

# WORKING PAPER

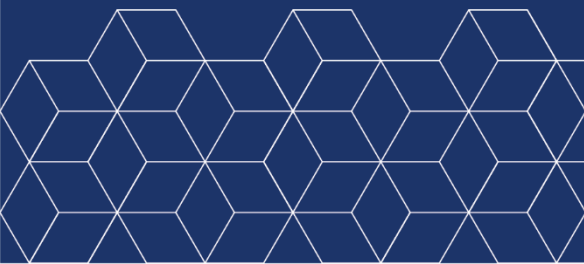
INAPP WP n. 111

## Conditionality in France and Spain: assessing workers' social protection system

*Juliana Bernhofer*

*Massimo De Minicis*

*Oscar Molina*



# Conditionality in France and Spain: assessing workers' social protection system

## **Juliana Bernhofer**

*Università di Bologna, Dipartimento di Scienze Economiche, Bologna, Italia*  
[juliana.bernhofer@unibo.it](mailto:juliana.bernhofer@unibo.it)

## **Massimo De Minicis**

*Istituto nazionale per l'analisi delle politiche pubbliche (INAPP), Roma, Italia*  
[m.deminicis@inapp.gov.it](mailto:m.deminicis@inapp.gov.it)

## **Oscar Molina**

*Universitat Autònoma de Barcelona, Department of Sociology, Barcelona, Spain*  
[oscar.molina@uab.cat](mailto:oscar.molina@uab.cat)

NOVEMBRE 2023

The opinions expressed here reflect only the authors' views and not their institutions'. The INAPP is not responsible for any use that can be made of the present results. The other usual disclaimers apply.

Il working paper è stato realizzato nell'ambito del PTA Inapp 2022-2024, progetto di ricerca *Ammortizzatori Sociali*, nucleo tematico 6.

CONTENTS: 1. Introduction. – 2. Spain: Changes in eligibility and conditionality in income support schemes; 2.1 Minimum income schemes; 2.2 Unemployment protection; 2.3 Selected issues and quantitative assessment. – 3. France: Changes in eligibility and conditionality in income support schemes; 3.1 Revenu de Solidarité Active (RSA) - Minimum income support; 3.2 Prime d'Activité (PA) - Non-contributory in-work bonus; 3.3 Unemployment protection; 3.4 Quantitative assessment. – 4. Conclusions. – Appendix. – References

**INAPP – Istituto nazionale per l'analisi delle politiche pubbliche**

---

Corso d'Italia 33  
00198 Roma, Italia

Tel. +39 06854471  
Email: [urp@inapp.gov.it](mailto:urp@inapp.gov.it)

[www.inapp.gov.it](http://www.inapp.gov.it)

---

# ABSTRACT

---

## **Conditionality in France and Spain: assessing workers' social protection system**

This paper explores the concept of conditionality in the context of policy interventions aimed at addressing unemployment and poverty of the workers. Conditionality refers to the requirements, restrictions, or obligations imposed on individuals or groups to access or maintain social assistance or support against the income emergency. The paper compares changes in the application of conditionality in policies related to unemployment and poverty, highlighting the potential benefits and weaknesses. By analysing different approaches to conditionality, policymakers can gain insights into designing more effective and reasonable social policies for the workforce.

**KEYWORDS:** income support, public policies, unemployment, working poor

**JEL CODES:** I38, I31, J21, J24, J64, J65, J68

*L'articolo analizza il concetto di condizionalità negli interventi pubblici di protezione sociale che hanno come obiettivo il contrasto alla disoccupazione e alla carenza di reddito dei lavoratori. L'articolo evidenzia in chiave comparata l'applicazione della condizionalità negli interventi diversificati (assicurativi e assistenziali) di contrasto alla disoccupazione e povertà dei lavoratori, sottolineando punti di forza e debolezza. Partendo dallo studio delle diverse forme di condizionalità e dalla valutazione di alcune misure assicurative e assistenziali ad esse collegate, il policy maker può acquisire informazioni basate sulla esperienza concreta dei casi esaminati (Francia, Spagna) per progettare politiche di protezione e attivazione dei lavoratori efficaci.*

**PAROLE CHIAVE:** sostegno al reddito, politiche pubbliche, disoccupazione, lavoratori poveri

**CODICI JEL:** I38, I31, J21, J24, J64, J65, J68

DOI: 10.53223/InappWP\_2023-111

**Cite as:**

Bernhofer J., De Minicis M., Molina O. (2023), *Conditionality in France and Spain: assessing workers' social protection system*, Inapp Working Paper n.111, Roma, Inapp

## 1. Introduction

By comparing approaches to conditionality in unemployment and poverty policies, in what follows we will shed light on the implications for policy design and highlight best practices to be considered. The analysis will include case studies of specific countries (Spain, France), illustrating how conditionality is applied in practice and examining the impact of selected policies. The paper will conclude with a summary of findings, providing recommendations for policymakers to enhance the design and implementation of social policies that effectively address unemployment and poverty while maintaining fairness and social protection. Overall, the paper aims at contributing to the ongoing debate on conditionality in policy interventions, promoting evidence-based decision-making and fostering inclusive and sustainable social development.

The concept of conditionality in policies aimed at sustaining people's well-being can diverge depending on the specific goals and objectives of the policy. However, in general, conditionality is often used to ensure that individuals receiving support or benefits are actively engaged in activities that promote self-sufficiency, skill development, or social participation. The intention behind conditionality is to strike a balance between providing support and encouraging individual responsibility and engagement.

Some examples of conditions to be met by beneficiaries include (i) employment requirements, to ensure individuals actively seek and employment avoiding long-term unemployment; (ii) training requirements to enhance employability by developing skills and promoting life-long learning; (iii) volunteering or community engagement to maintain social inclusion by fostering a sense of belonging; (iv) compliance with behavioural expectations, such as abstaining from substance abuse or adhering to parenting responsibilities.

It's important to note that the design and implementation of conditionality should consider the unique circumstances of individuals and provide appropriate support systems. Additionally, the effectiveness of conditionality should be regularly evaluated to ensure that it strikes the right balance between support and personal responsibility, and that it doesn't unduly burden vulnerable individuals or perpetuate inequality. Conditionality in minimum income policies, in-work benefits, or in relation to unemployment benefits can differ in their objectives, target population, and specific requests.

By guaranteeing a **minimum income**, the aim is to ensure a baseline standard of living for all citizens, independent of their employment status. Requirements to maintain benefits may include active job search, engagement in education and training and adherence to behavioural conditions (i.e. abstaining from substance abuse). The conditions are often less stringent as they are aimed at supporting individuals in maintaining a base level of overall well-being and social security. Given that these policies are generally designed to provide long-term or ongoing support to individuals and families who fall below a certain income threshold, the support continues irrespective of employment status, although there may be periodic reassessments of eligibility.

On the other hand, **in-work benefits** support only employed workers facing an income crisis. Similarly to minimum income, a minimum living standard is ensured with a positive impact on domestic demand for goods and services. Conditionality is often similar, but more stringent compared to minimum income.

Finally, **unemployment protection policies** target individuals who have suffered a job loss by providing temporary income support and assisting in finding new employment or in transitioning to different career paths. Policies related to unemployment insurance are typically characterized by strict conditionality requirements. These can include actively seeking employment, participating in job training programs, attending job interviews, and accepting suitable job offers. Income support is temporary with the duration depending on various factors, such as the length of unemployment and the individual's contributions to the unemployment insurance system.

It's important to note that the specific design and implementation of these policies can vary across countries and jurisdictions. The variations in conditionality reflect the different policy goals and approaches taken to address poverty, income security, and unemployment challenges in each context.

## 2. Spain: Changes in eligibility and conditionality in income support schemes

Changes in eligibility and conditionality for three income support instruments in Spain are analysed: the regional minimum income programmes (*Rentas Mínimas de Inserción*), the contributory and assistant-based unemployment protection schemes and the minimum vital income (*Ingreso Mínimo Vital*). The analysis shows a variegated picture. On the one hand, the regional minimum insertion incomes have experienced a reduction in conditionality requirements since 2015. This has occurred in the context of a reorientation of these mechanisms to become more effective as anti-poverty policies. In relation to unemployment protection in its different modalities, no significant changes in conditionality have occurred in the most recent period. Finally, the Minimum Vital Income created in 2020 includes some conditionality through the so-called Individual Inclusion Plan.

### 2.1 Minimum income schemes

#### Minimum inclusion income (*Rentas Mínimas de Inserción*)

The minimum insertion income (RMI) is a social benefit granted to those people who are in a situation of economic and social vulnerability and who do not have the necessary resources to cover their basic needs. The granting of the RMI is subject to a series of conditions that may vary depending on the autonomous community in which it is requested. These conditions are usually related to aspects such as age, residence, employment status or assets of the applicant. The Minimum Insertion Income system is managed by the regional governments of the Autonomous Communities and the Cities of Ceuta and Melilla. Its regulation has experienced several modifications over the last three decades. From the second half of the 90s, the inspiration of the European policy of active social inclusion was also evident in the RMI in issues such as the progressive formulation of social integration as individual responsibility in overcoming their situation of exclusion, mainly through access or return to labour participation. In short, there was a process of activating the insertion or social inclusion policy (Arriba González de Durana and Pérez Eransus 2007).

During the years of the Great Recession and austerity policies, reforms were introduced that reformulated the requirements, conditions or commitments of the recipients of RMI (signing of insertion agreements, schooling requirements, non-begging, registration as unemployed or non-

rejection of employment) that had not been detailed or problematized in the previous two decades. Some of these reforms affected important axes of the identity of these schemes. Thus, while some regions reinforced their orientation towards active inclusion (Basque Country), others (Catalonia or Navarra) defined the most excluded groups as their 'authentic' focus of intervention.

The cycle of reforms starting in 2015 has meant in several cases a partial reduction of conditionality (Arriba González de Durana and Aguilar-Hendrickson 2021) with the aim of improving its effectiveness as a tool to reduce poverty. In some of the new regional legislations, the minimum income was defined as a double right or as two separate rights, to income and support for insertion (Extremadura, Galicia, Navarra, Valencia) following a model already adopted in the Basque Country. Other regions established the lack of income as the only condition for receiving the benefit (for example, the Balearic Islands and Navarre).

These continuous transformations have fundamentally meant progress in the legal and social consolidation of these benefits, both in their recognition as a subjective right, and in their concept of guaranteeing minimum resources to fight against poverty and social exclusion and as an instrument in the processes of social inclusion, constituting a basic social benefit for citizens.

It is important to highlight that the RMI is a temporary benefit and that its renewal is conditional on compliance with the conditions established by each autonomous community. In case of not complying with these conditions, a suspension or extinction of the benefit may occur. In general, the granting of the RMI is conditional on active participation in social and labour market insertion programs, such as training, active job search or volunteering.

Activation and insertion plans are developed in a very different way according to the regulations of the Autonomous Communities and Cities. In some regions, access to the benefit is conditional upon participation in personalized itineraries of social-labour insertion or inclusion. Others establish supplements or differentiated sections for those recipients with employability profiles or need for social inclusion projects, whilst others completely de-link the economic benefit of these plans or projects (Ministerio de Derechos Sociales y Agenda 2030 2022). In some autonomous communities, the RMI is also conditioned on the execution of an insertion contract, which establishes the commitments and objectives to be met by the applicant, as well as the consequences in case of non-compliance.

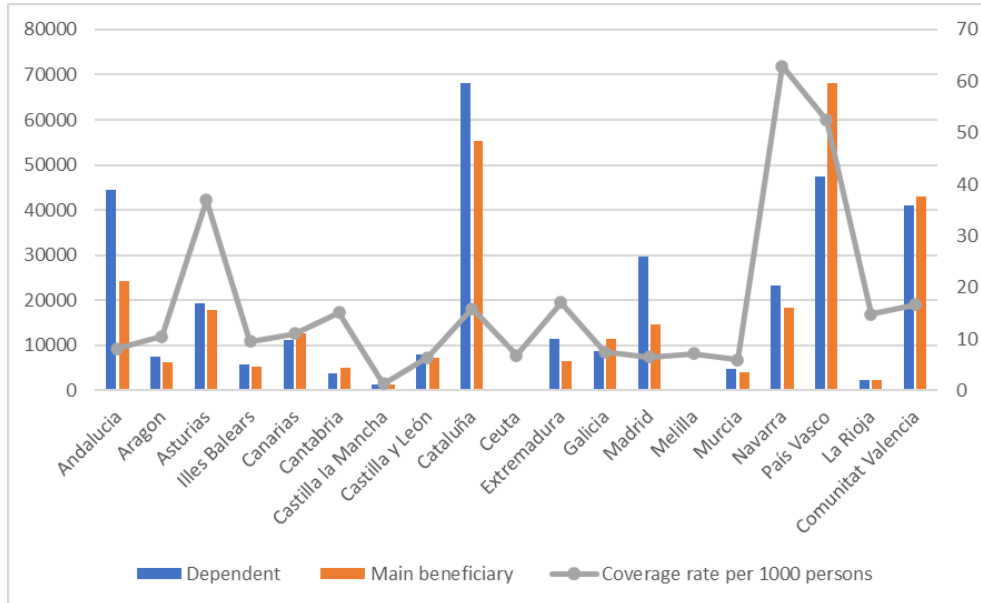
### *Reception*

The extension of the regional minimum income schemes has been characterised by remarkable differences across regions in the key dimensions of these benefits, including the number of persons receiving it or the amounts of the benefit.

In relation to the first indicator, figure 1 shows for each region the total number of recipients differentiating by main beneficiaries and dependents on the left axis. The right axis shows the coverage rate per 1000 persons in each region. The Basque Country and Navarra stand over the rest of regions due to the large number of recipients and a higher coverage rate, together with Cataluña. When it comes to the generosity, there are also marked differences across regions (figure 2). There are two benchmarks for calculating the amount of the benefit: the statutory minimum wage and the Public Multiple Income Indicator (IPREM). Each regional government decides which indicator uses to calculate and update the benefits under RMI schemes. Seven regions use the IPREM as a reference: Andalucía (basic amount, 78% IPREM), Cantabria (80%), Castilla y León (80%), Extremadura (100%),

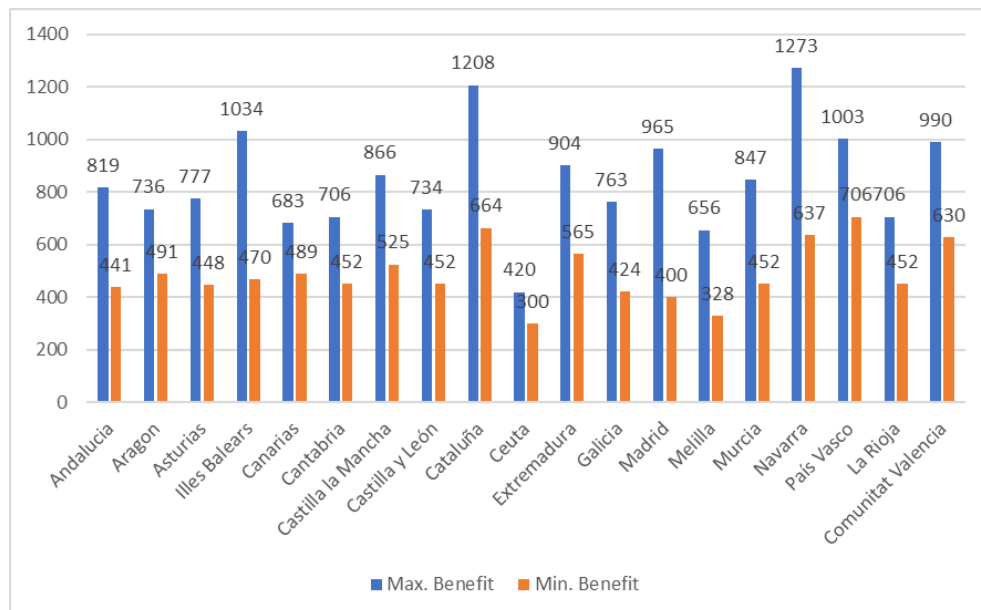
Galicia (75%), Region of Murcia (80%) and La Rioja (80%). For their part, the regions that use the minimum wage to calculate the benefits País Vasco (88%) and Comunitat Valenciana, where the percentage with respect to the minimum wage varies depending on the number of members of the household. Three other CCAAs establish the amounts in their respective General Budget laws, but limit the maximum amount in their regulations, not being able to exceed 100% of the minimum wage: Aragón and Comunidad de Madrid.

