn instead of the €900M anticipated before the crisis, this question deserves to be asked. However, despite its volume, the Unemployment Insurance scheme's debt is sustainable, since it is useful and inexpensive. The debt is useful because, backed by the strength of a diversified economy, it finances the job security of 22 million employees and the health of 4.5 million businesses². These are players that create value. In growth periods, the Unemployment Insurance scheme has a unique capacity for generating surpluses. In addition, this debt is financed at very low, fixed rates because Unédic is viewed as a trusted player. Therefore, Unédic's interest burden is low and does not present any uncertainties. The average interest rate for Unédic's medium- and long-term borrowings in 2020 was 0.073%; the average interest rate on its aggregate outstanding debt at the end of 2020 was 0.5%. This is significantly lower than most public debts.



UNPRECEDENTED CRISIS, UNPRECEDENTED FINANCING

It was thanks to these nearly real-time forecasts that Unédic was able to borrow on the financial markets at unprecedented levels and at an unprecedented pace in order to cope with the magnitude of the shock. While a €0.9 billion deficit was expected before the crisis, it ultimately reached €17.4 billion, that is, a deficit in 2020 that was €16.4 billion higher than expected, of which more than half (55%) results from the financing of the furlough scheme and 15% from the deferral of contributions and decreased revenues. Only one quarter of this deficit results from unemployment compensation in the conventional sense. In 2020, Unédic borrowed €19bn to finance the Covid crisis deficit. These borrowings were made at the same pace as the crisis, by activating the usual short-, medium- and long-term financing levers depending on the situation.

In order to finance the initial impacts of the shock caused by the crisis, Unédic made short-term borrowings (between one week and one year) beginning in March 2020. Unédic usually uses these facilities to finance its cash flow cycle. The cap on these borrowings was raised to €18 billion, compared to €10 billion in

normal times. These borrowings have the benefit of being financed at negative rates.

Beginning in mid-May 2020, the medium-term borrowing programme (up to 7 years) took over to secure Unédic's liquidity in the form of Social Bonds, including a record breaking first issue of €4bn on 15 May. This is a first in the world for such an amount (see inset). Long-term bond issues (8 to 15 years) followed starting on 25 May, thanks to exceptional decisions made by Parliament and the Ministry of the Economy and Finance to increase the State guarantee granted to Unédic's bond issues. These were also made in the form of Social Bonds in five issuances between May and November 2020.

Seen as a player that can be counted on, Unédic was able to make all these medium- and long-term borrowings under excellent terms, at an average fixed rate of 0.073%. Despite the size of its deficits, the situation on the markets and Unédic's responsiveness made it possible to reduce the cost of debt in 2020 (see inset).

Unédic, a benchmark player in Social Bonds

By launching the first massive social bond issue in history in the amount of €4bn in May 2020, Unédic kicked off a major global movement that today includes close to €150bn in social bonds issues aimed at financing support measures in response to the crisis. Unédic contributed to this movement, with six Social Bond issues between May and November 2020, totalling €17 billion.

However, if Unédic selected this innovative financing method for all its medium- and long-term borrowings, it is because the method matches its management identity. Indeed, Social Bonds are intended to finance only projects that have a social impact on vulnerable populations. Beyond just a financial commitment, they offer environmental, or social and good governance (ESG) commitments. Social bond issuers must disclose the use of proceeds, demonstrate that the proceeds have been properly used and measure the impact of that use. This is consistent with Unédic's commitments, which contribute to supporting the economy through the Unemployment Insurance scheme, finance numerous schemes and transparently assess the impacts. Immensely popular, social bonds offer better liquidity and slightly more attractive interest rates than traditional borrowings.



SECURED FINANCIAL FLOWS

In addition to managing the scheme's finances, Unédic also plays a role in managing the scheme's performance. To do so, it must verify that contribution collections and benefit payments meet the performance indicators set out in the Unédic agreements with its operators. This has truly been a challenge in the context of a crisis with many regulatory and economic twists and turns.

Faced with this situation, Unédic first sought to ensure that the operators continued to carry out their missions for jobseekers and businesses and provide it with indicators: Pôle emploi, as regards the payment of benefits to jobseekers, and Caisse Nationale des URSSAF and CCMSA as regards the collection of unemployment insurance contributions. This was essential to managing financial flows, anticipating expenses and shortfalls, measuring the crisis's impact and guaranteeing that both jobseekers and employers were satisfied.

Notably, Pôle emploi implemented telecommuting in record time, all while keeping its offices open. Unédic's role was to ensure that benefits were paid in good conditions, in particular by monitoring indicators and tracking the operators' deployment of emergency measures. On the collection side, with the URSSAF network, Unédic was able to monitor the security contribution payments deferrals extended to businesses. These indicators were also closely monitored. Finally, Unédic remained attentive to operators so that it could respond quickly and flexibly to all their questions about how the regulations should be implemented. Thanks to the mobilisation of teams on all sides, the management system worked, even if work is still in progress to safeguard certain measures, such as the constantly changing furlough scheme. ■

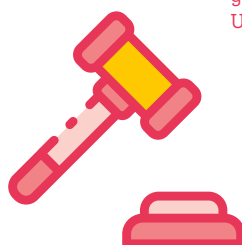
1 - Dares: Ministry of Labour's Research, Study and Statistics Directorate.
2 - Source: Insee.



