



European Employment Observatory

EEO Review: Youth Employment Measures, 2010

France

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1. Introduction

In the first quarter of 2008, the French unemployment rate for young people was 19 %. Generated by a lack of fluidity between the transition from school to work, and also difficult access to full-time jobs with open-ended contracts (temporary work and short duration contracts have been a common situation for young people for the last 10 years), the rise in youth unemployment since the beginning of the economic crisis has proved the fragility and the specific difficulties of this category within the French labour market. Over two years, with the impact of the economic crisis, the unemployment rate of young people has increased by more than four percentage points (4.3 pp). A series of policy measures have been implemented in order to tackle this surge in youth unemployment. The Government's strategy relies on the activation of youth labour market policies, notably with the use of financial incentives to boost the demand and supply of youth labour.

According to Eurostat data¹, the employment rate for the 15-24 age group increased from 25.1 % in 1998 to 31.4 % in 2008, but over the last two years it has decreased by 1.5 pp (29.9 % in the first quarter of 2010). On the other hand, the unemployment rate for young people under 25 years old was 23.3 % at the end of the first quarter of 2010 (compared to 8.3 % for the 25-64 age group, according to Eurostat data). Young men are less affected (22.9 %) than young women (23.8 %).

In France, the youth Public Employment Service (PES) is mainly represented by the network of Missions Locales. In 2008, 1 213 000 young people from 16 to 25 years old have been in contact with the youth PES. According to the DARES^{2 3}, the activity of the youth PES has increased in 2008, with 3.7 million interviews carried out. More than 43 % of the young people in relation to the Missions Locales are low qualified (ISCED <3) and 66 % of them left school less than one year ago.

2. Measures taken to promote youth employment

The framework of youth employment policies today mainly consists in three plans that have been launched by the Government since 2008.

- i. The so-called **Hope for Suburbs** plan was promised during the electoral campaign by the President of the Republic as a "Marshall plan" for the suburbs. This plan targets young people from underprivileged areas and includes education, transport and employment measures. It was launched in January 2008. The first results are disappointing, maybe because the promised funding has not been available.
- ii. The **Emergency Plan for Youth Employment** was announced as a recovery measure on the 24th of April 2009. It consists of a series of measures addressing apprenticeships, training programmes or subsidised contracts. It is noteworthy that no effort was made to link these measures to the ones related to the Hope for Suburbs plan.

¹ See annexed table and Internet: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_ifs/data/database

² Direction de l'animation de la recherche, des études et des statistiques (Department for the management and coordination of research, studies and statistics).

³ DARES, PIPS, N° 023, *Activities of the Missions Locales in 2008*, April 2010.

- iii. The plan, **Acting for Youth**, was announced on the 30th of September 2009. It extends the benefits of the RSA (Active Solidarity Income) to young people under 25 years old (under stringent conditions) and focuses on the problem of early school leavers.

It is difficult to find coherence between all the measures presented in these three plans. They all include measures addressing, simultaneously, school education, training policies, active labour market policies (ALMPs), income support, and so on. None of them rely on a robust assessment of the previous plans for youth employment. Therefore, trade unions have criticised the plans (especially the Emergency Plan for Youth Employment) as “old recipes”. The first assessments, detailed hereafter, tend to confirm that France still has not found an efficient model for youth employment and insertion.

2.1 School education and training policies

School education and training policies are divided into two main categories. The first one includes measures targeting early school leavers (i.e. the core of disadvantaged young people) so as to ensure basic skills and education to enter the labour market. The second one targets all young people, even those who are following university or secondary courses, and includes measures aimed at facilitating transition into the labour market.

Measures for the education and basic skills of disadvantaged and low skilled young people

The Hope for Suburbs plan involves the experimentation in 200 schools of an ‘academic success’ programme, which comprises intensive training and individual support for pupils who are lagging behind. No robust assessment of this measure is yet available. The Emergency Plan for Youth Employment, with co-funding from ESF, forecast the creation of 7 000 places in ‘second chance’ schools. Only 925 places have been opened after one year, at a cost of EUR 4.4 million. This project, which has been implemented in 20 training centres, delivers a specific training programme for young people (men and women aged 18-22 years) in great difficulties (e.g. school leavers, and mainly coming from disadvantaged areas). It is intended to support their social and professional integration. Nevertheless, the initial results of the second chance schools are very encouraging.

Lastly, the plan, Acting for Youth, has implemented a ‘right to prepare for working life’, which consists in prolonging scholar obligation (from 16 to 18 years old), with the right to benefit from training or to take up a job just after leaving school. It is meant to ensure that no young people are left without specific adult supervision under age of 18. This measure, announced at the end of September 2009, is not articulated together with other existing measures, such as the CIVIS (contract of insertion in social and civil life), which also works towards access to training or a job at 16. Moreover, creating a mere ‘right’ does not mean creating the material conditions to provide this right. Yet, it is notable that no assessment or public briefing has been made on this topic since its announcement.