**Figure 1.** Recipients and beneficiaries of RMI by region, 2021



Source: own elaboration with data from the Ministry of Employment and Social Economy

**Figure 2.** Maximum and Minimum monthly regional RMI benefits in euros, 2021



Source: Ministry of Employment and Social Economy

### **Minimum Vital Income (Ingreso Mínimo Vital)**

The Minimum Vital Income (IMV) is an economic benefit that was created in Spain in 2020 to guarantee a minimum income to households that are in a situation of poverty or social exclusion. The IMV aims to cover the difference between the total household income and the guaranteed income determined by law. Through the use of different scales according to types of households, it protects single-parent households and minors with greater intensity and its open-ended as long as the causes that motivated its granting remain. It is a floor benefit, that is, it covers that part of the households that previously could already receive the regional minimum income (RMI) and it broadens coverage mainly in those regions with lower benefits (AIReF 2022).

The granting of the IMV is subject to a series of conditions that must be met by both the applicant and their household. These conditions are related to aspects such as age, residence, employment and economic situation, assets and the composition of the cohabitation unit. Among the main conditions to receive the IMV are:

- between 23 and 65 years old (or between 18 and 23 years old if you have dependent children);
- be registered in Spain and have resided legally and uninterruptedly in the country for at least one year prior to the application;
- not having enough income to cover the basic needs of the coexistence unit;
- have applied for all benefits and aid to which you may be entitled;
- accept and fulfil the commitments and obligations established in the Individualized Inclusion Plan.

#### *Conditionality*

The main conditionality tool in the IMV is the so-called Individualized Inclusion Plan (PII). This has the objective of accompanying the beneficiaries of the IMV in their process of social and labour inclusion. It consists of a set of personalized actions adapted to the needs of each person who receives the IMV. The main objective is to facilitate the labour and social insertion of people in vulnerable situations.

The PII is a participatory process in which specific objectives and actions are established, with the aim of improving the employability and personal and social situation of the beneficiary. The plan is drawn up jointly between the person and the technical team of the competent social services and is updated periodically to assess its compliance and its suitability for the person's needs.

Among the actions that can be established in a PII are:

- education and training programs for employment;
- counselling, orientation, and labour intermediation actions;
- access to job search support services, such as preparing a curriculum vitae or conducting job interviews;
- actions to improve the personal and social situation of the person, such as access to health care, housing or education resources.

The Individualized Inclusion Plan is a key element of the Minimum Vital Income, since it allows the beneficiaries to be accompanied in their process of social and labour inclusion, thus improving their chances of escaping from poverty and social exclusion.

Several works have alerted about the limited impact that the IMV has had on poverty reduction. The causes for this limited impact are diverse, highlighting the restricted access conditions, which has implied a high rate of non-take up. In particular, non-compliance with economic thresholds has been highlighted as the main reason for refusal.



## 2.2 Unemployment protection

The Spanish system of unemployment protection consists of two pillars:

- contributory (Prestación contributiva por Desempleo);
- assistance-based. This includes the following instruments:
  - assistential unemployment protection (Subsidio de desempleo);
  - assistential Benefit for those aged 52 or more;
  - extraordinary unemployment assistance (SED, Subsidio Extraordinario de Desempleo);
  - active inclusion income (RAI - Renta Activa de Inserción).

Access and maintenance of unemployment benefits are subject to certain conditions and requirements that must be met to maintain the right to receive it. Although these conditions vary according to the different instruments mentioned above, some are common to all of them:

- registration with the Public State Employment Service (SEPE): The unemployed person must be registered with the SEPE and renew their registration periodically, in accordance with the agency's instructions;
- availability for employment: The unemployed person must be available to accept any job offer that is appropriate to their job profile and that meets the minimum conditions established by law;
- active job search: The unemployed person must carry out active job searches, that is, they must demonstrate that they are constantly looking for work and that they have sent applications and resumes to companies that are looking for personnel;
- acceptance of employment policies: The unemployed person must accept any employment policy that the SEPE deems necessary to improve their job skills or to facilitate their access to the labour market.

In the event of non-compliance with the terms of conditionality, the SEPE may withdraw the unemployment benefit. Therefore, it is important that unemployed people are aware of these conditions and strictly adhere to them in order to maintain the right to receive the benefit.

### **Unemployment benefit (Prestación Contributiva por Desempleo)**

The contributory unemployment benefit protects the situation of unemployment for those who, being able and willing to work, lose their job temporarily or permanently, or see their working day reduced, at least by a third, with the corresponding loss or reduction of wages for any of the causes established as legal situations of unemployment.

In recent years there have been several changes in the contributory unemployment benefit in Spain, both in terms of its duration and its amount. Some of the most relevant changes are the following:

- duration of the benefit: the duration of the unemployment benefit has been. This process started in the 2002 reform and intensified in 2012. At present, the maximum duration of the benefit varies according to the applicant's age and the time contributed, ranging from 4 to 24 months;
- calculation of the amount: the amount of the unemployment benefit is calculated based on the salary received during the last 180 days of contributions. Since 2021, the way of calculating the amount has been modified, so that the average of the contribution bases of the last 180 days is considered, instead of the average of the last six months;
- maximum and minimum limits: since 2021, new maximum and minimum limits have been established on the amount of the unemployment benefit. The maximum limit is 2,708.08 euros

per month, while the minimum limit is 80% of the Public Indicator of Multiple Effects Income (IPREM);

- obligations and conditionality: the conditionality for access and maintenance of the unemployment benefit has been reinforced, so that an active job search is required, as well as the acceptance of training and employment measures proposed by the State Public Employment Service (SEPE)<sup>1</sup>.

### **Unemployment support (Subsidio de Desempleo)**

The non-contributory, assistance-based system of unemployment protection is intended for unemployed people who, for various reasons, have not been able to return to work or access contributory unemployment benefit. It is funded through contributions from the State (general taxation) and consists of an economic benefit and the payment to Social Security of the contribution corresponding to some contingencies. Benefits include the subsidy for insufficient contributions, the subsidy for exhaustion of the contributory benefit and the subsidy for exhaustion of the contributory benefit for people over 45 years of age, the disability review subsidy, the agricultural subsidy for residents of Extremadura and Andalusia, the subsidy for emigrants returned to Spain, the subsidy for people released from prison, the Active Insertion Income (RAI), the subsidy for people over 52, the SED (Extraordinary Unemployment Subsidy).

One of the characteristics in the recent evolution of unemployment subsidies has been the increasing incorporation of activation measures that try to favour a greater number of transitions to labour participation to avoid chronification in the programs. Since its implementation at the end of the eighties of the 20<sup>th</sup> century, the national government established new activation criteria and elements for some of the traditional benefits linked to unemployment, or even created new instruments (Arranz *et al.* 2019).

### **Active Insertion Income (Renta Activa de Inserción)**

The Active Insertion Income (RAI) is an assistance-based financial aid for those people who have exhausted the unemployment benefit and have special difficulties finding work. This aid is subject to a series of conditions and requirements that the applicant must meet in order to access it. The conditions to apply for RAI in Spain are as follows:

- having exhausted the unemployment benefit or the unemployment subsidy;
- being over 45 years old;
- be registered as a job seeker in the Public State Employment Service (SEPE);
- having an income below 75% of the statutory minimum wage at the time of application;
- have worked a minimum of 12 months in the last six years.

In addition to these conditions, the applicant must comply with the following obligations:

<sup>1</sup> The *Activation Commitment* is the commitment that the applicant or beneficiary of the benefits acquires to actively seek employment, accept a suitable placement, and participate in specific actions of motivation, information, guidance, training, retraining or professional insertion, to increase the chances of obtaining a job. However, participation in actions to improve the chances of finding a job will be voluntary for the beneficiaries of contributory benefits during the first 30 days in which they receive the benefit. In this case, if they do not participate in them, it will not entail sanctioning effects.

- accept job offers presented by the SEPE and participate in orientation and training actions;
- in case of long-term unemployed or a person with a disability, prove to the regional public employment service that active job search activities have been carried out. Active job search activities consist in:
  - working as self-employed or in dependent employment;
  - registration in at least one employment agency;
  - sending or presenting resumes in at least three different companies;
  - carrying out at least one job interview;
  - registration as a job seeker in at least two public or private employment portals;
  - presentation of at least one job offer managed by the Public Employment Services;
  - any training or information action aimed at self-employment and entrepreneurship, offered by the Public Employment Services.

Sufficient accreditation of compliance with this obligation will be the certificate issued by a placement agency that includes, in addition to the registration of the applicant in it, the completion by the latter of two of the actions between the third and sixth above.

### 2.3 Selected issues and quantitative assessment

Table 1 presents an overview of the main social protection measures and the conditionalities that have to be met by beneficiaries. In figure 3 we show the average distribution of beneficiaries in relation to the type of unemployment benefit scheme from January to May 2023.

**Table 1.** Conditionality overview for social protection measures in Spain

|                    | Disadvantaged job seeker<br>RMI<br>(Renta Mínima de Inserción)   | Employed or unemployed<br>IMV<br>(Ingreso Mínimo Vital)  | Previously employed<br>Unemployment protection<br>(contribution-based)   | Previously unemployed<br>Unemployment protection<br>(assistance-based)  |
|--------------------|--|--|--|---|
| <b>Eligibility</b> | <ul style="list-style-type: none"> <li>• Age: varies across regions. Most regions set minimum age 25, others 23 (1)</li> <li>• Income thresholds to qualify for the RMI vary greatly across regions (1)</li> </ul> | <ul style="list-style-type: none"> <li>• Minimum age set at 23</li> <li>• Other groups: adult women who are victims of gender-based violence or human trafficking and sexual exploitation</li> <li>• People aged 18-22 who come from residential child protection centres or are absolute orphans</li> <li>• Homeless individuals</li> <li>• Income thresholds vary according to family situation. Here are two examples: Annual income below 6,784.44 euros for a single adult. Annual income below 12,890.52 for two adults with two children</li> </ul> | <ul style="list-style-type: none"> <li>• Must have worked for at least one year over the last 6 years</li> </ul> | <ul style="list-style-type: none"> <li>• Exhausted contribution-based unemployment benefit</li> <li>• Having worked less than a year</li> <li>• Maximum income 75% of statutory minimum wage (SMI) (6)</li> <li>• Unemployed over 52</li> </ul> |

Segue Table 1

|                       | Disadvantaged job seeker  | Employed or unemployed   | Previously employed  | Previously unemployed  |
|-----------------------|---|--|--|--|
|                       | RMI<br>(Renta Mínima de Inserción)  | IMV<br>(Ingreso Mínimo Vital)  | Unemployment protection<br>(contribution-based)  | Unemployment protection<br>(assistance-based)  |
| <b>Benefit amount</b> | <ul style="list-style-type: none"> <li>Varies across regions and personal / household conditions (1)</li> </ul>   | <ul style="list-style-type: none"> <li>Lump sum = Guaranteed income (2) - actual income of the person /</li> </ul>   | <ul style="list-style-type: none"> <li>Varies according to family situation and the contribution whilst employed. It is calculated according to the IPREM (3)</li> <li>Minimum= 80% of IPREM (for a single adult), 560 euros</li> <li>Maximum = 175% of IPREM (for a single adult), 1225 euros. For an adult with two or more children: 225% of IPREM, 1575 euros</li> </ul> | <ul style="list-style-type: none"> <li>80% of IPREM (480 euros)</li> </ul>   |
| <b>Duration</b>       | <ul style="list-style-type: none"> <li>Varies across regions, but in most cases, it is open ended (1)</li> </ul>  | <ul style="list-style-type: none"> <li>Open ended as long as the individual meets eligibility criteria: income below the threshold</li> </ul>                    | <ul style="list-style-type: none"> <li>Depends on previous employment record. Minimum of four months to a maximum of two years for those with more than six years contribution</li> </ul>  | <ul style="list-style-type: none"> <li>Varies according to the number of months worked and family situation (4)</li> </ul> |
| <b>Conditions</b>     | <ul style="list-style-type: none"> <li>Varies across regions. Some regions require be inscribed in Public Employment Services as active job seeker. Other regions don't (1)</li> <li>Participate in social and active inclusion programmes through a personalised plan (1)</li> </ul> | <ul style="list-style-type: none"> <li>Participate in active inclusion actions developed by the Ministry of Inclusion, Social Security and Migrations</li> </ul> | <ul style="list-style-type: none"> <li>Active job seeker</li> </ul>  | <ul style="list-style-type: none"> <li>Active job seeker</li> </ul>  |

(1) See <https://bitly.ws/YXuV> for additional comparative information of the different RMI regional programmes.

(2) Lump sum for a single person without children in 2023 is 565.37 euros which is increased by 30% for the first person in the household and then by 15% for each additional. For a household with two adults and two children is 1.074,21 euros.

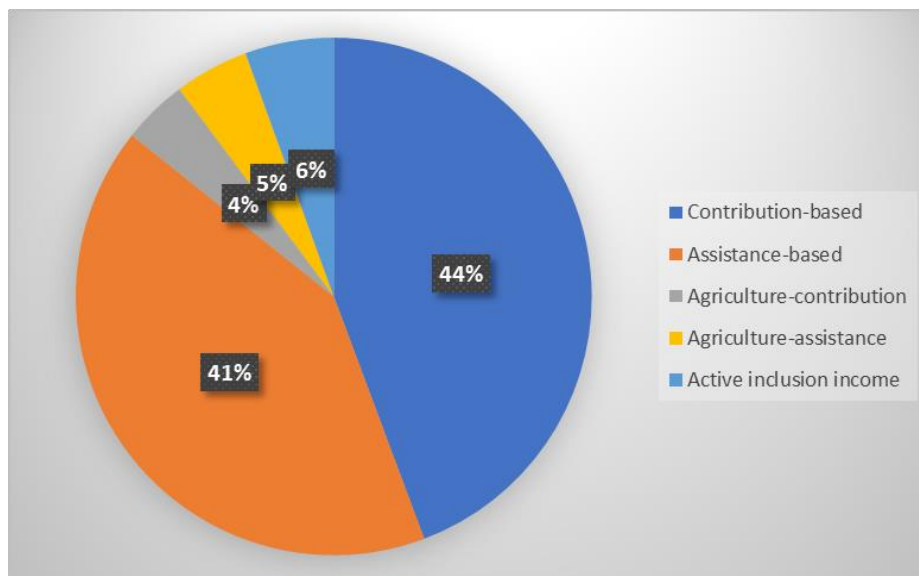
(3) IPREM: Public Income Indicator of Multiple Effects is an index used in Spain as a reference for the granting of aid, subsidies or unemployment benefits. It was created in 2004 to replace the Minimum Interprofessional Wage as a reference for these subsidies. For 2023, monthly IPREM is 560 euros. Yearly is 7200 euros.

(4) The subsidy will last 3, 4 or 5 months, if you have contributed 3, 4 or 5 months, respectively.

(5) The subsidy will last 21 months, if you have contributed for 6 or more months (in this case, the right will be recognized for six months, and it can be extended for periods of 6 months until its final duration).

(6) Statutory minimum wage for 2023 has been set at 1260 euros per month.