State guarantee – What is it?

The State guarantee is a legislative mechanism that allows Unédic to issue bonds to finance the Unemployment Insurance scheme as part of the French public debt, despite its status as a not-for-profit association. The State guarantee only applies to bonds that allow funds to be raised over long-term maturities of 8 to 15 years. The guarantee is included in the finance law voted on at the end of each year for the subsequent year, and then submitted for ministerial decree. It is subject to a cap and requires an amending finance law if the cap needs to be increased.

This was the case in 2020 on two occasions. Initially capped at €2bn at the beginning of the year, the limit was increased to €10bn and then to €15bn in May 2020. The Parliament and the Ministry of Economy and Finance grant this guarantee based on the analyses and forecasts Unédic regularly produces and publishes.



What's the strategy to prepare for deleveraging in 2021?

Initially planned for 2021, the Unemployment Insurance scheme's return to a balanced budget was postponed due to the public health crisis. Because of the continued application of exceptional measures in the first half of the year, the financial situation is likely to further deteriorate in 2021 before returning to a trajectory towards a balanced budget in 2022.

A CONTEXT OF RECOVERING FROM THE CRISIS

With the prospect of recovering from the crisis, setting aside any potential public health contingencies, the context appears less uncertain than was the case in 2020. Sectors that were heavily impacted by the crisis, such as tourism, hotels and restaurants, culture and sports, are beginning to conduct business. In its June 2021 financial forecasts, Unédic forecasted the creation of 126,000 new jobs in 2021.

This context, in which the economic situation is improving, should not overshadow the massive support that Unédic continued to provide in response to the consequences of the crisis in the first half of 2021. Increased use of the furlough scheme and the extension of emergency measures have generated additional expenditures and lower revenues, which will increase the Unemployment Insurance scheme's deficit to €12 billion at year-end 2021. Despite the crisis, the financial tools Unédic uses have proven to be effective, as demonstrated by the speed with which funds were raised and the excellent terms of the borrowings.

€13bn

THE AMOUNT OF LONG-TERM BONDS GUARANTEED BY THE STATE THAT UNÉDIC PLANNED TO ISSUE IN ORDER TO COVER THE EXPECTED DEFICIT IN 2021

CONTINUE TO SUPPORT THE ECONOMY IN ORDER TO PREPARE FOR RECOVERY

By playing its role as a social shock absorber and by preserving businesses and jobs and ensuring that jobseekers are protected and supported, the Unemployment Insurance scheme has shown how robust and resilient it is, supported by a more favourable recovery dynamic.

Unédic capitalises on the financing programmes that proved themselves in 2020, the Social Bonds in particular, all while going further in its evaluation work. Therefore, to cover the anticipated 2021 deficit and the repayment of previous borrowings, Unédic planned to issue €13bn in long-term bonds guaranteed by the State by anticipating more than was the case in 2020 because the situation allows for it: that is, by concentrating its issuances between January and September, rather than between May to December.

Finally, in order to bolster the trust established with institutional investors, Unédic intends to step up its financial communications. After one year of remote relationships, it is important to dialogue with institutional investors in France and abroad in order to benefit from the experience and lessons learned in 2020. This is in addition to the annual publication of the Social Bonds reporting. This evaluation is eagerly expected by the financial community, given that Unédic was the first large-scale issuer of social bonds and the evaluation of far-reaching exceptional measures is a strategic issue for our economic, social and sustainable future. ■

MANAGING DIRECTOR'S MANAGEMENT REPORT

INCOME STATEMENT FOR THE FINANCIAL YEAR (IN MILLIONS OF EUROS)

| | 2019 | 2020 | % CHANGE |
|---|----------------|----------------|-----------------|
| Main contributions and other financings | 38,666 | 36,089 | -6.7% |
| Special contributions | 439 | 430 | |
| Other income | 428 | 383 | |
| Total technical income | 39,533 | 36,902 | -6.7% |
| Back-to-work allowance (ARE) | -31,550 | -35,616 | 12.9% |
| Other allowances | -2,480 | -2,769 | 11.7% |
| Retraining assistance | -765 | -617 | |
| Validation of retirement credits | -2,105 | -2,680 | |
| 11% Pôle Emploi contribution | -3,521 | -4,075 | |
| Furlough scheme | -38 | -9,049 | |
| Other expenses | -688 | -909 | |
| Total technical expenses | -41,147 | -55,716 | 35.4% |
| Technical management result | -1,614 | -18,813 | 1,065.9% |
| Administrative management result | -31 | -34 | |
| Financial result | -334 | -315 | -5.7% |
| Extraordinary result | 11 | 7 | |
| Corporate income tax | -3 | -0 | |
| NET RESULT | -1,970 | -19,155 | 872.5% |

The decrease in main contributions and other financings stood at 6.7% in 2020, due to the decrease in the affiliated wage bill in 2020 (-5.7%) and a decrease in the earned income based general social contribution (-8.3%). The 1.7% decrease in the average number of employees in 2020 (following +1.1% in 2019) and the 4.6% decrease in the average wage per capita in 2020 (following +1.6% in 2019) explain the reduction in the wage bill.