A new and interesting measure, announced in 2009, is the accompaniment of early leavers by regional orientation platforms, for a global amount of EUR 30 million.

Facilitating the transition of young people into the labour market

This second group of measures mainly covers youth insertion into the labour market through funded apprenticeships, training contracts, and subsidised contracts. The Emergency Plan for Youth Employment has set itself three ambitious targets in this respect:

- i. **Subsidised contracts for young people** - the Plan foresees 50 000 new recruitments in CIE (subsidised contracts in the competitive sector), with 90 % funding by the State over 12 months, and 30 000 in CAE (subsidised contracts in the non profit economy). At the end of the second quarter of 2010, 41 800 CIE had been signed for an amount of EUR 56.6 million and 52 000 CAE had been signed for an amount of EUR 34 million. In June 2009, a commitment was made to the 'CAE passerelles', a one year contract (minimum) for young people. This contract allows for young people to be hired in the non-profit economy but with a guarantee that they will be equipped with the necessary skills and competences to gain employment in the private competitive economy in the future.
- ii. **Apprenticeship and school-work programmes** - under the "emergency plan for youth employment" it was forecast that 320 000 apprenticeship contracts and 170 000 professionalisation contracts would be signed between the 1st of June 2009 and the 1st of June 2010 (35 000 and 30 000 more than in 2008, respectively). So as to fulfil these objectives significant financial help such as non wage labour costs reduction or exceptional subsidies for hiring a young person of less than 26 years old have been proposed. Moreover, a 'zero contribution' measure has also been implemented for companies hiring apprentices. The latter now receive compensation equivalent to one year's social charges. Lastly, from June 2009 to June 2010, all the companies that have hired an apprentice have received an incentive of EUR 1800 (and EUR 1000 for the hiring of an individual under 26 years old on a professionalisation contract). The amount could even reach EUR 2000 for a low qualified (ISCED<3) young person.

Given that the breakdown of apprenticeships is the main factor for the failure of young people to follow this path, a programme, 'no apprentice without an employer', has been implemented aimed at preventing and mitigating the difficulties of apprenticeships. It involves training centres, the PES and consular chambers, and includes an additional budget of EUR 100 million to reinforce the apprenticeship training offer. A charter of work-school programmes, with quantitative objectives, has been signed between the stakeholders. According to Government data from the 10th of July 2010, results are mixed. From June 2009 to June 2010:

- 283 000 new apprenticeship contracts were signed (less than the target of 320 000 and less than 2008 when 285 000 were secured); and
- 121 000 professionalisation contracts were signed (less than the target of 170 000 and less than 2008 when 140 000 were secured).

The global target was for 500 000 contracts, and 82.5 % of this figure has been achieved. This is not a good result since it means that, despite government policy, there has been a decrease in the number of work-school contracts between 2008 and 2009. Such results are remarkable given that 56 488 apprenticeship recruits and 56 417 professionalisation contract recruits have benefited from the hiring subsidy and also given that 26 782 apprenticeship recruits have also benefited from the zero charge measure. Despite such mixed results, financial support to apprenticeship and professionalisation contracts was extended by the Government in July 2010.

2.2 Labour market and employment-related policies and access to benefits

Active labour market policies: guidance and assistance for young people

Three types of guidance and assistance contracts for young people exist in France. They give access to financial and social rights or provide reinforced guidance and support, either by PES or by private operators (e.g. in the case of 'autonomy contracts').

While an impact-assessment of these measures has not been undertaken, it can nevertheless be underlined that these tools of guidance and assistance are too numerous and not sufficiently 'joined up'. The creation of the 'autonomy contract', for instance, may appear as redundant alongside the CIVIS (contract of insertion in social and civil life). The CIVIS targets young people from 16 to 25 years old who encounter specific difficulties of professional insertion. It has introduced a culture of contact between the youth PES and young people, and includes a reinforced accompaniment and a conditional allowance for beneficiaries over 18 years old. In theory, the 'autonomy contract' differs from the CIVIS because it targets different groups (it is focused on geographical origins rather than age) and is a placement contract rather than an insertion contract. Moreover, the 'autonomy contract' has been implemented both by the PES and by private operators (those which have won competitive tenders to provide the service). Yet, in practice there are numerous common points between these two contracts and, instead of an additional contract, a reform or an extension of the CIVIS to other groups and operators, may have been possible. This would have made the complex landscape of youth contracts in France more comprehensible. All the more since the Emergency Plan for youth employment has also added a new contract, the 'contract of accompaniment-training', which offers a status, social protection and remuneration to 50 000 young people engaged in vocational training programmes.

