



## Peer Country Comments Paper – FRANCE

Peer Review on “In-work progression – approaches and challenges ”  
Manchester, UK, 26-27 March 2018

**Activity rate, poverty rate and  
wage progression: can we hit  
multiple targets in one go?**

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# Labour market situation in France since 2010 (1)

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- **Employment trend :**
  - Constant (moderate) job creation
  - Constant increase in active population
    - ✓ Steadily high unemployment
- **Pay trend :**
  - ✓ Slow growth

# Labour market situation in France since 2010 (2)

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## ➤ **To what extent is in-work progression an issue?...**

...given that the (hourly) minimum wage is more than 60% of the median wage

- ✓ Relatively high hourly wage does not prevent from low monthly wage
- ✓ Some employees are stuck in low wages for long periods of time

# Assessment of the policy measure (1)

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- **Financial incentive to work (FIW): similar active labour market policies exist in France and UK:**

“Prime d’activité” (activity bonus)

A requestable allowance means-tested against household revenue and paid monthly

# Assessment of the policy measure (2)

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- **What can we learn from the French debate over FIW?**  
Focus on their potential detrimental effect on activity rates
  - The role for degressive benefits  
But we should not forget there are other obstacles to return to work
  - The necessity for individualised support  
Different worker profiles must be taken into account
- **The necessity to take into account employer strategy**

# Assessment of the policy measure (3)

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- In the end,  
the focus of existing FIW policies is to **get people to work**  
Yet, these policies also aim to **reduce poverty**  
We should be careful if we want to add **in-work progression**  
as a third goal

# Assessment of future progression policy development

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## ❖ **Potential drawbacks in policy design**

- ✓ Consider take-up rate among the objectives
- ✓ Consider the gender dimension in means-testing against household OR individual income
- ✓ Consider the quality of the match as well as its existence

## ❖ **Policy evaluation raises important methodological challenges**