Special contributions are slightly down, due to the decrease in the number of business defaults and the reduced use of the career safeguarding contract ("contrat de sécurisation professionnelle" – CSP).

Other income, which amounted to €383M, was also down, due to:

- fewer late payment surcharges on contributions and other financings (earned income based GSC) since collections were suspended at the height of the health crisis;
- fewer reversals of provisions for doubtful receivables.

As a result, total technical income decreased by 6.7% between 2019 and 2020.

Back-to-work allowances ("Aide au retour à l'emploi" – ARE) increased by 12.9%; this increase can principally be explained by the 9.76% increase in the number of days paid and the 2.33% increase in average daily allowance paid. The average number of jobseekers receiving benefits increased by 5.46%, from 2,766,791 in 2019 to 2,917,831 in 2020. Other benefits (principally Back-to-work and training ("Aide au retour à l'emploi formation" – AREF) and the Professional Safeguarding Allowance ("Allocation de sécurisation professionnelle" – ASP) are overall on the rise (+11.7%), with AREF increasing by 10% and ASP by 12%.

After taking into account the Unemployment Insurance scheme's contribution to the financing of supplemental pensions on behalf of beneficiaries, Pôle emploi's operations (€4,075 million) and the unprecedented financing of furlough scheme (€9,049 million), the

change in technical management expenses was +35.4% between 2019 and 2020.

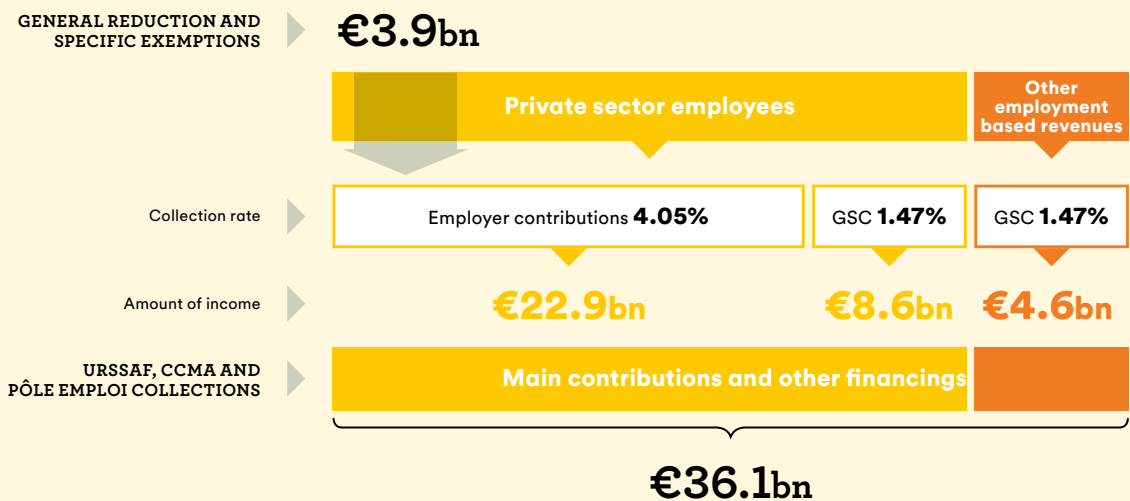
The technical management result is in deficit by €18,813M, a marked decline compared to 2019's €1,614M deficit, due to the impacts of the Covid-19 epidemic on both expenses (exceptional furlough scheme and increase in benefits paid) and on the level of contributions.

After deducting the administrative management loss (-€34M), the financial management loss (-€315M), extraordinary income and the tax on real estate rents, the net accounting loss for the year amounted to -€19,155 million.

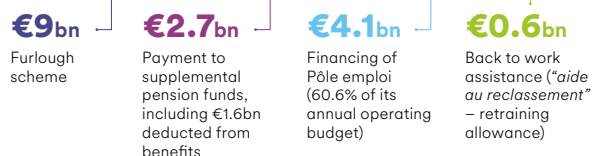
In terms of the financing of Unemployment Insurance scheme in 2020, Unédic raised a total of €19bn on the fixed-rate euro bond market, including €15bn of bond issuances benefiting from the explicit guarantee of the French State. ■

FINANCING THE UNEMPLOYMENT INSURANCE SCHEME IN 2020

The Unemployment Insurance scheme's income in 2020 amounted to **€36.1bn** and originated from contributions and other financing collected by Caisse Nationale des URSSAF, CCMSA and Pôle Emploi.



€19.2bn
Deficit





Experts in Tune

WITH CHANGES IN EMPLOYMENT

In order to stay the course, Unédic's experts were committed to remaining attentive to changes in the situation. As close as possible to the realities on the ground and the labour market, Unédic's experts continuously adapted themselves so they could better inform the decisions of the social partners.

Unédic is a rather exceptional tool that serves citizens and the social partners who steer the scheme. To do so, Unédic relies on a combination of various disciplines, including forecasting and analysis, so we know where we are and where we're going, and methodological support for determining how the rules affect beneficiaries and the financial impact of the rules.

