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The #1youth1solution plan for youth employment

Executive summary

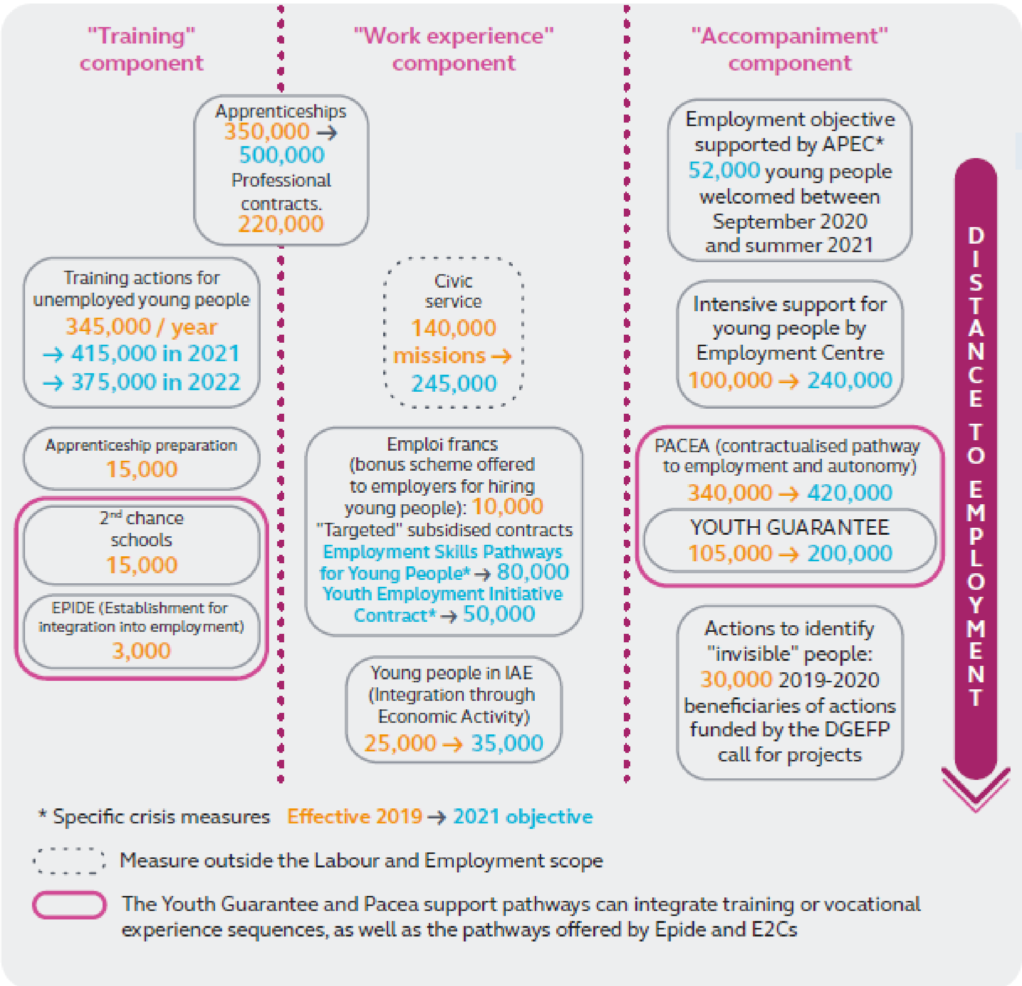
2022 Annual Public Report

France has structurally high youth unemployment. In 2020, the covid 19 pandemic and its economic consequences quickly raised fears of a striking deterioration in the situation of this already vulnerable population. The Government decided to respond to this risk with an ambitious plan to support youth employment.

Faced with the consequences of the crisis, a legitimate, but sometimes ill-proportioned intervention by the Government

In addition to the large-scale measures put in place from March 2020 to support businesses and employment and anticipating the arrival on the labour market of 750,000 young people leaving education in the summer of 2020, the Government announced in July 2020 a series of specific measures in favour of youth employment. These measures constitute the “#1youth1solution” plan, initially allocated €6.5 billion for 2020 and 2021, which should ultimately cost almost €10 billion due to the prolongation of the crisis and the extension of the corresponding aid. It has no equivalent in countries comparable to France.

Impact of the plan on the main schemes



Source: Court of Accounts according to figures from the Ministry of Labour, Employment and Integration

Although massive Government intervention was legitimate, its implementation was based on targets that did not sufficiently consider local realities: it essentially resulted in an increase in resources throughout the territory almost uniformly, including in areas where the youth employment showed no signs of deterioration. Furthermore, the plan did not propose any particular response for the most vulnerable young people, who are not already in contact with the public employment service.

Despite a considerable effort for the implementation of the plan, a success to be put into perspective

The implementation of the plan benefited from considerable effort of Government departments, its operators and partners. Led by the Government, coordination has improved between the many stakeholders whose action is often too compartmentalised. However, the achievement of the targets for the various schemes suffered from the uncertain economic and health context.

At the end of 2021, the employment situation of young people returned to its pre-crisis level. It evolved more favourably than in other comparable countries. However, the effect of measures taken specifically in favour of young people is difficult to isolate from that of general economic measures, such as partial activity, a short-time work scheme, from which they also benefited.

The most costly measures are those whose impact on employment seems limited. Thus, the three recruitment bonuses will account for nearly 70% of the costs incurred, i.e. nearly €1 billion for the bonus for hiring young people, and the same amount for the bonus for recruitment under a professionalisation contract and up to €5 billion for the bonus for recruiting apprentices. As for the emphasis on training, this will only have an effect, if at all, at the end of the pathways, in what is likely to be a different labour market context. Far from merely constituting a short-term response, the amounts invested have thus largely fuelled the pursuit of structural policies, in particular in favour of the development of apprenticeship and vocational training.

Lessons learned in terms of youth employment policy

The experience of the plan encourages a better selection of measures whose implementation speed is sufficient to have a short-term effect on youth employment. It also suggests as regards target setting at local level, taking better account of regional needs, maybe unequally affected by the crisis. Finally, it highlights the need to ensure the ramp-up of the schemes without their quality being too much affected, contrary to what has sometimes been detected in the case of the youth guarantee scheme.

Recommendations

As result of this investigation, the Court makes the following recommendations:

1. Give guidance to young people to direct them towards schemes based on assessment and criteria common to all operators, and continue harmonizing compensation for beneficiaries, so as to limit competition between schemes *(Ministry of Labour, Employment and Integration, Employment Centre)*;

2. Modulate the amount of apprenticeship aid in favour of the sectors and levels of qualification where their added value is the highest in terms of integration into the labour market *(Ministry of Labour, Employment and Integration)*.

3. Evaluate, no later than 2023, the added value in terms of labour market integration of subsidised jobs in the non-profit sector *(Ministry of Labour, Employment and Integration)*;

4. Set-up more proportionate targets relating to the number of participants to be enrolled in each scheme to the reality of the evolution of youth employment at regional level *(Ministry of Labour, Employment and Integration)*.