ISBN 978-92-64-02970-5
Ageing and the Public Service:
Human Resource Challenges
© OECD 2007

PART II

Chapter 8

Ageing and the Public Service in France

Ageing: Facts, figures and forecasts 141
Ageing population and labour markets: facts and consequences on public finance 141
Ageing civil service 142
Adapting the civil service to ageing challenges: Government strategy and actions 148
Design and leadership of ageing strategies 148
Government actions 149
Anticipated impact of government actions 157
Cost containment 157
Capacity maintenance 158
Taking advantage of ageing to reorganise public services and improve efficiency 160
Conclusion 161

Executive Summary

Among OECD member countries, France is one of those most affected by the challenges of an ageing public sector. Large-scale retirements have already begun in some sectors and will increase dramatically between 2009 and 2015. Several policy challenges have arisen from this structural development. Between now and 2020, public expenditures devoted to pension benefits are projected to double, as roughly one-third of the current workforce retires. As the proportion of public expenditures dedicated to paying pension benefits increases in proportion to those for public service delivery, the process of budgetary "arbitration" is expected to be completely transformed.

In addition to the financial challenge, capacity maintenance is going to rapidly become a serious issue. In the next 10 years, France will be managing the retirement of roughly one-third of its workforce. Officially, the aging civil service will be taken as an opportunity to decrease the total public wage bill, through a partial replacement of retiring personnel. Furthermore, the forthcoming capacity maintenance strategy will be focused on adapting managerial tools as well as on workforce planning based on competency needs by sector. However, at the moment, there is no specific proactive recruitment policy for sectors facing an increase in public service demand. On the other hand, a specific effort to overhaul mobility and recruitment procedures, as well as some new HR instruments and programmes, are in the works, in order to enhance strategic HR planning.

The second significant challenge lies in the changes to the composition of the labour market. Since the civil service comprises 23% of the total wage bill, personnel attrition and the increasing costs of public pension liabilities may lead to turbulence in the labour market. Although competition between the public and private sectors may increase with a reduction of the active workforce – especially in the public sector – the attractiveness of the public sector as an employer, and thus its ability to retain qualified people, may become an issue for the public sectors of some OECD member countries. However, unlike in other countries, the objective of attracting qualified replacement workers is not one of the basic pillars of the reform strategy in France. On the contrary, the focus is on the issue of efficiency: workforce planning based on meeting the competency needs of the administrations, as well as on budgetary targets, will be implemented within a structural governance framework.

Finally, the third major challenge is reflected in the need to restructure public service delivery, especially given that the demands of an aging population on the public treasury will be increasingly focused on healthcare. In this area, France has yet to implement a global strategy based on resource reallocation across sectors and levels of government.

In France, the ageing strategy is mostly focused on human resource management with the institutional aspects, budget reallocation and reorganization of the public service delivery limited to minor interventions. However, the HR component of the ageing strategy appears, compared to other countries, relatively thorough. The first objective aims at

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

containing the cost increases, as in many OECD member countries. But the goals of delaying large-scale departures, developing a specific policy for older workers and maintaining capacity for the future have been developed into a policy framework.

1. Ageing: Facts, figures and forecasts

1.1. Ageing population and labour markets: facts and consequences on public finance

1.1.1. Ageing population[1]

Compared to its neighbours, France stands out for having a slightly higher birth rate than the average. Forecasts[2] show that the French population should continue to grow and age at the same time. The population is projected to grow by 9% between 2000 and 2050 and the share of over 65s in the population is projected to increase from 16% to around 30% over the same period.

Table 8.1. **Age structure of the French population**

	Total	Men	Women
Total population	60 561 200	29 424 051	31 137 149
Under 20 years old	15 085 973	7 713 899	7 372 074
20 to 64 years old	35 527 760	17 630 718	17 897 042
Over 65 years old	9 947 467	4 079 434	5 868 033

Note: Provisional population data for Metropolitan France, as of 1 January 2005.
Source: INSEE.

The share of the working age population aged between 20 and 64 in the total population is expected to decrease from 52% in 2000 to around 45% in 2050.

The old-age dependency ratio was around 27% in 2007, nearly five percentage points higher than the OECD average (see Figure 8.1). In the coming decades, this ratio is set to increase in France at roughly the same rate as the OECD average, to reach 42% in 2025 and 58% in 2050. The total dependency ratio stood at 71% in 2000 and is set to reach 81% in 2025 and 97% in 2050, meaning that in 2050 the sum of population aged over 65 and that aged under 20 will almost exactly correspond to the population aged 20-64.

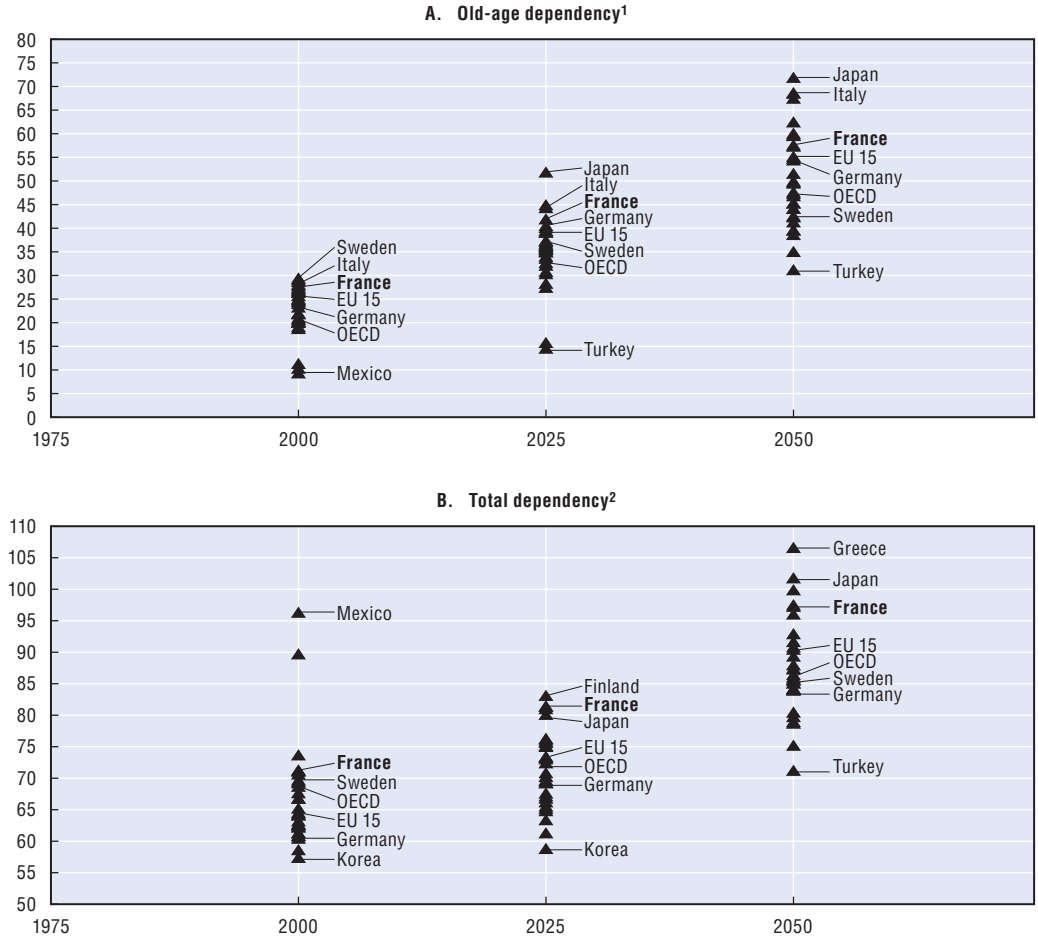
1.1.2. Ageing labour market[3]

In terms of labour force flows, the number of exits should be particularly high from the early years after 2010, when the baby boomers reach the age of 65. Over the 2010-2050 period, the population of 20-64 year olds should decrease on average by 80 000 a year. Labour force exits should stabilise in 2040, when the smaller cohorts of people born in the 1970s reach the age of 65.

Based on behaviour in 2000, the participation rates of men aged 50-64 in France are lower than the average in OECD member countries,[4] the opposite is true for French women in the 50-64 age bracket. The combined total for men and women gives a percentage point gap of 20 compared with Sweden, for instance, and 3.5 compared with the OECD average. Very few people beyond the age of 65 work in France (3%), compared to an OECD average of 19%.

Official projections in France estimate that the total labour force will decrease to approximately 24 million in 2050,[5] which represents a slight increase in labour force participation. Under constant labour force participation, the decline of the labour force in

Figure 8.1. **Demographic dependency ratios, 2000-2050 (%)**



1. Ratio of population aged 65 and over to population aged 20-64.
2. Ratio of the sum of the population aged less than 20 and the population aged more than 65 to the population aged 20-64.

Source: Ageing and Employment Policy/Vieillissement et politiques de l'emploi. France, OECD, 2005, drawn from National projections and UN, *World Population Prospects 1950-2050* (2002 Revision) for Greece, Ireland, Luxembourg, Mexico and Turkey.

France between 2000 and 2020 would be near the European Union average and higher than the European Union average for the 2020-2050 period.

This situation may result in considerable pressure on labour markets, especially in demand for the most qualified workers. However, high unemployment rates might help mitigate these effects.

1.2. Ageing civil service

1.2.1. Ageing in the public and private sectors

The average age in the public and private sectors was nearly the same in 1982, today it is six years higher for the public service, especially among state civil service personnel (41.3 for the state civil service, 43.5 years for the local civil service, and 42.5 for the hospital civil service).