CHRISTOPHE VALENTIE
Managing Director, Unédic

Since managing is about planning, Unédic's leading strength is its ability to anticipate and evaluate the scheme's financial trajectory. Thanks to this ability, we can alert the scheme's governance and the French State about the scheme's financing needs.

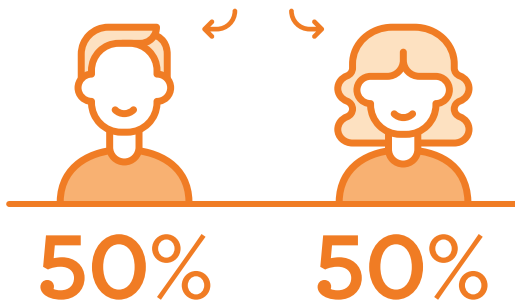
RÉMY MAZZOCCHI
Deputy Managing Director, Unédic

WHO ARE THE BENEFICIARIES?

Age, sex, degree, benefit period and amount, type of lost employment, etc. Unédic regularly tracks these indicators in order to better understand the beneficiaries of the Unemployment Insurance scheme. Despite the public health crisis in 2020, the increase in jobseekers remains limited, thanks to the emergency measures and the use of the furlough scheme in particular. In addition, jobseeker profiles have been very stable overall for several years. They are mostly young and hold fewer degrees than the rest of the active population.

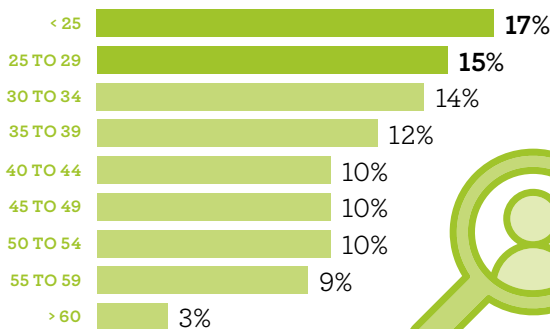
BREAKDOWN BY GENDER

There are **as many female jobseekers as male jobseekers**.



BREAKDOWN BY AGE GROUP

As was the case in 2019, **more than 1 out of 3 beneficiaries was less than 30 years old at the end of 2020**. Often hired under limited term contracts, young people more frequently acquire rights to unemployment insurance benefits.



BREAKDOWN BY EDUCATION LEVEL

Holding fewer degrees than the active population, **51% of beneficiaries do not hold the *baccalauréat* (high-school diploma)**, compared to 38% of the active population.

BACCALAURÉAT OR HIGHER DIPLOMAS



49%

Unemployment insurance beneficiaries



62%

Active population

ENTITLEMENT PERIOD

49%

benefit from entitlements
to compensation for
2 years or more

One needs to make a distinction between the entitlement period and the actual use of that entitlement. **Beneficiaries use 60% of their entitlements on average**, i.e., about 10 months. Close to half of them benefit from entitlements 2 years or more.

BENEFIT AMOUNT

€990

net/month on average

Beneficiaries who do not work receive €1,100/month on average.

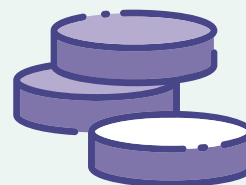
Beneficiaries who work receive €690/month on average but have average net income of €1,480 by combining earned income and benefits.

NUMBER OF BENEFICIARIES

Due to the crisis, **the number of jobseekers is up**, with 6.7 million individuals at the end of 2020, compared to 6.4 million in 2019.

6.7 millions

Total number of jobseekers
(all categories combined)



4 million

Number of jobseekers who can
claim benefits



3 million

Number of jobseekers who receive
unemployment benefits

CAREER HISTORY

The career profile of jobseekers has changed little compared to 2019. **The crisis impacted both limited term contracts** (very significant decrease in temporary jobs and fixed-term contracts in H1 2020) **and permanent contracts** (increased layoffs and negotiated departures in H2 2020).



