

Jobs for Youth

FRANCE

Des emplois pour les jeunes



Jobs for Youth
(*Des emplois pour les jeunes*)

France



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FOREWORD

The OECD's Employment, Labour and Social Affairs Committee has decided to carry out a thematic review of policies to facilitate the transition of youth from school to work and to improve their career prospects. This review is a key part of the implementation of the Reassessed OECD Jobs Strategy.

Sixteen countries (Australia, Belgium, Canada, Denmark, France, Greece, Japan, Korea, Netherlands, New Zealand, Norway, Poland, Slovak Republic, Spain, United Kingdom and United States) have decided to participate in this review, which began in 2006 and will be completed in 2009. Once all these countries have been reviewed, a synthesis report will be prepared highlighting the main issues and policy recommendations, which will be discussed subsequently by the OECD Employment and Labour Ministers.

In this thematic review, the term “youth” encompasses teenagers (*i.e.* youth aged 15/16-19) as well as young adults (aged 20-24 and 25-29).

This report on France was prepared by Anne Sonnet (Project Leader), with assistance provided by Nathalie Georges and statistical assistance by Thomas Manfredi. The report was translated by Patrick Hamm. It is twelfth such country report prepared in the context of this thematic review, supervised by Stefano Scarpetta (Head of Division). A draft of this report was presented at a seminar held in Paris on 12 February 2009. The seminar, which was organised by the French General Delegation for Employment and Vocational Training (DGEFP), brought together academic experts and representatives of the public authorities and the social partners.

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ABBREVIATIONS

ACSE	<i>Agence nationale pour la cohésion sociale et l'égalité des chances</i> (Agency for Social Cohesion and Equal Opportunity)
ADE	<i>Aide dégressive à l'employeur</i> (Digressive subsidy to employer)
AFIJ	<i>Association pour favoriser l'insertion professionnelle</i> (Association to Promote Employment Integration for Young Graduates)
AFIP	<i>Association pour favoriser l'intégration professionnelle</i> (Association to Promote Employment Integration)
AFPA	<i>Association pour la formation professionnelle des adultes</i> (Association for Adult Vocational Training)
ALE	<i>Agence locale d'emploi</i> (Local employment agency)
ANI	<i>Accord national interprofessionnel</i> (National multisector agreement)
ANPE	<i>Agence nationale pour l'emploi</i> (National employment agency)
APEC	<i>Association pour l'emploi des cadres</i> (Employment service for executives)
API	<i>Allocation de parent isolé</i> (Lone parent benefit)
APL	<i>Aide personnalisée au logement</i> (Individualised housing benefit)
ASSEDIC	<i>Association pour l'emploi dans l'industrie et le commerce</i> (Association for Employment in Industry and Commerce – an organisation managing unemployment contributions and payments)
ASS	<i>Allocation de solidarité spécifique</i> (Specific solidarity allowance)
ARE	<i>Allocation pour le retour à l'emploi</i> (Back-to-work allowance)
AUD	<i>Allocation unique dégressive</i> (Single digressive unemployment benefit)
BAC	<i>Baccalauréat</i> (Upper secondary diploma)
BDAI	<i>Bureau d'aide à l'insertion professionnelle des étudiants</i> (Agency to help students to find a job or an internship)
BEP	<i>Brevet d'études professionnelles</i> (Technical education certificate)

BTS	<i>Brevet de technicien supérieur</i> (Vocational training certificate)
CAE	<i>Contrat d'accompagnement dans l'emploi</i> (Employment assistance contract)
CAP	<i>Certificat d'aptitude professionnelle</i> (Vocational training certificate)
CAS	<i>Conseil d'analyse stratégique</i> (Centre for Strategic Analysis)
CDD	<i>Contrat à durée déterminée</i> (Fixed-term employment contract)
CDI	<i>Contrat à durée indéterminée</i> (Permanent employment contract)
CEP	<i>Certificat d'études primaires</i> (Primary school certificate)
CERC	<i>Conseil emploi revenus cohésion sociale</i> (Council for Employment, Income and Social Cohesion)
Céreq	<i>Centre d'études et de recherche sur les qualifications</i> (Centre for Research on Education, Training and Employment)
CES	<i>Conseil économique et social</i> (Economic and Social Council)
CFA	<i>Centre de formation d'apprentis</i> (Apprentice training centre)
CIE	<i>Contrat initiative-emploi</i> (Employment initiative contract)
CIO	<i>Centre d'information et d'orientation</i> (Information and guidance centre)
CI-RMA	<i>Contrat d'insertion-revenu minimum d'activité</i> (Minimum earned-income integration contract)
CIVIS	<i>Contrat d'insertion dans la vie sociale</i> (Social integration contract)
CJE	<i>Contrat jeunes en entreprise</i> (Youth-in-business contract)
CNAF	<i>Caisse nationale des allocations familiales</i> (National Office for Family Allocations)
COE	<i>Conseil d'orientation pour l'emploi</i> (Employment Policy Council)
CPGE	<i>Classes préparatoires aux grandes écoles</i> (Preparatory classes for France's grandes écoles)
CREST	<i>Centre de recherche en économie et statistique</i> (Centre for Research in Economics and Statistics)
CVE	<i>Cap vers l'entreprise</i> (Head for Firms programme)
DADS	Annual declaration of social data

DARES	<i>Direction de l'animation de la recherche, des études et des statistiques, ministère en charge de l'Emploi</i> (Department of Research, Studies and Statistics)
DEGESCO	<i>Direction générale de l'enseignement scolaire, ministère en charge de l'Éducation</i> (Department of Secondary Education, Ministry of Education)
DEPP	<i>Direction de l'évaluation et de la prospective, ministère en charge de l'Éducation</i> (Department of Assessment and Forecasting, Ministry of Education)
DEUG	<i>Diplôme d'études universitaires générales</i> (General university diploma)
DGEFP	<i>Délégation générale à l'emploi et à la formation professionnelle</i> (General Delegation for Employment and Vocational Training)
DIV	<i>Délégation interministérielle à la ville, ministère en charge du Logement et de la Ville</i> (Interministerial urban delegation, Ministry of Housing and Urban Issues)
DREES	<i>Direction de la recherche, des études, de l'évaluation et des statistiques, ministère en charge des Affaires sociales</i> (Department of Research, Analysis, Assessment and Statistical Studies, Ministry for Social Affairs)
DUT	<i>Diplôme universitaire de technologie</i> (University diploma in technology)
E2C	<i>École de la deuxième chance</i> (Second-chance school)
ECTS	European Credit Transfer System
EPIDE	<i>Établissement public d'insertion de la défense</i> (Ministry of Defence initiative)
ESF	European Social Fund
ETTI	<i>Entreprises de travail temporaire d'insertion</i> (Temporary employment agencies for integration)
FAJ	<i>Fonds d'action jeunes</i> (Youth Assistance Fund)
FIPJ	<i>Fonds pour l'insertion professionnelle des jeunes</i> (Fund for the Vocational Integration of Young People)
FNDMA	<i>Fonds national de développement et de modernisation de l'apprentissage</i> (National Fund to Develop and Modernise Apprenticeships)
GRETA	<i>Groupements d'établissements publics locaux d'enseignement</i> (Networks of local public schools)
HALDE	<i>Haute Autorité de lutte contre les discriminations et pour l'égalité</i> (High Authority for the Fight against Discrimination and for Equality)

HCEEE	<i>Haut Comité Éducation Économie Emploi</i> (High Committee for Education, Economic Affairs and Employment)
IGAS	<i>Inspection générale des affaires sociales</i> (General Inspectorate of Social Affairs)
IGEN	<i>Inspection générale de l'éducation nationale</i> (General Inspectorate of Education)
INED	<i>Institut national d'études démographiques</i> (National Institute for Demographic Studies)
INSEE	<i>Institut national de la statistique et des études économiques</i> (National Institute for Statistics and Economic Studies)
IUT	<i>Instituts universitaires de technologie</i> (University Institutes of Technology)
ISCED	International Standard Classification of Education
JAPD	<i>Journée d'appel de préparation à la défense</i> (Day for defence preparedness)
LMD	<i>Licence, maîtrise, doctorat</i> (bachelor's, master's, doctorate)
MGI	<i>Mission générale d'insertion</i> (General Integration Mission)
NEET	Neither in Employment nor in Education or Training
ONISEP	<i>Observatoire national d'information sur les enseignements et les professions</i> (National Observatory on Teaching and related professions)
ONPES	<i>Observatoire national de la pauvreté et de l'exclusion sociale</i> (National Observatory of Poverty and Social Exclusion)
OPCA	<i>Organisme collecteur des fonds de la formation continue</i> (Agency to collect vocational training funds)
OVE	<i>Observatoire national de la vie étudiante</i> (National Observatory of Student Life)
PACTE	<i>Parcours d'accès aux carrières territoriales, hospitalières et de l'État</i> (Pathway to civil service and hospital careers)
PAIO	<i>Permanence d'accueil d'information et d'orientation</i> (Drop-in centres for employment information and guidance)
PEP	<i>Premier entretien personnalisé</i> (First personalised interview)
PES	Public employment service
PISA	Programme for International Student Assessment

PPAE	<i>Projet personnalisé d'accès à l'emploi</i> (Personalised access to work plan)
PRDF	<i>Plan régional de développement de la formation professionnelle</i> (Regional plan to develop vocational training)
RAC	<i>Régime d'assurance chômage</i> (unemployment insurance)
RMI	<i>Revenu minimum d'insertion</i> (Minimum integration income)
RSA	<i>Revenu de solidarité active</i> (Active solidarity income)
SEJE	<i>Soutien à l'emploi des jeunes en entreprise</i> (Youth-in-business assistance)
SILC	Statistics on Income and Living Conditions
SMIC	<i>Salaire minimum interprofessionnel de croissance</i> (Minimum wage)
SME	Small and medium-sized enterprise
STS	<i>Section de technicien supérieur</i> (Advanced vocational course)
TRACE	<i>Trajet d'accès à l'emploi</i> (Pathway to employment programme)
UNEDIC	<i>Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce</i> (National Unemployment Insurance Administration)
VAE	<i>Validation des acquis de l'expérience professionnelle</i> (Validation of job experience)
ZEP	<i>Zone d'éducation prioritaire</i> (Priority education zone)
ZUS	<i>Zone urbaine sensible</i> (Disadvantaged urban neighbourhood)

SUMMARY AND MAIN RECOMMENDATIONS

Young people hit hard by the economic downturn

France, like the other OECD countries, is currently facing a serious economic crisis, with unemployment rising very rapidly, particularly among the youth. According to the *Emploi* survey, while the unemployment rate for 25-54-year-olds changed little during the year, reaching 7.4% in the 4th quarter of 2008, the rate for 15-24-year-olds rose from 19% in the 4th quarter of 2007 to 21.2% in the 4th quarter of 2008. Unemployment increased much more among young men (+3.2 percentage points) than among young women (+0.6 percentage point). Indeed, in the 3rd quarter of 2008 the unemployment rate of young men surpassed that of young women for the first time ever. More young men work in unskilled jobs in sectors (such as construction) that are very sensitive to the business cycle.

According to the latest OECD forecasts, the economic situation will continue to deteriorate in 2009 and in 2010. This should lead to a sharp increase in youth unemployment throughout the OECD area, but especially in France, where the youth unemployment rate is more sensitive than elsewhere to economic fluctuations.

Mediocre average performance of the youth labour market in France

The economic crisis has hit young people in France at a time when their situation on the labour market was already not very positive, with the indicators for mid-2008 still not back to their good level in 2003. This is especially worrisome given that the performance of the youth labour market in France is mediocre in comparison with that of many other OECD countries. French young people, who are among the most pessimistic about their career prospects, face an unemployment rate that in 2007 was seven percentage points above the OECD average. If the age effect alone is taken into consideration (that is, if all young people of a specific age are considered, and not just young people in the labour force), then in 2007 unemployment affected at most 8% of 15-24-year-olds, but France was still 2 percentage points above the OECD average. Furthermore, in 2007

long-term unemployment affected one unemployed French youth out of four, compared with the OECD average of one out of five.

The cyclical difficulties that young people are currently experiencing to a large extent reflect problems of a more structural character. In light of this, while one of the main short-term priorities is to take specific measures to help French youth who risk being hit hardest by the crisis, it is advisable that to the extent possible these measures be designed so that they also facilitate the integration of young people into the labour market once the crisis is over. In addition, it is also important to maintain or improve some of the policies that were implemented before the economic downturn, while also undertaking new reforms to enable young people to make the transition into employment in France.

The French model of the school-to-work transition

Successfully entering the labour market in France depends to a great extent on following a linear educational trajectory to obtain an initial selective diploma (from a *grande école*, or a university institute of technology), which are particularly highly valued by employers. Young people who deviate from this educational path have more difficulty obtaining an initial diploma that protects them from unemployment, and when entering the labour market face multiple barriers. These young people can then experience long periods of uncertainty, and those who are most disadvantaged and cannot count on help from their families have a high risk of finding themselves out of the labour market for a long time, and even experiencing poverty. Initial labour-market entry mechanisms are thus still very decisive for the rest of the career pathway.

Three groups of young people: “high performers”, “youth left behind” and “poorly integrated new entrants”

In France, like in the other OECD countries, not all young people have the same chance at successfully joining the labour market. In addition to the group of “high performers”, who represent the great majority of young people in countries like the Netherlands, the United States, the United Kingdom, Canada and the Nordic countries, and about half of youth leaving school in France, there is also a group of “youth left behind” in all the OECD countries. The size of this group can be estimated based on the number of young people who are neither in employment, nor education or training (NEET). NEETs represent about 11% of 15-24-year-olds in France, a percentage that is close to the OECD average (12%). While the characteristics of these young people differ from one country to another, they share the fact that they are cumulating disadvantages. In France, these are mainly youth who do not have a diploma, who come from an immigrant background and who live in disadvantaged neighbourhoods. It is crucial that these “youth left behind” are helped as

quickly as possible into employment and whenever possible to obtain a qualification or diploma at the same time.

One feature of the French school-to-work model, which is also found in other continental European countries (Belgium, Greece, Italy, Spain), is the existence of another large group of young people who face difficulties entering the labour market – about one-quarter of those leaving school in France. While these young “poorly integrated new entrants” often have diplomas, it can take a long time for them to find stable employment, even during periods of strong economic growth, and they frequently go back-and-forth between temporary jobs and unemployment. Long-standing policies in France to maintain high levels of the minimum wage and job protection have led to a labour-market duality that has tended to penalise many young people as they enter the labour market. Adjustments to the way the labour market functions could assist the efforts of these “poorly integrated new entrants”, but in the absence of such adjustments, France has been obliged to compensate by implementing other, often more complex policies to facilitate the transition from school to work.

How to improve the transition from school to work in France?

To help young “poorly integrated new entrants” and “youth left behind” out of job uncertainty and poverty, the strategy of the French authorities must rely on a range of measures that meet the following four objectives: *i)* ensuring that everyone leaving the educational system possesses the skills needed on the labour market; *ii)* making the transition from school to work less abrupt; *iii)* tackling the demand-side barriers to youth employment, and *iv)* making the active measures for the least employable young people more effective and strengthening social protection for the most disadvantaged youth. As these four points are mutually reinforcing, it is essential to work on them simultaneously based on a comprehensive, coherent and co-ordinated approach.

Ensuring that everyone leaving the educational system possesses the skills needed on the labour market

For many years now France has sought to reduce the number of young people leaving the school system without a diploma. Although many actions have been implemented from kindergarten onward, they have not succeeded. When all is said and done, in 2008, 18% of youth were leaving school without the French *baccalauréat*, which is considered to be the minimum achievement needed today to enter the labour market and continue to acquire training.

The proportion of 16-year-olds not in school is 3%, a figure that reaches 9% by age 17. The Code of Education provides for the possibility of continuing schooling between age 16 and 18 if at the age when compulsory schooling ends (16) no qualification has been achieved. The end of compulsory schooling could at least be applied more flexibly, and be based not on age as such, but rather on the school year that the youth becomes 16. This would mean that young people would not leave school on their 16th birthday, but at least finish the current year, which might be the graduation year. Furthermore, acquiring a minimum educational level by age 18 could be made compulsory. This is the case, for example, in the Netherlands, where since 2007 a law has required 18-year-olds who have not acquired a two-year diploma from the 2nd cycle of secondary vocational school (*startkwalificatie*) to follow a work-study programme.

Educational counselling for pupils is viewed negatively in France, meaning disciplines are chosen largely by default. At secondary school, general and technological studies are considered to be more “prestigious” than vocational courses. The weakest pupils are almost systematically steered towards the vocational specialties in least demand, often in the services sector, which have available spaces in the vocational high schools but very rarely correspond to the pupils’ personal desires. Moreover, many vocational training courses offer poor preparation for employment. Guidance should on the contrary constitute an opportunity to construct an educational and professional future.

The public authorities wish to significantly improve the local co-ordination of their efforts to identify and deal with early school-leaving, and to this end have appointed local co-ordination officers. One school-leaver out of five over the age of 16 currently has no alternatives. Every possibility must be used to promote access to a qualification without necessarily awaiting the one-year waiting period during which it is the General Integration Mission of the Ministry of Education that is in charge of helping school-leavers to return to school or begin training. The regular schools could co-operate more broadly with all local stakeholders, in particular second-chance schools. Young people should be able to be accepted into these schools from age 16 rather than age 18. This is one of the goals of the Hope for Disadvantaged Neighbourhoods (*Espoir banlieues*) plan, which recommends the creation of a second-chance system in every *département*, but this needs to be extended to include all young people not in school throughout France.