Fortunately, this complexity has been partially addressed from the beginning of 2010, with the merger of accompaniment contracts into a single contract, the 'Contrat Unique d'Insertion' (Single Insertion Contract). But in spite of this significant step forward, the success of some of these contracts remains questionable. The first assessments of the 'autonomy contract' created within the framework of the 'Hope for Suburbs' plan reveal disappointing results. The 'autonomy contract' was meant to offer young unemployed people intensive and personalised support aimed at attaining a stable job or qualifying vocational training. This preparation to employment is implemented by both private and public operators who are responsible for ensuring that the training delivered matches local labour market conditions. This operation should benefit 45 000 young unemployed from underprivileged districts in 35 departments by the end of 2011, for a global budget of EUR 160 million. By mid-April 2010, 26 500 young people had signed an 'autonomy contract' and among them 4 247 had found a job or qualifying training (30 % training, and 70 % a job). Compared to other provisions and taking into account the cost of the measure (EUR 6 000 per person for the autonomy contract, against EUR 2 900 per person with CIVIS), its efficiency is questionable: according to some public sources the positive insertion rate varies from 7 % to 30 %, well below other public policies measures. As a result, the Ministry of Economy and Employment has recently decided to stop the programme after two years of implementation, mainly because of these disappointing results but also because of strained public finance.

Access to social security benefits

One of the main measures adopted in relation to social security benefits is the extension of the RSA (Active Solidarity Income) to young people. Considering the risk of an inactivity trap, young people under 25 years old previously did not benefit from the former *Revenu Minimum d'Insertion* (Minimum Benefit for Insertion). The impact of the economic crisis on youth unemployment, however, has led to a change of attitude towards the idea of a solidarity income for young people. As announced in 2009 and implemented in September 2010, young people who have worked for two years over the past three years, and also those with family responsibilities, now benefit from the RSA.

This measure is nevertheless considered by trade unions and the opposition party as highly insufficient and even useless. Indeed, in practice the young people in the above mentioned circumstances already benefit either from unemployment benefits (in the first case) or from other types of allowances (in the second case). Moreover, one of the key problems faced by young people is their failure to enter the labour market. Hence, the condition of having worked two years will certainly prove very difficult to fulfil. It may also seem unfair, considering that no such condition exists for those above 25 years old. Despite these limitations, Pôle Emploi estimates that 160 000 young people should benefit from the RSA, including 120 000 in employment. The extension of the RSA should mainly benefit young people in part-time jobs.

The reform of unemployment insurance, implemented in April 2009, is more favourable for young people in accessing social security benefits. The new condition on contribution (to have worked four months in the past 28 months) is easier to meet, especially for those young people who have worked during summers.

Tax systems and labour market legislation: hiring subsidies and reduction of non-wage labour costs

Hiring subsidies and reductions of non wage labour costs have been described above, for those dealing with apprenticeship and work-school programmes. Trade unions are opposed to such measures targeting young people. Firstly, because they consider that such policies contribute to the idea that youth is a burden for companies, and secondly because no specific contribution is asked of companies in return for such benefits. A key trade union idea would be to impose the condition that beneficiary companies should commit to eventually recruiting young people on long-term contracts. Indeed, in the absence of such a commitment by companies there is a risk of a windfall effect (i.e. the recruitment would have occurred anyway) or a risk that these measures merely postpone unemployment. Hiring subsidies and the reduction of social cost policies are also questionable at a time of austerity and in the light of the Government's commitment to reduce public deficits, notably by cutting fiscal and social expenditure.

The issue of self-employment and entrepreneurship is not fully addressed here, but it can be said that the operators responsible for young people's placement tend to prioritise solutions based on training or employment rather than business creation. Young people who wish to start their own business can nevertheless be assisted in the framework of the CIVIS or Autonomy Contract.

2.3 Addressing problematic features of youth employment

In France, youth employment is characterised by the over-representation of part-time work and temporary contracts, which explains the high incidence of youth unemployment in times of economic crisis.

According to a survey by the DARES, based on 2008 figures,⁴ more than one job in four that is filled by a person under 26 years old is subsidised by the state (against 4 % for the working population as a whole). More than one third of employees aged 15-29 have a temporary contract (interim or short-term contract), compared to one seventh for the working population. In sectors where jobs tend to be low-qualified, such as the building or tertiary sectors, between 40 % and 50 % of jobs are occupied by people under 30 years old. Another survey by the DARES notes that 86 % of the beneficiaries of a subsidised contract in the competitive sector are young people.⁵

Young people are also the most affected by labour market segmentation. They face specific difficulties with respect to transition in the labour market until the age of 30. The multiplication of subsidised contracts and of policies consisting of reduced charges, or provision of subsidies for hiring a young worker in work-school contracts, presents the risk of a substitution effect and could maintain young people both in such atypical and subsidised labour contracts and low wages. Subsidised contracts are most of the time also part-time contracts, paid on the basis of minimum wage. Most reductions in social charges are also directed at wages around the minimum wage. Together, such measures thus tend to compress the wage scale at the bottom.