**Figure 3.** Distribution of beneficiaries according to type of unemployment benefit scheme, Average January-May 2023

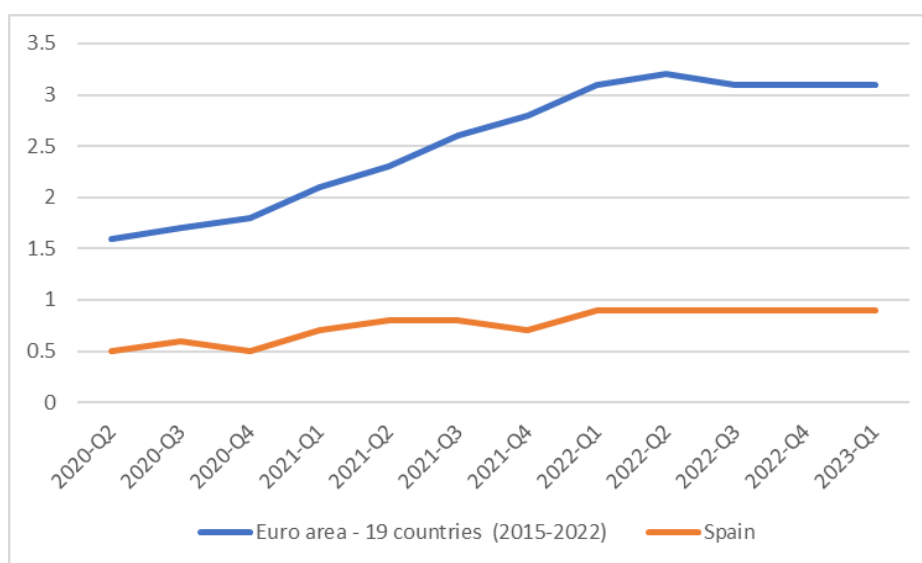


Source: own elaboration with data from SEPE (Servicio de Empleo Público Estatal)

### Post-pandemic labour market developments and unemployment protection

In line with most European economies, Spain has experienced since the last quarter of 2021 an increase in number of job vacancies (see figure 4). However, this increase hasn't been so pronounced as in the Euro-area economies. There are two reasons that explain why the situation is not as worrisome as in other European countries. The first is that the unemployment rate is much higher than that of the main economies in the Euro area. The second is that the country experienced a deeper contraction of activity during the Covid-19 crisis and started the recovery later compared to other EU economies.

**Figure 4.** Job vacancy rate, Spain and Euro-Area



Source: own elaboration using Eurostat data

Despite having a lower rate of job vacancies, the Spanish economy has also experienced an increase since the last quarter of 2020. There are several reasons that can explain the increase in vacancies in Spain. One of the factors that explains this increase is that the pandemic slowed down the immigration of workers. The percentage of foreigners in the Spanish active population grew without pause throughout the last expansionary cycle (2013-2019), while the Spanish active population gradually fell as retirements accelerated. In 2019, for example, the foreign active population increased by 183,200 people, while the Spanish population fell by almost 21,000 people.

This flow of foreign labour was halted by the pandemic and, for the first time since the financial crisis, the weight of foreigners in the labour force was reduced. The slow normalization of the health situation in the countries that send emigrants to Spain meant that the replacement of the labour force remained at low levels for a few more months. This affected the sectors with less added value: hotels, transport, leisure, cleaning, personal care etc.

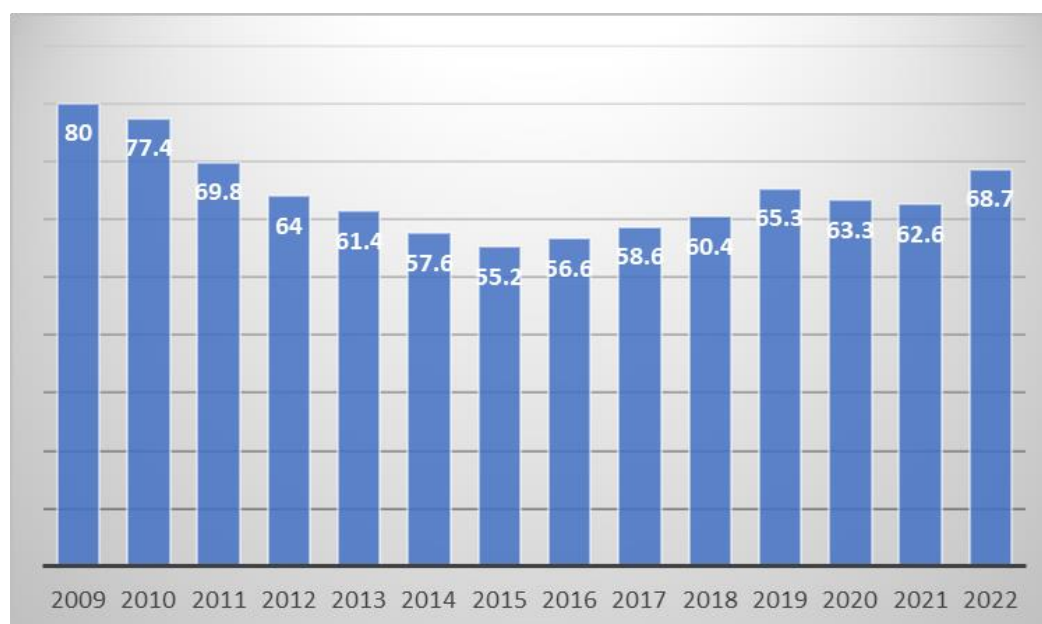
The other reason is related to the relocation of workers. During the pandemic, workers were relocated from some of the sectors hardest hit by the crisis to more stable ones, which would explain higher vacancy rates in those sectors. Hospitality and tourism were the most affected sectors. Due to the harsh working conditions in this sector (low wages, long working hours, employment on weekends etc.), many workers in this sector (particularly men aged 45 and over with low educational levels) took advantage of the pandemic to change activity.

Part of the temporary shortage of unskilled workers has been resolved with the recovery of migratory flows in the post-pandemic period. However, a structural problem has remained: the mismatch between the training of workers and the demand for labour from companies. This imbalance is particularly important at the present time, in which an intense transformation process is taking place with two fundamental pillars: the ecological transition and digitization, for which Spain does not have a prepared workforce.

Thus, two phenomena are taking place in parallel: vacancies are growing and also long-term unemployment. In the second quarter of 2023 there were almost 760,000 unemployed who have been looking for a job for more than two years, that is, they were most likely out of work since the pandemic. These are workers who were laid off or left their jobs during the pandemic and haven't yet found a new job despite the economic recovery. This shows the first signs of the imbalance in the labour market that will foreseeably worsen in the coming months. These workers are simply not fit to fill the new jobs that are being created. Therefore, an unprecedented situation of (long-term) high unemployment and growth in vacancies will occur due to the mismatch between supply and demand in the labour market. The relationship between unemployment and vacancies is measured by the Beveridge Curve. In recent quarters, the curve has risen vertically. This means that, with hardly any variation in the unemployment rate, vacancies are growing rapidly.

### **Coverage Gaps in unemployment protection**

Even though unemployment protection was extended to groups of workers who were previously not covered, significant coverage gaps i.e., unemployed workers not receiving unemployment protection, remain an issue to be tackled. As showed in figure 5, around 31% of unemployed workers registered in public employment services do not receive unemployment benefits.

**Figure 5.** Percentage of registered unemployed covered by unemployment benefits, 2009-2022

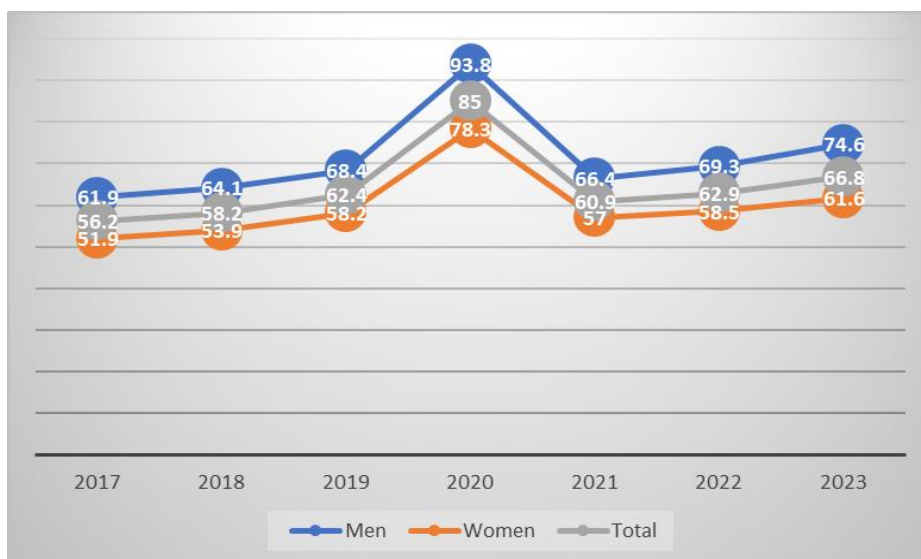
Source: own elaboration with data from SEPE (Servicio de Empleo Público Estatal)

There are two types of situations that explain coverage gaps of unemployment benefits. On the one hand, the different pillars of the social security system. For many years, only workers under the General Regime/Pillar were entitled to unemployment benefits, thus excluding workers in other pillars like self-employed persons or domestic workers. In recent years, an expansion of unemployment protection has happened and groups like self-employed and domestic workers can now have access to unemployment benefits.

On the other side, the eligibility conditions to access unemployment benefits also explain coverage gaps. An important part of the workers registered as unemployed in the Public Employment Service do not have unemployment protection, either because they have exhausted it or because they do not have the necessary requirements to access it, for instance, due to an insufficient number of months worked. In December 2022, close to 1 million of the 2,837,653 registered unemployed people did not receive unemployment benefits. If we only consider unemployed people with previous work experience (thus excluding young people entering the labour market), 753,138 people do not receive benefits.

Moreover, the coverage rate is lower in the case of women; 34.4% of unemployed women with work experience do not have access to benefits, compared to 21.5% of men (see figure 6). The peak in 2020 is explained by the extraordinary extension of unemployment as a consequence of the Covid-19 crisis. Lower wages, greater job insecurity and involuntary part-time work are some of the factors behind the great difference in benefits between men and women. Another group where coverage gaps are detected are older unemployed, that very often fall into long-term unemployment. Finally, young workers entering the labour market are not covered by unemployment benefits.

**Figure 6.** Percentage of unemployed covered by unemployment benefits by gender

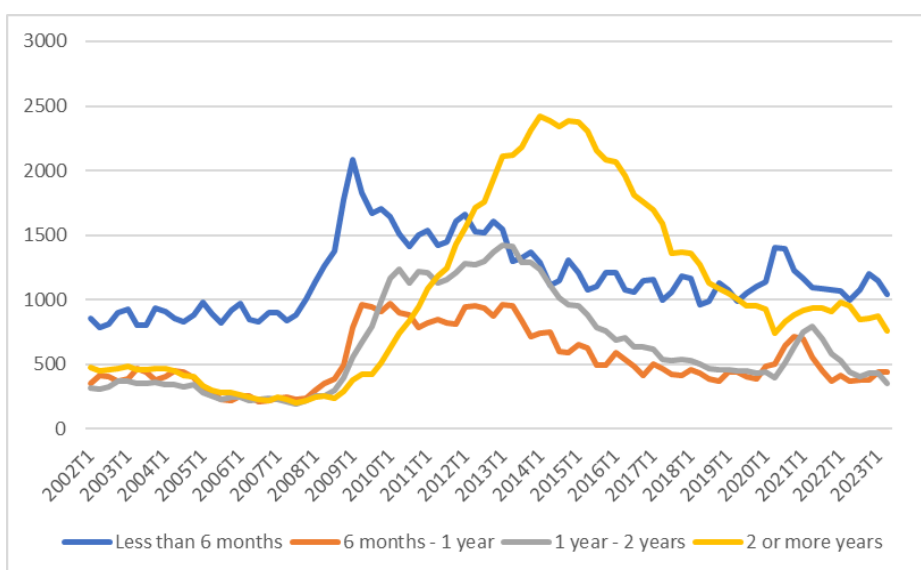


Source: own elaboration with data from SEPE (Servicio de Empleo Público Estatal)

**Unemployment protection and labour demand. The case of long-term unemployment**

Spain has a structurally high unemployment rate compared to most EU countries. The causes for this high unemployment rate are complex and their detailed analysis exceeds the scope of this report. There is, however, significant variation in the level of unemployment across regions, age groups, gender or economic sectors. Moreover, another trait of unemployment in Spain is the large number of workers experiencing long-term unemployment, as showed by figure 7. Long-term unemployment experienced a remarkable increase during the financial crisis and has exhibited a decline since 2015. However, in the second quarter of 2023, 43% of all unemployed had been looking for a job at least for one year. Among the group of long-term unemployed, those aged 45 or more account for almost 60%.

**Figure 7.** Evolution of the number of unemployed according to the time they have been looking for a job



Source: own elaboration with data from INE

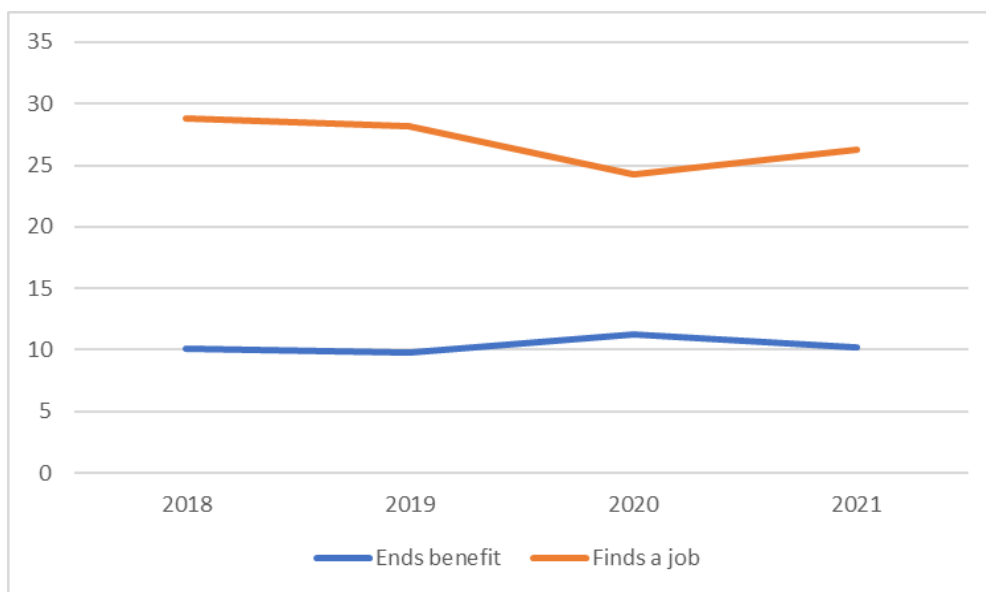


There are two explanations for the persistence of high long-term unemployment in Spain, each of the two pointing to different causes and providing different solutions to this problem.

On the hand, those explanations based on the characteristics of the Spanish labour market and the role of technological change. According to this interpretation, the reasons why the unemployment situation is sometimes prolonged cannot generally be attributed to the duration or generosity of the benefit. Within this stream, the factors explaining long-term unemployment would be professional obsolescence, the greater demands when coming from stable jobs, the refusal to accept precarious jobs, the prejudices of companies to hire the long-term unemployed and the elderly, among others, that make it difficult to return to employment. The large share of older workers within long-term unemployment, suggests that a large share of long-term unemployment is caused by skill obsolescence; older workers losing their jobs as consequence of processes of economic restructuring and technological change that have problems to find a new job due to the skill requirements.

In a recent report, CCOO (2023) showed that the percentage of unemployed persons terminating benefits because they find a job is significantly higher than that of unemployed terminating benefits (figure 8).