On the Call-up Day for Defence Preparedness (JAPD), during which all French 17-year-old boys and girls undergo tests to detect illiteracy, a significant number of young people who have difficulty reading are identified (15% of boys, versus 8% of girls). Educational policy needs to

take these difficulties into better account (in or out of the school framework), as, due to these youths' poor mastery of basic knowledge, they could find themselves in a situation of lasting social exclusion. JAPD Day could also provide an opportunity to identify all 17-year-olds who could be considered as NEET. These youth should have personal interviews not only with National Defence personnel but also with Public Employment Service (PES) agents in order to be pointed as quickly as possible towards a vocational or educational integration agency, preferably for a dual vocational training.

Offering every individual a “second chance at a qualification” amounts to using continuing vocational training to correct the inequalities inherited from school. Yet far from correcting these original inequalities, the vocational training system usually reinforces them in OECD countries, particularly in France. Tertiary education graduates aged 20-29 have three times as much access to continuing vocational training as do those the same age with no diploma. There is a need to strengthen access to diplomas and to all professional certifications in other ways, in particular by the validation of job experience. To this end, the apprenticeship training contract set up in 2005 (*contrat de professionnalisation*, CP) by the social partners is aimed in particular at the least-skilled workers. In December 2008, only 9% of the young people covered by these contracts were unskilled.

The following measures need to be considered so that young people can develop the basis skills they need to enter the labour market and advance their careers:

- *Do everything possible to avoid early school-leaving.* All possible mechanisms need to be used to promote access to qualifications without necessarily awaiting the one-year period. The General Integration Mission of the Ministry of Education, local missions and other local organisations in charge of second-chance schools should work together to find a personalised solution for all young people leaving or about to leave middle school. Compulsory schooling could conclude at the end of the school year rather than on the 16th birthday, and be extended until age 18 if the young person has no qualifications.
- *Overhaul the way guidance functions in secondary education and better co-ordinate educational guidance and vocational guidance.* Middle and high school students and apprentices should be better informed about the many vocational specialties and gateways that exist in order to plan their educational and vocational pathway better, and in the case of apprentices, to reduce the number of contracts broken.

- *Create a deferred right to training for young people who have left the school system without basic skills, a qualification and/or a diploma.* The 12% of 17-year-olds identified on JAPD Day who have difficulty reading must be enabled at least to acquire basic skills during their working lives by establishing a deferred right to training, to be financed mainly by funds collected from business for vocational training and as part of the CP training contract.
- *Ensure that more small enterprises benefit from funds for vocational training for their training budgets targeted at young workers with low job skills.* The pending reform of vocational training should aim to develop training in small enterprises by securing funding and improving the range of services offered by the collection agencies.

Making the transition from school to work less abrupt

France is a country where young people have little right to make mistakes or to proceed by trial and error before entering the world of work, unlike the Nordic countries and Canada where young people can go back-and-forth many times between work and study before definitively stabilising in a job. France needs to develop this kind of exploratory phase during which vocational experience can be built up before definitively leaving school. As the labour market penalises any “years of delay” upon leaving the school system, French students have little incentive to combine study and work (except apprenticeships), as this can delay finishing school. Even though the share of young people in France who combine study and work has been rising since the early 1990s, it is still modest compared to most other OECD countries (25% of those aged 20-24, *i.e.* 9 percentage points below the OECD average).

In many OECD countries, the experience of combining work and study shows that this facilitates labour-market entry, so long as the work does not exceed about 15 to 20 hours per week and thus undermine study. In Norway, for example, where all students receive a study allocation and tertiary education is free, almost all students work in order both to be financially independent during their school years and to find a job more easily when they finish their schooling, as companies value this initial experience in the world of work. This raises the question of whether this practice should be encouraged by subsidising French students for working. For instance, full-time students who work year-round could benefit from a subsidy (in the form, for instance, of an allowance or a modest wage supplement) for a maximum of 15 hours of work per week. A scheme like this could be

evaluated soon after its introduction to ensure that the expected benefits for labour-market integration outweigh any deadweight effects.

France has also witnessed a growing trend to professionalise initial education through the use of compulsory on-the-job internships. However, it is difficult to find a company offering internships, especially for young people from immigrant or disadvantaged backgrounds. This is why the Ministry of Education launched the Target: Internships (*Objectif stages*) programme, which aims to provide pupils access to compulsory internships regardless of their origin, address, social background or relationship with the world of business.

The supply and duration of internships varies with the type of tertiary education. In general, internships are compulsory for obtaining a vocational training certificate (BTS), a university diploma in technology (DUT) or a diploma from one of the engineering or commercial *grandes écoles*. On the other hand, internships are neither common nor compulsory at university, even though they have been encouraged recently.

Developing the use of internships in the study programme is a step in the right direction to put pupils and students in contact with the world of business. Nonetheless, avoiding certain problems in implementation is a challenge. First, it is necessary to ensure that the internships have a high added pedagogical value and are linked to the training or study programme. Certain abuses must also be avoided; for example, it is not rare for universities or the Ministry of Education to receive requests for internship agreements concerning graduates (young people who have thus completed their studies), who are offered the internship as initial work experience in the company. Interns are very cheap: payment equivalent to a third of the minimum wage is required only after three consecutive months of the internship and only in the private sector. There are no provisions for paying interns in the public sector.

The following measures are therefore recommended:

- *Consider moderately subsidising student work to give it a major impetus.* Full-time students who work all year could, for example, benefit from a subsidy in the form of an allowance or a wage supplement for a maximum of 15 hours work per week. Such a measure should, nevertheless, be evaluated after a certain time to ensure that it promotes integration effectively.
- *Set up compulsory internships at university starting at the bachelor's level.* The establishment of compulsory internships during the three years of the bachelor's degree should be systematically

accompanied by the award of credits in the study programme, as is the case in the selective streams of study.

- *Penalise companies that abuse “fake internships”*. Companies that ask educational institutions to arrange internship agreements for young people who have already graduated should be penalised.
- *Extend the decree that provides for compulsory compensation for internships of more than three months in the public sector*. The public sector hosts a large number of interns but does not act as a model for the private sector, to which the decree is currently limited.

Tackling the demand-side barriers to youth employment

Discrimination against the hiring of young people from visible minorities is far from uncommon in France. Those hit hardest are relatively unskilled French youth of North African and especially black African origin. It is not easy to set up measures that are genuinely effective in combating discrimination. The programme that has proved most beneficial in the OECD countries is mentorships. These help to provide young people from immigrant backgrounds access to the labour market, to better understand “the rules of the game” and to forge links with companies. Mentorships, which draw on volunteers who are familiar with the world of business or government, should be broadly extended. But it is also important to fight overt discriminatory behaviour directly. In this respect, strengthening the role of the High Authority for the Fight against Discrimination and for Equality (HALDE), which now has the authority to initiate proceedings on its own, is a welcome step.

The work of the OECD and other organisations has shown that a moderate minimum wage does not necessarily have a negative impact on youth employment. On the other hand, when the minimum wage is set at a high level relative to the median wage, it can hurt the hiring of certain disadvantaged groups, in particular less-productive young people. In France, the minimum wage of 20-year-olds (which corresponds to the adult minimum wage) is 63% of the median wage, which is the highest ratio in the OECD and is 19 percentage points higher than the average minimum wage for 20-year-olds in the 21 OECD countries that actually have a minimum wage.

France has chosen not to call into question the minimum wage, but to reduce labour costs at this wage level, and, since the early 1990s, has sought to achieve this by massively reducing employer contributions on low wages. Simultaneously, rather than adopt a youth wage, exceptions to the minimum wage have been introduced for youth under age 18 with less than six months seniority as well as for those on subsidised contracts and in apprenticeship training contracts.

These policies have, nevertheless, not necessarily promoted the hiring of less-skilled youth. First, given the high number of unskilled adults earning the minimum wage in France, when low-skilled young people seek a minimum-wage job in France they more frequently find themselves in competition with more experienced adults than is the case in other OECD countries.

Furthermore, apprenticeships in secondary vocational education are much less common in France than in “apprenticeship countries” like Germany, Austria and Switzerland. While the short-term employment outcomes of apprentices are better than those of vocational high school graduates – in 2007, 64% of apprentices were employed seven months after leaving the school system versus 49% of vocational high school graduates – whenever the apprentices are not hired by their host companies, they experience more difficulties than their high school counterparts.

As part of the multi-year Social Cohesion Plan, the French government set a goal of placing 500 000 young people in apprenticeships by 2009 and doubling the number of apprentices in tertiary education institutions by 2010. The number of apprenticeship contracts has risen overall in recent years, albeit, it is true, from a very low starting point. The current trend is to take on young people who have already obtained at least a vocational or bachelor’s degree. In 1992, for instance, 60% of new apprentices had no qualifications, compared with 40% in 2006. Though public sector apprenticeships were initiated in 1992, they are still very marginal and are filled particularly by those with more education: only 28% of young public apprentices do not have a qualification. Overall, while apprenticeships are beginning to be viewed more favourably today in France, it is crucial that this training scheme and the companies involved give priority to taking on unskilled pupils aged 15-16 to help them acquire a qualification or even a pre-qualification and a diploma while they are working.

Developing the apprenticeship system often runs into the difficulty that young people have trouble finding a company to take them on, particularly if they lack skills and come from an immigrant background. Due to the economic crisis, there is a non-negligible risk that companies will be even less willing to train an unskilled apprentice or could even break existing contracts. Companies should be encouraged to train, hire and retain more unskilled apprentices. Exemptions to employer contributions and regional or central government subsidies for apprenticeship agreements should be given only to companies that take on unskilled apprentices. In addition, employers who hire an unskilled apprentice that they have trained should be given a subsidy.

Another measure would involve offering public-sector apprenticeship contracts in priority to young people for whom a wage starting at the agreed sector minimum would be a significant obstacle to recruitment. Training

acquired in the public sector under these contracts should lead to a qualification that is valued on the labour market. The Pathways to civil service careers (PACTE) programme, the civil service equivalent of the private-sector CP training contract, should also be strengthened: only 500 contracts were agreed despite an announced target of 20 000 contracts per year.

While it does not seem that job protection has an impact on the overall unemployment rate, it does nevertheless tend to segment the labour market, in particular between those with permanent employment contracts (CDI) and those with fixed-term employment contracts (CDD). The greater protection offered by CDIs leads to employment difficulties for young people, as only very rarely is a CDD a quick stepping stone to a CDI. In 2005-06, only 16% of those aged 15-24 in France on a CDD had a CDI one year later, compared with 70% of young people in the United Kingdom. The casualisation of labour has increased in France, as the likelihood of moving from a CDD to a CDI was 45% in 1995-96. The fact that too many young people begin their careers by alternating between a CDD and periods of unemployment leads them and their employers to under-invest in their human capital at an age when progress is decisive for their future productivity. It is thus important to make the transition process from the CDD to a CDI more systematic.

The social partners and the French government began to try to deal with this harmful labour-market duality in the January 2008 multi-sector labour agreement and the Law of June 2008 on labour contracts. This legislation has laid the cornerstone of a system that combines job flexibility and career security for all employees. The trial period has in particular been extended for all permanent contracts for workers and employees to two months, which is renewable once. In addition, for young people, the duration of an internship that is integrated into an educational curriculum during the last year of study is taken into account in the duration of the trial period.

A longer trial period could lead employers to hesitate less about hiring a beginner directly on a CDI rather than first offering a CDD or an interim mission. Despite the changes introduced in 2008, France stands at the average of OECD countries for the maximum legal duration of a trial period.

The following reforms can be recommended:

- *Actively encourage the mentoring of young people from immigrant backgrounds by private sector managers.* Mentorships could provide young people from immigrant backgrounds with information about the “rules of the game” and about the way to behave during interviews and on the job, and should reassure employers.

- *Limit subsidies for apprenticeships to unskilled young people.* To have at least 50% of unskilled young people in apprenticeships, compared with 40% today, the incentives for companies to train and hire an apprentice should be limited to unskilled young people.
- *Significantly increase apprenticeship positions in the public sector for the least-skilled young people, as well as entries into the PACTE programme.* To overcome the barrier of a minimum sector starting salary that is too high relative to their productivity, the least-skilled youth who are not on private apprenticeships should be given priority for public-sector apprenticeship contracts and the PACTE programme, with the goal of enabling them to acquire a qualification recognised on the labour market.
- *Continue efforts to reduce labour-market duality overall.* The CDD seems to be less and less a stepping stone to a stable job for young people. As in the Netherlands, temporary jobs (CDD and interim) could be automatically converted for all workers, regardless of their age, into a CDI after a certain time period or a certain number of renewals.

Making the active measures for the least employable young people more effective and strengthening social protection for the most disadvantaged youth

More than 80 different employment measures have been applied to young people in a little more than 30 years. This chronic instability in employment measures has posed an obstacle to evaluating youth employment in France. Replacing one scheme by another even before it has been evaluated has made it difficult to develop the necessary perspective. Since the introduction of the Social Cohesion Plan in 2005, there has been greater stability in the number and frequency of active measures introduced for young people.

In January 2009, the President of France appointed a High Commissioner for Youth to be responsible for policies to promote the autonomy of young adults. In March 2009, the Commissioner set up a co-ordination body that will submit proposals for specific measures for comprehensively tackling the problems facing young people.

In the current economic situation, if additional measures or spending is undertaken to help young people hit by the crisis, it will be important to emphasise the measures that work best. For instance, the right to a social integration contract (CIVIS), established in 2005 for 16-25-year-olds, institutes regular personalised follow-up by a single referent in a local office

and involves activation based on mutual obligations. CIVIS was implemented on a large scale, and 40% of the young people with a contract have sustainable jobs (CDD for more than six months or CDI excluding non-market-sector contracts). It is, in addition, a relatively inexpensive programme (about EUR 700 per year to assist each young person, excluding training and other active measures), which effectively promotes the attachment of low-skilled young people to the labour market. Nevertheless, the Fund for the vocational integration of young people (FIPJ) created in 2005 to give greater support to young people on CIVIS contracts through local missions has seen a very significant decline in its funding in recent years. The current evaluation of the CIVIS should help to determine what kind of improvements to make to this scheme to provide it better funding where necessary.

Many other measures are being developed or have been recently implemented to improve the school-to-work transition for young people with multiple difficulties. One of these is the autonomy contract (*contrat d'autonomie*) introduced by the *Espoir banlieues* plan. This plan was launched in February 2008 and is aimed at integrating 200 000 youth under the age of 26 who do not have jobs and live in disadvantaged neighbourhoods into the world of work by subcontracting 45 000 autonomy contracts to private operators by 2011. An evaluation system was planned beforehand that should make it possible to rapidly determine whether this type of contract is well suited to young people in disadvantaged neighbourhoods.

One problem often encountered involves the articulation between the different programmes, the co-ordination of the different intervenors and the governance of the schemes. This has been the case, for example, with the implementation of the CIVIS by local missions and the new autonomy contracts managed by private operators. There is a serious risk that the most disadvantaged youth will move from one scheme to another but remain stuck in their long-term disconnection from the labour market. A *département*-level steering committee headed by the *département* prefect has just been established to better co-ordinate the different schemes.

In addition, a boarding school scheme was set up in 2005 to meet the need for training in behavioural and basic skills for young people aged 18 to 22 facing marginalisation and multiple barriers to employment (the EPIDE or the so-called *Défense deuxième chance*). It turns out that the costs of this scheme, in particular property costs, are disproportionate with respect to the number of youth assisted (more than EUR 40 000 per year per young person). In comparison, the annual cost for a young person in a similar residential programme in the United States (Job Corps), which has existed since the 1960s, is much lower, and the results are positive only for older young people (aged 20-24).

Despite having rather broad access to active measures, relatively few French people under the age of 25 are eligible for financial allowances. In some cases, a small amount of one-off financial assistance is granted to young people in difficulty, in particular in disadvantaged neighbourhoods under the autonomy contract (EUR 300 per month for six months). Young people usually benefit from financial assistance only under the unemployment insurance scheme. Those who are eligible receive relatively generous benefits, with a replacement rate estimated at 70%, compared with an OECD average of 62%. At the end of 2006, 44% of job-seekers under age 25 registered with the national employment agency (ANPE) received benefits under the unemployment insurance scheme, compared with 48% of those aged 25-49. On the other hand, adults at the end of their eligibility more frequently have access to a specific solidarity allowance (ASS) granted after five years of activity during the ten years preceding the loss of employment.

The unemployment insurance agreement for the 2009-10 period changes the required contribution period from six to four months when first signing on, based on the principle “one day’s contribution, one day’s benefit”. The reference period was also extended from 22 to 28 months. On the other hand, a jobseeker who signs on again within 12 months following an initial qualification for benefits on the basis of four months, after having taken another job in the meantime, must have at least six months of contributions to receive benefits. Although the broadening of eligibility conditions for unemployment insurance will increase the coverage of young people, in the current crisis it is important to ensure that training periods during internships, apprenticeships and training contracts are validated in order to attain the four months required. The recent grant of a one-off EUR 500 bonus to job seekers who have worked only two to four months out of the last 28 months is a step in this direction.

Unlike in many other OECD countries that allow access to social benefits from the age of legal maturity (18 years), France, like Luxembourg and Spain, allows access to the main social welfare scheme, the minimum integration income (RMI), only later, starting from age 25. Access to social benefits is usually made conditional upon the obligation to follow an activation measure (for example, a training requirement for unskilled young people up to age 27 in the Netherlands or up to age 25 in Denmark). Starting from mid-2009, the active solidarity income (RSA) will replace the RMI by bringing together the social minima and certain employment-related benefits for social welfare beneficiaries and low-paid workers. A single integration contract will also be introduced.