The age structures over time for each sector are shown in Figure 8.2. The age structures were similar across both sectors in 1982. This situation has since changed: in the

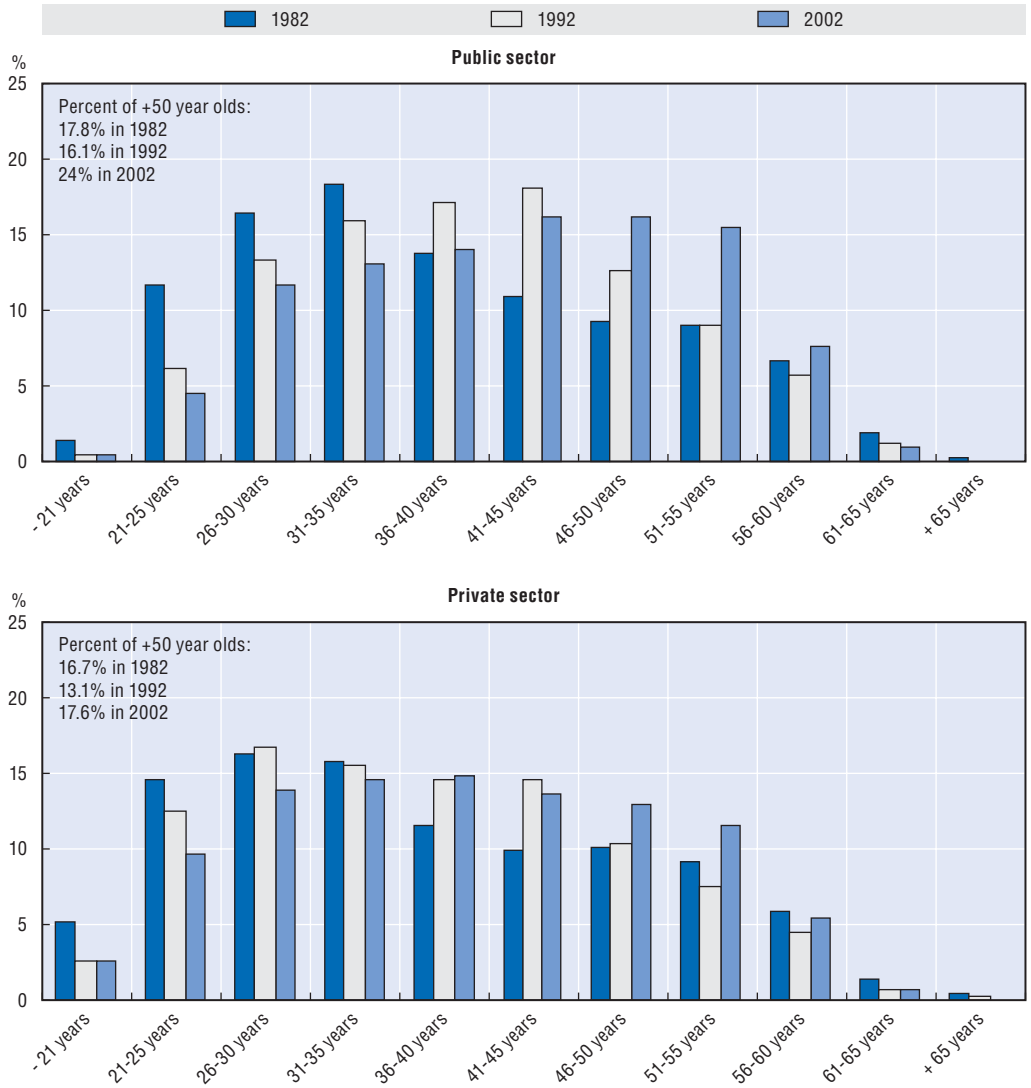
AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

public sector today, the biggest age brackets are from ages 40 to 55, while in the private sector the biggest ones are from 30 to 45. The age structure is also now smoother in the private sector than in the public sector: the five age bands between 25 and 50 have similar weights in the private sector, while in the public sector the differences in proportions across age bands are much more pronounced.

These developments can be explained by many factors: the low proportion of very young employees (under 25 years old) in the public sector, the nature of the civil service system in France, and the particular conditions of the labour market.

The proportion of very young employees has become much lower in the public sector than in the private sector. This can be explained, in turn, by the fact that education is often a *de facto* requirement for entry into the civil service, which is not the case for all branches of the private sector. As a result, workers in the youngest age bracket are better represented in the private sector than in the public sector.

Figure 8.2. **Evolution of age structure in the public and private sector workforce**



Source: INSEE, Enquête emploi.

In addition, the public sector tenure system creates a situation in which employees are recruited relatively young and are expected to remain in the public sector for the duration of their careers. Larger recruitments during certain periods,[6] therefore, necessarily have knock-on effects in the future age structure. At the same time, the relatively lower rates of departure and lateral entry, as compared to the private sector, serve to compound this effect.

The over-55 age brackets are quite similar for the public and private sectors, with marked decreases in both cases from younger age brackets, but are still slightly higher in the public sector. In the public sector, due to the tenure system, exit into early retirement or inactivity is based on the choice individual employees, and not to a termination of employment, which results in a higher proportion of workers over the age of 55 in the public sector.

All of these factors combine to create a much higher proportion of workers over the age of 50 in the public sector than in the private sector: 17.6% in the private sector as against 24% for the public sector, in 2002.

As a result, the public sector will be affected by large-scale departures much sooner than the private sector. In fact, large-scale departures from the public sector workforce have already begun. However, it is forecast to become critical from 2008/09 to 2015. Thus, ageing poses an immediate policy challenge for France. According to French official forecasts,[7] 15 000 public employees were expected to leave the civil service in 2005, and a further 30 000 in 2007 and 2008. OECD forecasts show that more than 30% of current civil servants will retire between 2010 and 2020.

The private sector, coming later to the tight labour market, will then likely face considerable problems attracting highly skilled employees. However, over the long term, this also will depend on the attractiveness of the public sector for the best-qualified workers. In addition, again, the high unemployment rate in France might serve to alleviate labour market strain and mitigate the intensity of competition between the public and private sectors in attracting and retaining skilled employees.

1.2.2. Differences across the three civil services

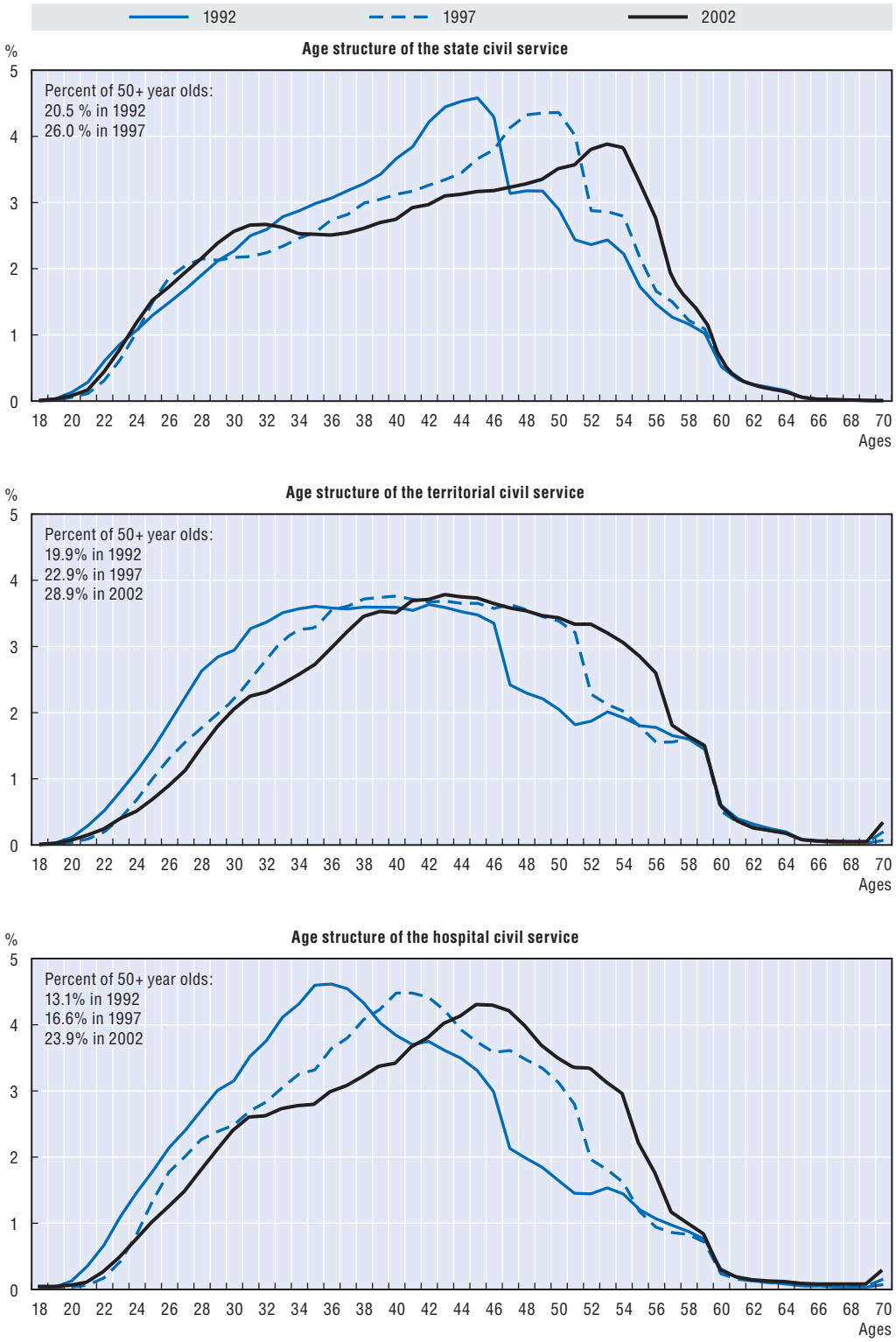
The civil service and public administrations comprised 5.2 million employees, as of 31 December 2003, which represents about 22% of the entire active population. There were 2.6 million employees in the state civil service and the public administrations attached to them (of which over 1.2 million were in the public education sector), 1.6 million in local authorities and public administrations, and 970 000 in the hospital civil service.

The average age across the three civil service systems is relatively similar. But whereas the age pyramid for the state civil service is skewed towards older age groups, the age pyramids for the local and hospital civil services reflect a more even age distribution.

In the state civil service, then, the demographic phenomenon of ageing is already underway, not yet in terms of large-scale retirements but as reflected in the proportion of older workers (+50 years): 31% for the state civil service, 23.9% for the hospital civil service, and 28.9% for the local civil service. It should be mentioned that these data only take into account full civil servants, and not more casual staff under fixed-term contracts.

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

Figure 8.3. **Evolution of the age structure of workers in the three civil services**



Source: Insee, Fichier de paie des agents de l'Etat-Titulaires des ministères civils and CNRACL, Titulaires en activité au 31 décembre de l'année.