**Figure 8.** Percentage of workers by case of termination of benefit as a percentage of total beneficiaries, 2018-2022

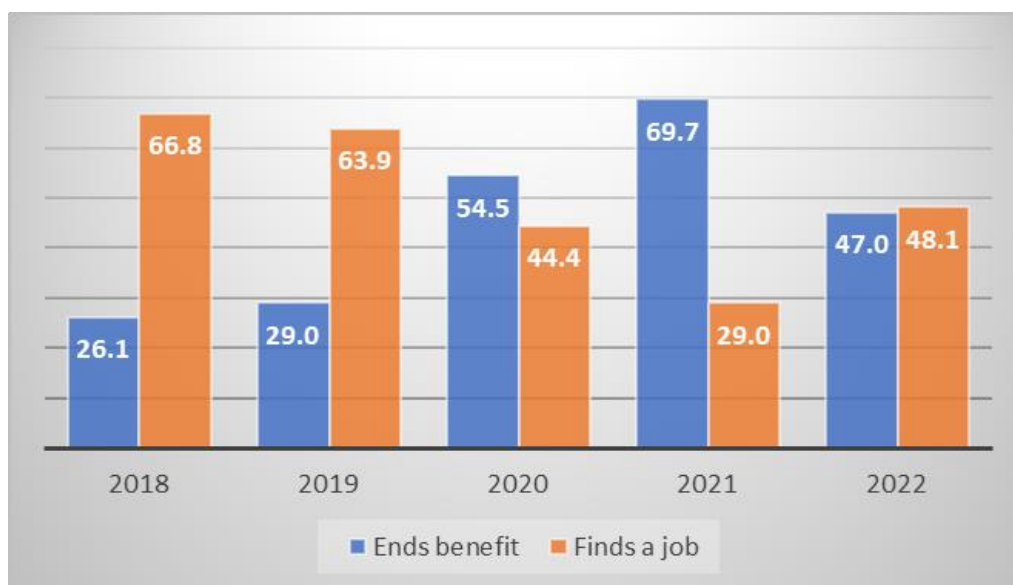


Source: CCOO (2023) based on data from SEPE

A more detailed analysis of causes of benefit termination (contributory, non-contributory or assistance-based and active inclusion income) by type of benefit shows a more nuanced picture and different patterns. In the case of contributory benefits, that are more generous compared to assistance-based ones, benefit termination has been the main reason after the Covid-19 crisis, compared to the pre-covid period, when a majority of beneficiaries terminated because they found a job. Several factors could explain this change, including the difficulties experiencing older workers in sectors like accommodation and tourism that decided to move to other sectors, but that lack adequate skills to do so.

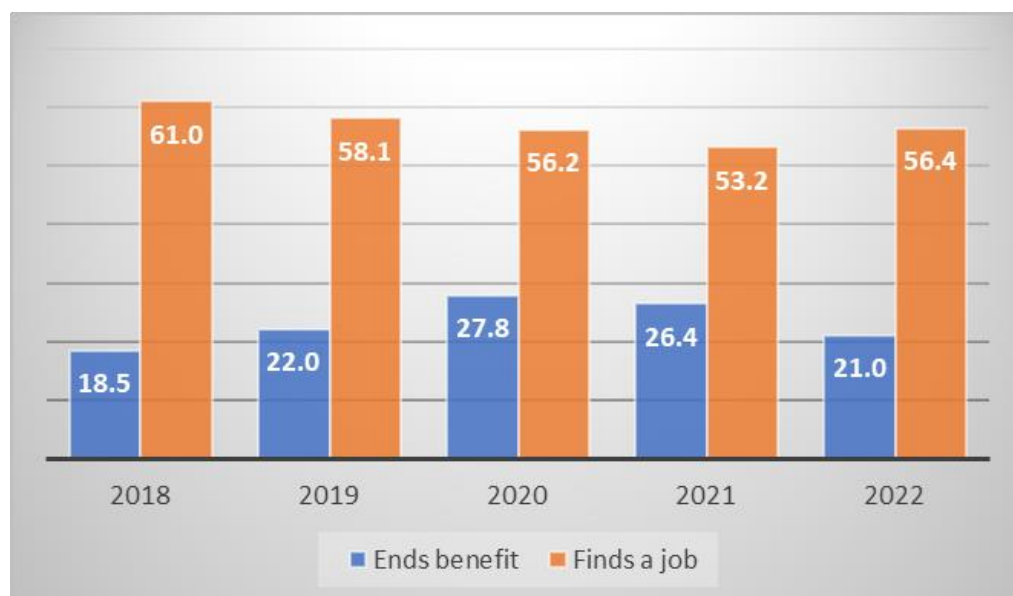
In the case of assistance-based benefits, that are usually shorter and less generous than contributory benefits, the main cause of termination is finding a job (figure 9 and figure 10). Finally, in the case of active inclusion income, that is an assistance-based scheme for the most vulnerable groups, the main reason for benefit termination is expiry (figure 11). This could be explained by the different profile of workers in this last group, characterised by low skills and education levels, that may face greater difficulties to find a job.

**Figure 9.** Cause of benefit termination. Contribution-based unemployment benefits

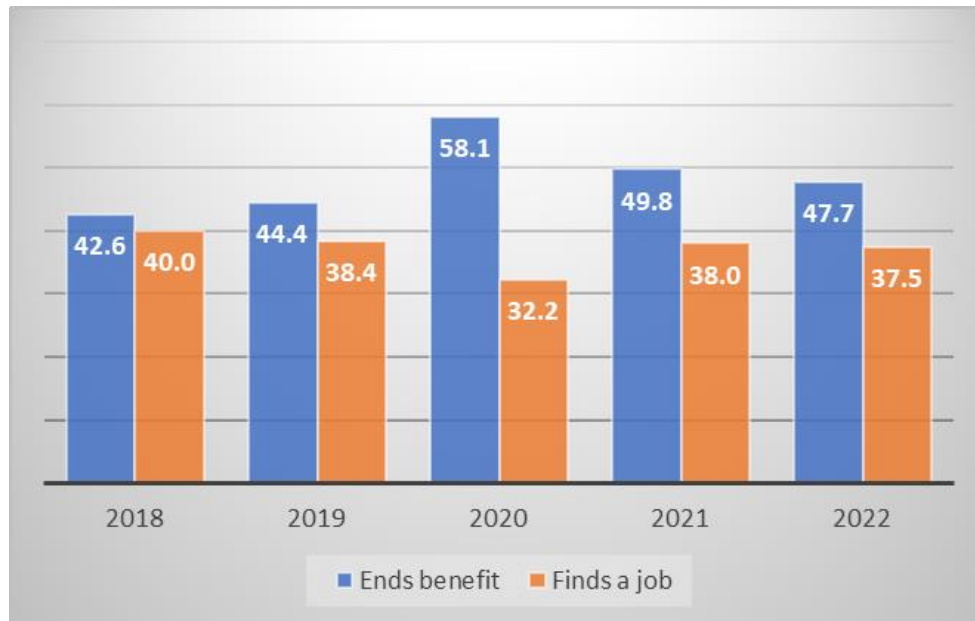


Source: own elaboration using data from SEPE

**Figure 10.** Cause of benefit termination. Assistance-based unemployment benefits



Source: own elaboration using data from SEPE

**Figure 11.** Cause of benefit termination. Active inclusion Income

Source: own elaboration using data from SEPE

On the other side, the difficulties to bring down the (long-term) unemployment rate have also led other authors to place institutional variables and more specifically the unemployment protection system under scrutiny as one of the causes for reduced labour demand. The belief that unemployment protection discourages job search, prolongs the unemployment situation and this, in turn, worsens the employability of the applicant, has been the justification for a large part of the reforms carried out. As previously mentioned, these reforms have revolved around two axes. On the one hand, reduce the generosity and amount of the benefit. On the other hand, toughen the conditions of access and maintenance of the benefit.

The absence of major reforms of the unemployment protection system in recent years makes it difficult to perform an evaluation of the impact that a change in the system would have on labour demand and the return to employment of beneficiaries. The only change taking place was in 2012, when there was a reduction from the seventh month onwards on the benefit from 60 to 50% of its regulatory base. That change reduced the unemployment trap (and therefore the incentive to seek a job) but didn't have any impact on the unemployment rate.

However, some studies have tried to understand the impact that changes in the two key dimensions of benefits (generosity or replacement rate, and duration) would have on labour demand.

The most recent analysis performed by the Bank of Spain recommended to reform the unemployment protection system to increase the rate of return of the unemployed in the labour market (Banco de España 2023). In this report, the Bank of Spain recommends a 5% reduction in the duration of the unemployment benefit along with a 2% increase in its generosity. According to this study, the return to employment of the unemployed would increase by 0.11 points and would especially favour the most vulnerable groups, including those with low education and older workers who experience long-term unemployment. These changes in the configuration of unemployment benefits should be

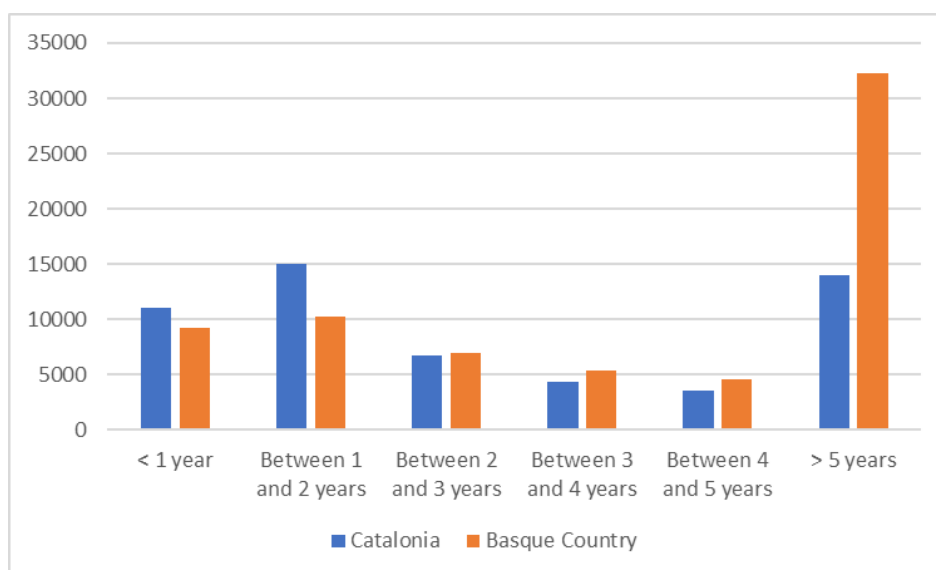
accompanied by a higher investment in active labour market policies in order to reduce the difficulties unemployed workers face to find a new job as well as their income loss.

### Poverty traps and the chronification of vulnerability for some beneficiaries of RMI

Despite differences across regions, the regional minimum income schemes are conceived as last-resort mechanisms to tackle situations of poverty, vulnerability and social exclusion. In order to reach this goal, they've been designed as unconditional benefits, with some activation components, though in general there is a weak conditionality.

One of the main problems experiencing some of these regional programs is the chronification of a large share of benefit recipients. As shown by the graph below, both in Catalonia and the Basque Country, the two regions with a higher number of recipients and most generous benefits, there is a large amount of beneficiaries that have been receiving the benefits for five or more years (figure 12). This points to the existence of a chronification of vulnerable groups that don't find the way to fully integrate into the labour market and remain dependent on RMI. This in spite of the two regions making it compulsory to sign with the benefit recipient a social / labour inclusion contract, whereby the recipient commits to participate in reskilling programmes aimed at facilitating their return to the labour market. The reasons for this chronification are mostly related to the profile of beneficiaries; many of them are foreigners, very often with poor Spanish language skills and low education that find it hard for them to integrate into the labour market.

**Figure 12.** Distribution of beneficiaries by permanence in regional RMI programmes, 2021



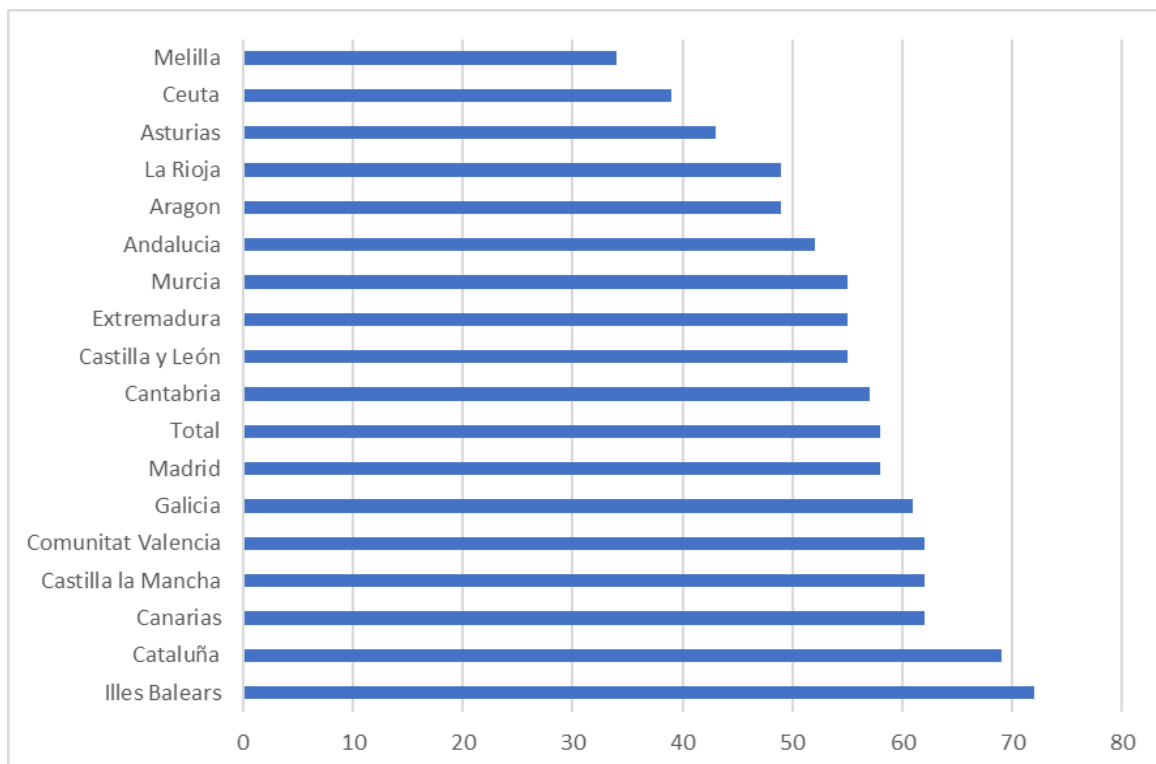
Source: own elaboration using data from SEPE

### The problem of non-take up in the IMV

In the case of the Minimum Living Income, the non-take-up is the main problem detected in relation to the effectiveness of this scheme to achieve its goal of poverty reduction. In the second opinion on the implementation of the IMV, non-take-up was estimated around 58 % of the households that could potentially benefit from it. This value was similar to the one found in the report analysing the implementation after the first year.

There are several factors that can explain this high non-take up rate (figure 13). A first institutional cause would be the temporary persistence in the number of households not applying for the IMV due to the fact that the transfer of beneficiary households from the regional minimum income to the IMV has so far being limited. Before the creation of the IMV, there was no common income guarantee instrument, but each region managed its own, with different characteristics in terms of eligibility, generosity, conditionality etc. In theory, the IMV should replace these regional programs. Regional administrations should transfer the files of their programs to the IMV. However, this is not happening as quickly as expected.

**Figure 13.** Non-take-up rate for the IMV by region, 2023



Source: AIReF (2023)

Another cause is unawareness. In 2022 the Ministry of Inclusion, Social Security and Migrations has developed some actions aimed at promoting the IMV application among eligible households, as well as to enhance the effectiveness of the provision. A Registry of Social Mediators of the IMV has been created in which more than a dozen social entities are currently registered with the capacity to certify complex household situations of potential IMV applicants. Moreover, an intense campaign has been carried out to advertise the benefit and facilitate the application procedure. An example is the information bus that has advised multiple stakeholders across the country. Additionally, the Ministry of Inclusion, Social Security and Migrations through the General Secretariat of Objectives and Policies of Inclusion and Social Welfare has started thirty-four pilot projects in collaboration with the regional governments, local administration, the Third Sector and academic institutions. These projects offer support based on the needs of each household in order to favour the social inclusion of the beneficiaries. The evaluation of these pilot projects through randomized controlled trial methodology

aims to identify good practices that can be scalable and contribute to the future to shape an inclusion policy based on the results of empirical evidence. No results from these evaluations are yet available. Finally, another reason to explain non-take up is the complexity of the process, especially in relation to understanding eligibility conditions and the documents necessary for the application procedure.

### **Impact of IMV on labour demand**

As has been shown earlier, one of the main problems affecting the regional minimum income schemes is the chronification or the creation of poverty traps of some vulnerable households and/or individual beneficiaries of the benefit, with a significant proportion of persons have been receiving it for more than five years. This poses the problem of the impact these benefits may have on the incentives to return to the labour market and by extension, on how to design these benefits to facilitate this transition.

These same concerns about the impact on labour demand of the RMI have been translated to the design of the IMV. The IMV may create a disincentive to work or work less hours as it guarantees a certain income level for the household. However, as argued in a recent study by AIReF (2023) this effect may not be so strong due two effects. On the one side, there is lag between the right to access the benefit is generated, and the receipt of the benefit. Moreover, the households that are potentially eligible for the benefit have limited capacity to smooth consumption. These two facts may mitigate the disincentive to work. The analysis by AIReF of year-to-year transitions for the years 2019, 2020 and 2021 for those who perceived the IMV in 2020 shows a decline in those who do not work for 2020 and 2021. This would in principle support the disincentive effect and a negative impact on labour demand. However, these results should be taken carefully. On the one hand, this three-year period was rather exceptional from a labour market perspective due to the impact of the pandemic, that was particularly intense in Spain. Secondly, these results are merely descriptive with no causal analysis.

Regarding permanence in the benefit scheme, available data suggests that 63 % of benefit recipients that started to receive it in 2020 are still receiving it by 31<sup>st</sup> December 2022. Since the IMV was implemented in 2020, this suggests already a high rate of potential chronification and poverty traps among beneficiaries (AIReF 2023).

Even though it is still too early to be able to perform a quantitative causal assessment of the impact the IMV may have on labour demand, some elements have already been introduced in order to mitigate any potentially negative effect or disincentive in order to avoid poverty traps.

The first measure has consisted in allowing the compatibility of the Minimum Living Income with income from employment or self-employment in order to improve the real opportunities for social and labour market inclusion of the beneficiaries of the benefit. Even though the original law already established this compatibility, it established a one-to-one reduction in the benefit in relation to wage/salary perceived. However, it generated some undesirable effects, mostly in terms of individuals obliged to return part of the benefit received. The reform in 2022 and having effect since 1<sup>st</sup> January 2023 breaks with the one-to-one relation and allows that a part of the increase in income derived from employment or self-employment is excluded from computation for total household income.

A simulation of the impact of this policy has been carried out by Gomez and Villazan (2023). Their results show a positive impact of this policy in reducing poverty, since they significantly improve the income levels of households that participate in the labour market, especially in households with children. At the same time, this policy reduces disincentives to participation in the labour market, maintaining adequate levels of protection against situations of unemployment.

The second measure consists in the development of 34 pilot studies with an experimental design by the Ministry of Inclusion and Social Security whose objective is to know which are the most effective policies / itineraries in order facilitate labour market transition of benefit recipients. These pilot studies will serve to develop good practices to use in the design of labour market inclusion policies. In relation to the areas of action, 24 pilot projects include social support, 22 establish measures to promote employment, 19 incorporate digitization modules, 13 offer educational support, 6 reinforce aspects related to health, 5 with housing, 4 seek to reduce the non-take-up, 3 address situations of energy poverty and 1 includes measures to support entrepreneurship.

### **3. France: Changes in eligibility and conditionality in income support schemes**

In what follows we will present a general overview of the main measures of social protection for workers in France in terms of minimum income support, in-work benefits and unemployment insurance. We will then provide some macroeconomic quantitative insights, as well as microeconomic simulations for a representative vulnerable household and discuss the evolution and impact of social protection benefits for workers.

#### **3.1 *Revenu de Solidarité Active (RSA) - Minimum income support***

The *Revenu de Solidarité Active* (RSA) is a means-tested benefit that provides a minimum income to households with low income and few assets. It is intended to ensure a minimum standard of living and encourage beneficiaries to return to work. The RSA is funded by national and local taxes and is not tied to any employer. To be eligible for the RSA, a household must have low income and limited assets, and at least one member of the household must be at least 25 years old<sup>2</sup> and willing to work. The amount of the RSA is determined based on the household's income and assets, and the number of people in the household.

In 1974, President Valéry Giscard d'Estaing introduced the Guaranteed Minimum Income (*Revenu minimum d'insertion*, RMI), which was designed to provide a minimum income to those who were unable to support themselves through work. The RMI was means-tested and was intended to provide a basic standard of living to those in need. In the early 2000s, the RMI was replaced by the RSA, which was designed to encourage beneficiaries to return to work by offering financial incentives and support services.

#### *Conditionality*

To continue receiving RSA, beneficiaries must either actively look for a job, or start a business, or follow the programs offered by *Pôle emploi* and not downturn more than two reasonable job offers. It is due as long as the household income is below the threshold and applicants declare it every three months. As of January 2023, the monthly lump sum RSA amount without housing assistance is € 607.75 for a

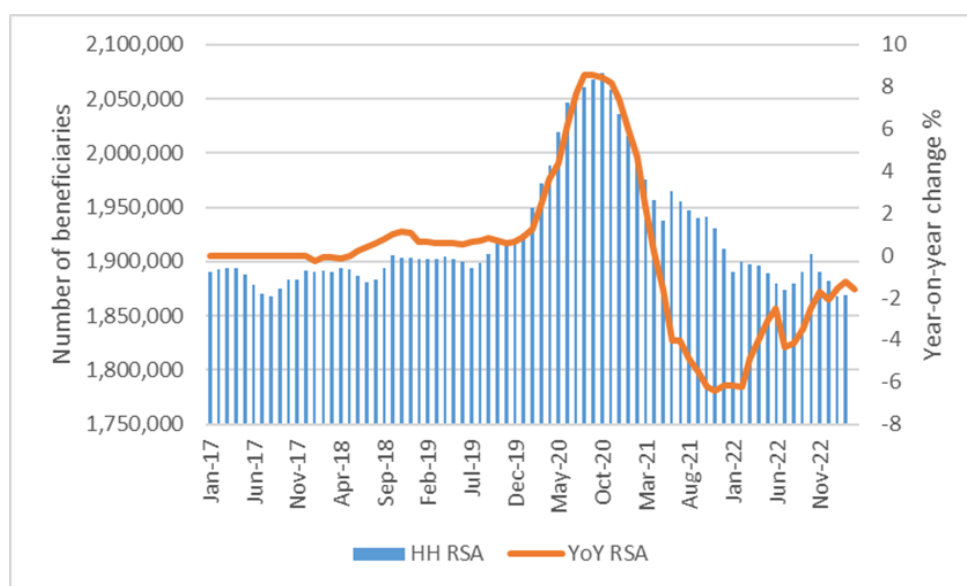
<sup>2</sup> In January 2021 a new RSA youth benefit was introduced, which provides additional financial assistance to young adults aged 18-25 who are living independently and earning low wages.

single person, € 911.63 for a couple without children, and € 1093.96 for a couple with children. The RSA is funded by the government and managed by the French government's social security agency *Caisse d'Allocations Familiales* (CAF). The RSA amount is based on the lump sum amount minus household resources of the preceding 3 months.

### Reception

The RSA take-up experienced a significant peak during the pandemic as shown in figure 14. After Covid-19 applications for RSA declined and ended up at rates similar to those observed before 2020.

**Figure 14.** Number of households and year-on-year change RSA



Source: data.drees.solidarites-sante.gouv.fr and own calculations

### 3.2 Prime d'Activité (PA) - Non-contributory in-work bonus

The *Prime d'Activité* (PA) is a type of government benefit introduced in 2016, that provides financial support to low-income workers to help supplement their income. The program is intended to encourage people to enter or remain in the workforce by providing a financial incentive to work.

The detailed calculation of the PA is complex and based on a lump sum which varies according to the composition of the household and the number of dependent children, to which must be added 61% of the amount of the professional income of the household. Household resources considered include income from activities, family allowances, unemployment benefits, pensions, movable and immovable income and housing aid. It is calculated on a sliding scale, meaning that the amount of the benefit decreases as the person's income increases. The PA is managed by the French government's social security agency, the *Caisse d'Allocations Familiales* (CAF), and is funded by national taxes. In response to the Covid-19 pandemic, eligibility criteria were expanded to include self-employed workers who experienced a significant drop in income due to the crisis. Finally, the government simplified the application process to make it easier for eligible workers to apply and receive financial support.



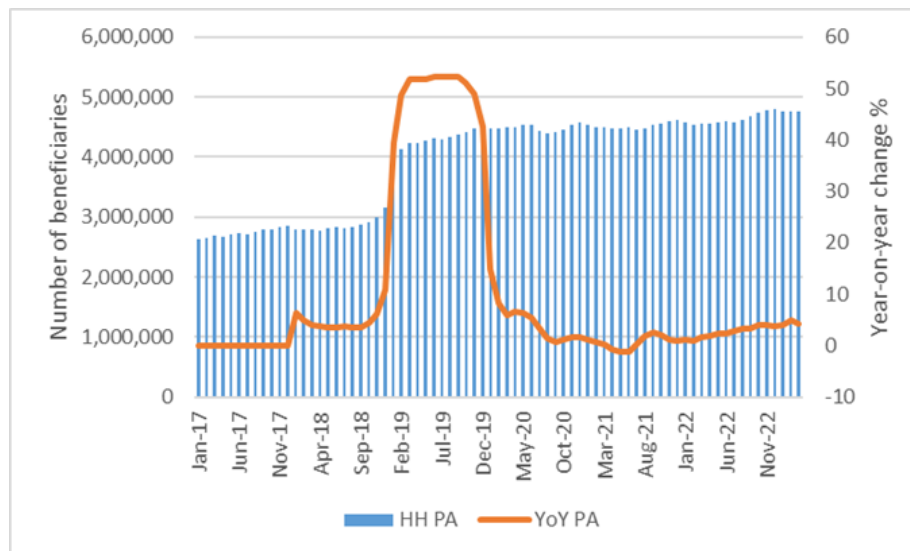
### Conditionality

The benefit is available to individuals over the age of 18 who reside in France and are employed or self-employed, and whose income falls below a certain threshold. The benefit amount is calculated based on the person's income, family situation, and housing costs.

### Reception

The predecessors, i.e., the activity component of RSA and the PPE, were considered too complex and application was not straightforward. After one year the *Prime d'Activité* more than 2.5 million households have benefited from the measure, which surpasses take-up expectations by 23 percentage points<sup>3</sup> with a high percentage of single-parent families and households that are in the first three deciles of living standard. Figure 15 shows the number of households and the year-on-year change of PA beneficiaries. The number of recipients steadily increases with an apparent latent de facto implementation of the measure around February 2019 albeit its legal recognition in early 2016.

**Figure 15.** Number of households and year-on-year change Prime d'Activité



Source: data.drees.solidarites-sante.gouv.fr and own

## 3.3 Unemployment protection

### Assurance Chômage - Unemployment insurance

*Assurance Chômage* in France is a social insurance scheme that provides – among other services<sup>4</sup> – financial assistance to eligible individuals who have become involuntarily unemployed<sup>5</sup>. Enrolment in

<sup>3</sup> See <https://bitly.ws/Zozh> (accessed in July 2023).

<sup>4</sup> Other key services include job search assistance, training and skills development, job placement services, social and professional integration support.

<sup>5</sup> Since 2019 also self-employed workers with unprofitable ventures (i.e., certified drops of at least 30% in the declared income) are eligible for *Allocation des Travailleurs Indépendants* (ATI) (Pôle Emploi 2022). On April 1, 2022, the lump-sum amount of benefits was adapted to the previous income with a minimum amount of € 19.73/day (approximately € 600/month), and a maximum of € 26.30/day (approximately € 800/month). It is financed by the general social system and not through contributions of the individual worker.

the program is automatic<sup>6</sup> for those who meet the eligibility requirements listed below. Benefits are paid under the umbrella of ARE (*Allocation d'aide au retour à l'emploi*) and are calculated based on an individual's prior salary and the length of time they have been unemployed. The duration of the allowance is determined by a range of factors, including age and length of employment history. The maximum duration is 18 months (27 months for people aged at least 55), which can be extended by 6 months (9 months for those over 55) in case of unfavourable macroeconomic conditions.

Unemployment insurance is designed as a compulsory insurance scheme to which private and public employers contribute with 4.05% of the gross salary (*contribution patronale*) up to a monthly maximum amount of € 594 (in 2023<sup>7</sup>), with four times the monthly security ceiling<sup>8</sup> as maximum taxable income (Unédic 2023a; 2023b).

### *Eligibility and conditionality*

In order to be eligible and to continue receiving unemployment benefits, individuals must meet seven main requirements (CLEISS 2022). These include:

- (i) being registered as a jobseeker with *Pôle emploi* within 12 months from the end of contract,
- (ii) not having reached the retirement age,
- (iii) having worked for at least 6 months in the previous 24 months (or 36 months for those at least 53 years old on the date of their most recent employment contract).
- (iv) The claimant must be involuntarily unemployed or must have resigned for legitimate reasons and submitted a substantive career change plan approved by a regional committee.
- (v) They must be physically fit for work,
- (vi) engaged in an ongoing job search with a personal employment plan (*projet personnalisé d'accès à l'emploi*), and
- (vii) residing within the geographical area covered by France's unemployment insurance program.

In case of reasonable job offers, they must not refuse more than one reasonable job offer<sup>9</sup>. If unemployment benefit claimants do not fulfil their obligations, their benefits can be discontinued. Other obligations include attending mandatory appointments set by *Pôle emploi* and participating in training programs. The duration of the benefit interruption ranges from 1 to 4 months based on the type of infraction. In case of false information declaration, benefit payments can be permanently ceased.

### **Allocation de Solidarité Spécifique (ASS) - Solidarity allowance**

The *Allocation de Solidarité Spécifique* (ASS) is a social welfare benefit provided by the French government to support unemployed individuals who have exhausted their unemployment benefits. The benefit is available to people who have been registered as job seekers for at least 12 months, and who are actively seeking work but are unable to find employment. The ASS provides a monthly

<sup>6</sup> To qualify for unemployment benefits, it is however mandatory to register as a job seeker with the French unemployment agency. After a waiting period of 7 days the first month of the ARE allowance is paid.

<sup>7</sup> As of January 1<sup>st</sup>, 2019, only employers contribute to the insurance scheme, as the employees' contribution of 0.90% (*contribution salariale*) was abolished.

<sup>8</sup> *Plafond de la sécurité sociale* (PASS)

<sup>9</sup> A reasonable job offer takes into account the education level and professional skills, as well as the personal and family situation, the job aspirations in terms of salary, worked hours, sector of activity, role and location.

financial allowance to eligible individuals, and the amount of the benefit is calculated based on the person's previous earnings and family situation. Monthly resources must be less than € 1272.16 for singles, and less than € 1999.11 for couples. Applicants who have worked for at least 5 years during the past 10 years (reduction of 1 year per child brought up, up to a maximum of 3 years) receive the ASS for a period of 6 months which can be renewed if the eligibility conditions are still met. The ASS is managed by the French government's social security agency, the *Caisse d'Allocations Familiales* (CAF), and is funded by national taxes.

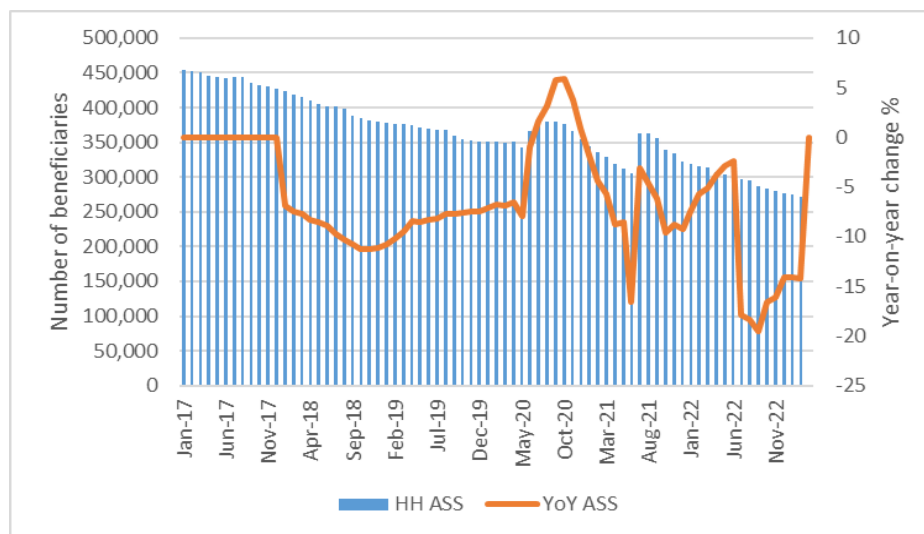
### Conditionality

The requirements to continue receiving ASS are: (i) active job search, (ii) beneficiaries must be registered with *Pôle Emploi* and must be attending regular job interviews, (iii) availability to work and (iv) acceptance of reasonable job offers. The ASS is reduced in case beneficiaries also receive other forms of aids, such as the RSA.