For the moment, there are no plans to extend the RSA benefit to youth under age 25. For this group, the government wishes first to bring into play family links, without offering the youth a minimum income, while working

to improve their entry into the labour market. The government sets up a Fund to support experimental efforts for young people aged 16 to 25. This is funded by state contributions and by any public or private legal entity that joins it, for the purpose of implementing experimental social and vocational integration programmes on behalf of the most disadvantaged youth.

The following measures are thus recommended:

- *Provide more resources to personally assist unskilled young people to find jobs and improve governance in order to better co-ordinate national and regional actions.* All stakeholders must work together to improve the co-ordination of existing programmes with a view to achieving results.
- *Rigorously evaluate all integration schemes for young people facing the greatest difficulties.* There are two goals: to increase the available information about which schemes for disadvantaged youth work well, and to determine their cost-effectiveness.
- *Expand unemployment insurance eligibility conditions to cover young people.* It would be a welcome step, particularly in a time of economic crisis, to validate any period of youth employment, such as internships and dual programmes, in order to attain the number of months required.
- *Establish a safety net for the most disadvantaged young people under age 25 and ensure that there is a rigorous approach to activation.* The RSA could eventually be extended to those under age 25.

RÉSUMÉ ET PRINCIPALES RECOMMANDATIONS

Les jeunes durement touchés par le retournement économique

La France, comme les autres pays de l'OCDE, est actuellement confrontée à une grave crise économique et l'on assiste à une montée très rapide du chômage, particulièrement chez les jeunes. Selon l'enquête Emploi, alors que le taux de chômage des 25-54 ans a peu varié en 2008, atteignant 7.4 % au quatrième trimestre 2008, celui des 15-24 ans est passé de 19 % au quatrième trimestre 2007 à 21.2 % au quatrième trimestre 2008. L'augmentation du chômage est beaucoup plus marquée chez les jeunes hommes (+ 3.2 points de pourcentage) que chez les jeunes femmes (+ 0.6 point de pourcentage). Ainsi pour la toute première fois, depuis le troisième trimestre 2008 le taux de chômage des jeunes hommes a dépassé celui des jeunes femmes. Ils occupent en effet en plus grand nombre un emploi non qualifié dans des secteurs (comme par exemple la construction) qui sont très sensibles à la conjoncture économique.

Selon les dernières prévisions de l'OCDE, la situation économique va continuer de se détériorer en 2009 et en 2010. Cela devrait entraîner une forte augmentation du chômage des jeunes partout dans la zone OCDE, mais plus particulièrement encore en France où le taux de chômage des jeunes est plus sensible qu'ailleurs aux fluctuations économiques.

Médiocre performance moyenne du marché du travail des jeunes en France

La crise économique a frappé les jeunes en France à un moment où leur situation sur le marché du travail n'était déjà pas très favorable, les indicateurs à la mi-2008 n'étant pas revenus à leur bon niveau de 2003. La question est d'autant plus préoccupante que la performance du marché du travail des jeunes en France est médiocre comparativement à celle de nombreux autres pays de l'OCDE. Les jeunes Français, qui sont parmi les plus pessimistes quant à leur avenir professionnel, sont confrontés à un taux de chômage qui se situait,

en 2007, 7 points de pourcentage au-dessus de la moyenne de l'OCDE. Si l'on ne tient compte que de l'effet d'âge (c'est-à-dire si l'on considère tous les jeunes d'une classe d'âge et pas seulement les jeunes actifs), le chômage ne concernait en 2007 plus que 8 % des 15-24 ans, mais la France se situait toujours 2 points de pourcentage au-dessus de la moyenne de l'OCDE. En outre en 2007, le chômage de longue durée touchait un jeune chômeur français sur quatre, contre un sur cinq en moyenne dans l'OCDE.

Les difficultés conjoncturelles que rencontrent actuellement les jeunes reflètent dans une large mesure des problèmes de nature plus structurelle. Dans ce contexte, si l'une des principales priorités à court terme est d'aider les jeunes Français qui risquent d'être les plus touchés par la crise par des mesures spécifiques, il est souhaitable que, dans la mesure du possible, ces mesures soient conçues de telle sorte qu'elles contribuent également à une meilleure insertion des jeunes sur le marché du travail une fois que la crise sera passée. Par ailleurs, il est également important de poursuivre ou d'améliorer un certain nombre de politiques mises en œuvre avant le retournement conjoncturel et d'entreprendre de nouvelles réformes pour faciliter la transition des jeunes vers l'emploi en France.

Le modèle français d'insertion professionnelle

Réussir son insertion professionnelle en France dépend dans une large mesure de l'obtention, après une trajectoire scolaire linéaire, d'un diplôme initial sélectif (de type grande école ou institut universitaire de technologie) particulièrement valorisé par les employeurs. Les jeunes qui dévient de ce parcours scolaire ont plus de mal à décrocher un diplôme initial qui les protège du chômage et sont confrontés, dès leur entrée sur le marché du travail, à de multiples barrières à l'obtention d'un emploi. Ces jeunes peuvent dès lors connaître de longues périodes de précarité et les plus désavantagés parmi eux, qui ne peuvent pas compter sur l'aide de leur famille, ont un risque élevé d'emprunter une trajectoire d'éloignement durable du marché du travail et même de pauvreté. Ces modalités d'insertion restent de plus déterminantes pour la suite du parcours professionnel.

Trois groupes de jeunes : les « performants », les « laissés pour compte » et les « débutants en mal d'insertion »

En France comme dans les autres pays de l'OCDE, tous les jeunes n'ont pas les mêmes chances de réussir leur insertion professionnelle. À côté du groupe des « performants » qui représentent la grande

majorité des jeunes dans des pays comme les Pays-Bas, les États-Unis, le Royaume-Uni, le Canada ou les pays nordiques et autour de la moitié des jeunes sortants de l'école en France, il existe dans tous les pays de l'OCDE un groupe de jeunes « laissés pour compte ». Ce groupe, dont l'importance peut être estimée à partir du nombre de jeunes qui ne sont ni en emploi, ni scolarisés, ni en formation (NEET selon l'acronyme anglais), représente environ 11 % des 15-24 ans en France, soit un pourcentage proche de la moyenne de l'OCDE (12 %). Même si ces jeunes présentent des caractéristiques différentes d'un pays à l'autre, ils ont en commun le fait qu'ils cumulent les désavantages. En France, il s'agit principalement de jeunes qui n'ont pas de diplôme, sont issus de l'immigration et vivent dans des quartiers défavorisés. Il est essentiel de ramener ces jeunes « laissés pour compte » le plus tôt possible vers l'emploi et souvent simultanément vers une qualification ou un diplôme.

La spécificité du modèle d'insertion français, que l'on retrouve aussi dans d'autres pays d'Europe continentale (Belgique, Espagne, Grèce, Italie), est qu'il existe un autre groupe important de jeunes en difficulté d'insertion – autour du quart des sortants de l'école en France. Ces jeunes « débutants en mal d'insertion », souvent diplômés, mettent beaucoup de temps à se stabiliser dans l'emploi, même durant les périodes de croissance économique forte, et connaissent de fréquents allers-retours entre emplois temporaires et non emploi. Les choix qui ont prévalu de longue date en France en matière de salaire minimum élevé et de protection de l'emploi ont conduit à une segmentation du marché du travail qui a eu tendance à pénaliser un grand nombre de jeunes lors de leur entrée sur le marché du travail. Des adaptations dans les modalités de fonctionnement du marché du travail contribueraient à faciliter l'insertion professionnelle des « débutants en mal d'insertion ». En l'absence de telles adaptations, la France se voit obligée de compenser en mettant en place d'autres politiques, souvent plus complexes, pour faciliter la transition de l'école à l'emploi.

Comment améliorer la transition de l'école à l'emploi en France ?

Pour aider les jeunes « débutants en mal d'insertion » et les jeunes « laissés pour compte » à sortir de la précarité ou de la pauvreté, la stratégie des autorités françaises doit reposer sur un éventail de mesures qui répondent aux quatre objectifs suivants : *i*) veiller à ce que chacun quitte le système d'enseignement en possession de compétences requises sur le marché du travail ; *ii*) rendre la transition de l'école à l'emploi moins abrupte ; *iii*) s'attaquer aux barrières à l'emploi des

jeunes du côté de la demande et ; iv) rendre plus efficaces les mesures actives pour les jeunes les plus éloignés de l'emploi et renforcer la protection sociale des jeunes les plus démunis. Il est essentiel d'agir sur ces quatre piliers à la fois dans une démarche globale, cohérente et coordonnée car les différents piliers se renforcent l'un l'autre.

Veiller à ce que chacun quitte le système d'enseignement en possession de compétences requises sur le marché du travail

La France se mobilise depuis de nombreuses années pour réduire le nombre de jeunes sortant sans aucun diplôme du système scolaire. Si de nombreuses actions sont menées tôt dès l'école maternelle, elles restent insuffisantes. En définitive en 2008, 18 % d'une génération sort de l'école sans le baccalauréat qui est considéré comme le bagage scolaire minimum pour intégrer aujourd'hui le marché du travail et continuer à se former.

A 16 ans, 3 % des jeunes ne sont plus scolarisés et cette proportion atteint 9 % à l'âge de 17 ans. Le code de l'éducation prévoit la poursuite de l'obligation scolaire entre 16 et 18 ans si l'âge de fin de scolarité obligatoire (16 ans) est atteint sans formation. La fin de scolarité obligatoire pourrait au minimum être appliquée de façon plus souple en se basant non sur l'âge en tant que tel, mais plutôt sur l'année scolaire où le jeune atteint ses 16 ans. Cela permettrait déjà que des jeunes ne quittent pas l'école le jour même de leurs 16 ans mais finissent l'année en cours qui peut être celle du diplôme. Au-delà, l'obligation pourrait porter sur l'acquisition d'un bagage scolaire minimum à 18 ans. C'est le cas par exemple aux Pays-Bas où une loi oblige depuis 2007 les jeunes de 18 ans n'ayant pas obtenu un diplôme de deux ans du 2^e cycle de l'enseignement secondaire professionnel (*startkwalificatie*) à suivre une formation professionnelle en alternance.

L'orientation des élèves est vécue négativement en France, le choix des études se faisant largement par défaut. Au lycée, les voies générale et technologique sont considérées comme les filières « de prestige » par rapport à la voie professionnelle. Les élèves les plus faibles sont orientés presque systématiquement vers les spécialités professionnelles les moins demandées, souvent dans le tertiaire, qui ont des places disponibles dans les lycées professionnels mais qui correspondent très rarement à leurs vœux. De plus, de nombreuses filières de formation professionnelle préparent mal à l'emploi. L'orientation devrait au contraire être le moment de construction des parcours à la fois scolaire et professionnel.

Les pouvoirs publics veulent améliorer significativement la coordination au niveau local de leurs actions de repérage et de traitement des situations de décrochage scolaire et ont désigné à cet effet des responsables locaux de la coordination. En effet, un jeune déscolarisé de plus de 16 ans sur cinq est actuellement laissé sans solution. Il faut dès lors mobiliser l'ensemble des dispositifs destinés à favoriser l'accès à la qualification sans nécessairement attendre le délai de carence d'un an pendant lequel c'est la Mission générale d'insertion de l'Éducation nationale qui est chargée d'aider les décrocheurs à reprendre leur scolarité ou commencer une formation. Les établissements scolaires pourraient coopérer plus largement avec tous les acteurs locaux, en particulier les écoles de la deuxième chance. Les jeunes devraient pouvoir être acceptés dans ces écoles dès l'âge de 16 ans plutôt que de 18 ans. Cet objectif est inscrit dans le plan *Espoir banlieues* qui préconise la création d'un dispositif de la deuxième chance par département mais il faudrait l'étendre à tous les jeunes en rupture scolaire sur tout le territoire français.

Lors de la journée d'appel de préparation à la défense (JAPD) pendant laquelle tous les jeunes Français, de 17 ans, garçons et filles, passent des tests de détection de l'illettrisme, on recense un pourcentage important de jeunes en difficulté de lecture (15 % de garçons contre 8 % de filles). Ces handicaps devraient être mieux pris en compte dans les politiques éducatives (dans ou hors du cadre scolaire) car ces jeunes, du fait de leur faible maîtrise des savoirs de base, risquent en effet de s'inscrire durablement dans une trajectoire d'exclusion. La JAPD serait également l'occasion de recenser tous ceux qui, à 17 ans, ne sont ni en emploi, ni scolarisés ni en formation (NEET). Ces derniers devraient être reçus en entretien individuel non seulement par les personnels de la direction du service national mais aussi par des agents du SPE afin d'être orientés le plus tôt possible vers une structure d'insertion professionnelle ou éducative, de préférence appliquant une pédagogie de l'alternance.

Offrir à chaque individu une « seconde chance à la qualification » revient à corriger par la formation professionnelle continue les inégalités héritées de l'école. Pourtant loin de corriger les inégalités d'origine, le système de formation professionnelle les creuse la plupart du temps dans les pays de l'OCDE, et notamment en France. Le taux d'accès à la formation professionnelle continue des 20-29 ans est trois fois plus élevé en France pour les diplômés de l'enseignement supérieur que pour les jeunes sans diplôme du même âge. L'accès aux diplômes, et à l'ensemble des certifications professionnelles, par

d'autres voies, notamment par la validation des acquis de l'expérience, doit être renforcé. Le contrat de professionnalisation, contrat en alternance mis en place en 2005 par les partenaires sociaux dans ce but, devrait atteindre en priorité les travailleurs les moins qualifiés. En décembre 2008, la proportion de jeunes non qualifiés parmi les jeunes en contrat de professionnalisation n'était que de 9 %.

Pour que les jeunes puissent posséder les compétences de base dont ils ont besoin pour intégrer le marché du travail et pour y progresser, les mesures suivantes peuvent être envisagées :

- *Tout mettre en œuvre pour éviter la rupture scolaire.* Il faut mobiliser l'ensemble des dispositifs destinés à favoriser l'accès à la qualification sans nécessairement attendre le délai de carence d'un an. La Mission générale d'insertion de l'Éducation nationale, les missions locales et d'autres acteurs locaux gérant des dispositifs de la deuxième chance devraient trouver ensemble une solution personnalisée pour tous les jeunes déscolarisés au collège ou en voie de l'être. La scolarité obligatoire pourrait être arrêtée à la fin de l'année scolaire plutôt qu'à la date anniversaire des 16 ans et étendue jusqu'à 18 ans si le jeune est sans formation.
- *Rénover le fonctionnement de l'orientation dans l'enseignement secondaire et mieux articuler orientation scolaire et orientation professionnelle.* Les collégiens, les apprentis et les lycéens devraient être mieux informés des nombreuses spécialités professionnelles et des passerelles existantes afin de mieux élaborer leur parcours scolaire et professionnel et, dans le cas des apprentis, réduire le nombre de rupture de contrat.
- *Créer un droit différé à la formation pour les jeunes sortis du système scolaire sans maîtriser les savoirs de base, sans qualification et/ou sans diplôme.* Les 12 % des jeunes de 17 ans identifiés à la JAPD en difficulté de lecture doivent pouvoir acquérir au minimum les savoirs de base au cours de leur vie professionnelle par l'instauration d'un droit différé à la formation financé principalement par les fonds collectés auprès des entreprises pour la formation professionnelle et dans le cadre du contrat de professionnalisation.
- *Faire bénéficier davantage les petites entreprises des fonds pour la formation professionnelle pour leurs dépenses de*

formation ciblées sur les jeunes peu qualifiés en emploi. La réforme en cours de la formation professionnelle devrait œuvrer à développer la formation dans les petites entreprises en sécurisant les financements et en améliorant l'offre de services des organismes collecteurs.

Rendre la transition de l'école à l'emploi moins abrupte

La France est un pays où les jeunes ont peu de droit à l'erreur et où le tâtonnement avant leur entrée dans la vie active n'est pas véritablement permis, contrairement aux pays nordiques et au Canada où les jeunes effectuent de nombreux va-et-vient entre études et emploi avant de se stabiliser définitivement dans l'emploi. Il faudrait développer en France, avant la sortie définitive des études, cette phase de tâtonnement et de construction de l'expérience professionnelle. Les « années de retard » à la sortie du système scolaire étant pénalisées sur le marché du travail, les étudiants français ne sont, en effet, pas incités à cumuler études et emploi (hors apprentissage) car cela pourrait se traduire par une sortie tardive. Si la part de jeunes qui cumulent études et emploi est en augmentation en France depuis le début des années 90, elle reste néanmoins modeste comparée à la plupart des autres pays de l'OCDE (25 % des 20-24 ans, soit 9 points de pourcentage en dessous de la moyenne de l'OCDE).

L'expérience du cumul études-emploi dans de nombreux pays de l'OCDE, du moment que ce travail ne dépasse pas environ 15 à 20 heures par semaine pour ne pas nuire aux études, montre qu'il facilite l'entrée sur le marché du travail. En Norvège, par exemple, où tous les étudiants reçoivent une allocation d'étude et où les études supérieures sont gratuites, presque tous les étudiants travaillent pour être autonomes financièrement pendant leurs études et pour trouver plus facilement un emploi à la sortie des études dans la mesure où les entreprises valorisent ces premières expériences du monde du travail. La question se pose dès lors en France de savoir s'il faut envisager de subventionner le travail des étudiants pour le faire décoller. Ainsi, les étudiants à plein temps qui travaillent toute l'année pourraient bénéficier d'une subvention (sous forme par exemple d'une allocation ou d'un complément modéré de salaire) pour un maximum de 15 heures de travail par semaine. Un tel dispositif devrait être évalué rapidement après son introduction pour s'assurer que les bénéfices attendus en termes d'insertion professionnelle dépassent les effets d'aubaine éventuels.