1.2.3. Differences across sectors and functions

Differences in age structure between the various sub-sectors of the civil service are largely a function of flexible retirement options. Some sub-sectors and occupations have lower retirement ages as compared to others, which explains why the percentage of older workers in these sub-sectors is lower than the average. In the central government, civil servants from the Ministry of Interior (police) and the Ministry of Education (professors) can retire from the age of 50. In the health sector, despite considerable recruitment until the mid-1980s, the pyramid is whittled away after 51-56 years as a result of early retirement; with 40% of nurses among the non-medical staff, the hospital civil service has a large proportion of staff eligible for retirement at age 55.

In general, as in many OECD member countries, the two sectors that will be affected most are education and healthcare, with many leadership functions potentially compromised as well.

Education

Education comprises a considerable part of the state civil service. It accounts for 1 068 million of the 2.6 million state civil servants. As shown in Figure 8.4, the proportion of workers over 50 is considerable (32%). Furthermore, the average age is also quite high (44.7 and 45.4 years) and the average retirement age is very low compared to that of the private sector, as well as of other parts of the civil service.

Teachers at the primary and secondary levels benefit from early retirement schemes (average retirement age is around 55). Against this background, large-scale departures have already started and will continue to increase in this sector from 2008 to 2010, while one civil servant in four may have retired between 2005 and 2010. By 2020, more than 60% of current employees in the education sector will have retired.

Table 8.2. **Distribution of state civil servants, by ministry, age and sex, as of 31 December 2003**

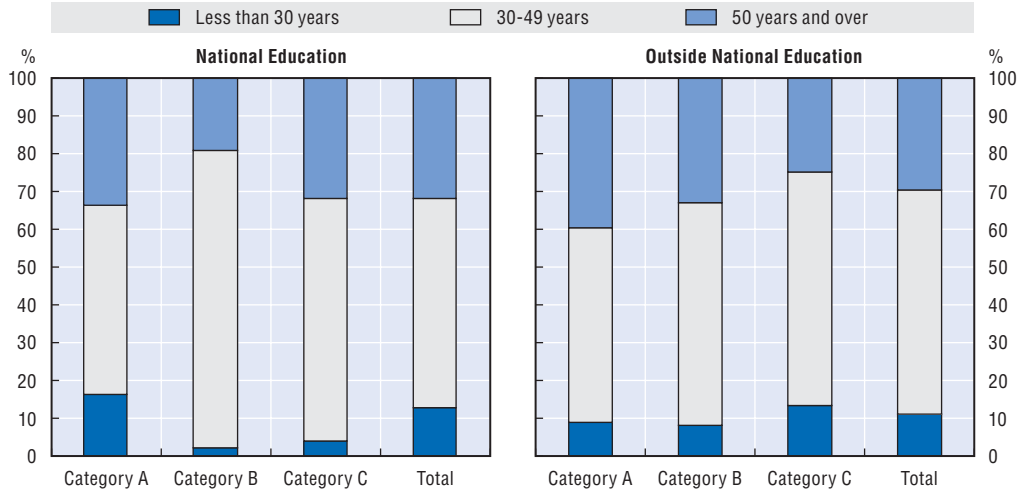
Ministry	Total workers			% under 30 years of age		% aged 50 years and over	
	Men	Women	% of women	Men	Women	Men	Women
Foreign Affairs	11 374	8 196	41.9	9.2	13.7	37.8	33.3
Agriculture	18 832	20 025	51.5	12.4	14.4	34.6	27.0
Culture	6 600	7 385	52.8	5.5	8.2	38.6	32.6
Defence	348 035	73 115	17.4	34.4	35.5	9.9	15.9
Economy, Finance and Industry	79 134	117 152	59.7	8.1	6.2	36.7	37.0
National Education	356 684	712 083	66.6	15.2	18.9	31.1	27.2
Employment and Solidarity	8 217	20 138	71.0	7.2	7.7	41.5	30.4
Higher Education	76 085	65 394	46.2	9.8	10.7	39.2	34.9
Equipment	83 568	32 828	28.2	8.6	9.4	34.4	34.7
Interior	120 500	52 564	30.4	21.2	17.0	18.4	22.5
Youth and Sport	4 523	3 026	40.1	9.2	10.7	37.2	31.1
Justice	32 981	37 657	53.3	11.7	14.5	23.0	25.3
Overseas	1 548	1 192	43.5	16.2	6.3	23.6	35.8
Research	6 418	4 590	41.7	97.5	97.9	0.0	0.0
Office of the Prime Minister	1 751	1 835	51.2	12.9	9.6	34.9	33.6
Total	**1 156 250**	**1 157 180**	**50.0**	**20.4**	**17.6**	**24.4**	**27.9**

Note: These numbers include contract employees.

Source: Insee, Analysis of Payroll Data:Provisional results. DGAFP, Department of Statistics, Research and Evaluation.

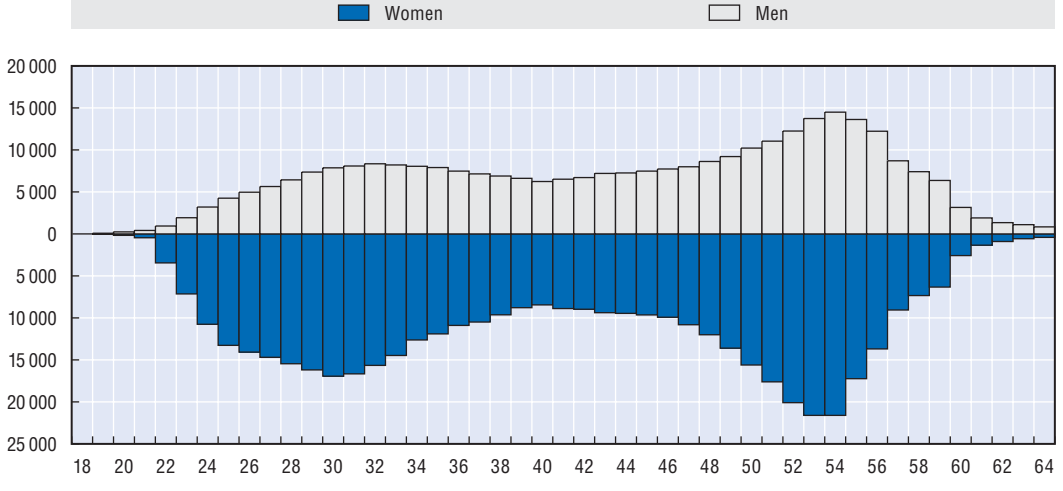
AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

Figure 8.4. **State civil servants by rank category and age, as of 31 December 2003**



Source: INSEE, Analysis of Payroll Data. Provisional Results. DGAFP, Department of Statistics, Research and Evaluation.

Figure 8.5. **Age pyramid of teachers in the state civil service, as of 31 December 2002**



Source: INSEE, Analysis of Payroll Data. Provisional Results. DGAFP, Bureau of Statistics, Research and Evaluation.

Healthcare

The hospital civil service comprises 970 000 public employees. As shown in Figure 8.5, the evolution of its age structure shows a considerable ageing process over the past decade: the proportion of workers 50 years old and over was 13.1% in 1992, rose to 16.6% in 1997, and reached 23.9% in 2002. As in the education sector, employees in the healthcare sector retire well before the legal retirement age (around 55). Large-scale departures will occur from 2010, with 23% of staff retiring between 2010 and 2020. The situation is less dire than in the education sector for this period, due to the relative youth of the healthcare civil service as compared to the state civil service. However, it is all the more serious an issue since the demand for health services will increase as the general population ages. That is why France has already had to identify the capacity maintenance issues caused by significant retirements in the health sector. The hospital civil service will have to replace a substantial number of its workers in the coming years.

Leadership and management functions (Senior Civil Service)

Outside of the national education system, roughly 40% of senior staff is over 50 years old, with the proportion for men reaching as high as 45%. According to surveys and data that focus specifically on the senior civil service,[8] a drastic skills reduction is anticipated, beginning in 2006, as many employees in leadership positions retire. In this respect, the ageing of the civil service poses a short-term challenge with regard to maintaining certain specific competencies.

2. Adapting the civil service to ageing challenges: Government strategy and actions

2.1. Design and leadership of ageing strategies

The ageing policy for the public sector in France is operating within a government-wide framework, but does not constitute an economy-wide global strategy. Ageing policy has been aimed at conforming staff management practices to public policy objectives, as they are conditioned by different structural elements (ageing, ITC, etc.). In this respect, ageing is only one policy challenge among others to be confronted as part of the larger objective of modernizing and increasing government efficiency. But the human resource component of the ageing strategy appears to be quite developed.

Containing costs, delaying large-scale departures and retaining older workers have been put at the top of the agenda across the entire labour market, but is also a key priority of the HR ageing strategy. New legislative frameworks were adopted for the private sector in 2005. In the public sector, this policy is an about-face from past workforce management policies. Between 1982 and 2003, the objective, in both the public and private sectors, was to free up positions held by people over 55 in order to give them to the younger generation or to achieve productivity gains. The rising old-age dependency ratio, and the resulting increase in pension costs, has led to this strategic shift.

The ageing policy is being designed and supervised by the Ministry of State Reform (DGAFP), the central HRM body. A specific agency of the central civil service is in charge of ageing issues: the Public Sector Employment Observatory (*Observatoire de l'Emploi public* – OEP), for the state public service and local civil service, and the National Observatory of Demography in the Health Professions (*Observatoire national de la démographie des professions de santé* – ONDPS), for the healthcare civil service.

Two main additional objectives have been identified in response to ageing issues: first, the state as an employer must mitigate the risk of increasing competition in the labour market, not only between the public and private sectors, but even among public services themselves; second, the state, as a guarantor of the public interest, must develop a strategic capacity/HRM policy to ensure that the pool of skills match the needs of the public sector, guaranteeing that labour shortages, especially of highly skilled labour, do not compromise economic growth. The first objective integrates the issue of an ageing public sector into an economy-wide policy approach, whereas the second requires a specific policy to cope with the particular challenges and requirement of the ageing public sector.