47%

of beneficiaries had fixed-term,
temporary or apprenticeship contracts

19%

terminated their contracts following
a negotiated departure

30%

were laid off

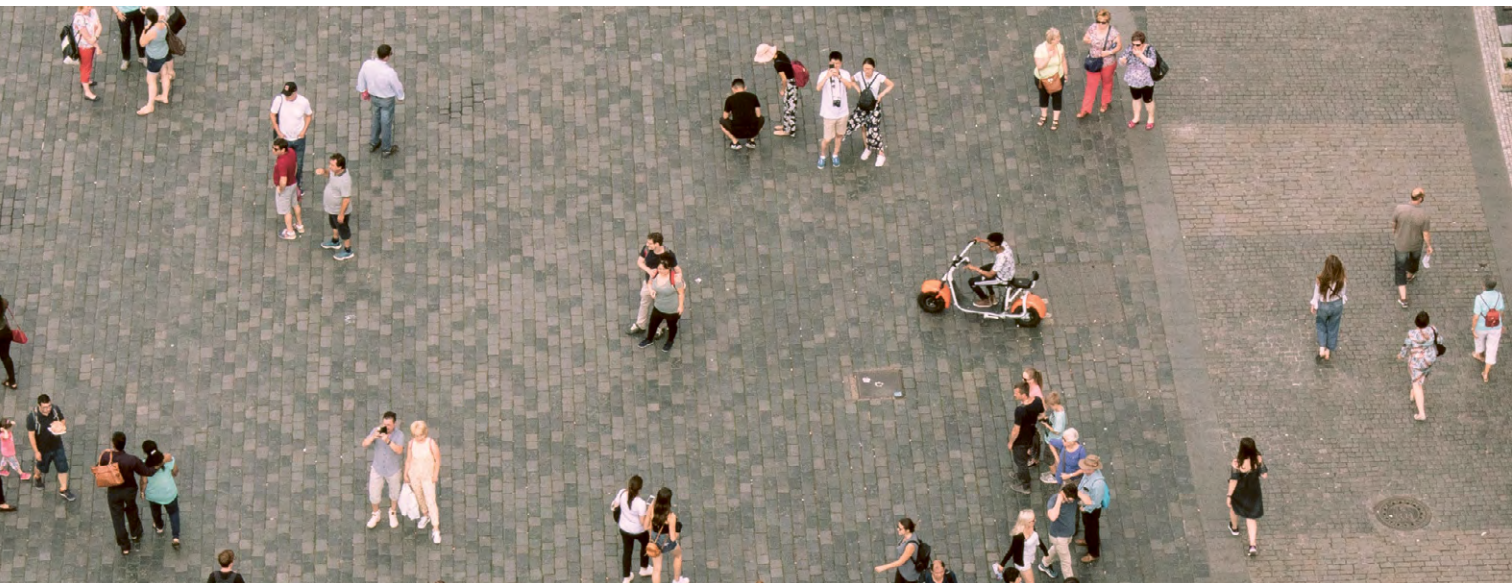
3%

resigned

Public opinion on unemployment during the crisis

What impacts did the crisis and the massive use of the furlough scheme have on the way people in France view unemployment and the unemployed? Have their views softened or hardened? Are they more worried about their futures?

Do they feel more protected or less? Unédic went directly to the public to find out, with a second edition of its Unemployment Perceptions Barometer¹ published in September 2020.



How does Unédic innovate, reveal, put things into perspective?

With the second edition of its Barometer, Unédic continues to innovate in order to inform the public debate. Unédic published an interactive data-visualisation model to accompany the study and to better show the results and track their evolution before and after the March 2020 lockdown. In addition, to explore the results of the survey in more detail, Unédic published three additional information sheets on *The place of work in the lives of the French and jobseekers*, *Myths and realities about perceptions of unemployment*, and *The perception of jobseekers based on their work pace*.

THE CRISIS ACCENTUATED FEARS ABOUT EMPLOYMENT...

The economic shock caused by the public health crisis worries the French and increased their fears about employment. 73% now think that the situation is deteriorating, irrespective of their status: be they jobseekers or employees, beneficiaries of the furlough scheme or not. This represents a 27-point increase compared to the results of the Barometer finalised before the first lockdown and published in April 2020. This concern is accompanied by a greater over-estimate of the unemployment rate: 78% of people in France think it is higher than it actually is (+25 points).

... AND REINFORCED PEOPLE'S ATTACHMENT TO BOTH WORKING AND TO THE UNEMPLOYMENT INSURANCE SCHEME

Echoing this concern, the value of work has increased in public opinion. The fact of having been furloughed or telecommuted has further revealed the importance of work in the lives of people living in France. 83% of them believe that work occupies or has occupied an important position (+4 points) because it allows them to provide for their family's needs (59%), do what they like to do (47%) or feel useful (43%). And, in light of the crisis, unemployment benefits are perceived as allowing people to live with dignity (87%) and to fight against poverty (79%, +4 points). 65% of people living in France are attached to the unemployment insurance, in particular because they feel that the scheme lived up to expectations since March 2020 (61%).

THE FURLOUGH SCHEME DID NOT CHANGE VIEWS ON UNEMPLOYMENT

One could have thought that experiencing being furloughed (one-third of which is financed by Unédic) would change the way people living in France view unemployment, but this is not the case. Whilst one out of 2 people living in France were concerned directly or through their friends and family, only 1 out of 100 associated the word "unemployed" with the furlough scheme. Only 29% of individuals who were furloughed say that this time in their lives changed the opinion they have on the unemployed. For them, being furloughed was a transition period that they experienced rather positively. 83% did not feel "unemployed" at all. 77% did not feel like they lost their skills and 75% did not feel unlucky.

BUT THE OPINION OF PART OF THE POPULATION HAS BECOME MORE NEGATIVE

Whilst the great majority of people living in France continue to think that being unemployed is a situation that is more likely endured than chosen (78%) and that it can happen to anyone (93%), suspicion of the unemployed has increased. 45% think that jobseekers aren't truly looking to find work (+3 points).

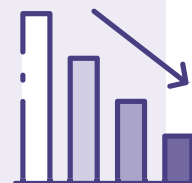
In addition, the gap between how jobseekers experience their situation and the way they are perceived has widened. Jobseekers feel dynamic and perseverant (87%) or brave (82%), whereas they are perceived as fragile or dependent (78%). And opinions have become more negative. 38% of people in France now believe that they are assisted (+5 points), 35% think that they defraud (+4 points) and 36% believe that the benefits they receive are too high (+4 points). These views are at odds with the goodwill jobseekers thought they had, since only 39% now believe they have a bad image, compared to 51% before the crisis. ■

1 - Quantitative survey carried out with Elabe on a sample of 4,523 individuals who are representative of the French population aged 15 years and up, surveyed by internet between 17 June and 6 July 2020.