La professionnalisation des formations sous statut scolaire à travers des stages obligatoires de formation en entreprise prend de l'ampleur en France. Pourtant, trouver une entreprise où faire un stage est difficile, surtout pour les jeunes issus de l'immigration et de milieux défavorisés. C'est pourquoi le ministère de l'Éducation nationale a mis sur pied l'opération « Objectif stages » qui vise à garantir l'accès des élèves aux stages obligatoires quels que soient leur origine, leur adresse, leur milieu social, ou leurs réseaux de relations avec le monde de l'entreprise.

L'offre et la durée des stages sont variables selon la filière de l'enseignement supérieur. En général, les stages sont obligatoires pour l'obtention d'un brevet de technicien supérieur, d'un diplôme universitaire technologique et d'un diplôme d'une grande école d'ingénieurs et de commerce. Par contre, le recours aux stages n'est ni fréquent ni obligatoire à l'université, même s'il est encouragé depuis peu.

Développer la pratique des stages dans le programme d'études, c'est aller dans la bonne direction pour mettre en contact les élèves et les étudiants avec le monde de l'entreprise. Un des enjeux est, cependant, d'éviter certaines dérives dans les pratiques. Tout d'abord, il faut veiller à ce que les stages aient une haute valeur ajoutée pédagogique et soient liés aux programmes de formation ou d'études. Il faut ensuite limiter certains abus. Ainsi, il n'est pas rare que les universités ou le ministère de l'Éducation nationale reçoivent des demandes de conventions de stage concernant des diplômés (donc de jeunes ayant achevé leur cursus) à qui un stage est proposé comme première expérience de travail dans l'entreprise. Le stagiaire est en effet peu coûteux : une gratification équivalant à un tiers du SMIC n'est obligatoire qu'après trois mois de stage consécutifs et seulement dans le secteur privé. Aucune gratification des stagiaires n'est prévue dans le secteur public.

Les pistes d'action suivantes sont dès lors recommandées :

- *Envisager de subventionner modérément le travail étudiant pour le faire décoller.* Les étudiants à plein temps qui travaillent toute l'année pourraient par exemple bénéficier d'une subvention, sous forme d'une allocation ou d'un complément de salaire, pour un maximum de 15 heures de travail par semaine. Une telle mesure devrait toutefois être évaluée après quelque temps pour s'assurer de son efficacité en termes d'insertion.

- *Mettre en place des stages obligatoires à l'université dès la licence.* La mise en place de stages obligatoires au cours des trois années de licence devrait être systématiquement accompagnée de la délivrance de crédits dans le cursus d'études, comme c'est le cas dans les filières sélectives.
- *Sanctionner les entreprises qui abusent de « faux stages ».* Les entreprises qui demandent aux établissements d'enseignement d'établir des conventions de stage pour des jeunes déjà diplômés devraient être sanctionnées.
- *Étendre le décret qui prévoit une gratification obligatoire pour les stages de plus de trois mois dans le secteur public.* Le secteur public qui accueille un nombre important de stagiaires ne joue pas un rôle de modèle pour le secteur privé auquel ce décret a été limité.

S'attaquer aux barrières à l'emploi des jeunes du côté de la demande

En France, les pratiques de discrimination à l'embauche de jeunes de minorités visibles sont loin d'être inhabituelles. Les jeunes Français peu qualifiés d'origine maghrébine et plus encore noire africaine, en sont particulièrement victimes. Il n'est pas aisé de mettre en place des mesures vraiment efficaces pour lutter contre la discrimination. Le programme qui s'avère le plus rentable dans les pays de l'OCDE est le parrainage. Il permet d'aider les jeunes issus de l'immigration d'accéder au marché du travail, de mieux connaître « les règles du jeu » et de tisser des liens entre ces jeunes et les entreprises. Le parrainage, qui fait appel à des bénévoles qui connaissent bien le monde de l'entreprise ou de l'administration, devrait être largement étendu. Mais il convient aussi de lutter directement contre les comportements ouvertement discriminatoires. Le renforcement du rôle de la Haute autorité de lutte contre les discriminations et pour l'égalité (HALDE) qui a maintenant des pouvoirs d'auto-saisine est à cet égard le bienvenu.

Les travaux de l'OCDE et d'autres organismes ont montré qu'un salaire minimum modéré n'a pas nécessairement un impact négatif sur l'emploi des jeunes. En revanche, lorsqu'il est fixé à un niveau élevé par rapport au salaire médian, il peut pénaliser l'embauche de certains groupes défavorisés, notamment les jeunes les moins productifs. En France, rapporté au salaire médian, le SMIC à l'âge de 20 ans (qui correspond au salaire minimum adulte) est au niveau le plus élevé de

l'OCDE (63 %) et est supérieur de 19 points de pourcentage à la moyenne du salaire minimum à 20 ans dans les vingt et un pays de l'OCDE qui ont un salaire minimum.

La France a fait le choix de ne pas remettre en cause le salaire minimum mais de réduire le coût du travail à ce niveau de salaire en procédant depuis le début des années 90, à des allègements massifs des cotisations patronales sur les bas salaires. Parallèlement, plutôt que d'adopter un salaire spécifique aux jeunes, des régimes dérogatoires au salaire minimum ont été introduits d'une part pour les jeunes de moins de 18 ans qui ont moins de six mois d'ancienneté et d'autre part dans les cas des contrats aidés et de l'alternance.

Pourtant, ces politiques n'ont pas nécessairement favorisé l'emploi des jeunes les moins qualifiés. Tout d'abord, en raison du nombre élevé d'adultes peu qualifiés payés au SMIC en France, les jeunes peu qualifiés lorsqu'ils recherchent un emploi rémunéré au niveau du SMIC se retrouvent plus fréquemment en concurrence avec des travailleurs adultes plus expérimentés qu'eux que dans les autres pays de l'OCDE.

Ensuite, l'apprentissage reste peu développé en France dans l'enseignement professionnel secondaire en comparaison des pays d'apprentissage (Allemagne, Autriche, Suisse). Si les conditions immédiates d'insertion des apprentis sont plus favorables que celle des lycéens professionnels – 64 % des apprentis sont en emploi sept mois après leur sortie du système scolaire pour 49 % des lycéens en 2007 –, il demeure que lorsque les apprentis ne bénéficient pas d'une embauche par leur entreprise d'accueil, ils rencontrent plus de difficultés que leurs homologues lycéens.

Dans le cadre du Plan pluriannuel de cohésion sociale, le gouvernement français s'est fixé comme objectif d'atteindre un effectif de 500 000 jeunes en apprentissage en 2009 et de doubler le nombre des apprentis dans les établissements d'enseignement supérieur d'ici à 2010. Ces dernières années, le nombre de contrats d'apprentissage a globalement décollé en partant, il est vrai, d'un nombre très bas. La tendance est maintenant d'y attirer des jeunes déjà qualifiés au moins par un diplôme professionnel ou un niveau baccalauréat. Ainsi en 1992, 60 % des nouveaux apprentis étaient sans qualification contre 40 % en 2006. L'apprentissage, qui a été ouvert dans le secteur public en 1992, y reste très marginal et particulièrement tiré vers le haut : seuls 28 % des jeunes qui y entrent sont sans qualification. En définitive, alors que l'image de

l'apprentissage est en voie de revalorisation aujourd'hui en France, il reste crucial que cette filière de formation et les entreprises accueillent toujours prioritairement les élèves de 15-16 ans non qualifiés pour les aider à acquérir une qualification, voire une pré-qualification, et un diplôme tout en travaillant.

Le développement de l'apprentissage bute souvent sur la difficulté pour un jeune de trouver une entreprise qui l'accepte comme apprenti, ce qui est particulièrement le cas s'il est non qualifié et issu de l'immigration. Du fait de la crise économique, il y a un risque non négligeable que les entreprises se portent encore moins volontaires pour former un apprenti non qualifié ou rompent les contrats en cours. Les entreprises devraient être incitées à former, engager et garder plus d'apprentis non qualifiés. Il faudrait n'accorder les exonérations de cotisations sociales et les aides des régions ou de l'État dans le cadre des contrats d'apprentissage qu'aux entreprises qui prennent des apprentis non qualifiés. De plus, il faudrait instaurer une subvention pour l'employeur en cas d'embauche d'un apprenti sans qualification qu'il a formé.

Une autre piste serait d'offrir en priorité des contrats d'apprentissage dans le secteur public aux jeunes pour lesquels un salaire d'embauche au niveau du minimum conventionnel représente un obstacle important à l'embauche. La formation acquise dans le secteur public dans le cadre de ces contrats d'apprentissage doit viser une qualification valorisée sur le marché du travail. Le programme PACTE, l'équivalent dans la fonction publique du contrat de professionnalisation du secteur privé, devrait également être renforcé : seuls 500 contrats ont été effectivement conclus pour un objectif annoncé de 20 000 contrats par an.

S'il ne semble pas que la protection de l'emploi ait un impact sur le taux de chômage global, elle tend néanmoins à segmenter le marché du travail, notamment entre les titulaires de contrats à durée indéterminée (CDI) et les titulaires de contrats à durée déterminée (CDD). La protection plus forte des CDI entraîne des difficultés d'insertion pour les jeunes, un CDD n'étant que très rarement un tremplin rapide pour accéder à un CDI. En 2005-06, en France seuls 16 % des jeunes de 15-24 ans en CDD sont en CDI un an après contre 70 % des jeunes au Royaume-Uni. La précarisation a augmenté en France, la probabilité de passer de CDD en CDI étant de 45 % en 1995-96. Le fait que trop de jeunes débutent leur vie professionnelle par l'alternance de CDD et de périodes de chômage conduit à un sous-investissement de leur part et de la part de leurs employeurs dans

leur capital humain à un âge où les progrès sont décisifs pour la productivité future. Il est donc important de faire en sorte que le passage de CDD en CDI s'effectue de manière plus systématique.

Les partenaires sociaux et le gouvernement français ont commencé à apporter des réponses à cette segmentation néfaste du marché du travail dans l'accord interprofessionnel de janvier 2008 et la Loi de juin 2008 sur les contrats de travail. Cette législation pose entre autres les jalons d'un système alliant flexibilité de l'emploi et sécurisation des parcours professionnels pour tous les salariés. La période d'essai a notamment été étendue, pour tous les contrats permanents, à deux mois renouvelables une fois pour les ouvriers et les employés. De plus, pour les jeunes, la durée d'un stage intégré à un cursus pédagogique réalisé lors de la dernière année d'études est prise en compte dans la durée de la période d'essai.

Une période d'essai plus longue peut avoir pour effet que les employeurs hésitent moins à embaucher un débutant directement sur un CDI plutôt que lui offrir d'abord un CDD ou une mission d'intérim. Malgré les changements introduits en 2008, la France se situe à la moyenne des pays de l'OCDE pour la durée légale maximum de la période d'essai.

Les réformes suivantes peuvent être préconisées :

- *Encourager activement le parrainage des jeunes issus de l'immigration par des cadres du secteur privé.* Le parrainage peut fournir aux jeunes issus de l'immigration des informations sur les « règles du jeu » ainsi que sur les comportements à adopter lors des entretiens et sur le lieu de travail, à même de rassurer les employeurs.
- *Limiter aux jeunes non qualifiés les aides publiques à l'apprentissage.* Pour maintenir au moins 50 % de jeunes sans qualification entrant en apprentissage contre 40 % aujourd'hui, les incitations pour les entreprises à former et embaucher un apprenti devraient se limiter aux jeunes non qualifiés.
- *Augmenter de façon significative les places d'apprentissage dans le secteur public pour les jeunes les moins qualifiés ainsi que les entrées dans le programme PACTE.* Pour surmonter l'obstacle d'un salaire d'embauche au minimum conventionnel qui est souvent trop élevé au regard de leur productivité, les jeunes les moins qualifiés qui ne sont pas en

apprentissage en entreprise privée devraient se voir offrir en priorité un contrat d'apprentissage dans le secteur public ou un programme PACTE avec l'objectif de leur permettre d'acquérir une qualification reconnue sur le marché du travail.

- *Poursuivre les efforts pour réduire globalement la segmentation du marché du travail.* Le CDD semble de moins en moins être un tremplin rapide vers un emploi stable pour les jeunes. Comme c'est le cas aux Pays-Bas, les emplois temporaires (CDD et intérim) pourraient être automatiquement convertis pour tous les travailleurs quelque soit leur âge en CDI, au bout d'un laps de temps ou d'un certain nombre de renouvellements.

Rendre plus efficaces les mesures actives pour les jeunes les plus éloignés de l'emploi et renforcer la protection sociale des jeunes les plus démunis

En un peu plus de trente ans, les jeunes ont bénéficié de plus de 80 mesures différentes de la politique d'emploi. L'instabilité chronique des mesures d'emploi a constitué un obstacle au développement de l'évaluation en matière d'emploi des jeunes en France. Elle a empêché d'avoir le recul nécessaire, un dispositif étant remplacé par un autre avant même d'avoir pu être évalué. Depuis l'introduction du Plan de cohésion sociale en 2005, on constate une stabilisation du nombre et de la fréquence d'introduction de mesures actives pour les jeunes.

Le Président de la République a nommé en janvier 2009 un Haut Commissaire à la jeunesse qui a pour tâche de lancer une politique d'autonomie des jeunes adultes. Ce dernier a installé en mars 2009 une commission de concertation qui remettra des propositions de mesures concrètes visant à traiter dans leur globalité les problèmes auxquels sont confrontés les jeunes.

Dans la conjoncture actuelle, si des mesures ou des dépenses supplémentaires sont prises pour aider les jeunes affectés par la crise, il sera important de mettre l'accent sur ce qui marche le mieux. Ainsi, le droit à un contrat d'insertion dans la vie sociale (CIVIS), instauré en 2005 pour les jeunes de 16-25 ans, institue un suivi personnalisé régulier par un référent unique dans une mission locale et implique une activation basée sur des engagements réciproques. Au total, le CIVIS a été mis en œuvre à grande échelle et 40 % des jeunes sortis du contrat ont un emploi durable (CDD de plus de six mois et CDI

hors contrat aidé du secteur non marchand). C'est de plus un programme peu coûteux (de l'ordre de 700 EUR par an par jeune pour son accompagnement, hors actions de formation et autres mesures actives) qui a le mérite de promouvoir l'attachement des jeunes peu qualifiés au marché du travail. Cependant, le Fonds pour l'insertion professionnelle des jeunes (FIPJ) créé en 2005 pour soutenir et compléter les actions d'accompagnement des jeunes en CIVIS par les missions locales a vu ses dotations diminuer très sensiblement ces dernières années. L'évaluation en cours du CIVIS permettra de décider quelles améliorations apporter à ce dispositif pour, le cas échéant, mieux le doter financièrement.

De nombreuses mesures supplémentaires sont en cours d'élaboration ou ont été lancées récemment pour améliorer la transition de l'école à l'emploi des jeunes qui cumulent les difficultés. C'est particulièrement le cas du contrat d'autonomie introduit par le plan Espoir banlieues. Ce plan lancé en février 2008 vise à insérer professionnellement les 200 000 jeunes de moins de 26 ans qui sont sans emploi et résident dans les banlieues en sous-traitant à des opérateurs privés 45 000 contrats d'autonomie d'ici à 2011. Un dispositif d'évaluation a été prévu dès l'origine et permettra de se rendre compte rapidement si ce type de contrat s'avère adapté aux jeunes des banlieues.

C'est en fait souvent l'articulation entre les différents programmes, la coordination des différents intervenants et la gouvernance des dispositifs qui posent problème. C'est par exemple le cas du CIVIS mis en œuvre par les missions locales et le nouveau contrat d'autonomie piloté par des opérateurs privés. Le risque est grand que les jeunes les plus défavorisés passent d'un dispositif à l'autre sans arriver à sortir d'une trajectoire durable d'éloignement de l'emploi. Un comité de pilotage départemental placé sous la présidence du préfet de département vient d'être établi pour mieux coordonner les différents dispositifs.

Par ailleurs, un dispositif d'internat a été mis en place en 2005 pour répondre aux besoins de formation comportementale et de base de jeunes de 18 à 22 ans en voie de marginalisation cumulant les obstacles à l'emploi (EPIDE, Établissement public d'insertion de la défense dit Défense deuxième chance). Il s'avère que les coûts associés à ce dispositif, notamment les coûts immobiliers, sont disproportionnés au regard du nombre de jeunes accompagnés (plus de 40 000 EUR par an par jeune). En comparaison, le coût annuel d'un jeune placé dans un programme résidentiel similaire aux États-Unis (*Job Corps*) qui existe

depuis les années 60 est beaucoup moins élevé et l'évaluation n'est positive que pour des jeunes plus âgés (20-24 ans).