### Reception

The *Allocation de Solidarité Spécifique* exhibits a negative take-up trend over time with noisy behaviour around the pandemic which is likely to be due to legislative innovations (figure 16).

**Figure 16.** Number of households and year-on-year change Allocation de Solidarité Spécifique



Source: data.drees.solidarites-sante.gouv.fr and own

### 3.4 Quantitative assessment

Table 2 presents an overview of the main social protection measures and the conditionalities that have to be met by beneficiaries. In what follows, we provide an overview of selected macroeconomic labour market indicators through the lens of the Beveridge Curve, in the attempt of shedding light on the initiation and progression of notable initiatives, such as the *Prime d'Activité*. Moreover, we present microsimulations for representative households to evaluate the impact of various employment scenarios over time.

**Table 2.** Conditionality overview for social protection measures in France

|                       | Employed   | Previously employed   | Previously Unemployed   | Disadvantaged job seeker  |
|-----------------------|--|---|---|---|
|                       | PA<br>(Employment bonus)   | ARE<br>(Unemployment Benefit)   | ASS<br>(Solidarity Allowance)   | RSA<br>(Minimum Income)   |
| <b>Eligibility</b>    | <ul style="list-style-type: none"> <li>Actively working</li> <li>Monthly income between € 1028.96 and € 1885.28 (single person, no children - amount varies based on the household composition)</li> </ul> | <ul style="list-style-type: none"> <li>Must have worked for at least 6 months/ last 24 months</li> </ul>  | <ul style="list-style-type: none"> <li>Exhausted unemployment benefits</li> <li>5 years of salary in 10 years</li> <li>Monthly income lower than € 1272.16 (single) and € 1999.11 (couple)</li> </ul> | <ul style="list-style-type: none"> <li>Minimum age 25 years (see <i>RSA jeune actif</i> for younger applicants)</li> <li>No or very limited household wealth</li> </ul>   |
| <b>Benefit amount</b> | PA =<br>Lump sum <sup>10</sup> + 0.61*wage + individual bonus <sup>11</sup> - (household income + housing assistance)  | The higher amount between: <ul style="list-style-type: none"> <li>40.4% of the daily reference salary + € 12.71</li> <li>57% of the reference salary</li> </ul>   | € 18.17/day or € 545.21 monthly   | RSA =<br>Lump sum - (household income + housing assistance + PA <sup>12</sup> )<br><br>Lump sums: <ul style="list-style-type: none"> <li>Single - no children: € 607.75</li> <li>Single - one child: € 911.63</li> <li>Couple - no children: € 911.63</li> <li>Couple - one child: € 1093.96</li> <li>Couple - two children: € 1276.29</li> </ul> |
| <b>Duration</b>       | Resource below threshold   | 6 months - 18 months  | 6 months, renewable   | Resources below threshold   |
| <b>Conditions</b>     | <ul style="list-style-type: none"> <li>Employed</li> <li>Declare household income every three months</li> <li>Report any changes that could affect eligibility</li> </ul>                                  | <ul style="list-style-type: none"> <li>Active job seeker</li> <li>Register with Pôle Emploi within 12 months of job loss</li> <li>Carry out prescribed training actions. Turn down max. one 'reasonable job offer'</li> </ul> | Active job seeker (soft regime)   | <ul style="list-style-type: none"> <li>Active job seeker (soft regime)</li> <li>Declare household income every three months</li> <li>Report any changes that could affect eligibility</li> </ul>  |

<sup>10</sup> Lump sum for a single person without children as per April 1, 2023, is € 595.60, which is increased by 50% for the first person in the household and then by 30% for each additional person. There are dedicated lump sum amounts for single persons with children.

<sup>11</sup> The individual bonus is due if the monthly mean income is higher than € 679.68. It increases in income and has a ceiling of € 173.22 for monthly revenues higher than € 1382.4.

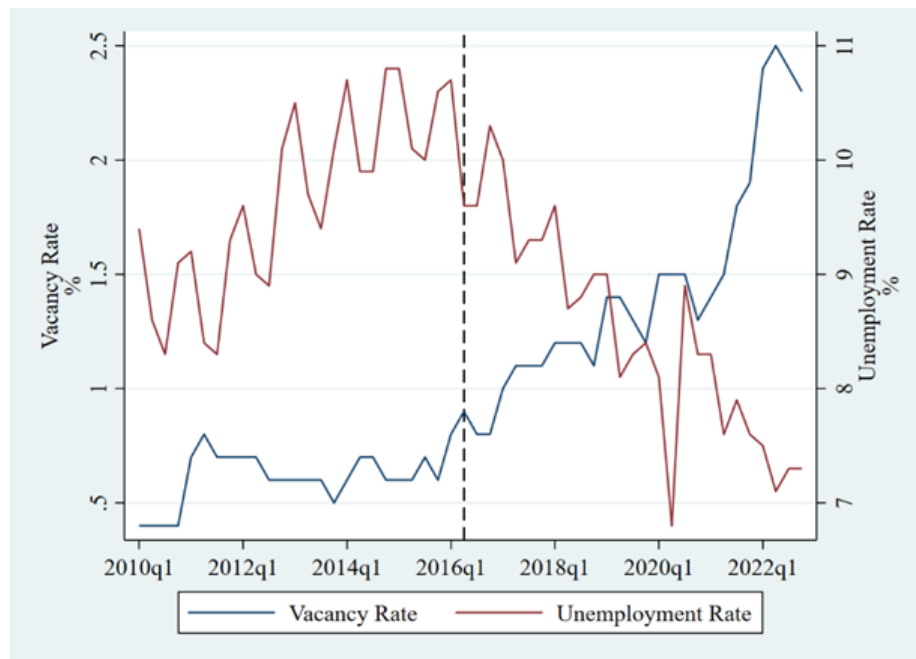
<sup>12</sup> This could happen in case of recent employment termination with no right to unemployment benefits. The PA is still paid until the end of the trimester.

### The Beveridge Curve analysis: France's Labor Market from 2005 to date

The Beveridge Curve<sup>13</sup> is a critical economic concept that helps understand the dynamics behind the relationship between unemployment rates and job vacancies within an economy (Blanchard *et al.* 1989). In this report, we will conduct an analysis of the Beveridge Curve for France during two distinct periods: 2005-2015 and 2016 to the present. By examining the shifts in the curve over these periods, we aim to gain valuable insights into the changing economic landscape, and the effectiveness of policy measures.

As an initial approach, our investigation focuses on analysing the dynamics of the job vacancy rate and the unemployment rate. Figure 17 presents a comparison of these two curves, employing quarterly data. In order to detect potential unknown structural changes in the time series, we conducted a test for unknown structural breaks<sup>14</sup>, and the results indicate a significant shift occurring around the second quarter of 2016 (Supremum Wald Test 134.19, p-value=0.000). This critical point is highlighted in the graph by a dashed vertical line.

**Figure 17.** Unemployment and Vacancy Rates with Structural Breaks



Source: Eurostat and own calculations

The job vacancy rate remains rather stable, exhibiting only a slight increase in the period before 2015, whereafter it shows an unambiguous upward trend. Similarly, also unemployment experiences a marginal yet steady growth from 2010 to 2015. Subsequently, the unemployment rate starts to decline, while the job vacancy rate increases its positive trend.

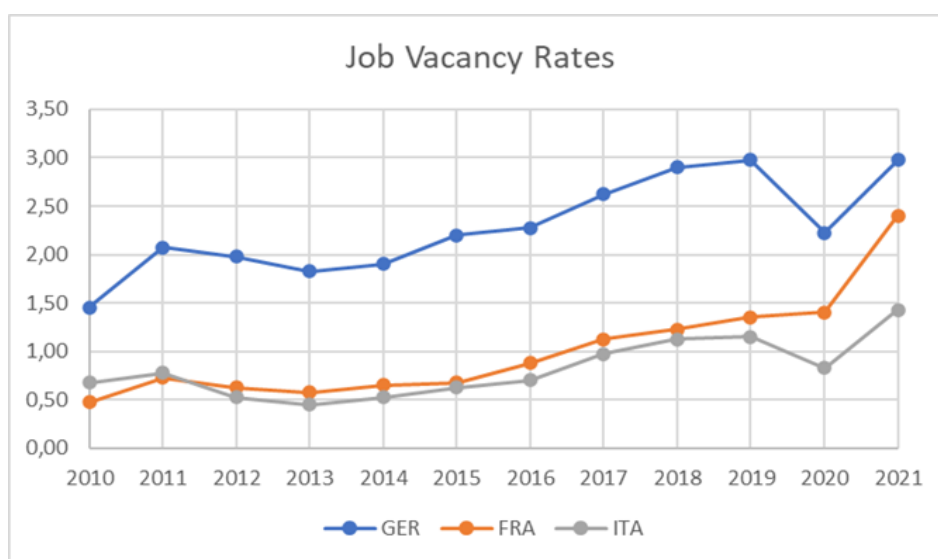
The increase in the job vacancy rate can be attributed to several reasons, which are also observed in other developed economies. One of these reasons is the aging population, which leads to a shortage

<sup>13</sup> Named after the British economist William Beveridge. For technical information, see the appendix.

<sup>14</sup> The test was conducted using the 'estat sbsingle' command in Stata. As we are looking for single breaks, the period of the Great Depression was excluded from the data.

of workers, especially in the healthcare sector. Additionally, the rise of the digital economy has created a higher demand for workers with digital skills, contributing to more job openings. Ultimately, also the Covid-19 pandemic has increased the demand for workers in the healthcare and logistics sectors. When comparing job vacancy rates between countries in figure 18, these factors appear to be the main contributors to the initiation of the observed trends. However, also various reforms implemented during this period have helped reduce the cost of labour. Some of these reforms include the *Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE)*<sup>15</sup> in 2013, the *Pacte de Responsabilité et de Solidarité (PRS)* in 2015, the *El Khomri Law* in 2016, as well as executive orders on employment in 2017. These measures have resulted in the creation of approximately 24% of the new positions in market salaried employment since 2015 (Aldama *et al.* 2020).

**Figure 18.** Comparative Job Vacancy Rates in Germany, France and Italy

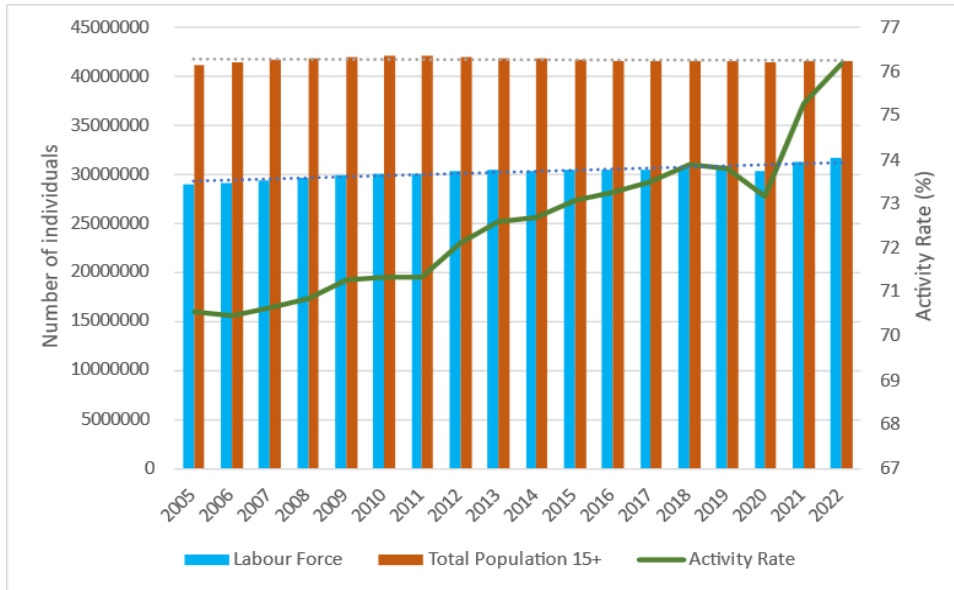


Source: Eurostat and own calculations

To provide a more comprehensive analysis, we examine additional aspects of the French labour market in figure 19. Specifically, we investigate both the total population and the active population observing a declining proportion of inactive citizens over the studied period. This translates into a noteworthy growth in the active labour force, amounting to approximately 3.8% between 2016 and 2022, corresponding to an absolute increase of 1,155,104 individuals.

<sup>15</sup> The CICE was a tax credit provided to businesses employing salaried workers. Its rate was calculated based on the total remunerations not exceeding 2.5 times the minimum wage (SMIC) that were paid during a year and has gradually evolved from 4% in 2013 to 6% in 2014 and 7% in 2014 and back to 6% in 2018. Since 2019 CICE has been replaced by a 6% reduction in social security contributions for employers. In addition, since October 1, 2019, remunerations up to 1.6 times the SMIC, receive an additional 4.05-point reduction in employer social security contributions (<https://bitly.ws/ZAgY> accessed in July 2023).

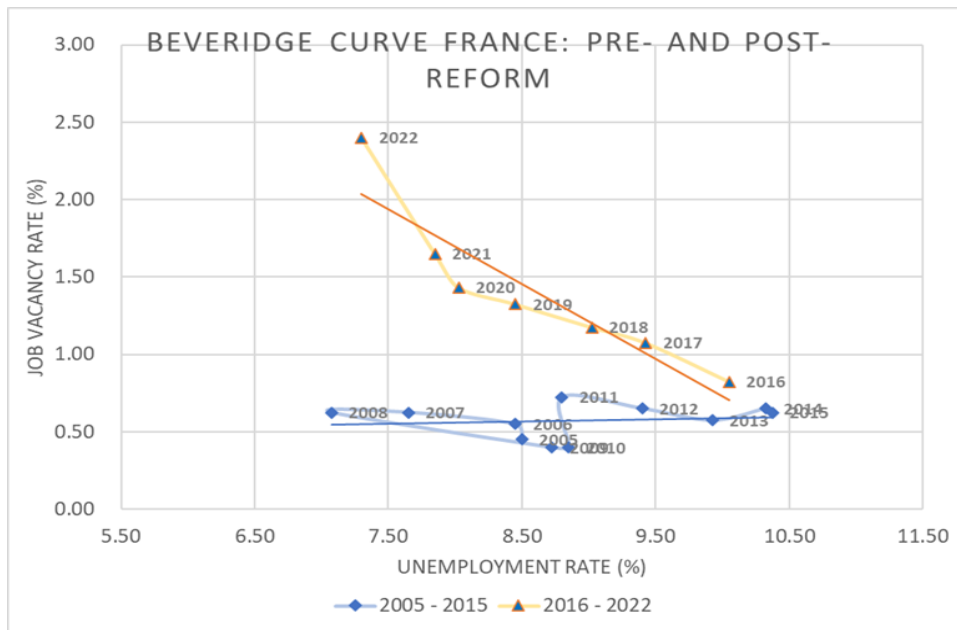
**Figure 19.** Potential and Active Population



Source: the World Bank and own calculations

In figure 20 we present two Beveridge Curves comparing the periods before and after the structural break estimated in 2016. Prior to the break, the unemployment and vacancy rates move in the same direction, resulting in an almost flat Beveridge Curve. A simultaneous increase in unemployment and vacancies indicates a rise in structural unemployment, a tendency which was particularly strong in the French labour market, compared to other European countries. Since 2012 unemployment rates grew while job vacancies remained constant, which points toward a skill mismatch among low-skilled people (Maravalle *et al.* 2014).

**Figure 20.** Comparative Beveridge Curves



Source: the World Bank and own calculations

However, after 2016 a notable shift is observed, where unemployment decreases and vacancy rates increase, leading the Beveridge Curve to exhibit what is considered its expected (negative) relationship between vacancies and unemployment. This change indicates a more conventional pattern in the labour market, where higher vacancy rates correspond to lower levels of unemployment.