IMPACT OF THE CRISIS ON PUBLIC OPINION IN 5 KEY FIGURES

73%

of people in France think that **the employment situation is deteriorating** (+27 points)



For

65%

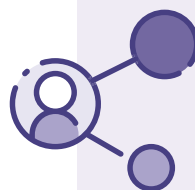
of people in France, **the Unemployment Insurance scheme lived up to expectations during the crisis**

1 out of 2 people

living in France experienced the furlough scheme, from near or afar

1 out of 100 people

people living to France associate the word "unemployed" with the furlough scheme



According to

65%

of people living in France, **jobseekers aren't truly looking to find work** (+2 points)



Data Strategy: How does Unédic makes sense of the figures in order to enlighten decision-making?

Data, which is at the heart of Unédic's work, is indispensable for managing the scheme, for anticipating and assessing the effects of the rules and thereby informing the social partners' decision making. But for this to happen, one must know how to make the data speak. It was with this aim that Unédic launched a data platform project in 2019 and accelerated the operational roll out of its data strategy in 2020.

DATA THAT'S MORE AND MORE STRATEGIC FOR UNÉDIC

Dematerialisation of procedures, including the payment of benefits to jobseekers and company filings, contributed to the increase in sources of data that is useful for managing the scheme. This is the case in four priority areas: payments to jobseekers, contribution collections, the scheme's financing and, since March 2020, the furlough scheme. Access to data is indispensable to Unédic for it to successfully conduct its evaluation and management missions – for example, to analyse the effects of the Unemployment Insurance scheme reforms, study jobseekers' employment trajectories, manage the scheme's finances or still yet manage the operators.

In a constantly evolving environment, with data volumes that are only increasing, a priority issue for Unédic, therefore, is to equip itself so that it can rapidly, independently and innovatively process ever increasing volumes of data for use by the social partners in managing the Unemployment Insurance scheme.

To respond to this objective, Unédic developed a data platform that's been operational since 2019. This platform makes high computing and hosting capabilities available, as well as a dedicated environment that allows our data scientists to concentrate on their principal activity of simulating, forecasting and setting up study bases.

The initial challenge of accessing new data sources remains an issue in 2021, in particular data originating from the nominative social declarations (NSD) [\(see inset\)](#).

It is crucial to have a comprehensive approach in order to anticipate changes in the labour market and to simulate the corresponding unemployment insurance rules: observe employment trajectories (which are more and more diverse and complex) as a whole, without limiting the focus to periods of unemployment.

Unédic therefore reorganised itself in order to accelerate its data strategy, by confirming the essential role of data in management. This notably takes place through the deployment of this strategy in all Unédic's disciplines and by spreading a shared data culture.

DEPLOYING THE DATA STRATEGY AND SHARING A DATA CULTURE

In 2020, a multi-functional programme was launched as part of the Unédic Ensemble transformation project (see page 39). This programme's objective is to federate all of Unédic around a culture of data and a way of managing that data, using it, reusing it, sharing it and taking advantage of the value it can bring. The programme must also allow Unédic to adopt a doctrine¹ that will serve as the basis of a roadmap. A Data Club, which brings together experts from Unédic's various functions, was set up to steer this project using a co-building approach.

UNÉDIC'S DATA PROJECTS IN PRACTICE

Since Unédic's approach to developing the use of mass data is resolutely collaborative, some projects were launched in 2019 and others in 2020. Some of them are already operational. This is the case of the web platform **data.unedic.org** which makes available CSP² tracking data. Dynamic quarterly dashboards replaced PDF documents. This is Unédic's first foray into using OpenData.

Regarding the furlough scheme, Unédic's data platform allowed its data scientists to access ASP's³ data for the purpose of analysing benefit applications and to run simulations by activity sector, only three months after the first contact with ASP.

This data exchange, which is essential for managing the scheme, was included in the agreement between Unédic and ASP.

Two other projects are in progress in the areas of payments and financing. The first project aims to exploit via the data platform the enormous data flows provided by Pôle emploi for the purpose of producing data-visual management control tools using a business intelligence tool. This project will make it possible for the finance and accounting department to manage the Unemployment Insurance scheme's financial trajectory more efficiently. In the area of financing, the teams responsible for investor relations will have available to them by the end of 2021 a dedicated CRM⁴ type tool that will consolidate data about and the history of bond issuances more efficiently than is true today. This tool will make it possible to prepare for social bond issuances, better target interested investors and, ultimately, optimise borrowing rates. ■

1 - Set of concepts we affirm to be true and by which we intend to provide an interpretation of the facts, direct or manage action.

2 - "Contrat de sécurisation professionnelle" (career safeguarding contract).

3 - "Agence de Services et de Paiement" (services and payment agency).

4 - Customer relationship management software.

Why must Unédic expand its access to data from the NSD?

The nominative social declaration (NDS) is a mainly digital declaration submitted every three months by employers, which send information relating to their employees that is necessary for social declarations: medical leave, sick leave, maternity leave, paternity leave, end of contract, etc. Certain data from the NDS is therefore precious for observing the paths and events that preceded registration with Pôle emploi or that followed a person's removal from the list of jobseekers. Access to this data is essential for Unédic to be able to understand and study career trajectories so that it can accomplish its mission of managing and directing the Unemployment Insurance scheme in light of the realities in the job market.



Agile and committed

TO OUR MISSION,
EVERY DAY

Unédic's agile experts were mobilised every day. By remaining close, despite the distance, they enabled Unédic to stay the course and never falter in its mission.

In just a few days, all of Unédic's employees switched to telecommuting. The team was on deck, very present, very involved. This was an emotional year, not only because the situation was critical, but also because Unédic knew how to respond to the challenges with commitment.

CHRISTOPHE VALENTIE
Managing Director, Unédic

In 2020, beyond the reactivity and proximity of the social partners, we responded with a heightened sense of our responsibilities, reporting up the true needs we saw on the ground. Not only was it possible to implement the measures, but what's more, they were more relevant.

PATRICIA FERRAND
Vice President, Unédic

Exemplary mobilisation over the long haul

Emergency measures, furlough scheme, deferrals of the compensation component of the Unemployment Insurance scheme reform, unprecedented borrowing volumes... Since March 2020, the intense mobilisation of Unédic's teams allowed Unédic to never falter in its mission.

ENSURING BUSINESS CONTINUITY

This mobilisation was all the more exemplary because it happened remotely. Everything was designed to guarantee business continuity and adapt the working environment: processes were dematerialised, employees' equipment was supplemented and new video-conferencing tools were deployed. In order to ensure good working conditions both remotely and on site, the Management Team and the workplace health and safety committee met every 15 days starting in March 2020 and a collective agreement on telecommuting was entered into in fall 2020. This agreement, which results from a survey of all employees, notably provides for two days of telecommuting per week, a lump sum allowance to cover expenses tied to telecommuting and funding from Unédic for fitting out a work area at home. Finally, in order for the team to remain mobilised between March 2020 and May 2021, a time savings account ("Compte épargne temps" – CET) agreement was signed and paid leave days could be deferred beyond 31 May.

At the height of the crisis, the Management Team was also fully engaged in adapting the organisation and work of the teams. Managers, who were essential components of this new organisation, were trained in remote management and shared best practices during co-development workshops. Recruitments continued, as did trainings, which were modified so that they could be attended online.



MAINTAINING A SOCIAL CONNECTION AND CONVIVIALITY

In addition to business continuity, Unédic took special care to maintain a social connection. General management desired to exchange more regularly with all the teams through informational meetings focused on providing updates on the development of the situation. Less formal discussion opportunities between employees who wanted to participate were also organised. Social dialogue during this period was also reinforced ([see below](#)).

In order to preserve quality of life at work and conviviality, Unédic also banked on the collective spirit through the collaborative platform Cocoom. Facilitated by employees, the platform made it possible for everyone to stay connected and to see each other virtually to share coffee, tips, participate in games and meet new employees. In total, over 60% of employees regularly "cocoomed". Regarding sporting activities, they continued despite the distance, with online yoga and gymnastics classes. ■

Helping others

Despite their significant workload, Unédic's employees found the time to help others. They launched several fundraising initiatives, for the Red Cross in particular, and continued collecting meal kits in other forms. Unédic also gave 40,000 FFP2 masks to the Paris hospital system and the Paris Fire Department.

Moving forward with *Unédic Ensemble*

In order to face the various challenges in changing times, Unédic must transform itself by betting on the synergy and depth of its expertise. To this end, Unédic launched a collaborative continuing improvement approach: *Unédic Ensemble*.

WHAT ARE THE GOALS OF *UNÉDIC ENSEMBLE*?

Include a continuous improvement process in our **ORGANISATION** and ways of working



Transform our practices in order to ensure that our **MANAGEMENT BODIES** work properly

Simplify our exchanges and improve the quality of our relationships for closer and more agile **MANAGEMENT**



Clarify our challenges and missions in order to mobilise **TEAMS** over the long-term in a sensitive environment

Develop our relationships and interactions in our **ECOSYSTEM**, with operators in particular



BUILD THE UNÉDIC OF TOMORROW TOGETHER

The aim of the *Unédic Ensemble* approach: reaffirming Unédic's position at the heart of the management of the Unemployment Insurance scheme, as a responsive and expert player that is crucial for the public good. As its name suggests, this approach seeks to mobilise all the expertise needed to build the Unédic of tomorrow through cross-functional programmes. Launched in July, it was deployed in three stages, starting with the definition of the issues and challenges to be addressed, followed by listening to employee feedback provided on a voluntary basis and ending with programme implementation.

THREE MULTI-DISCIPLINARY PROGRAMMES THAT ARE ALREADY WELL-ADVANCED

Today, *Unédic Ensemble* is made up of three priority cross-functional programmes, some of which have already begun to be implemented and with concrete progress made.

The first programme relates to data and aims to make Unédic a "vital player in unemployment insurance data". This data is essential for managing the scheme and for understanding changes in the labour market. In January 2021 Unédic created a Data Club to design its data strategy, which is made of 12 representatives with complementary skills. In addition to co-building a data doctrine and monitoring projects, the Data Club has just launched a series of webinars to share this data culture.

The second *Unédic Ensemble* programme deals with internal dynamics and aims to uncover all of Unédic talents in order to contribute to collective intelligence. Several components of the programme are already in place, including the creation of a content consolidator that's accessible to all employees. Named "UTube", this space makes it possible to showcase news from our areas of expertise, share best practices and to make everyone's work more visible, and Unédic's latest tweets can be viewed on a social wall. UTube is run by an inter-departmental editorial committee that meets every week.

Whilst monthly meetings allow management to exchange views with all personnel, more informal meetings with the Managing Director were also organised: the "Coffee with the MD". These get-togethers occur once a month and bring together a small group of employees for an informal discussion aimed at creating connections and opportunities for sharing.

The third programme, which has just been launched, relates to relationships with operators. It aims to clarify the roles of each party as well as institutional commitments. It also aims to provide cross-functional support for monitoring performance and the quality of how the unemployment insurance rules are implemented. ■

KEY HUMAN RESOURCES FIGURES

110

employees

(permanent and fixed term contracts at 31/12/20)

Including **1 PhD candidate** on a CIFRE contract and **5 apprenticeship** contracts

58%
WOMEN

52%
MEN



AVERAGE AGE:

42 years

(FROM 21 TO 64 YEARS)

10 years

WORKING AT UNÉDIC ON AVERAGE

67%

OF EMPLOYEES (APPROXIMATELY) ATTENDED A TRAINING COURSE IN 2020



53.5

kgs of professional clothes

collected by Unédic for the non-profit *Cravate Solidaire*. These donations will help to favour access to employment for 18 individuals.

—

30

hygiene kits

were offered to vulnerable women thanks to donations from Unédic employees to the non-profit *Agir pour la santé des femmes*. These kits include necessities for them to take care of themselves for 1 month.

79%

are senior executives

—



54%
WOMEN

46%
MEN

Launch of the internal UTube platform on 4 February 2021. In four months:

44 ARTICLES PUBLISHED

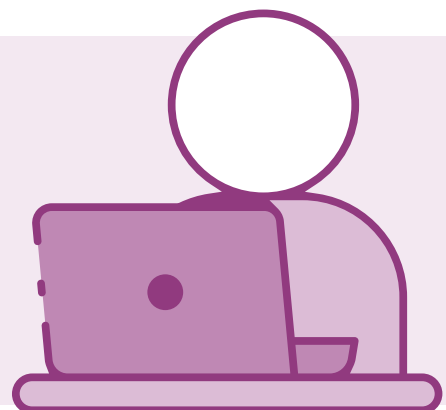
10,328 VISITS

55,328 PAGES VIEWED

100%

of employees

telecommuted during lockdowns



Unédic

2020 Activity Report

Director of Publication

Christophe Valentie

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Editorial Design

AndJOY

Copywriting

Béatrice Noyère

Graphic design and execution

BA-BA (www.ba-ba.fr)

Illustrations

Arnaud Tracol/Agence Marie Bastille
(cover, p. 8, 18, 28, 36)
Vecteezy

Photo credits

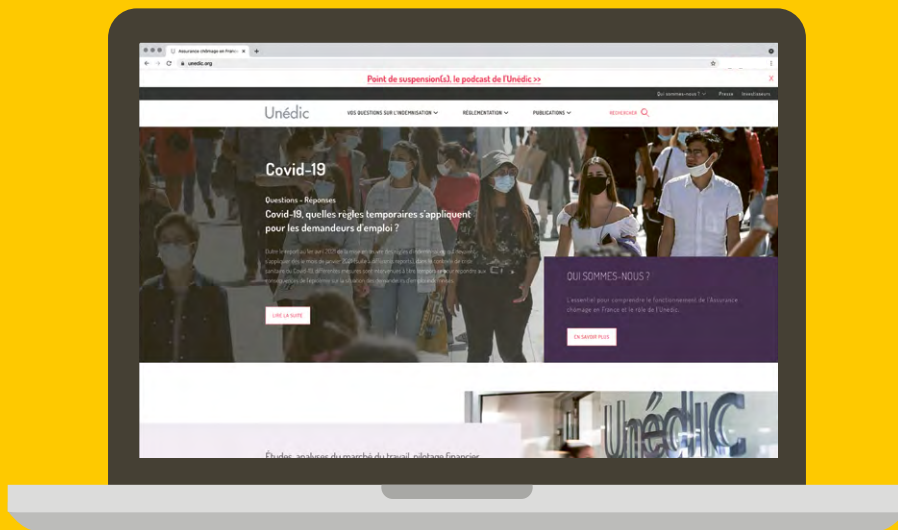
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DR (p. 7)
Pexels (p. 10, 23, 32, 38)
Shutterstock (p. 10)
Pixabay (p. 11, 14-15, 35)
Jean-Christophe Marmara (p. 16)
Jean-François Frey/MaxPPP (p. 21)

Printing

Iropa

ISSN 0997-1351

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