Malgré un accès assez large à des mesures actives, les jeunes Français de moins de 25 ans sont en règle générale peu éligibles à des allocations financières. Dans certains cas, une aide financière ponctuelle d'un faible montant est octroyée aux jeunes les plus en difficulté, notamment dans les banlieues avec le contrat d'autonomie (300 EUR par mois pendant six mois). Il n'y a que dans le cadre du régime de l'assurance chômage que les jeunes bénéficient d'une allocation financière. Ceux qui sont indemnisés ont une indemnisation plutôt généreuse avec un taux de remplacement estimé à 70 %, comparativement à 62 % en moyenne pour les pays de l'OCDE. Fin 2006, 44 % des demandeurs d'emploi de moins de 25 ans inscrits à l'ANPE étaient indemnisés par le régime d'assurance chômage contre 48 % des 25-49 ans. Les adultes en fin de droit ont par contre plus fréquemment accès à l'allocation spécifique de solidarité (ASS) octroyée après cinq années d'activité au cours des dix ans précédant la perte d'emploi.

L'accord sur l'assurance chômage pour la période 2009-10 fait passer la durée de cotisation requise de six à quatre mois lors de la première inscription avec le principe «un jour cotisé, un jour indemnisé». La période de référence est de plus allongée de 22 à 28 mois. En revanche, le demandeur d'emploi qui se réinscrit dans les 12 mois suivant une première ouverture de droits sur la base de quatre mois, après avoir repris un emploi entre temps, doit avoir au moins six mois d'affiliation pour percevoir une allocation. Si l'élargissement des conditions d'éligibilité à l'assurance chômage permettra d'augmenter la couverture des jeunes, il conviendrait, dans la crise actuelle, de s'assurer que les périodes de formation lors de stages ou de contrats d'apprentissage et de professionnalisation soient effectivement validées pour arriver aux quatre mois requis. L'octroi récent d'une prime exceptionnelle de 500 EUR aux demandeurs d'emploi qui n'ont travaillé que deux à quatre mois sur les 28 derniers mois est un pas dans cette direction.

A la différence de nombreux pays de l'OCDE où l'accès à l'aide sociale est possible dès l'âge de la majorité (18 ans), la France, tout comme le Luxembourg et l'Espagne, se caractérise par un accès plus tardif à partir de 25 ans au principal dispositif d'aide sociale, le revenu minimum d'insertion (RMI). L'accès à l'aide sociale est conditionné la plupart du temps à l'obligation de suivre une mesure d'activation (par exemple obligation de formation pour les jeunes non qualifiés aux

Pays-Bas jusqu'à l'âge de 27 ans ou au Danemark jusqu'à l'âge de 25 ans). A partir de mi-2009, le revenu de solidarité active (RSA) va remplacer le RMI en unifiant les minima sociaux et certaines prestations liées à l'activité pour les allocataires sociaux et les travailleurs pauvres. Un contrat unique d'insertion sera également introduit.

Il n'est pas envisagé pour l'instant d'étendre le bénéfice du RSA aux jeunes de moins de 25 ans. Pour les jeunes de cette classe d'âge, le gouvernement trouve souhaitable de faire jouer en priorité les liens familiaux sans leur offrir un revenu minimum tout en œuvrant à améliorer leur insertion professionnelle. Le gouvernement constitue un Fonds d'appui aux expérimentations en faveur des jeunes de 16-25 ans. Ce fonds est doté de contributions de l'État et de toute personne morale de droit public ou privé qui s'associe pour mener des programmes expérimentaux d'insertion sociale et professionnelle en faveur des jeunes les plus démunis.

Les pistes d'action suivantes sont dès lors recommandées :

- *Mettre plus de moyens pour l'accompagnement personnalisé des jeunes sans qualification vers l'emploi et améliorer la gouvernance afin de mieux coordonner l'action au niveau national et territorial.* Tous les intervenants doivent œuvrer ensemble pour améliorer l'articulation des programmes existants dans une logique de résultats.
- *Évaluer de manière rigoureuse tous les dispositifs d'insertion des jeunes les plus en difficulté.* Le but est double : accroître l'information dont on dispose sur ce qui fonctionne bien dans les dispositifs pour les jeunes en difficulté et en déterminer l'efficacité-coût.
- *Étendre les conditions d'éligibilité à l'assurance chômage pour les jeunes.* Il serait bienvenu, notamment en temps de crise économique, de valider toute période d'emploi des jeunes comme les périodes de stage ou d'alternance de manière à atteindre le nombre de mois requis.
- *Instaurer un filet de sécurité pour les jeunes de moins de 25 ans les plus démunis et l'inscrire dans une démarche rigoureuse d'activation.* A terme, il conviendrait d'envisager l'extension du RSA aux moins de 25 ans.

INTRODUCTION

Improving the outlook for youth employment is a major concern in the OECD countries. In many countries, the declining number of young people in the workforce and the ageing of the population have not led to improvements in the outlook for youth employment, and the economic downturn in 2008 has severely affected the most vulnerable youth. It is thus indispensable that young people have the skills required on the labour market and that countries develop efficient mechanisms to facilitate a sustainable transition from school to work.

Given the persistence of unemployment among French youth, their integration into the world of work is a major concern. Despite the expansion of initial education and the implementation of a significant range of policies to promote youth employment, many of them still have no prospects for a career. This report presents a comprehensive, comparative approach to young people's transition from school to work in France and to their first years in the labour market. Chapter 1 provides an overview of young people's situation as they enter the French labour market. Chapter 2 covers the role played by initial and continuing education in the transition from school to work, and Chapter 3 considers the demand-side factors that act as barriers to the employment of young people. Finally, Chapter 4 examines the schemes that offer young people social benefits, including those coupled with activation measures to help them find a job. Each chapter proposes a certain number of possibilities for action.

CHAPTER 1

THE CHALLENGE AHEAD

Since the early 1980s, average growth in France has been relatively weak, and it has been accompanied by high structural employment. This has particularly affected young people, who still have a difficult time entering the labour market, despite the expected ageing of the labour force. Integrating new entrants into the labour market constitutes a major challenge for France, particularly today when the crisis is hitting young people hard.

This chapter presents the basic trends affecting youth employment today (Section 1), while highlighting the factors that continue to put certain young people at a disadvantage on the labour market and comparing all this with the performance of the other OECD countries. It also examines the impact of the economic crisis on the youth labour market in greater depth (Section 2). The chapter then analyses the features of the transition between initial education and work in France (Section 3), paying particular attention to the difficulties experienced by those with the least education. Finally, it sheds new light on the situation of young people on the extreme margins of the labour market (Section 4), youth who have left the school system but do not have jobs. These youth are at high risk of finding themselves out of the world of work on a long-term basis and experiencing recurrent inactivity.

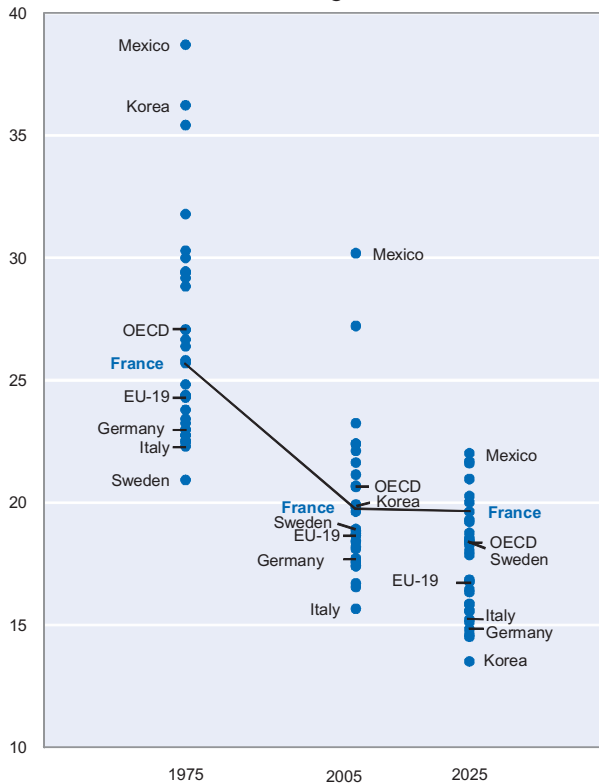
1. Situation of young people on the labour market

A. As in the other OECD countries, the share of young people in France's working-age population has fallen since the 1970s, but in future should be above the OECD average

Between 1975 and 2000, the combined effect of the ageing of the baby-boom generation and the fall in fertility rates seen in France since the early 1970s (from 2.5 children per woman in 1970 to 1.7 in 1994) led to a net decline of about 6 percentage points in the share of 15-24-year-olds in the

working-age population (Figure 1.1). Nevertheless, trend projections¹ to 2050 anticipate that the 15-24 age group will stabilise at about 19.6%, which places France above the OECD average.

Figure 1.1. **Decreasing share of youth in the working-age population in OECD countries, 1975-2025^a**
Percentages



a) Population aged 15-24 relative to the population aged 15-64.

Source: National projections: 2007 for Australia, Austria, Canada, Czech Republic, Denmark, Finland, France, Greece, Iceland, Japan, Korea, the Netherlands, New Zealand, Norway, Portugal, Slovak Republic, Sweden, Switzerland and the United States; 2006 for Belgium, Hungary, Italy, Turkey and the United Kingdom; 2005 for Mexico; Eurostat projections: 2007 for Ireland, Poland and Spain; 2006 for Germany and Luxembourg.

1. The projections in Figure 1.1 correspond to the average variant of projections for the hypotheses on fertility, mortality and migration in each country. In France, the projections to 2050 were drawn up based on the following hypotheses: an average number of 1.9 children per woman, an increase in life expectancy of five years for women and seven years for men, and an average annual net inward migration of 100 000 people (Toulemon, 2007).

Despite the expected ageing of French society – one out of three in the French population will be over age 60 by 2050, compared with one out of five today (Robert-Bobée, 2007) – the share of youth among the population aged 15-64 should remain constant, in particular due to the ongoing rise in natality since 2000 and to inward migration estimated at a net 100 000 people per year.

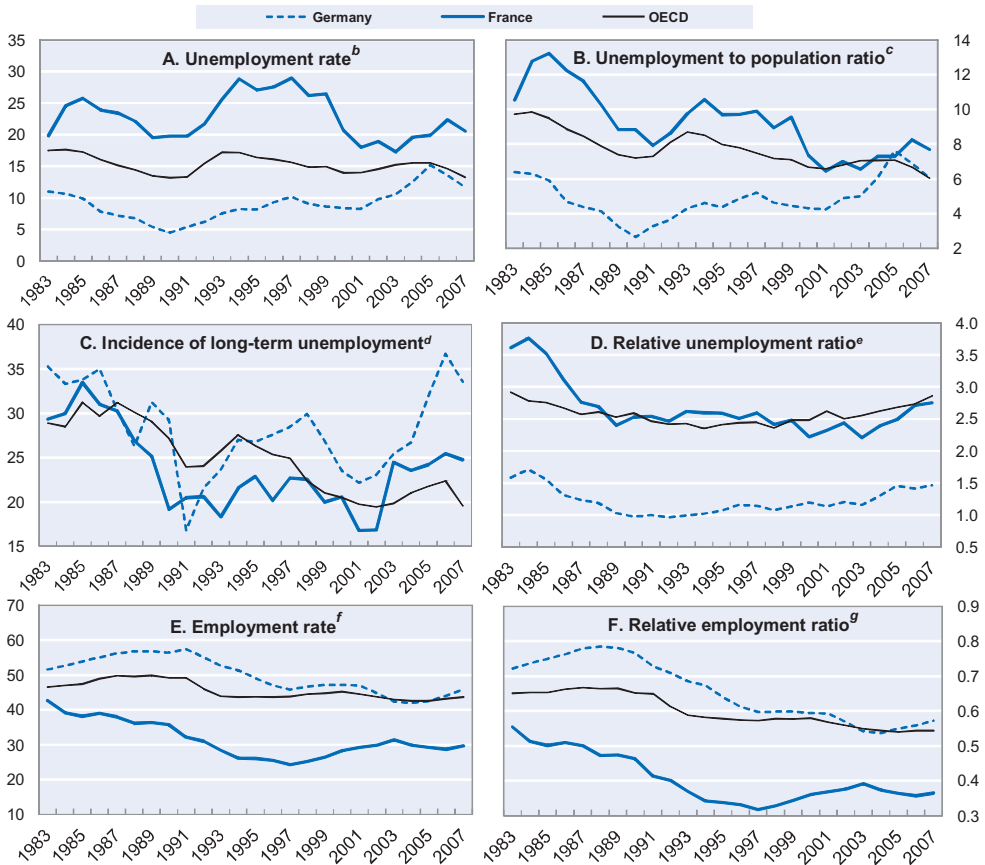
B. Young people suffer from high unemployment rates, and their employment rate remains one of the lowest in the OECD

The total unemployment rate in France is still higher than the OECD average (in 2007, 8.3% versus 5.6%). This rate is particularly high among youth, and has remained above 18% for about 30 years (20.6% in 2007, with a peak of 29% in 1997; Figure 1.2, Panel A). This is more than 7 percentage points above the OECD average. The unemployment rate of French youth is also about three times higher than the rate for adults aged 25-54 (Figure 1.2, Panel D). While this ratio is close to the average for the OECD and the European Union (Table 1.1, Section 3.B), young Germans stand out for having the same exposure to unemployment as their elders.

The poor French performance does, however, need to be put into perspective, particularly if consideration is given to another undoubtedly more relevant indicator, which consists of comparing the number of unemployed in a given age group to the entire population of that age group (Figure 1.2, Panel B) (Marchand, 2006; Gautié, 2009). The unemployment rate concerns only the proportion of unemployed *job-seeking* youth, those who have thus already left the school system, sometimes with a lack of qualifications, which can explain their greater difficulties on the job market. When the age effect is taken into account, unemployment affected only 7.7% of young people in 2007. This still leaves France above the OECD average (6%), but only by 2 percentage points.

While young people have difficulty entering the labour market, they seem on the other hand to suffer less than their elders from long-term unemployment (and are thus more affected by transitory or recurrent unemployment). In 2007, only one unemployed youth out of four was still jobless 12 months later, compared with two out of five unemployed in the 25-49 age group (Chevalier *et al.*, 2008). Nevertheless, in recent years France, like Germany, has seen the rate of long-term unemployment also rise for unemployed young people. In France, this rate has risen to 5 percentage points above the OECD average (Figure 1.2, Panel C).

Figure 1.2. Unemployment and employment indicators, youth aged 15-24^a, Germany, France and OECD, 1983-2007



- a) For the calculation of the OECD average: 16-24 for Iceland, Norway, Spain, Sweden, the United Kingdom, and the United States; and 15-24 for the other countries.
- b) Unemployed as a percentage of the labour force of the age group.
- c) Unemployed as a percentage of the total population of the age group.
- d) The share of jobless who are unemployed for 12 months or more.
- e) Unemployment rate for age 15/16-24 divided by the unemployment rate for age 25-54.
- f) Employment as a percentage of the total population of the age group.
- g) Employment rate for age 15/16-24 divided by the employment rate for the 25-54 age group.

Source: EU labour-force survey for France; national labour-force surveys for Germany and the other OECD countries.

France also does not perform well in terms of youth employment rates, as only 30% of 15-24-year-olds had a paid job in 2007, ranking France 21st among the 30 OECD countries, more than 14 percentage points below the OECD average (Figure 1.2, Panel E).² This can be explained by the above-mentioned difficulties facing youth entering the labour market, by the change in the actual age of school-leaving, which has increased by almost two years since the early 1980s, and by the traditionally low rate of combining work and study (see Chapter 2).

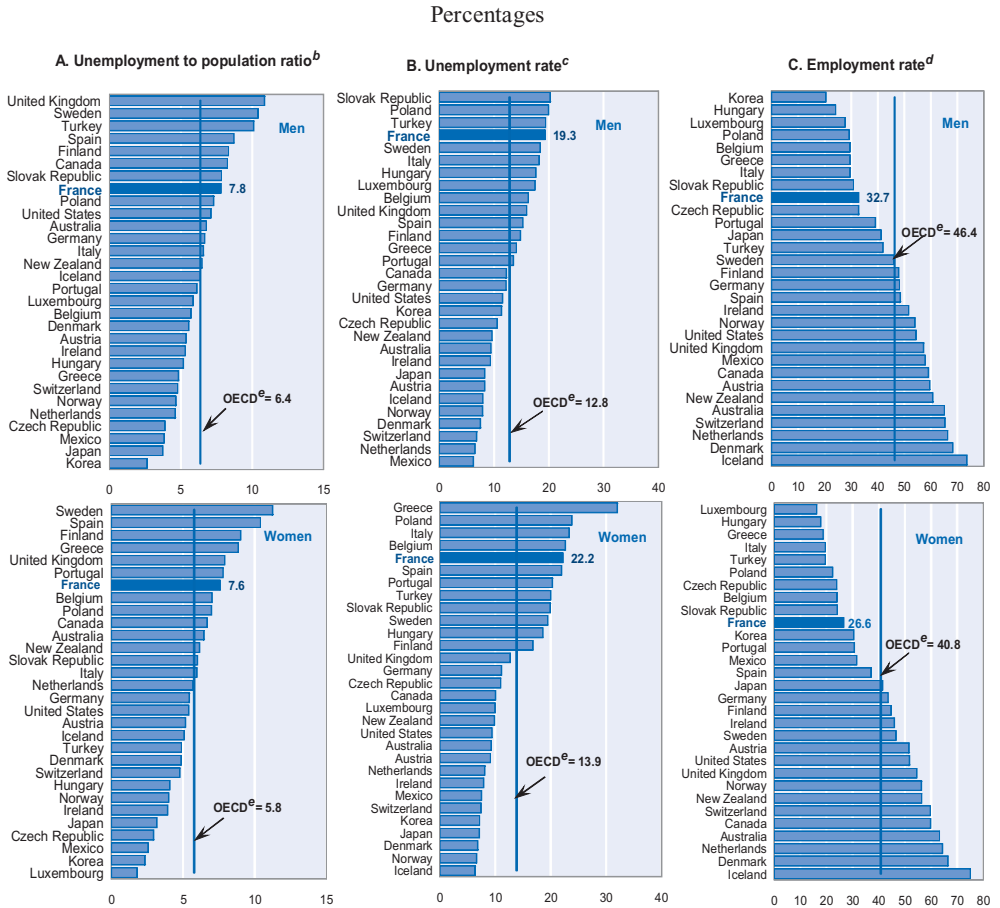
An indirect indicator of the greater difficulty French youth face in finding a job is the ratio of the employment rate for youth aged 15-24 to that of adults aged 25-54 (Figure 1.2, Panel F). In 2007, this ratio was low in France (0.4) relative to the OECD average (0.5), but particularly compared to the four countries that had ratios equal to or greater than 0.8 (Netherlands, Australia, Denmark and Iceland).