France has devised a very ambitious government-wide mechanism to achieve this latter objective: the GPEEC (*Gestion Prévisionnelle des Effectifs, des Emplois et des Compétences*), which forecasts staffing needs in terms of specific jobs and skills. Introduced in the early 1990s, the GPEEC has responded efficiently to the replacement needs of the ageing civil service, allowing ministries to better adapt their staff to the tasks that they are asked to

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

perform. In this respect, ageing is perceived as a "window of opportunity" for increasing public sector efficiency. The GPEEC mechanism, as a means of adapting human resources to the future needs of public services, while taking into account the demographic context, is a core element of ageing policy over the medium term.

Each ministry is responsible for creating its own GPEEC mechanism according to the same methodology, thus ensuring consistency. Each ministry will provide a GPEEC plan, including a precise snapshot of budget spending and staffing over recent years, an evaluation of current staff, an evaluation of budgetary needs consistent with the missions adopted within the ministerial reform strategy, and the definition of a human resources management policy corresponding to those changes. Each GPEEC plan will be implemented directly through the LOLF (Organic Budget Law), with annual performance reports presented to Parliament. The GPEEC is based on medium-term considerations and thus exceeds the framework of the annual budget. It represents a strategic pillar of the overall objective of the modernisation of the governance functions of the state.

2.2. Government actions

2.2.1. Decreasing costs and increasing productivity, while maintaining capacity

Pension policies to contain the costs of future pension liabilities and delay large-scale departures

Current overview

Two phenomena can be observed: *i)* steady and significant growth in pension costs; and, *ii)* an increasing share of pensions are funded by the state.

For the state civil service, pension liabilities and receipts are included directly in the state budget. In 2003, retirement and disability pensions for state civil servants represented 11.8% of general budget expenditures, in the amount of EUR 20.4 billion. In 2002, civil servant pensions amounted to 20% of pension insurance expenditures. Between 1990 and 2003, these expenditures more than doubled, at an average annual growth rate of 5.7%. Pension costs have risen faster than the general state budget (+4.6% per year compared with +3.1%). In 2005, the state's balancing contribution alone constituted an implicit contribution rate of 60.3%, borne by the state as employer. This growth in pension costs is due to the increase in the number of pensioners (caused by increasing life expectancy), to the progressive retirement of the baby-boom generation, and to the increasing size of benefits paid to pensioners, especially those recently retired.

Unlike state civil servants, local and hospital civil service workers belong to a pension fund – the National Pension Fund for Local Civil Service Workers (CNRACL) – which is funded by social contributions. However, the costs borne by the CNRACL are rising faster than its resources. Despite its lower average age, as compared to the state civil service, the other two will undergo the same pension costs evolution: over the period 1990-2003, the number of pensioners rose by 77% (an annual average of +4.5%), while at the same time the number of contributors rose by only 23% (an annual average of +1.6%, broken down into +0.9% for the hospital civil service and +2.2% for the local civil services).

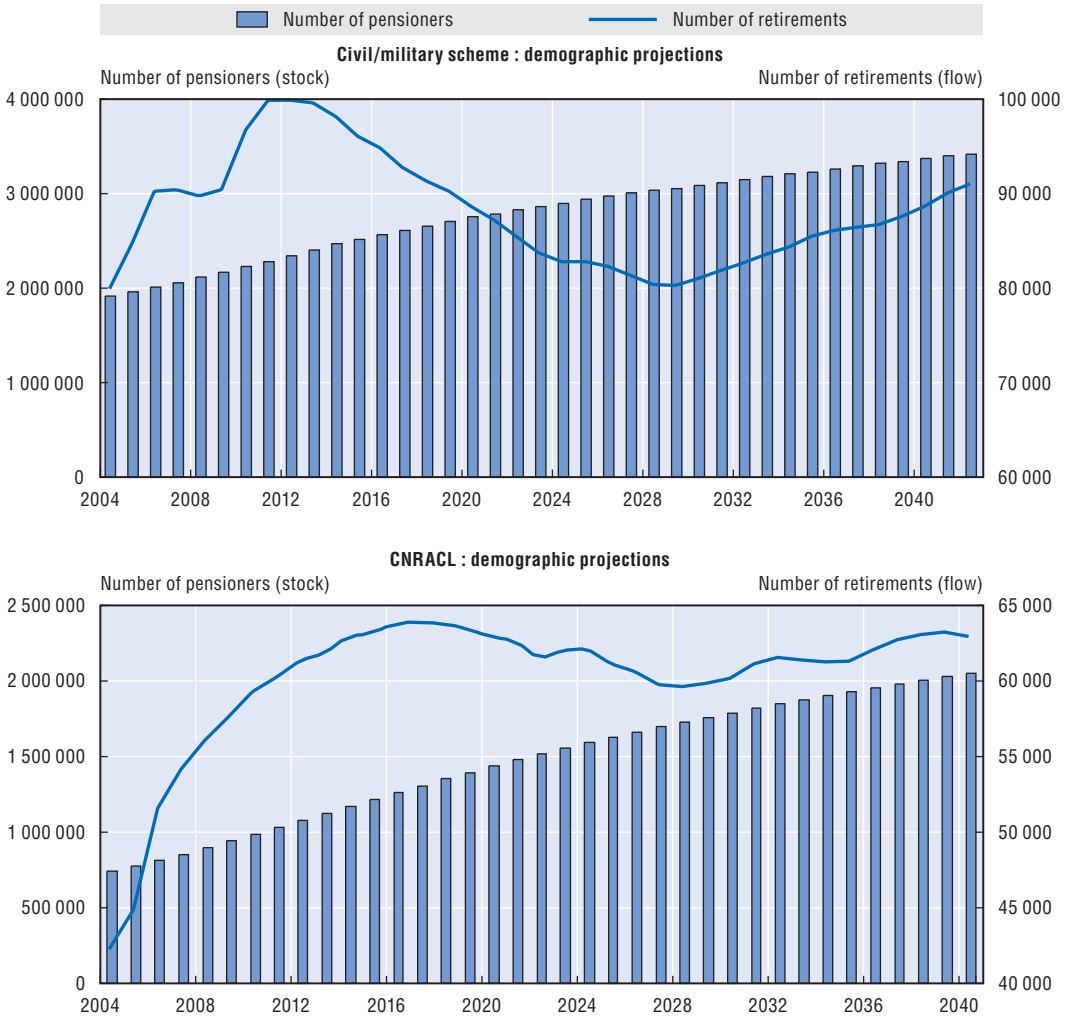
Financial challenges

Demographic trend projections for public service pension schemes have been generated by the Pension Advisory Council.

Table 8.3. **Forecasted pensions costs**

State (civil/ military scheme)	2003	2010	2020	2040
Total pensions	33 billion [euro]	44 billion [euro]	61 billion [euro]	99 billion [euro]
Increase in financing needs/2003		7 billion [euro]	19 billion [euro]	39 billion [euro]
Increase in overall implicit contribution rate/2003		14 points	30 points	44 points
CNRACL (local and hospital civil service)	**2020**		**2040**	
Total pensions	22.2 billion [euro]		40.7 billion [euro]	
Technical balance (contributions – benefits)	–7.5 billion [euro]		–20.5 billion [euro]	
Enlarged balance (including equalization and management costs)	–9.3 billion [euro]		–19.9 billion [euro]	

Figure 8.6. **Civil/military scheme: demographic projections**



Source: CNRACL (Caisse Nationale de Retraites des Agents des Collectivités Locales).

The continued rise in the number of pensioners in the three civil service systems has resulted in a negative demographic ratio: the number of pensioners is rising much faster than the number of contributors. This effect is amplified by an increase in the amount of benefits paid to pensioners, especially recent retirees. Over the period 1990-2003, the pension benefits more than doubled from EUR 3.6 billion in 1990 to EUR 8.6 billion in 2003,

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

an average annual increase of 6.8%. At the same time, the rate of pension deductions and the contribution rules for public employers other than the state remained stable. As a consequence, the state alone has borne the full cost of this rise in contributions. This unsustainable financial situation resulted in the 2003 pension reform.

Public pension reform

Unlike a number of other OECD member countries, France has entirely separate public and private sector schemes.[9]

France has carried out a number of reforms of its public sector pension schemes, including:

- Pension reform has been linked to broader budget reforms, as well as to overall state reforms aimed at introducing output-based management systems. Article 21 of the Organic Budget Law created a special "pension" appropriation account. As of 1 January 2006, pension operations and related transactions are posted to a separate account, and so excluded from the general state budget.
- Public pension reform mainly took place with the introduction of the Pension Reform Act, introduced in Law No. 2003-775 of 21 August 2003:
  - The law did not amend the legal retirement age, which is 60 (with an age limit of 65 years) with many exceptions.[10] The cornerstone of the reform was to increase the minimum length of the contribution period. The minimum period of activity necessary to receive a full pension will thus rise from 160 to 168 quarters (42 years) by 2020.
  - In addition, a second aspect of pension reform has been to create linkages between demographic features and pension schemes: from 2008, the parameters of the general system and the civil service system will evolve in parallel, based on the demographic conditions of those schemes. Indexation calculations – held primarily "responsible" for the increasing pension costs – will be reworked.
  - Several new options have also been introduced: extension of the range of eligible service, purchase of study periods, possibility of making extra contributions in the case of part-time work.
  - Pensions from public service wages and salaries have now been re-indexed (they are now indexed to inflation, as in the social security system).
  - Finally, progressive cessation of activity schemes were reformed based on a set of financial incentives and bonuses. Prior to this reform, the scheme allowed public employees with 25 years of service to work less, after the age of 55, while being paid at 80%. From 2003, workers can take progressive cessation of activity anytime from the ages of 57 to 65, choosing between one of the following two options: they can work 80% and be paid 85.7% of total full-time remuneration for two years and after that work 60%, paid at 70%; or, they can work half-time and be paid 60% of total full-time remuneration. Finally, older workers may choose total cessation of activity six months prior to retirement, subject to having worked more than the minimum number of years required.
  - Thus, the system of progressive cessation of activity – specific to older workers – entails part-time work during the final years of a career, arranged in such a way as to allow a progressive exit from work, with enhanced remuneration. The most important

dimension is that part-time work is counted as full-time for the calculation of the discount, which is now applied to civil service pensions in the same way as to private sector workers. The aim is to finance workplace improvements and retraining, making it possible to keep older workers employed.

- A parallel reform of early retirement schemes was undertaken in 2002, with the goal of containing public costs. The second objective was to harmonize public service pension schemes with the social security system: same length of service necessary to obtain a full pension (from 2008), same possibility for early retirement for workers who started work before the age of 16 (from 2008) or for severely disabled workers (80%).

Furthermore, several tools have been introduced to limit the impact of early retirement schemes. First, pension reforms have created financial disincentives by progressively reducing financial arrangements bound to early retirement schemes (system of discount/premium, progressive increase in charge up to 2020). Second, early retirement schemes have been eliminated, as of December 2002 (completely in force in 2006). The allowance for workers with 37 years and six months service to cease work completely from the age of 57, in exchange for a retirement wage of 75% of the gross wage for civil servants and 70% for public employees under contract, has been eliminated.

Other incentives to retain older workers

In addition to pension incentives and disincentives, measures to improve working conditions have also been implemented, including training schemes. The training budget is on the order of 7.6% of the total wage bill and is divided more or less equally between initial training and continuing training, although the trend is towards a relative increase in initial training due to the high turnover of staff. Since 2000, a series of measures have been taken to improve training in the civil service, but not specifically focused on retaining older workers.

For example, a new typology of training actions centred on civil servant career plans, resulting in different financial and legal schemes, training periods, and contracts for the three public service sectors, was enacted under Order No. 2005-901 of 2 August 2005 under the name of PACTE (*Parcours d'accès aux carrières de la territorialité, de l'hospitalière et de l'État*). However, a "Senior PACTE" was also adopted in August 2005, revising recruitment procedures, knowledge management and training for older workers.

Delaying effective retirement through legislative tools: Anti-discrimination policy

French law contains strict prohibitions on discrimination in the civil service based on age (Article 6 of Law No. 83-634 of 13 July 1983). This legislation has been revised by the order of 2 August 2005, so as to remove age limits for recruitment. Ultimately, all age limits for the bulk of recruitment to the public service have been abolished. France has also adopted the EU compulsory legislation on the issue, the Employment Equality Framework Directive 2000/78/EC.

Furthermore, an independent body, the Supreme Authority on the Prevention of Discrimination and the Promotion of Equality (*Haute Autorité de Lutte contre les Discriminations et pour l'Egalité* – HALDE), created by the Law of 30 December 2004, will be responsible for all worker discrimination, notably on grounds of age. HALDE's jurisdiction covers direct and indirect discrimination, as prohibited by law or by any international agreement ratified by France, in both the public and private sectors. It will have two main

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

missions: dealing with specific cases of discrimination and implementing actions to promote equality.

However, although age limits for recruitment have been abolished, age limits were set for a large number of external competitions for entry to the state civil service. For occupations in categories B or C, the age limit was fixed at 45 by a decree of 14 August 1975. For those in category A, the age limit varies according to the competition: 28 for external competitive entry examinations to the *École Nationale d'Administration* (National School of Administration), 30 for entry examinations to the regional institutes of administration, 40 for most other exams. Age limits for internal competitive examinations were abolished by a decree of 1 August 1990. In the local civil services, age limits are rare.

Workforce replacement and adaptation to structural changes

Policies to downsize the current level of public employment

France does not plan to freeze recruitment or downsize the workforce through proactive measures. Nevertheless, it has already decided to utilize the "*noria effect*" – a structural effect of the ageing process which results from replacing one retiring worker by another – by not replacing 10% of future retirees in the three civil services. This will effectively decrease the workforce without requiring aggressive measures. For example, this is being undertaken in significant numbers in the tax administration.

This strategy is a significant component of the cost containment approach. The aim is to offset pension liabilities with a reduction in the wage bill. To effectively measure this trend, another quantitative criterion must be taken into account: the "*career effect*", the second structural effect of ageing resulting from the increase in individual remuneration due to promotion, automatic length of service increments, or successful competition. Projections made by the budget department have highlighted the fact that the difference between the "career effect" and the "noria effect" will turn out to be negative from 2005 to 2017.

Nevertheless, the non-replacement of retiring workers, and the corresponding slowdown of wage bill growth, will ultimately lead to a reduction in public expenditure. The GPEEC mechanism aims to reinforce this objective. The example of the GPEEC in certain prefectures under the Ministry of the Interior and Local Development (MIAT, non-police sector) is clear. Overall, the Ministry of Interior estimates that a redeployment of staff resulting from the evolution of its missions should allow the reduction of 1 000 jobs from current staffing levels (*i.e.* 3.5% of the total).

ICT is another significant tool that has been used to downsize the workforce while responding to large-scale departures and staff attrition. In February 2004, the Prime Minister launched the electronic administration programme, ADELE, to develop new services for users and public sector workers by 2007. The programme would result in the computerization of procedures and repetitive tasks in the administrative processing of cases. It may even generate further opportunities for workforce downsizing, beyond those already envisioned, whereas although its primary objective is to provide an additional solution to the challenges of large-scale departures.

Replacing capacity

- Active recruitment strategies

Although France tends to focus on cost containment policies, some active recruitment strategies have been undertaken. Indeed, specific workforce adjustments have been

introduced into the ageing strategy. A first set of reforms targeted recruitment procedures in order to change the profile of those recruited. The Government Employment Plan, adopted in August 2005, has abolished age limits for all external competitive examinations, including "tertiary competitions" (*i.e.* competitive examinations open to candidates with professional experience outside the public administration, for example employees in the private sector, self-employed workers, members of an elected assembly in local civil service and heads of associations, including volunteers). More generally, since 2001, the civil service has been engaged in an active policy of recruiting more significantly through "tertiary competitive examinations". Thirty-two "corps" of the state civil service and 17 functional frameworks of local civil service departments have already put such measures in place.

The aim has been to increase lateral entry and create a more open system, so as to be able to more effectively address the upcoming recruitment needs caused by the large number of retirements. A secondary aim, however, is to change the demographic structure of the civil service: encouraging more diversified recruitment may avoid the recurrence of future demographic imbalances between age groups. In the case of competitive entry examinations for public service schools, it is no longer a matter today of strengthening the homogeneity of graduation classes, but rather of opening the schools to all sections of society.

France does not plan to undertake a broad active recruitment policy to offset the large numbers of retiring workers, at least not at the central government level. However, some active recruitment measures have been already undertaken to offset the departures but also to respond to the increasing needs of the ageing population. The French government created 40 000 additional posts in the health and social sector through the end of 2006. In this respect, France has already undertaken a workforce adjustment policy, planning an active recruitment strategy, explicitly due to ageing-related needs. This proactive measure follows recent trends, marked by an increase in workforce planning. Finally, the upcoming GPEEC implementation and the recommendations of the ONDPS may reinforce the process of active recruitment in the health sector in the coming years. It should be noted that it is easier to launch active recruitment policies in the local and healthcare civil services, since their employment conditions are much more flexible, than in the state civil service – due to the already high and increasing percentage of contract-employees, as opposed to the majority of tenured civil servants at central government level.

- Recruiting for leadership

Although staff attrition in the A grade is higher than other grades (roughly 40% of older workers), a shift in policy will be undertaken to ensure senior civil service capacity maintenance and renewal. GPEEC reviews may generate specific competency targets for senior managers. In addition, specific measures have been adopted to widen the recruitment procedures through external competition at the senior level. In 2004, a specific reform was implemented to open recruitment based on professional experience rather than on academic qualifications. Furthermore, specific training courses have been created for senior civil servants (directors in the central administration), in order to offset the disadvantages of entry-level recruitment (inexperience in leadership) by placing an emphasis on coaching, individual training, and leadership skills.

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

- Increasing the attractiveness of the public sector

  Increasing the attractiveness of the public sector is not a primary objective of existing French ageing policy. The civil service does not presently have any difficulties in recruiting, except in certain emerging occupations for which there is competition with the private sector. The unemployment rate is high and the civil service provides employment guarantees. Given these conditions, the number of candidates for competitive examinations for the public service, as well as the rate of selectivity, is showing a marked rise.

  In terms of attractiveness, France represents a very specific case. The real competition is not currently with private sector employers but rather among public services. However, new measures, which reform mobility and career evolution, have been designed to respond to two main challenges: to offset loss of skills through large-scale departures and internal mobility, but also to confront increased attractiveness pressures due to the ageing population. The main difficulty for an active ageing policy, in this context, will be to match the personal plans of individual civil servants with the collective plans of administrations, which still have to be clarified.

- Abolition of age limits, and the use of "tertiary competitive examinations", as described above, is clearly an effective means of attracting specific skills from the private sector into the public sector. These recruitment methods are a crucial element in maintaining the attractiveness of the public sector. The French human resource management central body explicitly states that this measure will facilitate recruitment, especially for technical jobs, where the administration is faced with competition from the private sector.

- Indeed, the situation may change in the coming years and attractiveness may become a primary goal. Pressure in the labour market for the most highly qualified workers may eventually require an active policy for both recruitment and management of current personnel. At this stage, several preliminary approaches have been formulated, especially regarding the identification of "sensitive jobs", *i.e.* those which are the subject of competitive pressure in the labour market, like research and information technology.

- Attractiveness issues related to capacity maintenance are considerable with regards to the senior civil service. Increased competition between the public and private sectors has created an incentive to launch government-wide reforms of senior civil servants management, with a view to maintaining capacity at the leadership level. Specific senior management networks, directly managed and coordinated by the Prime Minister, have been created over the last two or three years; a Secretary General of Administration – appointed in October 2005 – is responsible for individual performance appraisal and for conducting management planning for senior civil servants. The aim is to create a "talent pool" policy – open pools composed of senior managers within the public sector – designed to anticipate managerial needs through a system-wide shift towards a more position-based senior civil service, thus minimizing the impact of skill-loss due to large-scale retirements.

- A functional linkage has been created between senior civil service reforms and comprehensive governance reforms (the institutional reorganization of the whole civil service through the transformation of the 900 *corps* into 30 *cadres d'emplois*, new objective-oriented budgetary procedures, new individual performance appraisal systems, etc.). In this respect, if this issue remains a central component of the ageing

policy, it could be a real window of opportunity to reform and strengthen overall HRM management.

Managing capacity challenges through internal reorganisation and new management practises

- Mobility and career progression

This is, essentially, the cornerstone of the ageing policy. Pension reform and measures designed to keep older workers in the workforce suggest tools for adapting mobility and career evolution. Two main objectives have been identified: the expansion of possibilities for exercising personal choice in career-building (new starts, mobility, continuing training, structured pre-retirement), and the validation of occupational and practical experience as well as hierarchical progression (development of functions and rules to mobilise advice and expertise, preservation of seniority for new staff, integration and appropriate advancement for mobile workers, less academic forms of competitive examination). These changes have been justified – unlike structural adjustment policies – by the argument that the public service has highly qualified staff, including categories B and C, so that their promotion to higher ranked posts, for which there is a growing need, should be facilitated.

With the aim of improving mobility within the state civil service and between the three civil services, it is now already possible to consult a database, available on the website of the Ministry for the Public Service: the inter-ministerial public employment exchange. This platform publishes civil service vacancies in the ministries in real time.

- Measures have also been implemented to encourage vertical and horizontal mobility: the Decree of 9 November 2004, the Decree of 22 February 2005 and the Decree of 10 August 2005 are only the most recent. A major reform, in this respect, has been launched to reshape mobility and career paths with a view to allowing civil servants to pursue a second career in the public service or to allow mid-career conversion for many categories of public employees. This policy specifically targets teachers who, after 15 years of service, may continue their career in administrative posts, employees of large enterprises with civil servant status who wish to take advantage of secondment to rejoin the public service, and former military personnel who, on leaving the armed forces, wish to pursue a career in the public service. For all workers, many legislative and regulatory measures have been adopted to facilitate these conversions (extension of Law 70-2). However, the main target remains educational staff. The aim is to offset, as much as possible, the lack of staff and skills caused by large-scale retirements in this sector. As OECD/DELSA mentions in its report *Ageing and Employment Policies*, as many as 500 to 1 000 posts may have been affected by these policies in 2005.

- Knowledge management and training

- The reforms discussed in the previous section have been accompanied by the implementation of new training programs. The 2004 Lifelong Learning Law was designed to make career paths more flexible and increase mobility. Although this measure is expected to lead to some improvements, training programs are currently provided only on a case-by-case basis, pending the introduction of a more global solution through "professionalisation periods," based on the Law of 4 May 2004 on lifelong education.

However, specific training programs targeting skill-loss due to large-scale retirements have not been implemented. Also, the French civil service has not thus far engaged in coordinated and concerted action to facilitate the transmission of knowledge from older

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

workers to other categories of personnel. The DGAFP decided to carry out a study on the problem of knowledge transmission. This study will provide a better understanding of existing knowledge management practices in the public sector and will especially help to identify methodologies for future action.

- Compensation reforms/incentives

  More flexible forms of advancement and pyramidal job structures, as well as additional possibilities for modulating remuneration, may be developed as part of the career flexibility reforms.

2.2.2. Institutional changes and reallocation of resources

Resource and staff reallocation between levels of government and sectors

No resource reallocation between civil service systems, sectors, or levels of government has been planned, either according to revised public service priorities or staff needs.

In the education sector, the ministry has identified additional needs related to large-scale departures: 150 000 teachers between 2007 and 2011. However, no specific budget increase or resource reallocation from other ministries/civil services has been adopted. However, the implementation of the LOLF in 2006 was expected to set out budget reallocations according to skill needs, identified by each ministry through GPEEC plans. Therefore, there may be considerable developments in this respect in the coming years.

On the other hand, significant resources have to be pumped into the healthcare sector, since demand for public service delivery in healthcare will grow as the population ages. Education needs have also started to change structurally. This will become a tremendously important issue, both in terms of balancing the budget and responding to the needs of the public. The impact on fiscal balances has already been measured. OECD data projections[11] have generated several scenarios including demographic effect measurement, health status of the elderly population and income elasticity: public healthcare expenditures are expected to rise from 7.0% of the GDP in 2005 to between 7.3% and 10.6% in 2050 (the median scenario forecast is 8.7%).[12] Projections including long-term care expenditures are the following: from 8.1% in 2005 to between 10.8% and 13.4% of GDP in 2050, which remains significantly above the OECD average.[13] Public expenditures on education as a share of GDP show that it is forecasted to decrease from 5% in 2002 to 4.5% in 2030. More interestingly, it is not forecasted to diminish afterwards: remaining at 4.5% in 2050.[14]

Currently, in France, 76.3% of national health expenditures are funded by the state budget and the public treasury, which is considerably higher than the OECD average of 72.1%.[15] Furthermore, no staff reallocations according to public service priorities or institutional division of responsibilities have been scheduled to respond to ageing challenges.

3. Anticipated impact of government actions

3.1. Cost containment

3.1.1. Financial impact of pension reform – forecasts

Before the 2003 reform, the underlying financing needs for public service pension schemes was estimated at EUR 28 billion by 2020. The savings from the reform are estimated at about EUR 13 billion for the three public sector services, leaving an

Table 8.4. **Financial impact of the various measures in the 2003 pension reform (Horizon: 2020)**

	State	CNRACL	Total
Underlying need for financing prior to the reform	**20.8**	**7.5**	**28.3**
Recovery measures[1]			
Extension of the contribution period (40 years in 2008 then stabilisation of the work/retirement ratio), creation of the premium and discount, reform of the guaranteed minimum	6.8	2.8	9.6
Indexation of prices	3.3	1.2	4.5
Creation of a supplementary scheme	–0.4	–0.4	–0.8
Increase of 1/10th in the hospital civil service	/	–0.2	–0.2
Benefit of survivor pension extended to men	–0.05	–0.05	–0.1
Extension of progressive cessation of activity	–0.05	–0.05	–0.1
Total recovery measures	**9.6**	**3.3**	**12.9**
% financing need	**47%**	**44%**	**46%**
Balance: allocation of public resources	11.2	4.2	15.4

1. Based on government estimates (June 2003) for the state civil service and provisional CNRACL data for the local and the hospital civil services.

outstanding shortfall of EUR 15 billion, of which EUR 11 billion is for the state civil service alone, and some EUR 4 billion for the CNRACL (the National Pension Fund for Local Civil Service Workers). Thus, unless France undertakes further reforms, there are serious fiscal problems on the horizon.

All told, France has determined that the 2003 pension reform will respond to half the financial pensions needs.

3.1.2. Overall picture

The 2003 pension reform, passive downsizing (not replacing 10% of the retiring workforce), and restrictions on early retirement may have a significant impact on cost containment. The elimination of early retirement schemes and the reform of progressive cessation of activity policies have been broadly effective. Nevertheless, it is still too early to fully evaluate the impact of these reforms on the behaviour of civil servants with respect to their retirement. A recent survey has highlighted that early retirement (education of children, disability) and part-time work have continued to increase.

On the other hand, as the French government has forecast, the 2003 pension reform focused mainly on extending the contribution period. The French government has determined that the reform should delay retirements, without however significantly changing the outlook for retirements over the next decade. According to OECD forecasts, a significant delay of retirement will only appear after 2020. Short run effects of the 2003 pension reform have only led to departure delays of roughly two years for the 1945-1954 generation, which pushes the initial peak back to 2008-2010. In this respect, capacity maintenance challenges remain entirely unaddressed.

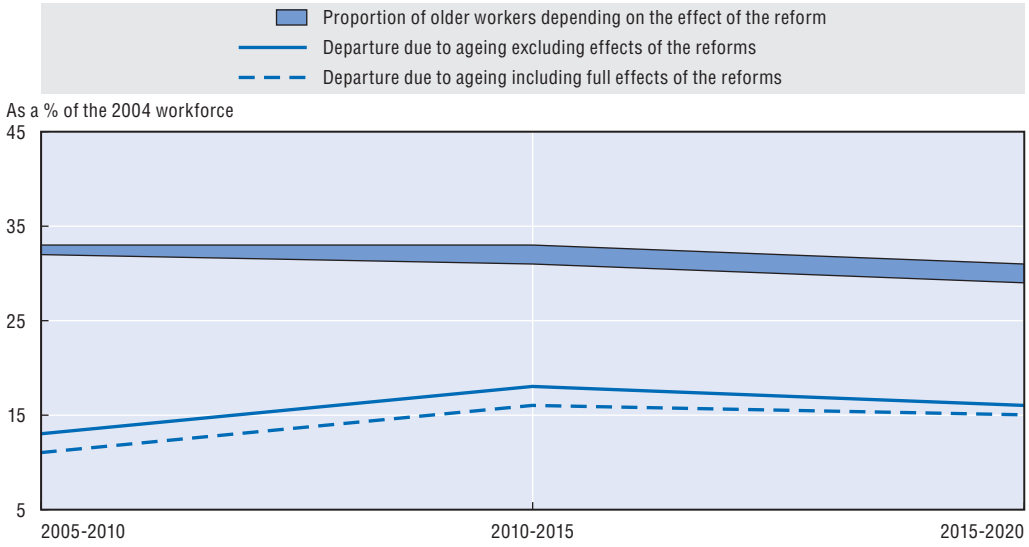
3.2. Capacity maintenance

3.2.1. Large-scale departure periods – costs and capacity

It seems highly unlikely that current levels of service quality will be maintained if no proactive policy to replace departing staff is undertaken in the coming decade. As of now, upcoming measures in this regard will be based on the GPEEC plans drawn up by the ministries.

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

Figure 8.7. **Forecasted departures from the public service due to ageing and forecasted proportion of older workers depending on the achievement of reforms already being implemented France, central government**



Notes: Hypotheses:

- Effective retirement age is 60 years.
- In education, retirement age is earlier.
- Reform: early retirement schemes constrained in 2002.
- Pension reform: progressive extension of the length of the contribution period (40 years in 2008, two years more between now and 2020).

Source: OECD forecasts.

In the healthcare civil service, the National Observatory of Jobs and Occupations has presented detailed analyses of the demographic situation, drawing conclusions and defining recruitment plans. Whereas no specific data on this proactive recruitment policy is yet available, the existing work of the agencies in charge of the ageing brief could be a major incentive for the government to launch reforms to maintain service quality.

In the state civil service, some ministries have quantified the evolution of their missions in terms of budget applications even to the extent of having established recruitment plans. This involves the Ministry of Education, which means that resource allocation may be devoted to a staff capacity maintenance policy.

The measures introduced to retain older workers remain insufficient, compared with other OECD member countries, but also compared with the financial burden to be managed. Although the ageing policy has started to promote structural change in the management of the retirement issue – in constraining early retirement, increasing the length of contributions and creating more flexible possibilities – the departure of the public workforce remains rather inflexible and, above all, the focus on older worker retention lacks consistent tools. For instance, one of the main cost burdens due to an ageing civil service is the seniority factor of the pay determinant. It has not been reformed in France, unlike in a lot of other OECD member countries. Thus it creates financial disincentives to retaining older workers after the mandatory retirement age.

The participation rate of older public workers remains very low, compared with other OECD member countries. It has something to do with the weakness of the

financial incentives combined with specific arrangements for older workers (day off, training, etc.).

To conclude, the French civil service seems to be engaged in a transition from a management system, focused on the renewal of the workforce based on the early retirement, to a system focused on the retention of older workers. But this is still insufficient to the tasks of decreasing public expenditures and ensuring staff turnover.

3.3. Taking advantage of ageing to reorganise public services and improve efficiency

In the state civil service, GPEEC implementation over the coming years may lead to structural changes. As already underlined by the central HRM body, GPEEC outputs rely on staffing in terms of jobs (occupations). The notion of jobs serves to determine tomorrow's needs more precisely and steer recruitment and training policies to satisfy them. This linkage also allows the development of career paths that enhance the skills of civil servants.

Furthermore, some line ministries have already started to redefine their core missions, according to ageing challenges. In the local civil service, the implementation of GPEEC plans is linked to ageing challenges and to the continuing decentralization process. It may lead to a global restructuring of the work and public service delivery system.

Returning to the example of the GPEEC, with regard to jobs in the prefectures, efficiency and job restructuring have already been implemented. New measures have been planned for recruitment and training policies: adaptation of recruitment processes (reform of the content of examinations, professionalisation of tests, diversification of recruitment channels through the "tertiary examination"); development of training linked to internal promotion; consolidation of continuing vocational training in support of functional mobility or adaptation to new posts.

In the health sector, in particular, the implementation of GPEEC may lead to a fundamental reshaping of public service delivery. The existing work of ONDPS (*Observatoire National de la Démographie des Professions de Santé*) is part of a broader examination of the evolution of the health sector in the context of the ageing population and developments in medical practice. Based on the work of the ONDPS, recommendations have been made aimed at taking into account the evolution of hospital professions and of transformations in forms of care, due to patient ageing.

As the ONDPS report shows, the results obtained from a demographic study of "nurses" must also be refined in light of changes to their conditions of work but also the evolution of occupations, the behaviour of professionals, and even the number of doctors. In this regard, the ONDPS stresses the interdependency of occupations in caring for patients. This requires cooperation between professionals, both medical and paramedical, as well as socio-medical and technical. As a consequence, the census of professionals by specialisation and occupation must be supplemented by an analysis of healthcare practices so as to take into account cooperation and real collaboration between occupations. Future reforms may take this into account, and develop new modes of care and new forms of cooperation between medical professions. Nevertheless, it would still require added public expenditure, an increase in resources, and a capacity renewal policy in parallel.

ICT reforms and new e-government tools (ADELE reform) may also play a sizable role in the development of additional services. Among the new services accessible on the

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

Internet, over the counter, and by telephone, those for the health and social support of the ageing population are a top priority in the ADELE programme. Experiments with "one-stop shops" were to be launched in 2006 in order to examine a new structure of local public services making optimum use of the potential now offered by ICT: local reception linked to one or more centres for processing requests, depending on the nature of departmental, regional and national jurisdictions.

Finally, in terms of public service delivery restructuring, it is important to mention that France is expected to be in a relatively favourable position regarding age-related healthcare spending in the coming decades. The real burden for France appears to be the management of public pension liabilities. An OECD survey on health systems has shown that the cost evolution for the long-term care sector is low compared to a majority of other OECD member countries.[16] Even so, health spending is forecast to be among the highest of all OECD member countries.

4. Conclusion

Although France is facing short- and medium-term challenges, structural adjustment policies, focusing on the new organisational and capacity needs resulting from large-scale retirements, undertaken across the entire civil service appear to be relatively limited. Instead, France has opted for incremental measures and for adapting managerial tools to these emerging challenges. Indeed, it may prove sufficient to deal with the short- and medium-term consequences of ageing. In the long run, however, it is unlikely that the current ageing policy framework for the public sector will be adequate to ensure civil service continuity, public service efficiency, public expenditure balance, and responsive public service delivery.

The main policy challenge remains to better match the ageing strategy to the rising costs of the retiring population, especially pension liabilities and increases in public service delivery in certain sectors.

Notes

1. This section draws mainly from *Ageing and Employment Policies/Vieillissement et politiques de l'emploi. France*, OECD, 2005.
2. For details regarding the assumptions behind this forecast, please refer to *op. cit.*
3. This section draws mainly from *Ageing and Employment Policies/Vieillissement et politiques de l'emploi. France*, OECD, 2005.
4. This is due to the role played by social protection (unemployment benefits) and early retirement schemes (in France, fewer than half of wage-earners move directly out of the labour market into retirement).
5. Nauze-Fichet, E., F. Lerais and S. Lhermitte (2003), "Les projections de population active 2003-2050", *INSEE Résultats Société, No. 13*. Cited in *op. cit.* p. 39.
6. The age pyramid of the state civil service has been shaped, in large part, by the significant recruitment waves that occurred between 1968 and 1978. This period is defined by the arrival of the baby boom generation in the labour market, on the front end, and the economic crisis, which required significant shifts in fiscal policy, on the back end.

   In the local and hospital civil service systems, the strong growth in personnel began in 1963 and continued until 1984, spurred by the decentralisation laws. After 1984, the rate of increase slowed somewhat and then picked up again during the 1990s (1992-1997), with the continued devolution of new competencies from the central to the local authorities and the further development of the health sector. Thus, major recruitment waves continued in the local and hospital civil services

until well after those at the central government level had been curtailed, thereby explaining their relative youth. Indeed, the proportion of older workers is lower at the local level (19.9% in 1992 and 28.9% in 2002) than at the central government level (20.5% in 1992 and 30.8% in 2002).

7. See *Ageing and Employment Policies/Vieillissement et politiques de l'emploi. France*, OECD, 2005.
8. "Recent Transformations in the Senior Management of the Civil Service in France", DGAFP, Working paper presented at the conference Profession in Perspective: On the Main Senior Civil Service Evolutions, The Hague, November 2005.
9. See *Public Sector Pensions in OECD Countries*, GOV/PGC/PEM(2006)4, OECD, 2006.
10. The age limit for the three civil services is fixed in principle at 65 (Article 7 of Law n° 84-834 of 13 September 1984), but other legal conditions have been set up to allow retirement from the age of 60 (Article l24 of the Civil and Military Pensions Code). However, there are different age limits for the various categories of the civil service: for instance, 60 is the general retirement age for teachers and nurses, 55 for police officers, 65 for judges. As a result, on average, there is a difference between the system applicable to public and private sector workers, since for many civil servants and military personnel the legal age of retirement is less than 60 years. In addition, there are many exceptions relative to individual conditions: in practice, the retirement age may be moved forward under the conditions set out in Article l24 of the Civil and Military Pensions Code; civil servants may retire earlier under certain specific conditions (education of children, disability) or later (deferrals for family reasons or in the interest of the service).
11. "Projecting OECD Health and Long Term Care Expenditures: What are the Main Drivers?", *Economics Department Working Paper No. 477*, OECD, February 2006.
12. The OECD average was 5.7 % in 2005 and 6.3-9.6% in 2050 (median scenario: 7.7%).
13. According to cost containment and cost-pressure scenarios, respectively. The OECD average is 10.1-12.8% of GDP in 2050.
14. "The Impact of Ageing on Public Expenditure: Projections for the EU25 Member States on Pensions, Health Care, Long-term Care, Education and Unemployment Transfers (2004-2050)", *European Economy Special Report, No. 1*, DG Economic and Financial Affairs, European Commission, 2006.
15. *Health at a Glance*, OECD, 2005.
16. *Towards High-Performing Health Systems*, Policy Studies, OECD, 2004.

AGEING AND THE PUBLIC SERVICE: HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

Table of Contents

Executive Summary 11

Part I
Synthesis Report

Chapter 1. **The Ageing Challenge** 17
1. Ageing public sector workforces in the context of ageing populations 18
2. Challenges and opportunities of ageing for the management of public services 22
Notes 26
Annex 1.A1. Notes for Figures 1.2, 1.3, 1.4, 1.5 and 1.6 27

Chapter 2. **Country Actions** 29
1. How are countries addressing cost containment and the need for productivity increases in the public service? 30
2. How are countries addressing the need to maintain capacity? 35
3. How are countries addressing the need to reallocate resources according to new priorities? 37
4. How are countries managing their public service so that departures do not lead to future hiring that tightens the wider labour market? 39
Notes 39

Chapter 3. **Review of Country Strategies** 41
1. Policy tools 42
2. Country-specific enabling conditions and constraints 43
3. Do countries have holistic proactive ageing strategies? 44
Notes 48

Chapter 4. **Towards Sustainable Ageing Strategies and Actions for Government** 49
Bibliography 53
Annex 4.A1. Country Fact Sheets: Strategy Components 56

Part II
Case Studies

Chapter 5. **Ageing and the Public Service in Australia** 77
Executive Summary 78
1. Ageing: Facts, figures and forecasts 79
2. Adapting the Australian Public Service to ageing challenges: Government strategy and actions 84
3. Impact of government ageing strategy and reforms 93
4. Conclusion 95
Notes 96

Chapter 6. **Ageing and the Public Service in Denmark** 99
Executive Summary 100
1. Ageing: Facts, figures and forecasts 100
2. Adapting the civil service to ageing challenges: Government strategy and actions 106
3. Impact of government ageing strategy and reforms 115
4. Conclusion 117
Notes 118

Chapter 7. **Ageing and the Public Service in Finland** 119
Executive Summary 120
1. Ageing: Facts, figures and forecasts 121
2. Adapting the civil service to ageing challenges: Government strategy and actions 126
3. Impact of the government ageing strategy and reforms 132
4. Conclusion 135
Notes 136

Chapter 8. **Ageing and the Public Service in France** 139
Executive Summary 140
1. Ageing: Facts, figures and forecasts 141
2. Adapting the civil service to ageing challenges: Government strategy and actions 148
3. Anticipated impact of government actions 157
4. Conclusion 161
Notes 161

Chapter 9. **Ageing and the Public Service in Germany** 163
Executive Summary 164
1. Ageing: Facts, figures and forecasts 165
2. Adapting the civil service to meet ageing challenges: Government strategy and actions 171
3. Projected impact of government action 177
4. Conclusion 179
Notes 180

Chapter 10. **Ageing and the Public Service in Ireland** 181
Executive Summary 182
1. Ageing: Facts, figures and forecasts 182
2. Adapting the civil service to the ageing challenges: Government strategy and actions 187
3. Impact of government ageing strategy and reforms 194
4. Conclusion 195
Notes 196
Annex 10.A1. Public Service Superannuation – Summary of Changes in Pension Ages and Terms for New Entrants to the Public Service 198
Annex 10.A2. Decentralization Program (december 2003) 199
Annex 10.A3. Developments in the Field of Manpower Planning in the Health Sector 201

Chapter 11. **Ageing and the Public Service in Italy** 205
Executive Summary 206
1. Ageing: Facts, figures and forecasts 206
2. Adapting the civil service to ageing challenges 210
3. Impact of government strategy and reforms 217
4. Conclusion 218
Notes 219

AGEING AND THE PUBLIC SERVICE : HUMAN RESOURCE CHALLENGES – ISBN 978-92-64-02970-5 – © OECD 2007

Chapter 12. **Ageing and the Public Service in the Netherlands** 221
Executive Summary 222
1. Ageing: Facts, figures and forecasts 222
2. Adapting the civil service to ageing challenges: Government strategy and actions 225
3. Impact of government ageing strategy and reforms 232
4. Conclusion 235
Notes 236

Chapter 13. **Ageing and the Public Service in Portugal** 237
Executive Summary 238
1. Ageing: Facts, figures and forecasts 239
2. Adapting the civil service to ageing challenges: Government strategy and actions 246
3. Impact of government ageing strategy and reforms 253
4. Conclusion 257
Notes 257

• • •

List of Boxes

2.1. Overview of pension reform in selected OECD member countries 31
2.2. Finland: The Productivity Programme and the Decision on Central Government Spending Limits 34
2.3. Attractiveness Programme in Denmark 35
2.4. Forward-looking management of employment and competencies (GPEEC) in France 38

List of Tables

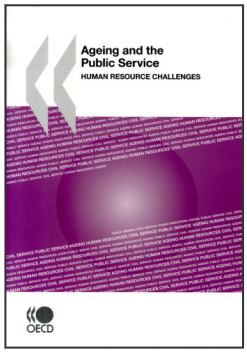
1.1. Changes in old age dependency ratio and participation rates of older workers 19
1.2. Compensation costs and size of departures from government service 23
1.3. Ageing in and departures of staff from management levels and executive functions 25
1.4. Ageing and departure challenges in the health and education sectors: France, Ireland and the Netherlands 26
3.1. The effects of policy tools on the different policy goals 43
3.2. Comparison of public service ageing policies 47
4.1. Lessons from the case studies: Policy emphasis, preconditions, risks and possible best outcome 51
5.1. Australian population for selected age ranges 79
5.2. Australian population projections for selected age ranges (millions of people) 80
5.3. Ongoing employees – proportion by age 82
6.1. Age structure in the Danish state sector (state sector, including agency employees) 103
6.2. Number of employees with a lower mandatory retirement age 109
7.1. Age of personnel in different sub-sectors, in 2004 126
8.1. Age structure of the French population 141
8.2. Distribution of state civil servants, by ministry, age and sex, as of 31 December 2003 146
8.3. Forecasted pensions costs 150
8.4. Financial impact of the various measures in the 2003 pension reform (Horizon: 2020) 158
9.1. Age structure of persons employed by the federal government on 30 June 2003 (%) 168
9.2. Age structure of persons employed by the federal Länder on 30 June 2003 (%) 168
9.3. Age structure of persons employed by the communes on 30 June 2003 (%) 168
10.1. Employees in the public service, by sector 185
10.2. Projected expenditures on public service pensions (in [euro] m at constant 2004 pay terms) 189
11.1. Age structure of population (%) 207
11.2. Total population forecasts 207
11.3. Age structure of population (%) – 1990-2050 207
11.4. Number and average age of public managers belonging to state administrations (ministries) per level in 2006 210

11.5. Pension expenditure (2000 prices – millions [euro]) 212
11.6. Number of pensions (thousands) 212
11.7. Employees with open-ended contracts 213
11.8. Recruitment and departure rates in the Italian public service (%) 214
11.9. Employees by type of contract 214
11.10. Public pension expenditures, as a % of GDP 217
12.1. Public service in (sub)sectors versus health care versus private sector 224
13.1. People in the service of private institutions 241
13.2. Total expenses with health care by ADSE (in euros) 241
13.3. Age average of health staff 244
13.4. Public sector 247
13.5. Expenditure on CGA pensions (% of GDP) 254
13.6. Number of CGA retirees and pensioners (2005 = 1.00) 254

List of Figures

1.1. Population ageing in OECD member countries 18
1.2. Proportion of workers above 50, at national/federal government level, in 1995 and in 2005 20
1.3. Proportion of workers above 50 at the national/federal government level and proportion of persons above 50 in the total labour force, 2005 20
1.4. Proportion of workers above 50 in sub-national levels of government, in 1995 and in 2005 21
1.5. Proportion of workers above 50 in sub-national levels of government and in the total labor force, 2005 21
1.6. Proportion of workers at the national/federal level between 40 and 50 and above 50 years old 21
1.7. Illustrative scheme of ages in public and private sector labour forces 22
1.8. Forecasted departures due to ageing at central government level 22
5.1. Projected trends in dependency ratios 2000-2050 (%) 80
5.2. Age profile of ongoing APS employees and labour force (2005) 82
5.3. Ongoing staff – Age profile 82
5.4. Projected age profile 2012 and actual age profile 2002 83
5.5. APS employees (1990-2005) 88
5.6. Resignation/retirement rate for selected ages 94
6.1. Proportion of age bands in the total population 101
6.2. Demographic dependency ratio in OECD member countries, 2000-2050 101
6.3. Age structure in the Danish state sector over the last 10 years 103
6.4. Number of active civil servants 104
6.5. Age distribution in the Danish state sector: 2001 (observed) and 2011 (key forecast) 104
6.6. Per cent of employees in each ministry over the age of 54 years 105
6.7. Age distribution according to sector (%), 2001 106
6.8. Pension recipients and net expenses until 2050 107
6.9. Relative change in number of employees (% of total for each ministry), 1999-2003 110
6.10. Age distribution related to wage-brackets 111
6.11. The most important factors in relation to stay or leave the workplace (in %) 113
6.12. Forecasted departures from the public service due to ageing and forecasted proportion of older workers depending on the achievement of reforms already being implemented (state sector) 116
7.1. Demographic trend in Finland from 1950 to 2040 121
7.2. Demographic dependency ratios, 2000-2050 (%) 122
7.3. Average age in the state sector and the total employed labour force 124
7.4. Cumulative attrition 125
7.5. Forecasted departures from the public service due to ageing and forecasted proportion of older workers depending on the achievement of reforms already being implemented Finland, State personnel 133
8.1. Demographic dependency ratios, 2000-2050 (%) 142
8.2. Evolution of age structure in the public and private sector workforce 143
8.3. Evolution of the age structure of workers in the three civil services 145
8.4. State civil servants by rank category and age, as of 31 December 2003 147

8.5. Age pyramid of teachers in the state civil service, as of 31 December 2002 147
8.6. Civil/military scheme: demographic projections 150
8.7. Forecasted departures from the public service due to ageing and forecasted proportion of older workers depending on the achievement of reforms already being implemented France, central government 159
9.1. Age structure of the German population in 2003 (% of total) 165
9.2. Demographic dependency ratio in OECD member countries, 2000-2050 166
9.3. Forecasts for large-scale departures and increasing proportion of older worker ... 170
10.1. Evolution of the age structure of the total population 1991-2006 183
10.2. Forecasted shares of total population by age group 183
10.3. Projected trends in dependency ratios, 2000-2050 (%) 184
10.4. Age groups in the total labour force (2006) 185
10.5. Age groups in the civil service 186
10.6. Projected proportion of older workers in the civil service 186
10.7. Number of actives per pensioner 188
10.8. Forecasted departures due to ageing and forecasted proportion of older workers 195
11.1. Demographic and economic dependency ratios 2000-2050 (%) 208
11.2. Average age of public personnel per specific areas of public sector – 2004 210
12.1. Demographic dependency ratios, 2000-2050 (%) 223
12.2. Replacement rates 2003 and 2013 230
13.1. Evolution of total population by age 239
13.2. Estimates of dependency ratios of elderly people in Portugal, 2000-2050 (% of people above the age of 65 in relation to the 20-64 age group)..... 240
13.3. Ageing index of population 240
13.4. Employment in the public administration by age groups and gender (1999) 242
13.5. Employment in central administration by age group and gender – 2005 243
13.6. Population by age in central and local administrations 243
13.7. OECD forecasts for large-scale departures and proportions of older workers in the public sector 244
13.8. Average age in central administration by organisation (2005) 245
13.9. Total number of pensioners and retired people 247
13.10. Expenditure with personnel in % of the GDP 249
13.11. Forecasted departures from the public service due to ageing and forecasted proportion of older workers depending on the achievement of reforms already being implemented (Portugal, central government)..... 255
13.12. Forecasted departures from the public service due to ageing and forecasted proportion of older workers depending on the achievement of reforms already being implemented (Portugal, local government)..... 256



From:

Ageing and the Public Service

Human Resource Challenges

Access the complete publication at:

https://doi.org/10.1787/9789264029712-en

Please cite this chapter as:

OECD (2007), "Ageing and the Public Service in France", in *Ageing and the Public Service: Human Resource Challenges*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264029712-10-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.