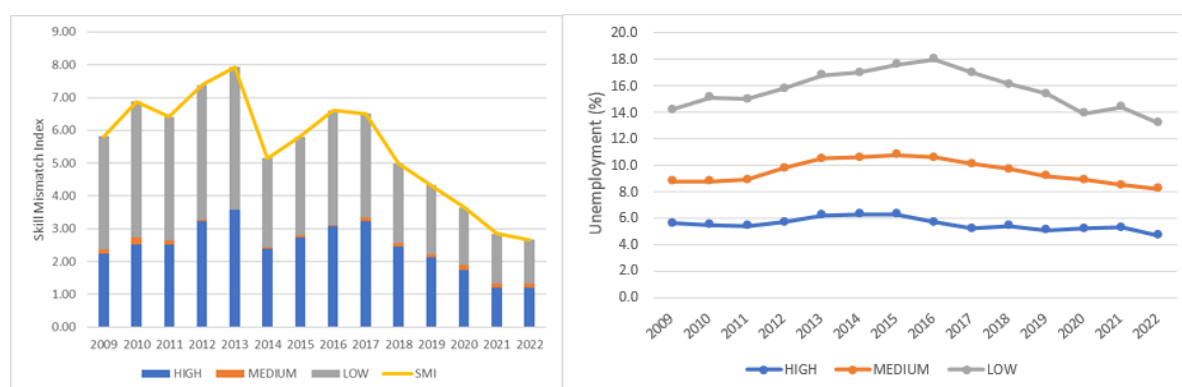
### Assessing Skill Mismatch

To assess the effect on skill mismatch, as in (Maravalle *et al.* 2014), we follow a version of the approach of (Estevão and Tsounta 2011) to calculate an index of skill mismatch defined as follows:

$$SMI_{it} = \sum_{j=1}^3 (S_{ijt} - M_{ijt})^2$$

We use three categories for educational attainment as proposed by Eurostat as proxy for skill intensity: Tertiary education, Upper secondary and post-secondary non-tertiary education and less than primary, primary and lower secondary education. The index captures the absolute difference between the percentage of a certain educational level within the working-age population ( $S_{ijt}$ ) and the percentage of the same educational category among the employed population ( $M_{ijt}$ ). Results are presented in figure 21, where we observe a contraction of the overall skill mismatch throughout all educational levels. It is important to mention that the term ( $S_{ijt} - M_{ijt}$ ) is positive for high-skilled mismatch and negative for low-skilled, which means that the fraction of low-skilled workers on the supply side struggles to be absorbed by labour demand. Conversely, high-skilled workers seem to experience greater ease in finding suitable jobs, which is reflected also by the low unemployment rate as shown in the figure on the right-hand side.

**Figure 21.** Skill Mismatch Index (SMI) and Unemployment Levels



Note: high/medium and low are categories of educational attainment ranging from tertiary (high), upper secondary and post-secondary non-tertiary (medium) and less than primary, primary, and lower secondary (low) education.

Source: Eurostat and own calculations

Alongside immigrants and young citizens, low-skilled workers represent the most vulnerable category. Unemployment rates for this demographic group are approximately 50% higher than in Germany and in the United Kingdom. Moreover, those with lower skill levels demonstrate the least propensity to engage in the labour force, with an inactivity rate exceeding the average of their counterparts in the EU15 region. In terms of composition, low-skilled unemployment constitutes more than half of the total inactive working age population (International Monetary Fund 2016).



### Tax/Benefit Simulations

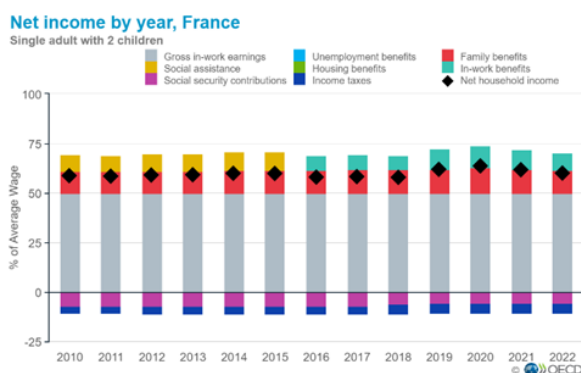
In what follows, we present the result from a simulation on the OECD TaxBEN model which brings together the complex rules of different national unemployment benefit systems in a single framework. This framework allows us to compare how taxes and benefits impact on the net income of households in France after these factors are considered, across various work situations.

### Employment vs. Unemployment

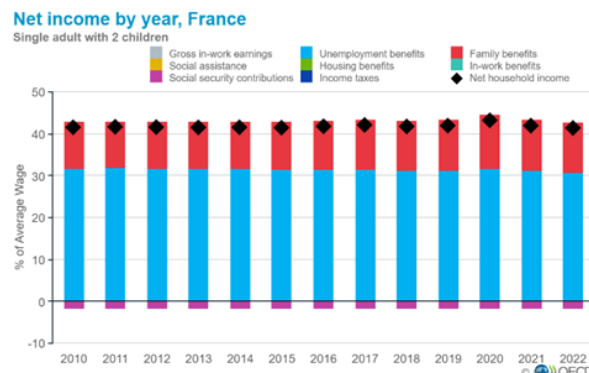
As a sample household, we chose one of the most vulnerable groups, which are single parents with small children (aged 6 years and 4 years). In the first subfigure in figure 22, we simulated the net income as a percentage of Average Wages for a single parent with a full-time contract with a salary equivalent to 50% of average wages. We then re-run the simulator for short-term, medium-term and long-term unemployment and, simulating a job loss, assuming previous salaries as per the first example. Finally, we provide a sample simulation of a back-to work situation based on the same initial employment conditions.

As it is intuitive, net income decreases with the length of unemployment and unemployment benefits in this particular case continue well after the maximum period of contributory unemployment benefits (*assurance chômage*), thanks to the non-contributory unemployment assistance, *allocation de solidarité spécifique* (ASS). Moreover, parallel to the ASS, also the social assistance benefit *revenue de solidarité active* (RSA), is paid in order to keep liquidity at a minimum level.

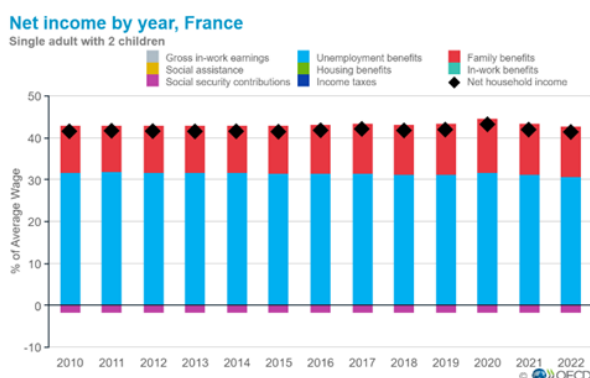
Figure 22. Simulations of Net Income: Short-term, medium-term, long-term unemployment



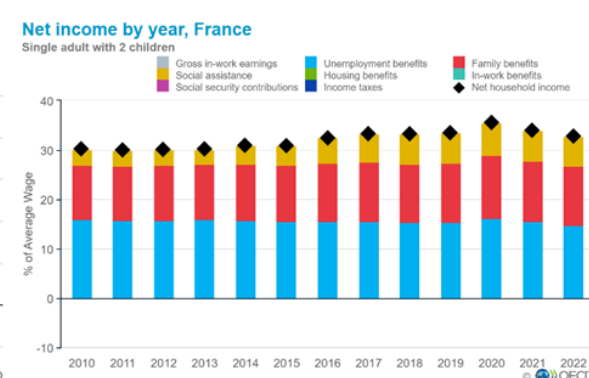
Note: employed full-time, 50% of average wage.



Note: unemployed since 2 months.



Note: unemployed since 12 months.



Note: unemployed since 36 months.

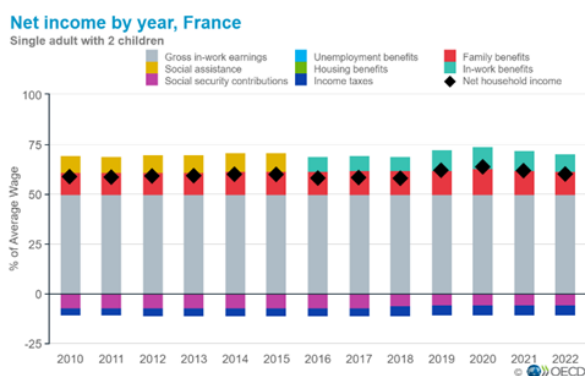
Source: own calculations based on output from the OECD tax-benefit Model version 2.5.3

### Should I stay or should I work? Assessing moral hazard risks and back-to-work incentives

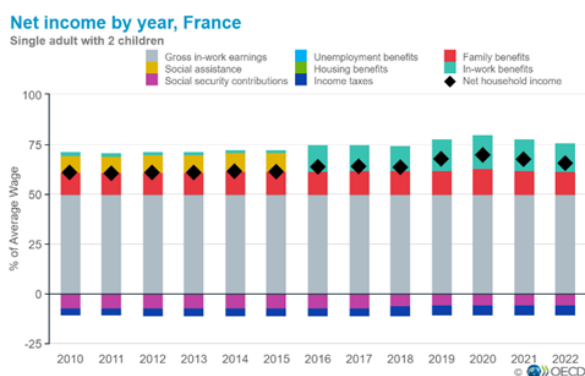
The moral hazard effect of unemployment benefits described in (Chetty 2008) applies to a situation in which job-search intensity is reduced due to a lower level of motivation to accept suitable job offers. Hence the safety net of unemployment benefits can lead to a longer duration of unemployment. Another effect, which the above author finds to be the more determining factor in the unemployment spell, is the liquidity effect. Benefits serve as a source for consumption smoothing and have a stronger effect on unemployment duration for liquidity-constrained households. He estimates that the optimal benefit is higher than 50% of the wage before unemployment for a system that pays constant amounts for 6 months.

In figure 23 we run simulations with the same household as in figure 22, a single parent with 2 children, but this time we consider the conundrum of going back to work or staying unemployed. The first subfigure is the same as in the previous figure and serves as a benchmark for the counterfactual situations. In the remainder figures we evaluate the situation of an individual has been working for 2 months after 2, 12 and 36 months of unemployment, respectively. In-line with the conditionalities of the social benefits in question, we do not observe differences between restarting a job after 2 and 12 months on unemployment, whereas the composition of net wages changes for employees who have been out-of-work for 36 months.

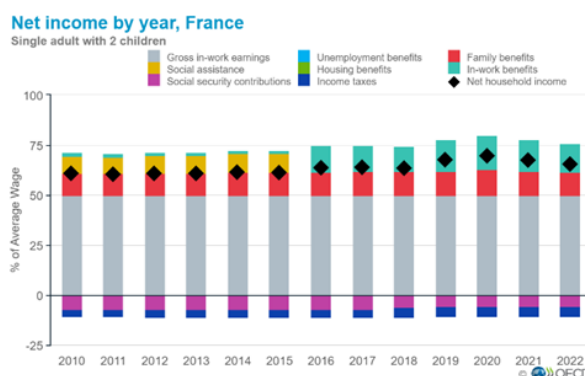
Figure 23. Simulations of Net Income: Back-to-work after 2, 12 and 36 months



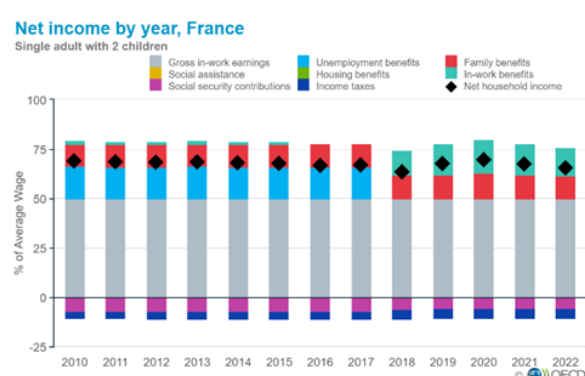
Note: employed full-time, 50% of average wage.



Note: employed full-time, 50% of average wage, after 2 months in unemployment.



Note: employed full-time, 50% of average wage, after 12 months in unemployment.

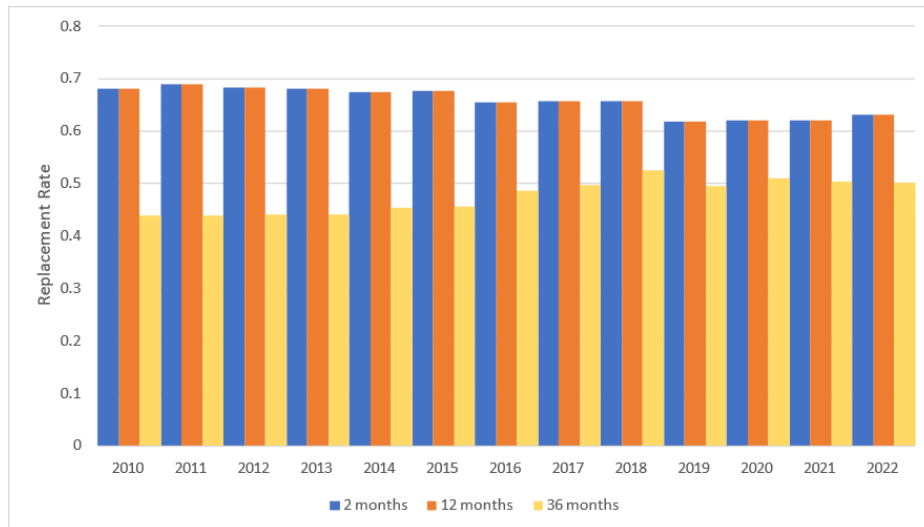


Note: employed full-time, 50% of average wage, after 36 months in unemployment.

Source: own calculations based on output from the OECD tax-benefit Model version 2.5.3

In figure 24 we derived the replacement rates for the three sample situations, computed as the ratio between net income when unemployed and net income when employed. A replacement rate value below 1 indicates that re-entering the job market is the more favourable option, ceteris paribus. Since 2016 we observe that the replacement rate between unemployment and employment gradually declines for short and intermediate durations of unemployment. Concurrently, the social protection for individuals for individuals experiencing long-term unemployment was marginally enhanced.

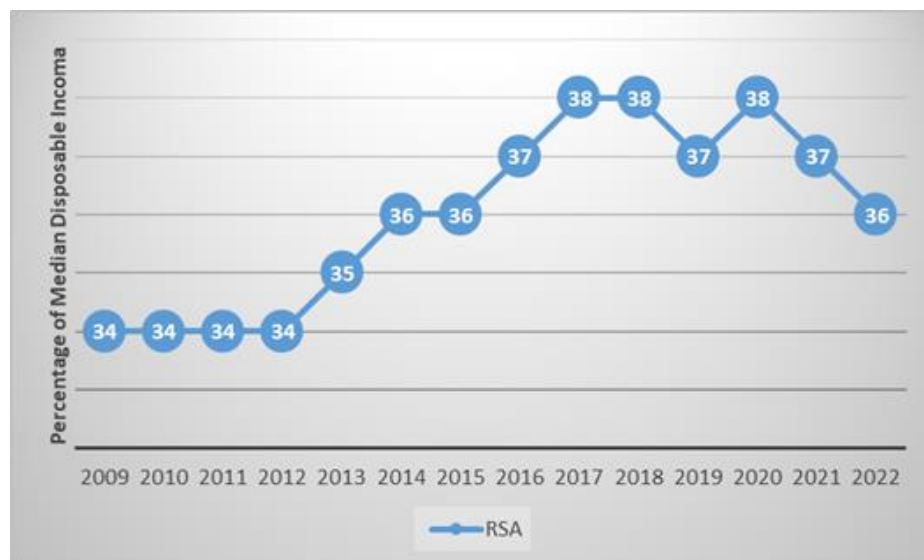
**Figure 24.** Replacement Rates at 2, 12, and 36 months



Source: own calculations based on output from the OECD tax-benefit Model version 2.5.3

Finally, in figure 25 we show the net income of RSA beneficiaries expressed as percentage of the median disposable income. Also here we observe an increasing role of social assistance to the liquidity-constrained long-term unemployed, which is reflected also in the last subfigure in figure 22.

**Figure 25.** Net income of RSA beneficiaries as % of the Median Disposable Income



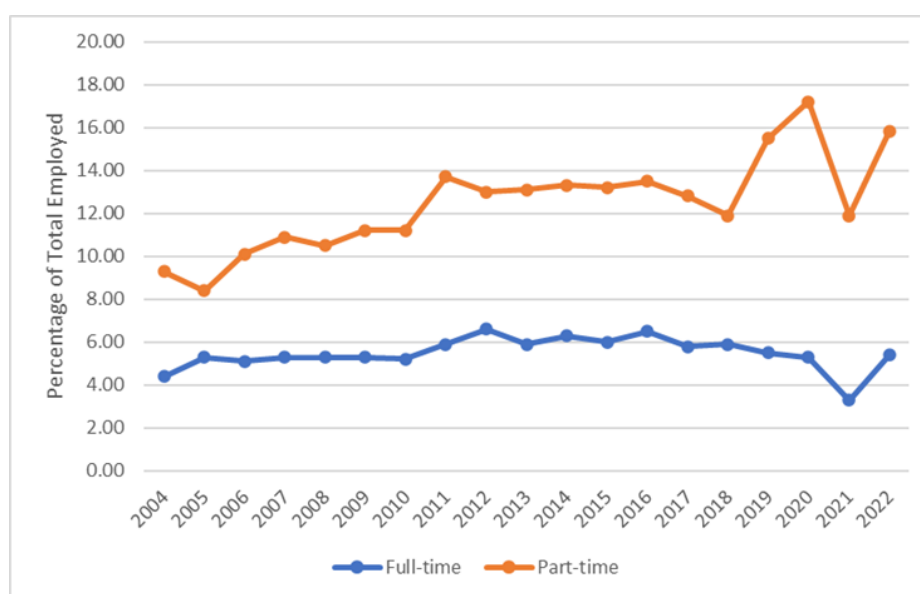
Source: OECD and own elaborations

### Working Poor and Precarious Contracts

Our exploration of the French labour market, its evolutionary trajectory, and the complex landscape of labour market reforms has brought evidence to the nation's dedication to navigating the complexities of a changing economic environment in the attempt of fortifying its workforce against the challenges of unemployment and inequality. While distinct challenges endure, the collective initiatives aimed at bridging skill gaps, bolstering employability, and alleviating vulnerability among certain segments of the labour force underline the country's adaptive initiatives.

Although establishing a direct causal relationship from macroeconomic data presents challenges, our analysis uncovers encouraging indicators that underscore the efficacy of the primary social protection measures instituted by the French government for its workforce. Notably, Eurostat data presented in figure 26 reveals that the in-work-at-risk poverty rate for full-time employees experienced a slight uptick following the Great Depression yet pivoted toward a downward trajectory after the implementation of the 2016 in-work benefit. This trend speaks to the potential impact of this initiative. However, a different picture emerges when addressing the plight of part-time employees. Despite the strides taken, the risk of subsiding beneath the poverty threshold remains unresolved.

**Figure 26.** Working Poor in France



Source: Eurostat and own calculations

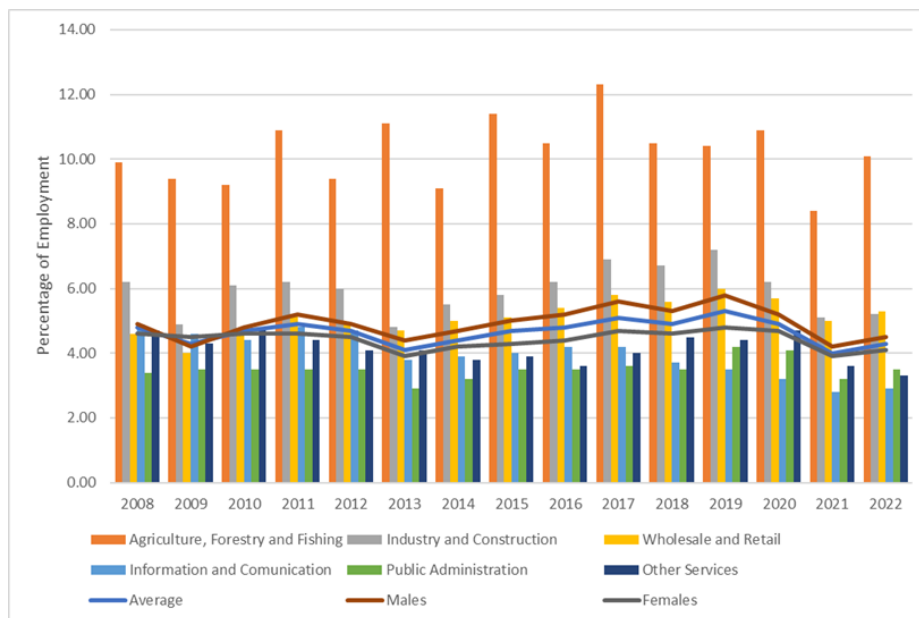
A second, yet interconnected, concern is that of the prevalence of precarious contracts. As illustrated in figure 27, the industrial and manufacturing sectors are particularly affected by the phenomenon, which, in cumulative terms in has witnessed an uptrend in the pre-pandemic years 2015-2019. As also underscored by a report of the French Ministry of Labour and Finances (Ministère de l'Économie et des Finances 2019) the present methodology for the computation of unemployment benefits might incentivize the adoption of a series of short-term contracts which entail several forms of socio-economic inequality.

Notably, the phenomenon is specific to certain vulnerable groups, i.e., the lowest paid and younger workers. Furthermore, the phenomenon assumes an industry-specific dimension, with certain sectors

witnessing a more conspicuous utilization of precarious employment contracts in comparison to others. From an individual perspective, short-term contracts offer limited paths for career growth, entrapping precarious workers within a cycle of precarious positions. Moreover, the compensation of these contracts is usually lower resulting in diminished purchasing power.

Finally, the quality of life and health is affected negatively given the overall instability, lower access to bank loans and the lower access to vocational training opportunities. In closing, France's proactive labour market reforms deserve recognition for their positive impact on economic adaptability. However, it is crucial to ensure that vulnerable groups, such as low-paid workers and young professionals, are not left behind. It is important to address the uneven impact of these reforms across different industries to avoid skill-match and ensure a balanced distribution of opportunities and benefits.

**Figure 27.** Precarious Employment by Sector and Gender



Source: Eurostat and own calculations

## 4. Conclusion

Our exploration of the French and Spain workers' social protection system, its evolutionary trajectory, and the complex landscape of labour market reforms has brought evidence to the nations' dedication to navigating the complexities of a changing economic environment in the attempt of fortifying the countries' workforce against the challenges of unemployment and inequality. While distinct challenges endure, the collective initiatives aimed at bridging skill gaps, bolstering employability, and alleviating vulnerability among certain segments of the labour force underline the countries' adaptive initiatives.

Although establishing a direct causal relationship from macroeconomic data presents challenges, our analysis uncovers encouraging indicators that underscore the efficacy of the primary social protection measures instituted by the French and Spanish government for protection and activation of its

workforce. Particularly in the French case, Eurostat data reveals that the in-work-at-risk poverty rate for full-time employees experienced a slight uptick following the Great Depression yet pivoted toward a downward trajectory subsequent to the implementation of the 2016 in-work benefit. This trend speaks to the potential impact of this initiative. However, a different picture emerges when addressing the plight of part-time employees. Despite the strides taken, the risk of subsiding beneath the poverty threshold remains unresolved.

Always in France a second, yet interconnected, concern is that of the prevalence of precarious contracts. The industrial and manufacturing sectors are particularly affected by the phenomenon, which, in cumulative terms has witnessed an uptrend in the pre-pandemic years 2015 – 2019. As also underscored by a report of the French Ministry of Labour and Finances (Ministère de l'Économie et des Finances 2019) the present methodology for the computation of unemployment benefits might incentivize the adoption of a series of short-term contracts which entail several forms of socio-economic inequality. Notably, the phenomenon is specific to certain vulnerable groups, i.e., the lowest paid and younger workers. Furthermore, the phenomenon assumes an industry-specific dimension, with certain sectors witnessing a more conspicuous utilization of precarious employment contracts in comparison to others. From an individual perspective, short-term contracts offer limited paths for career growth, entrapping precarious workers within a cycle of precarious positions. Moreover, the compensation of these contracts is usually lower resulting in diminished purchasing power. Finally, the quality of life and health is affected negatively given the overall instability, lower access to bank loans and the lower access to vocational training opportunities.

In closing, France's proactive labour market reforms deserve recognition for their positive impact on economic adaptability. However, it is crucial to ensure that vulnerable groups, such as low-paid workers and young professionals, are not left behind. It is important to address the uneven impact of these reforms across different industries to avoid skill-mismatch and ensure a balanced distribution of opportunities and benefits.

In Spain the situation appears almost similar, especially for the reforms applied during and after the pandemic phase. Indeed, a first element to highlight, in the Spanish case, is the significant transformation experienced by social protection in Spain over the last three years. This transformation has been particularly important in two of the three schemes studied in this Working Paper. First, the system of employment protection, that played a key role during the Covid-19 emergency to keep jobs, has been rationalised to clearly determine the conditions under which different schemes can be applied by companies. Additionally, new instruments have been created to face crisis situations in particular sectors. Secondly, the minimum income programmes have been redefined to guarantee a minimum income nation-wide and leave behind the fragmentation that has characterised this instrument. With the creation of the Minimum Living Income, Spain finally solves a deficit by setting-up a last-resort income protection mechanism. Compared to the employment protection or minimum income schemes, unemployment protection hasn't experienced structural changes, but has nonetheless expanded its coverage to groups of workers that were previously excluded. Moreover, the anticipated call for elections has interrupted ongoing discussions to reform assistance-based unemployment protection that were included as part of the Spanish Economic Recovery Plan.

Despite the decline observed in both poverty and unemployment rates during the post-pandemic period, the unemployment rate in Spain remains very high with a particularly high share of long-term unemployed. Similarly, despite the decline in poverty rates, Spain ranks fourth in the EU's poverty

rate. It goes beyond the scope of this report to establish which has been the impact of these reforms in bringing down both unemployment and poverty rates, but it can be argued that especially in relation to poverty, the introduction of the Minimum Living Income has already contributed and will keep doing so in the future, to reduce poverty rates.

Finally, in the case of unemployment protection, the analysis shows limited evidence for the existence of strong disincentives to return to work. The large share of long-term unemployed since the financial and pandemic crises is most likely explained by skill mismatch due the age profile of the majority of long-term unemployed. However, a recent study by the Bank of Spain showed that a reduction in the duration (not the replacement rate) of unemployment benefits can have a positive impact on the rate of return to the labour market.

In the case of the minimum income schemes, it is still too early to assess its impact on labour demand. The limited evidence available, points to a non-significant impact on return to employment flows, though this is still based on a limited number of years that moreover were rather exceptional because of the Covid-19 pandemic.

Overall, this analysis confirms how the two countries with differentiated routes of industrial relations, welfare systems and labour market structures, have tried to move in recent years, with an acceleration in the pandemic phase, towards an extension of the social protection system based on the principle of a differentiated universalism in the structure of social shock absorbers and an differentiated conditionality of activation policies. Specifically, a set of income protections in the labour market, with contributive and non-contributive tools, integrated with each other, and a differentiated conditionality path depending on the income protection measure that the beneficiary is taking advantage of. This system in both countries has essentially had the objective of including non-standard work subjects (contingent work, platform work, independent work, working poor) and long-term unemployed in activation and social protection paths, enhancing compatibility with the characteristics and needs of the beneficiary and the last evolution of a post-Fordism labour market (Inapp and De Minicis 2023).

## Appendix

### *Understanding the Curve*

The Beveridge Curve represents the inverse relationship between the unemployment rate and the job vacancy rate over time. Throughout all our analysis we consider job vacancy rates which have been lagged by one quarter to allow for time invested in job search activities. In a well-functioning labour market, it is generally expected that low unemployment rates correlate with a higher number of job vacancies, and vice versa. The curve's central idea is that when job vacancies increase, it should become easier for the unemployed workforce to find suitable employment, leading to a decline in the unemployment rate.

### *Interpretation of shifts*

Changes in the Beveridge Curve's position and shape can provide crucial insights into the underlying factors influencing the labour market. Shifts in the curve can be indicative of structural changes, such as changes in labour market regulations, skill mismatches, demographic shifts, or technological advancements. For example, a rightward shift of the curve may signal a decrease in job vacancies relative to unemployment, possibly indicating a tightening labour market or a shift in employer hiring practices.

### *Implications for policy*

Understanding the Beveridge Curve is essential for policymakers when devising measures to address unemployment and promote economic stability. If the curve shifts in a way that indicates rising structural unemployment, policymakers might need to focus on improving education and skills training programs to align the workforce with evolving job requirements. Conversely, if the curve shifts due to cyclical factors, fiscal or monetary policies may be implemented to stimulate demand and promote job creation.

### *Limitations*

It is essential to acknowledge the limitations of the Beveridge Curve. Factors such as imperfect information, geographical mismatches, and frictional unemployment can influence the position of the curve. Additionally, the curve does not capture changes in labour force participation rates, which can also affect overall labour market dynamics.



## References

- AIReF (2022), *Primera Opinión Ingreso Mínimo Vital*, Madrid, Autoridad Independiente de Responsabilidad Fiscal
- AIReF (2023), *Segunda Opinión Ingreso Mínimo Vital*, Madrid, Autoridad Independiente de Responsabilidad Fiscal
- Aldama P., Cochard M., Ouvrard J.F. (2020), Economic policies contributed to strong job creation in France from 2016 to 2019, *Bulletin de La Banque de France*, 231, n.6, pp.1-10
- Arranz J.M., Ayala Cañón L., García Serrano C., Martínez Virto L. (2019), La dinámica de las prestaciones de garantía de ingresos y sus efectos sobre la inserción laboral, *Panorama Social*, n.29, pp.119-136
- Arriba González de Durana A., Aguilar-Hendrickson M. (2021), Entre recalibración y continuidad: el contexto del nacimiento del IMV, *Revista Española de Sociología*, 30, n.2, pp.1-12
- Arriba González de Durana A., Pérez Eransus B. (2007), La última red de protección social en España: prestaciones asistenciales y su activación, *Política y Sociedad*, 44, n.2, pp.115-133
- Banco de España (2023), *Informe Anual 2022*, Madrid, Banco de España
- Blanchard O.J., Diamond P., Hall R.E., Yellen J. (1989), The Beveridge Curve, *Brookings Papers on Economic Activity*, 1989, n.1, pp.1-76
- CCOO (2023), *Mercado de trabajo y protección por desempleo año 2022. La reforma pendiente de la protección por desempleo*, Madrid, Confederación Sindical de CCOO
- Chetty R. (2008), Moral Hazard versus Liquidity and Optimal Unemployment Insurance, *Journal of Political Economy*, 116, n.2, pp.173-234
- CLEISS (2022), *The French Social Security System. V - Unemployment insurance*, Montreuil, Centre des Liaisons Européennes et Internationales de Sécurité Sociale <<https://bitly.ws/ZvAJ>>
- Estevão M.M., Tsounta E. (2011), *Has the Great Recession Raised U.S. Structural Unemployment?*, IMF Working Papers n.105, Washington, International Monetary Fund
- Inapp, De Minicis M. (a cura di) (2023), *Evoluzione dei regimi di protezione sociale dei lavoratori alla prova della crisi pandemica. Un'analisi internazionale*, Inapp Report n.38, Roma, Inapp
- International Monetary Fund (2016), *France: Selected Issues*, IMF Staff Country Reports n.228, Washington, International Monetary Fund
- Maravalle A., De la Serve M.-E., Verdugo G. (2014), La courbe de Beveridge dans la zone euro depuis la crise: une hausse du chômage structurel depuis 2010, *Bulletin de La Banque de France*, n.198, pp.101-112
- Ministère de l'Économie et des Finances (2019), *The development of very short-term employment contracts in France*, Trésor-economics n.238, Paris, Ministère de l'Économie et des Finances
- Ministerio de Derechos Sociales y Agenda 2030 (2022), *Informe de Rentas Mínimas de Inserción. Año 2021*, Madrid, Ministerio de Derechos Sociales y Agenda 2030
- Pôle emploi (2022), *Self-employed workers, find out about your rights to the Self-Employed Workers' Allowance (ATI)*, Pôle emploi <<https://bitly.ws/ZvKd>>
- Unédic (2023a), *Assurance chômage: ce qui entre en vigueur au 1er février*, Paris, Unédic <<https://bitly.ws/ZvPd>>
- Unédic (2023b), *Taux de contribution*, Paris, Unédic <<https://bitly.ws/ZvPq>>