C. Young women are still more vulnerable than young men to unemployment and inactivity, but the gap has been shrinking significantly

As in most other OECD countries in 2007, the poor performance of French youth on the labour market affected young women more than young men.³ The unemployment rate is higher for women (22.3% versus 19.3%) and the employment rate lower (26.6% versus 32.7%) (Figure 1.3). The lower employment rate in part reflects that young women remain in school longer than young men, as the median age for leaving initial education was ten months older for young women (in 2006: 21 years and three months versus 20 years and five months). Nevertheless, the low employment rate also reflects the greater likelihood that from age 19 young women will be jobless, in particular because upon childbirth young mothers leave their jobs more frequently than do their partners: in 2005, 35% of 19 to 24-year-old mothers of one child were inactive, and 65% of mothers of two or more children, compared with, respectively, 5% and 9% of the fathers.

-
2. If full-time students are removed from the numerator and the denominator, the *corrected* employment rate for the 15-24 age group is 63% for France, *i.e.* 7 percentage points less than the OECD average. This correction does not fundamentally alter the ranking of France (23rd).
 3. The poorer position of young women in 2007 was clear in most OECD countries, even though for the OECD as a whole the unemployment rates of young men and young women were about equal, with a slight advantage for women since 2001.

Figure 1.3. Unemployment and employment indicators, youth aged 15-24^a, by gender, OECD countries, 2007

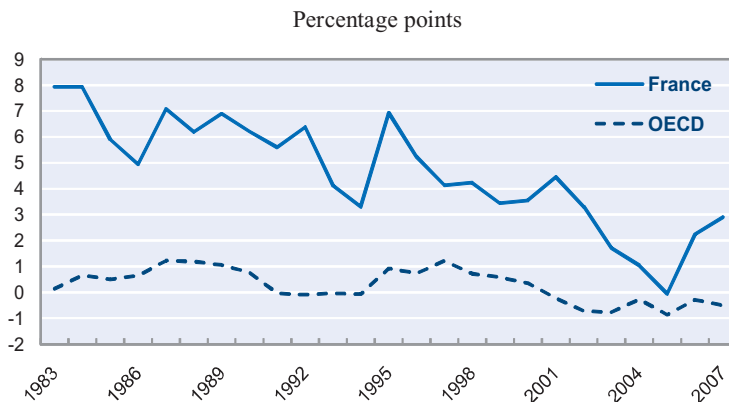


- a) Youth aged 16-24 for Iceland, Norway, Spain, Sweden, the United Kingdom and the United States, and aged 15-24 for the other countries.
- b) Unemployed as a percentage of the total population of the age group.
- c) Unemployed as a percentage of the labour force of the age group.
- d) Employed as a percentage of the total population of the age group.
- e) Unweighted average.

Source: EU labour-force survey for France; national labour-force surveys for the other OECD countries.

Nevertheless, taking into account alternative indicators of labour-market performance and adopting a retrospective view of the last three decades puts a slightly different perspective on the inequality that seems to persist to the disadvantage of young women. Calculating the shares of unemployment by age shows that young women are less affected than their male counterparts (Figure 1.3, Panel A). Moreover, the situation seems to have evolved, with a significant reduction in the gap between the unemployment rates of young men and young women (Figure 1.4). In particular, it seems that the expansionary cycle at the turn of the millennium has helped the unemployment of young women more than that of young men, thus accelerating the trend to catch up. Recent statistics also show that during the downturn in 2008, the unemployment rate of young French men exceeded that of young French women starting in the third quarter of 2008 (see Section 2.A).

Figure 1.4. **Difference in unemployment rates between men and women aged 15-24^a, France and OECD, 1983-2007**



a) Unemployment rate of women - unemployment rate of men.

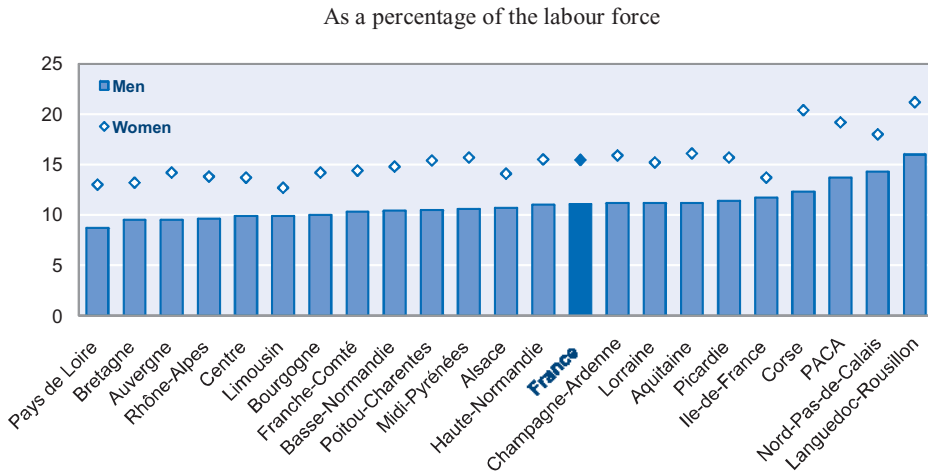
Source: EU labour-force survey for France; national labour-force surveys for the other OECD countries.

D. Young people living in different regions do not have equal access to the labour market

Access to youth employment is distributed unequally around France. Like their elders, young people suffer greater unemployment in regions where the labour market has deteriorated, in particular due to industrial restructuring (Beffy *et al.*, 2009). In a comparison of urban areas, where most young people live, 25-34-year-olds who have left the educational system have a higher unemployment rate in Nord-Pas-de-Calais than in

Rhône-Alpes (Figure 1.5). Young people who choose to be geographically mobile fare better than others on the labour market, as they move to areas with more job opportunities. However, mobility is correlated with social origin, so in actuality regional inequalities lead to reinforcing socio-demographic inequalities (Cuney *et al.*, 2003).

Figure 1.5. **Unemployment rates of 25-34-year-olds who left education, by region, France, 2004-07**



PACA: Provence-Alpes-Côte d'Azur.

Source: Adapted from Befly *et al.* (2009), "Enquêtes annuelles de recensement de 2004 à 2007. Formation et emploi des jeunes dans les régions françaises", *INSEE Première*, No. 1219, Paris.

At the local level, the regional impact on young people's labour-market pathways is reinforced by the nature of the urban infrastructure. In this respect, the example of the Paris region is telling. This region is relatively dynamic in terms of employment, in particular for young tertiary education graduates, but there are also areas where it is particularly difficult for young residents to find jobs. In some areas classified as "Disadvantaged Urban Neighbourhoods" (ZUS),⁴ youth unemployment comes close to 40%, double the national average (CES, 2008a). Even after controlling for the socio-demographic characteristics of the resident populations, the fact of

4. Disadvantaged urban neighbourhoods (ZUS) are areas defined by the public authorities as priority targets for urban policy, based on local considerations related to the difficulties experienced by the inhabitants there. These zones are not completely co-extensive with the priority education zones (ZEP) defined in the education policies of the Ministry of Education.

living in these disadvantaged areas negatively influences the likelihood of finding a job (Gobillon and Selod, 2006). This problem is related to urban segregation, as well as to the labour-market entry of youth from foreign backgrounds, who are over-represented in these “disadvantaged” neighbourhoods (Couppié and Gasquet, 2007; OECD 2008j).

E. Youth from immigrant backgrounds suffer particularly high unemployment rates

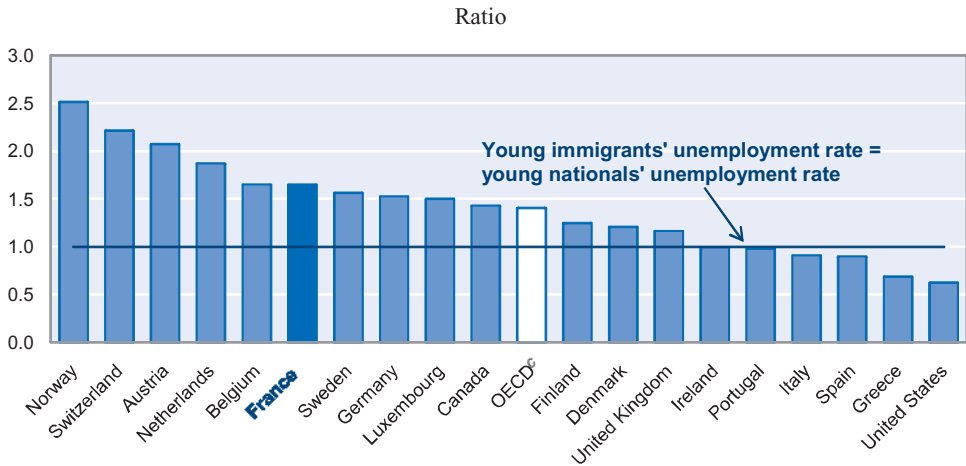
Youth from immigrant backgrounds⁵ suffer from a combination of unfavourable factors on the labour market. On average, not only do they have fewer qualifications (or problems related to the transferability of diplomas acquired abroad) and face more disadvantaged socio-demographic conditions (living in a ZUS, foreign language spoken in the family, more siblings, etc.), but some of them also suffer discrimination based on their origins, which partly explains their difficulty in finding employment (Cédiey *et al.*, 2008). In 2006, the unemployment rate of foreign-born youth was higher than that of young nationals by an average of 14 percentage points, a figure that reaches 18 percentage points for women from outside the European Union. This handicap is already pronounced at school, where youth from immigrant backgrounds often face difficulties (fewer than one out of four immigrant children obtain the *baccalauréat* without repeating a year, compared with one-third of the children of nationals, but this difference is mainly due to the difficult socio-demographic situation in which they find themselves (INSEE, 2005). Even though on average young girls do better at school, they encounter more difficulties than young men in entering the labour market. One-third of them do not find a job, compared with one-quarter of their male counterparts.

This disadvantage is compounded by a lag of 7 percentage points in the employment rate of 15-24-year-olds from immigrant backgrounds. This mainly affects the young women (10 percentage points less than the average), who are inactive more often than non-immigrant young girls (three-quarters of them, versus two-thirds on average), whereas young men from immigrant backgrounds have employment rates that are comparable to the average (in particular due to more frequently quitting school early). Foreign-born youth also encounter more difficulty in getting out of unemployment, with a long-term unemployment rate that in 2006 was 5 percentage points above average, which reflects a particularly slow process of labour-market integration.

5. Immigrant youth – born as foreigners abroad – as well as second-generation youth who are born in France of two immigrant parents.

In comparison with the other OECD countries, while the performance of France with respect to the employment of young immigrants is among the worst in absolute terms, it is just above average in relative terms and outperforms countries like Austria, Norway, and Switzerland, where the unemployment rate of foreign-born youth is 2 to 2.5 times higher than the rate for young nationals, compared with 1.6 times for France (Figure 1.6). France's weakness has more to do with the employment difficulties affecting second-generation immigrants, whose situation paradoxically is often worse than that of their parents, even though they have had the benefit of the French educational system (OECD, 2008j). Their unemployment rate is, for instance, 10 percentage points above the average for young people.

Figure 1.6. **Ratio of the unemployment rates of young foreigners to young nationals^a aged 15-24, selected OECD countries, 1999 and 2006^b**



- a) Unemployment rate of foreigners divided by the unemployment rate of nationals.
- b) 1999 instead of 1996 for Germany.
- c) Average of countries shown in the figure.

Source: Estimates by the OECD Secretariat based on the EU labour-force surveys for European countries and the Current Population Survey for the United States.

In addition to the general features of the immigrant population, it is also important to point out the major differences that exist within this group. Youth from immigrant backgrounds are exposed unequally to unemployment based on their country of origin (Meurs *et al.*, 2006). It is much more difficult for young people from African countries, whether first or second generation, to enter the labour market than it is for immigrants from European or Asian countries, with the North African countries having the highest unemployment rate (twice the average level). Even five years

after leaving the school system, youth of African origin have still not made up the gap with the rest of the population that entered the labour market at the same time as they did (Silberman and Fournier, 2006).

F. A diploma still provides strong protection against unemployment and inactivity

Young people without an upper secondary diploma (< ISCED 3) experience greater difficulty on the labour market than do young people as a whole. Their unemployment rate is 10 percentage points higher than average and their employment rate 15 percentage points lower, and the difference is greater the earlier they leave the school system. This observation requires a slight caveat, however, as all diplomas are not equivalent for finding employment (see Chapter 2). Young people without a diploma are on average more exposed to the risk of long-term unemployment (in 2006, 31.5% versus 23.2% for all youth) and to inactivity, excluding training (18.9% versus 4.7% in 2006), and entering the labour market generally takes longer and is more difficult as they start their working lives. Comparable trends can be seen in many OECD countries.⁶

G. Disadvantages cumulate on the labour market

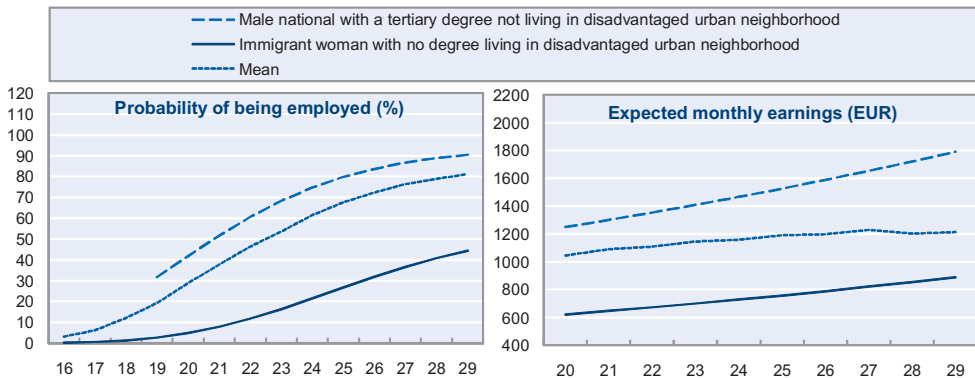
The significance of the socio-demographic handicaps suffered by certain young people as described above has been confirmed by an “all else being equal” analysis (see Annex A). This shows that the fact of being a young woman, living in a ZUS and being born abroad negatively influences the likelihood of having a job among those aged 15-29, as well as the hope of receiving a monthly salary. The likelihood of the latter unsurprisingly rises significantly with a diploma, and increases by 11.7% with a *baccalauréat* compared to no diploma, and up to 35.1% for a tertiary diploma. Graduates are also more likely than non-graduates to be actively employed.

It is also interesting to note that the difficulties experienced on the labour market are cumulative. Figure 1.7 shows the most favourable and unfavourable cases of labour-market entry. The estimated likelihood of having a job for a foreign-born young woman without a diploma living in a ZUS is about four times less than that of a young male French national, with

6. Although average times for labour-market integration are relatively different (Quintini and Martin, 2006). The employment rate for youth without diplomas one year after leaving education thus varies from less than 30% in Poland and Italy to more than 60% in Australia and Denmark. Likewise, the persistence of these difficulties varies greatly, but there is a gap in almost every country between the employment rates of those with a diploma and those without one (OECD, 2008e).

a tertiary education diploma and not living in a ZUS. The average is relatively close to the most favourable situation, suggesting that the great majority of young people with jobs are from categories that do not experience many barriers to labour-market entry. The differences are also very pronounced with respect to having a salary, as the likelihood in the best case is double that of the worst case. With respect to a salary, the average represents more of an intermediate situation than in the case of having a job. This shows that, once hired, young people experience less inequality in terms of compensation. The main difficulty for youth is to enter the labour market, but once they have a job, the existence of the minimum wage guarantees relatively high average levels of compensation.