Moreover, in France, low skilled and young people from disadvantaged areas are over-represented in unemployment and subsidised labour contracts and low wages. According to the annual report of the National Observatory of Urban Zones in Difficulty (ONZUS)⁶, 41.7 % of 15-24 year old males in ZUS are unemployed, against 19.1 % of 15-24 year old males in non-ZUS areas. As far as young women are concerned, these figures are 31.1 % and 16.1 %, respectively. The main measures adopted to counter these specific difficulties have been presented above, under the measures of the 'Hope for Suburbs' plan.

2.4 Roles of the labour market actors

One of the main improvements in France recently has been the increasing involvement of employers in youth employment schemes. For a long time the youth PES had few links with employers and professional branches. But the PES and employers are now increasingly working together, for instance in the framework of the CIVIS. For example, the operators of the 'autonomy contract' (private or public) have to produce a joint analysis of the local needs of employers, and a joint analysis of the possible matching between the latter's requirements and the skills of young people on the programme. The professionalisation of the youth PES (Missions locales and PAIO) is also increasing and the approach of youth unemployment is less 'passive' than before and centred on socio-cultural problems, and is now more about skills and offer/demand matching. Despite these improvements, two reforms are probably missing so as to improve the actions of labour market actors in youth employment.

⁴ DARES, PIPS, *Employment and unemployment of the 15-29 years old in 2008*, September 2009, N°39-1.

⁵ DARES, PIPS, *Employment, Unemployment and active population*, July 2010, N°050.

⁶ ONZUS, *Annual Report*, 2009. Internet: <http://www.ville.gouv.fr>

First, better coordination is necessary between the actors of the labour market. Indeed, Regions are responsible for vocational training and apprenticeships for young people; the State has the general competence for employment and is coordinating the network of youth PES (Ministry of Labour) and of education (Ministry of Education). Many measures for youth employment and insertion are implemented by Regions, the Ministry of Labour, but also by cities or departments (in their insertion function). With coordination efforts lacking, these measures are often redundant and not comprehensible.

The second reform needed is improvement of the tools and the mechanisms used by the youth PES. The results of the 'autonomy contract' should lead to questions about the details of youth employment, especially the problem of the low qualifications of young people in underprivileged districts. The recognition of informal learning and methods of recruitment based on skills and abilities, rather than formal qualifications, should be developed in this regard.

3. Conclusions

Youth unemployment remains one of the most critical issues for the French labour market. A number of issues must be taken into consideration by public policies:

- the unemployment rate for under 25 year olds (more than twice as high as that of the 25-64 age group);
- the features of youth employment for those under 30 years old (part-time jobs, short term contracts); and
- the lack of fluidity between school and employment.

As mentioned above, France still has not found key policies to minimise or to solve these problematic features of youth employment. Moreover, the measures implemented to mitigate the impact of the economic crisis are exactly the same ones as those used during times of economic stability. On the positive side, as noted by the OECD⁷, France has changed in its treatment of youth employment by giving up most of the 'passive' policies that consisted in the social treatment of unemployment (large measures oriented towards non competitive jobs) and by investing more in work-school programmes. But according to the OECD, enterprises are still reluctant to hire low qualified young people in work-school programmes. Instead of being dedicated to all young people, such subventions should instead target these groups.

⁷ OECD, *Employment Outlook 2010*. Internet: <http://www.oecd.org>

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Annex

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	12.0	10.9	11.1	50.8	50.1	48.7	77.7	77.6	77.0
Unemployment rate (%)	21.8	28.1	30.5	16.3	21.2	21.1	10.1	11.3	12.4
Long-term unemployment as a % of unemployed	(15.9)	(13.4)	21.1	28.8	25.7	29.6	31.2	21.7	34.5
Youth unemployment to population ratio	3.3	4.3	4.9	9.9	13.5	13.0	8.7	9.9	10.9

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	37.4	34.6	38.3	36.6	20.9	28.5
Unemployment for the medium-skilled (ISCED 3-4)	20.3	21.5	19.0	19.9	12.5	11.6
Unemployment for the high skilled (ISCED 5-6)	10.1	12.5	10.2	12.4	7.2	8.2

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	75.2	42.8	18.3

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)

Data	Age group 15-19	Age group 20-24
	2008	2008
NEET rate (% of the age group) (annual averages)	5.2	15.3

Source: Eurostat, EU Labour Force Survey, Annual averages

Table 5: EARLY SCHOOL LEAVERS* (Annual data)

Data	All ages (18-24)	
	2008	2009
Early school leavers (% of the age group)	13.0	13.4

Source: Eurostat, Labour Force Survey

* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007

Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	6.9	5.1

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted