

Press release

31 August 2020



BOARD OF DIRECTORS REPORT AS AT 31 AUGUST 2020

The CADES Board of Directors met on August 31, 2020 under the chairmanship of Mr. Jean-Louis Rey.

On this occasion, the members of the Board were given details of the organic and ordinary laws, voted by French Parliament in July as part of an accelerated legislative procedure and promulgated on August 7, 2020, relating to the transfer of 136 billion euros of social debt and the extension of CADES' lifespan with a social debt repayment end date postponed from 2024 to 2033.

While the health crisis linked to the Covid-19 epidemic weighed heavily on social finances, it was stressed that this transfer was intended to secure the financial situation of the social protection system:

- by clearing 31 billion euros of accumulated deficits as of 31 December 2019 of the health branch of the general scheme, of the elderly solidarity fund, of the elderly branch of the self-employed agricultural scheme and of the CNRACL;
- by refinancing up to 92 billion euros in respect of future 2020-2023 deficits of the health, elderly and family branches of the general scheme, the elderly solidarity fund and the elderly branch of the self-employed agricultural scheme;
- by including for 13 billion euros the takeover of a third of the hospital debt, announced in November 2019 as part of the emergency plan for the hospital.

During the meeting, the decree published in the Official Journal of August 20 was also presented, which specifies the dates and amounts of payments from CADES to ACOSS in respect of debt takeover operations defined in the law. A first payment of 4 billion euros was made on August 20.

The Board then took note of the revised financing program for 2020 which amounts to 24 billion euros, including a 4 billion euros program successfully implemented during the first half of the year, and an additional 20 billion euros program to be executed before the end of year. Then was detailed the social bonds framework which will be implemented.

Finally, the Board adopted the revised budget of CADES for the year 2020 which incorporates a decrease in resource forecasts linked to the health crisis, the revision of the 2020 financing plan and transfers to ACOSS.

About CADES

In 1996, the French government set up the Caisse d'Amortissement de la Dette Sociale with a mission to amortise French social debt by issuing debt securities on international financial markets in a diverse range of currencies.

To enable CADES to carry out its mission, the French population pays regular taxes which contribute to the payment of interest and amortisation of social debt.

Supervised jointly by the Minister of The Economy, Finance and the Recovery and by the Minister for Solidarity and Health, CADES operates under the control of the French Parliament and the Constitutional Council.

CADES is well integrated into the French social system, having strong joint governance, co-chaired by a Board of Directors and a Supervisory Committee, which includes four members of French Parliament.

Backed by the French Parliament, CADES is one of the most significant institutions involved in the control and reduction of French social debt by using efficient and proven amortization and financing mechanisms.

Since 1 October 2017, teams from CADES and AFT, the French state debt management office, have merged to create a centre of excellence for issuing French public debt. In this regard, CADES has transferred operational responsibility for all of its funding activities to AFT. CADES is maintained as an independent entity guaranteeing the effectiveness of the principle of confinement and amortization of social debt, retaining the prerogatives of its executive chairman, the board of directors and its supervisory committee. AFT operates on behalf of and for CADES, making its staff available when appropriate.

All information regarding CADES and its bond issues is available on www.cades.fr.

CADES
LIGHTEN THE DEBT – BRIGHTEN THE FUTURE



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