Figure 1.7. **Probabilities of employment and an expected wage^a by age in the best and worst cases of labour-market entry, France, 2006**



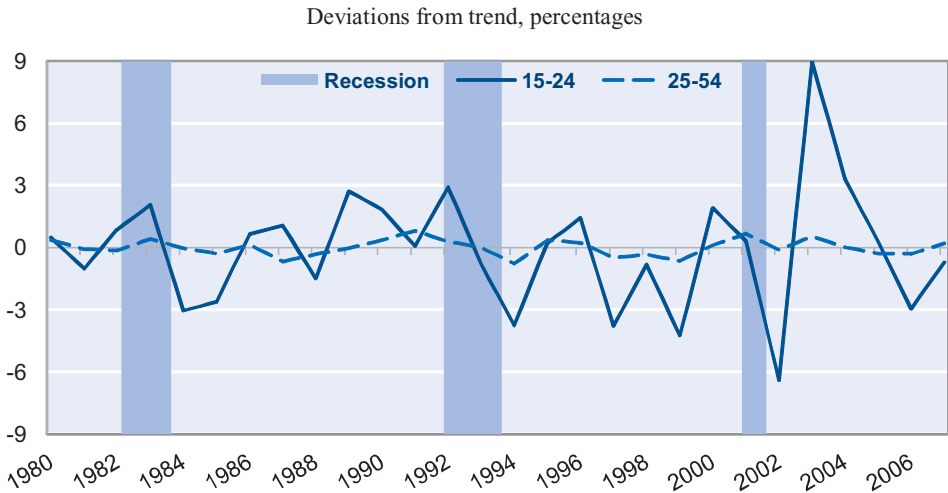
a) Probabilities estimated using a probit model for activity and an ordinary least squares regression for the logarithm of expected wages (monthly net in EUR); the results table for the models is in Annex A.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

2. Economic crisis and the youth labour market

Recent developments in the macro-economic situation could lead to a marked deterioration in the youth labour market due to the traditional vulnerability of youth employment to economic fluctuations. As first-time entrants, young people react more strongly than those aged 25-54 to the business cycle, both in downturns and upturns (Figure 1.8). Young new entrants' overreaction to the cycle subsequently disappears after on average about five years of professional experience (Fondeur and Minni, 2004).

Figure 1.8. **Employment rate of young people and adults and the economic cycle, France, 1980-2007**

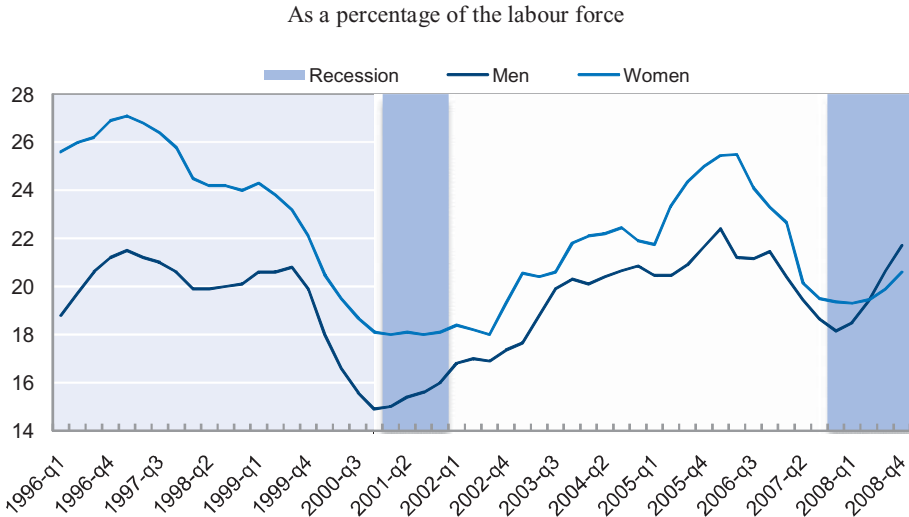


Source: Estimates based on the *OECD National Accounts Database* and labour-force surveys.

A. Young people were hit particularly hard by the economic downturn in 2008

In the wake of the global economic and financial crisis that struck in mid-2008, France, like the other OECD countries, has been confronting a rapid increase in unemployment, particularly among young people. While the unemployment rate of those aged 25-54 changed little in 2008, reaching 7.4% in the fourth quarter of the year, the rate of 15-24-year-olds rose from 19% in the fourth quarter of 2007 to 21.2% in the fourth quarter of 2008 (Figure 1.9). The increase in unemployment over this period was much greater among young men (+3.2 percentage points) than among young women (+0.6 percentage point). The unemployment rate of young men exceeded that of young women for the first time ever starting in the third quarter of 2008.

Figure 1.9. Quarterly unemployment rate^a of youth aged 15-24, by gender, France, 1996-2008



a) Seasonally adjusted.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

B. The youth labour market will continue to deteriorate in 2009 and 2010

The economic crisis is hitting young people at a time when their situation on the labour market is already not very positive, as indicators for end 2007 have still not returned to their good level in 2003. For the OECD as a whole, estimates indicate that a fall of 1 percentage point in the GDP growth rate will lead to a rise of about 1.4 percentage points in the youth unemployment rate (age 15-24) and 0.7 percentage point in the adult unemployment rate (age 25-54). Similar estimates for France indicate a much greater sensitivity of the youth unemployment rate to economic fluctuations, on the order of 2 to 2.5 percentage points, and a variation of the same magnitude as the OECD average for the adult unemployment rate. According to the latest OECD forecasts, the economic situation will continue to worsen in 2009 and 2010. This will lead to a sharp increase in youth unemployment throughout the OECD area, but especially in France.

3. The school-to-work transition: marked by instability, reinforcing inequality

The first years on the labour market constitute a slow process of finding a job and stabilising in it. While for most young people this period of

uncertainty leads to stable employment, some of those left behind become stuck on the margins of the labour market in a recurring and/or long-term way. This can be seen in the results of the *Génération* surveys of the Céreq (Centre for Study and Research on Qualifications) and the *Emploi* surveys of the INSEE (National Institute for Statistics and Economic Studies), which are the two main surveys used to analyse the school-to-work transition in depth in France (Box 1.1).⁷

Box 1.1. The two main surveys used to analyse the school-to-work transition in France

The *Génération* surveys of the Céreq are longitudinal studies that follow a panel of youth who leave the school system in a given year. Four study waves have been launched since the first one in 1992 (representative sample of 27 000 youth): in 1998 (55 000), 2001 (10 000) and 2004 (65 000). The young people in each wave are questioned once three years after leaving, and then, depending on the survey, at the end of five, seven and ten years. The objective of the survey is to deepen the understanding of the first years of working life, and to analyse the transitions between the school system and working life. They thus help to understand the dominant ways in which youth from a single generation of school-leavers enter the labour market, in terms of the duration and numbers of jobs as well as their characteristics and qualities.

The INSEE's *Emploi* surveys are labour-force surveys that have been used since 1968 to analyse the state of the labour market and the structure of employment and to calculate employment and unemployment rates for different categories of the French population, including the youth. They also provide precise information about training, the arrangement of working hours, and trends in individual situations on the labour market. The *Emploi* surveys were conducted yearly until 2002, and since 1 January 2003 on the basis of one survey per quarter, with each household being followed for six consecutive quarters (18 months). A pseudo-panel is obtained by renewing the sample by one-sixth each quarter. The survey covers about 36 000 private households in which all members over age 15 are questioned. It can thus be used to understand the situation of those aged 15-29 on the labour market as they finish initial education.

One of the lessons of the study and research conducted based on these surveys is that, given the heterogeneous experience of different groups of young people, it is necessary to go beyond the median and average indicators

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7. These two surveys are used alongside others to draw up the Formation Emploi (job training) assessment. This assessment is accessible on the INSEE website and offers essential data about the relationship between the training system and employment in some 40 files, tables and graphics that have been developed in a collaborative effort between the Céreq, the INSEE and the Ministries of Education and Employment (www.insee.fr/fr/ffc/bfe/accueil.htm). The convention adopted is that someone leaving initial education is a young person who leaves education for a period of at least one year.

for the school-to-work transition, in particular because of the methodological difficulties encountered in measuring the duration of the school-to-work transition (Box 1.2). There is little policy interest in summarising the quality of integration using central indicators, as the groups experiencing the most difficulty are by definition often very far from the norm. The figures in Box 1.2 show that France has an atypical profile for the school-to-work transition in that, in comparison with other countries, the proportion of those finding employment in the first month is lower than between months one and six. In addition, as in the United Kingdom, there is a relatively large group of young people who have been looking for work for more than 30 months.

**Box 1.2. Methodological difficulties related to measuring
the duration of the school-to-work transition**

The gap between the median age for leaving the school system and that for taking on a first job, which is often adopted as a criterion to approximate the duration of the transition between initial training and employment, constitutes a very imperfect measure of the duration of the school-to-work transition. In practice, this gap fails to take account of the dispersion that arises due to choices in terms of study and to the very asymmetrical difficulties facing different subgroups entering the labour market. Furthermore, it cannot be used to examine the quality of the jobs found, as it mixes together all types of job, independently of the type or duration of the contract or its appropriateness to previous studies. In practice, a first job is rarely stable and can be followed by alternating periods of employment, unemployment and/or inactivity.

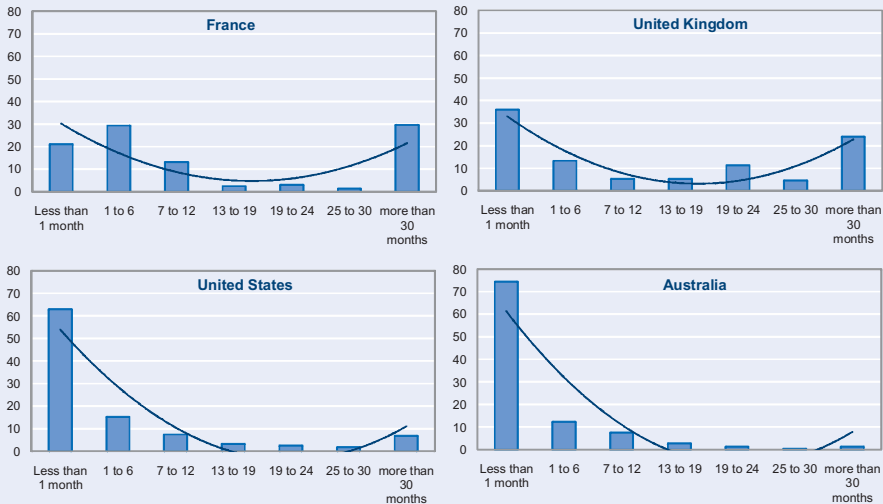
A Céreq study based on the 1992 *Génération* survey illustrates the great variation in median indicators of the school-to-work transition based on the time the first job is held (Lopez, 2004). Depending on the definition used (whether one month of employment or 12 months of uninterrupted employment), the gap is 13 months for the median duration for men, and reaches a maximum of 17 months for the estimate of the integration of 80% of the cohort for women. The median time for finding a one-month job is one month, while the time to secure a period of continuous employment lasting over 18 months comes to eight months.

A more robust measure of the duration of the transition can be obtained if there is a panel that follows the integration of individuals. This can be used to make a precise calculation of the time running between the end of initial training and the first period of employment for each individual, and thus to estimate averages based on individual data. The following figure shows the percentage of youth who have left education based on the duration of their search for an initial job, estimated using longitudinal surveys in four OECD countries. In comparison with Australia and the United States, where a large majority of youth find employment very quickly, there are two contrasting categories in the United Kingdom and still more so in France: on the one side those who find a job in under six months (about one-half) and on the other those who experience a very long-term transition, and who thus seem to be out of the labour market for a long time. This illustrates why an average or median figure is of little interest, and points to the need to study separately the transitions of these two groups that contrast so sharply on the labour market.

Box 1.2. Methodological difficulties related to measuring the duration of the school-to-work transition (*cont'd*)

Time needed to find a first job in four OECD countries

Percentages



Source: France: INSEE *Emploi* surveys, 2003-06; United Kingdom: British Household Panel Survey, 2000-06; Australia: Longitudinal Survey of Australian Youth, 1998-2006; United States: National Longitudinal Survey of Youth, 1997-2006.

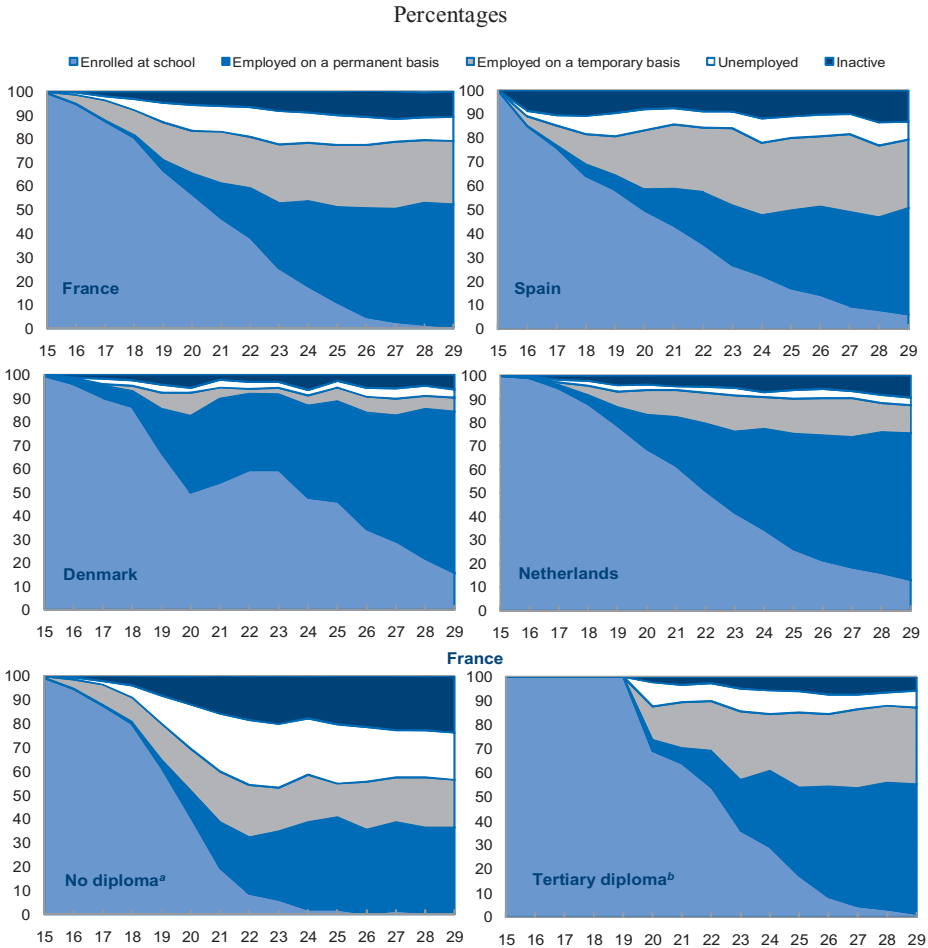
A. Transitions often characterised by a period of unemployment or a fixed-term (CDD) contract

One-third of French young people do not have a stable job upon reaching the age of 30

France occupies a position like that of Spain with respect to young people finding and remaining in a job, a situation that corresponds neither to the mainly unencumbered transition enjoyed, for example, by Dutch youth nor to the longer and more gradual post-school transition experienced by Danish youth (Figure 1.10). A cross-sectional analysis of the way 15-29-year-olds enter the labour market suggests a gradual process characterised by difficulty in rapidly acquiring a stable job (or a permanent employment contract, a CDI). Many young French job seekers start their careers with either a period of unemployment or employment under a fixed-term contract (CDD). At the age of 29, about one-third of Frenchmen and Spaniards still do not have a permanent contract, compared with 6% of their Danish and

12% of their Dutch counterparts. An analysis of the longitudinal data confirms this slow stabilisation in employment for Generation 1998 (Figure 1.11): only 26% of youth who left the school system in 1998 have a CDI one year later, versus 53% three years later and 72% seven years later.

Figure 1.10. Activity status of youth, by single year of age, France, Spain, Denmark and Netherlands, 2006

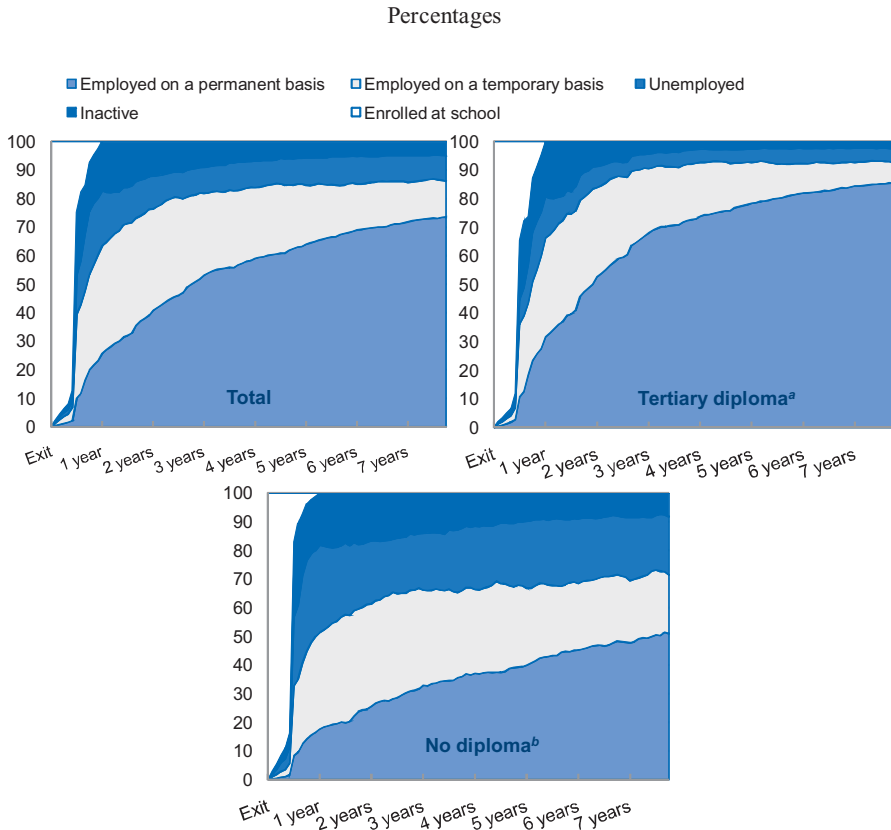


a) Less than ISCED 3.

b) More than ISCED 3.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey for France, and EU labour-force surveys for the other countries.

Figure 1.11. Activity status of 1998 school-leavers during the first seven years of working life, France, 1998-2005



- a) More than ISCED 3.
b) Less than ISCED 3.

Source: Adapted from Cèreq (2007), *Quand la carrière commence... Les sept premières années de vie active de la Génération 98*, Marseille.

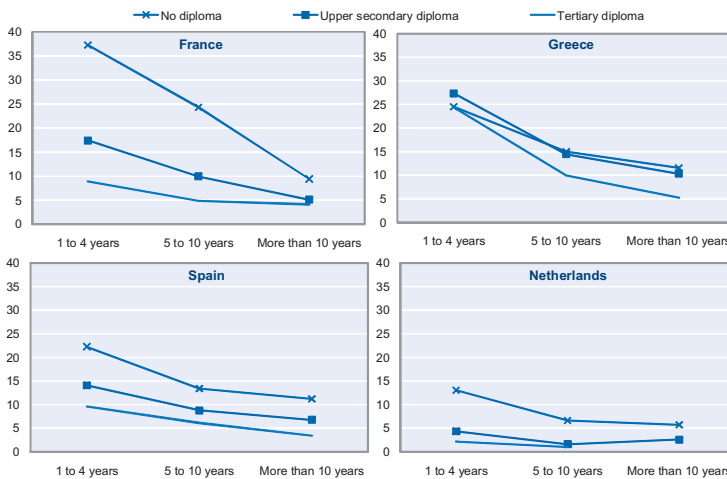
This job uncertainty does not, however, affect all young people in the same way. Those with tertiary degrees have an easier time entering the labour market than those without a diploma, not only in terms of employment rates, but also with respect to the quality of the job. For instance, 32% of youth with tertiary degrees leaving school in 1998 had a CDI the next year, compared with 18% of those without a diploma. While after two years more than half of those with a tertiary degree had stabilised in a CDI job, it took about seven years before half of those without degrees had achieved this status.

Youth without diplomas are more afflicted by job uncertainty

In 2007, on average about 130 000 French youth in each age group (*i.e.* 18% of those aged 20-24) completed their studies without an upper secondary diploma⁸ (DEPP, 2008). Youth without diplomas suffer especially high unemployment. For instance, after three years, the unemployment rate of those without diplomas was double the rate of those with secondary diplomas, and quadruple the rate of those with tertiary diplomas (Gasquet and Roux, 2006).

Even if these inequalities subsequently diminish (Figure 1.12), with experience compensating for the lack of a diploma, less-qualified youth remain disadvantaged. In addition to the fact that in general those without diplomas are also facing socio-demographic difficulties, which explains in particular why they leave school early, their higher unemployment rate could also be attributed to the decline in the number of unskilled jobs caused by technological change, as well as to the importance of the signal given off by a diploma in France, in a context of mass unemployment (CERC, 2008). This also explains why the unemployment rate of those without degrees is particularly sensitive to the business cycle, as these workers are at the end of the queue for the labour market.

Figure 1.12. **Unemployment rate by educational attainment and time since leaving education, France, Greece, Spain, Netherlands, 2007**
Percentage of the labour force



Source: Estimates by the OECD based on the INSEE *Emploi* survey for France, and EU labour-force surveys for the other countries.

8. See Box 2.2 in Chapter 2 for the distinction between those “without a qualification” and those “without a diploma”.

The gap between those with and those without diplomas in the first years after leaving school is much more pronounced in France than in Spain, the Netherlands or Greece. Greece in particular stands out for the fact that a tertiary diploma offers no protection from unemployment after leaving education.

B. The first years on the labour market constitute a slow process of stabilisation

The increasing difficulty facing young people entering the labour market during the last 20 years has been reflected in greater uncertainty about the stability of employment during the first years of working life (Givord, 2005). There has been more back-and-forth between training, unemployment and employment, a phenomenon that is related to the massive increase in hiring on temporary contracts. This particularly affects young people, who are over-represented among new employees. In France, about half of 15-to-24-year-old workers had a temporary job in 2007, a figure well above the OECD average of 36% (Table 1.1).

Table 1.1. Scoreboard for youth aged 15-24^a, France, Europe and the OECD, 1997 and 2007

	1997			2007		
	France	EU ^b	OECD ^b	France	EU ^b	OECD ^b
Employment rate (% of the age group)	24.3	39.3	43.8	29.7	39.0	43.7
Unemployment rate – UR (% of the labour force)	29.0	18.5	15.6	20.6	15.4	13.3
Relative UR youth/adult (25-54)	2.6	2.4	2.4	2.8	2.8	2.9
Ratio unemployed to population (% of the age group)	9.9	8.2	7.5	7.7	6.5	6.1
Incidence of LTU (% of unemployment)	22.7	31.3	24.9	24.8	25.3	19.6
Incidence of temporary work (% of employment)	50.2	29.8	28.8	49.1	37.8	35.7
Incidence of part-time work (% of employment)	22.3	15.3	19.4	19.1	20.6	24.2
NEET rate (% of the age group) ^c	10.3	13.1	13.4	11.4	11.3	11.8
School drop-outs (% of the age group) ^d	16.5	15.8	17.8	9.5	12.0	14.2
Relative UR low skills/high skills(<ISCED 3)/(>ISCED 3) ^e	2.0	2.5	2.4	2.3	2.1	2.1

ISCED: International standard classification of education; LTU: long-term (more than one year) unemployment; NEET: neither in education nor in employment or training; UR: unemployment rate.

- Youth aged 16-24 for Iceland, Norway, Spain, Sweden, the United Kingdom and the United States; and 15-24 for all other countries.
- Unweighted averages of the 19 countries common to the European Union and the OECD, and of the 30 OECD countries.
- 2006 instead of 2007.
- Share of youth not in education and without an upper secondary qualification; 2006 instead of 2007.

Source: EU labour-force surveys for France for the first four indicators, otherwise national labour-force surveys; and the *OECD Education Database*.

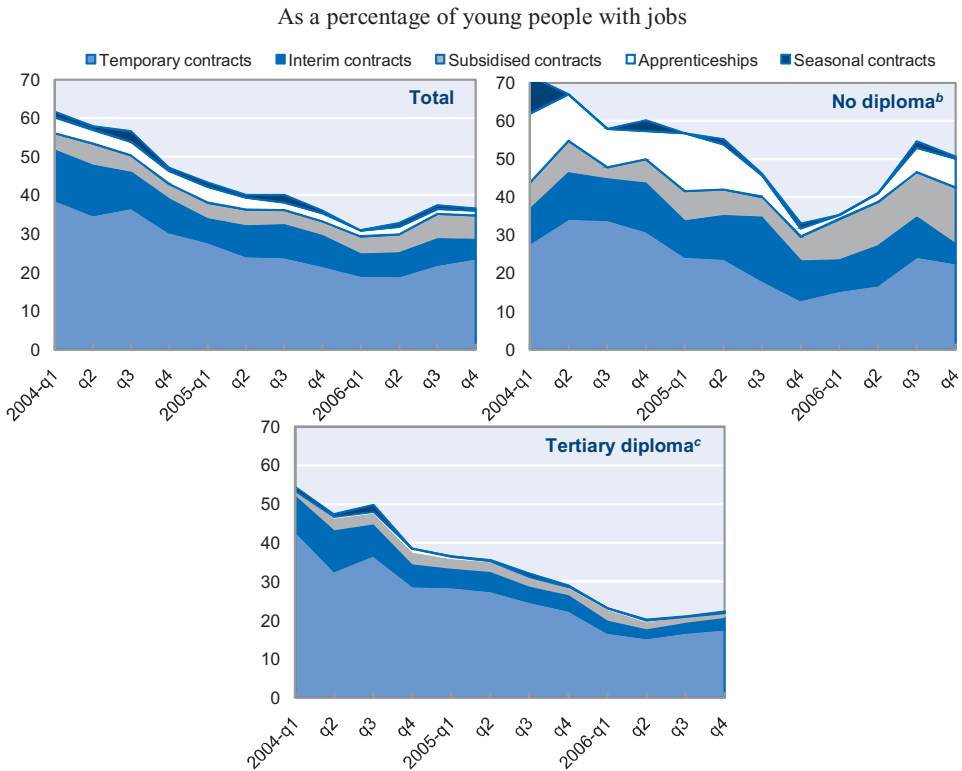
Fixed-term employment contracts (CDDs): a stepping stone for most, a trap for the less skilled

These temporary contracts eventually act as a stepping stone towards a stable job for most young workers, but also increase the risk of unemployment at the end of the contract, thus placing obstacles in the path of labour-market entry (Junod, 2006). While labour-market integration can sometimes take many years, regardless of the diploma held, nevertheless young graduates find stable jobs more rapidly, and their mobility more frequently represents a choice than in the case of those without diplomas, who suffer periods of prolonged precarity. While the number of short-term contracts fell rapidly among tertiary graduates who left initial education in 2003, the economic recovery at end 2005 did not lead to a reduction in the number of these contracts for those who left without a diploma (Figure 1.13). The latter are more exposed to a series of temporary contracts and resort frequently to subsidised contracts (more than 40% of them do so during the first seven years of working life, see Gasquet and Roux, 2006). Their ranks also include those on apprenticeship contracts, which in the main concerns low-skilled occupations. Furthermore, this category of young people is particularly sensitive to the economic cycle, with the number of short-term contracts up significantly at end 2005.

The pathways for entering the labour market are decisive for the rest of the career path

In France, the initial years on the labour market are particularly important for ensuring a subsequent stable career path. There is in effect a strong “status dependency”, which, for those who have experienced problems entering the labour market, results in difficulties obtaining a CDI. Some youth suffer from frequent relapses into unemployment (registering as unemployed 2.5 times on average over five years for those aged 15-24 who register at least once, according to Zanda, 2003), which stigmatises them as being not very employable (Lollivier, 2000). Finding employment becomes difficult after having left the labour market, or after not entering it immediately following initial education. Thus young people who had finished their studies and did not find a job in the first half of 2005 were half as likely as others to be employed at the end of 2006.

Figure 1.13. **Short-term contracts for school-leavers in 2003 during the first three years of working life^a, by degree, France, 2004-06**

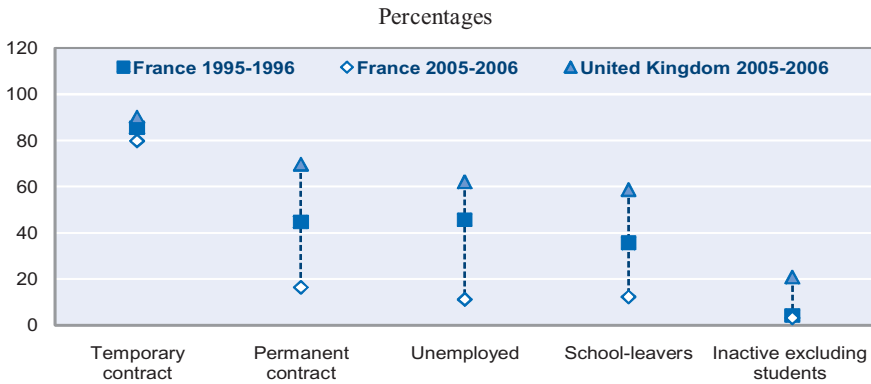


- a) Pseudo-panel formed of all individuals leaving education in 2003.
 b) Less than ISCED 3.
 c) More than ISCED 3.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

The likelihood of finding a stable job in France following a short-term contract or a period of unemployment or immediately upon leaving school is lower than in the United Kingdom, with its strong mobility (Figure 1.14). The situation in 2005-06 in France was significantly worse than the situation ten years earlier. On the other hand, in both countries few non-students not in the work force managed to obtain a CDI. There is thus a phenomenon of polarisation of career paths based on the route through which the labour market is entered, with a risk of lasting exclusion for the less-educated. Temporary jobs function more like traps than stepping stones towards a stable job for two-thirds of these youth, in contrast to those with more education (Lopez, 2004).

Figure 1.14. Probability^a of being on a permanent contract for youth aged 15-24 relative to status one year earlier, France and the United Kingdom



a) Estimated probabilities based on a multinomial logit model.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey for France and the British Household Panel Survey for the United Kingdom.

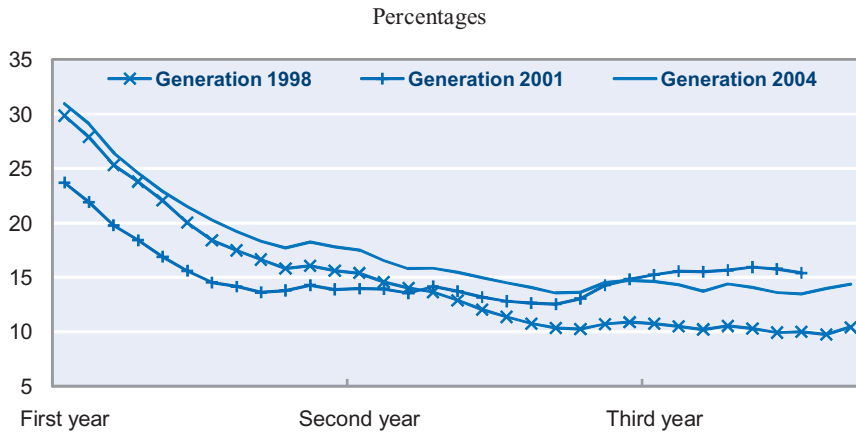
This inter-status mobility is compounded by mobility between jobs. In three years of working life, two-thirds of youth who left initial education in 2004 had changed employer at least once, whilst spending on average 1.5 years in the same company. Mobility increases as the level of the diploma falls, indicating that mobility is not necessarily a choice. It also decreases with seniority on the labour market, with an annual mobility rate that for Generation 1998 fell from 19% during the first three years to 9% during the sixth and seventh years (Céreq, 2007).

Economic context and fluidity of the transition

The youth from Generation 2004, who arrived on the labour market in a more difficult economic situation than that experienced by Generation 1998, had a less fluid school-to-work transition (Joseph *et al.*, 2008; Céreq, 2008). Three years after finishing their studies, their unemployment rate was still 14%, compared with 10% for the youth from Generation 1998, who had generally benefited from economic prosperity (Figure 1.15).

The youth from Generation 2004 were thus unemployed somewhat less frequently than their predecessors from Generation 2001, but this did not mean that they were more often employed. Slightly more of them returned to their studies or to work-study programmes (7% versus 5% for Generation 2001). They also more frequently had fixed-term contracts. In addition, they more commonly worked part-time, which was involuntary in two-thirds of the cases.

Figure 1.15. Change in unemployment rates during the first three years of working life, France, Generations 1998, 2001 and 2004



Source: Adapted from Joseph *et al.* (2008), “Génération 2004, des jeunes pénalisés par la conjoncture”, *Bref*, No. 248, Céreq, Marseille.

Three groups of young people can be distinguished: “high performers”, “those left behind” and “poorly integrated new entrants”

In grouping the typical paths to labour-market entry shown by Generation 2004 (Céreq, 2008),⁹ it is possible to distinguish three groups of youth during the first three years of working life:¹⁰

9. The paths followed by each young person were grouped based on their proximity: the paths of two young people are considered closer when they go through the same situation at the same time. A similar method was applied in the National Longitudinal Survey of Youth (NLSY) in 1997 for the United States and the 1994 European Household Panel for Europe (Quintini and Manfredi, 2009). Nine typical paths can be distinguished over five years for school-leavers who have at most an upper secondary diploma (\leq ISCED 3). There are relatively more young people who enter the labour market very rapidly in the United States (48%) than in Europe (40%), while youth who are very far from having a job (respectively, 5% and 15%) are out of the labour market altogether in the United States, while in Europe more are unemployed than out of the labour market.
10. Without counting the group of youth who have returned to their studies, estimated at 7% in France and 25% in the United States.

- the “high performers” (58% of the youth in Generation 2004), who quickly find lasting employment;
- the “poorly integrated new entrants” (24% of the youth in Generation 2004), for whom job access follows a period of unemployment (12%) or a period out of the labour market or in training (4%) or a period consisting mainly of temporary jobs (8%);
- “those left behind” (11% of the youth in Generation 2004), who experience great difficulty, either because of persistent or recurrent periods of unemployment (8%), or because they are out of the labour force for a long time (3%).

4. NEETs: at high risk of finding themselves out of the labour market for a long time

A. *The concept of NEET*

The concept of being Neither in Employment nor in Education or Training (NEET) was popularised in certain English-speaking and South East Asian countries during the 1990s, when it came to refer, under different definitions, to a target category for public policy aimed at youth (Bowers *et al.*, 1999) (Box 1.3). This concept is still little used in France. A youth is considered as NEET if he or she has left the school system and is not employed (nor in continuing education).¹¹ The immediate value of the NEET concept is as an alternative indicator of the youth unemployment rate. It responds to two criticisms that are often addressed at the latter concept. The number of NEETs are calculated in proportion to the entire age category, and not only to those in the labour force, which eliminates the bias related to youth still in school, and it can be used to determine all those without jobs, and not simply those who have been identified as unemployed under the ILO definition (Quintini and Martin, 2006).¹²

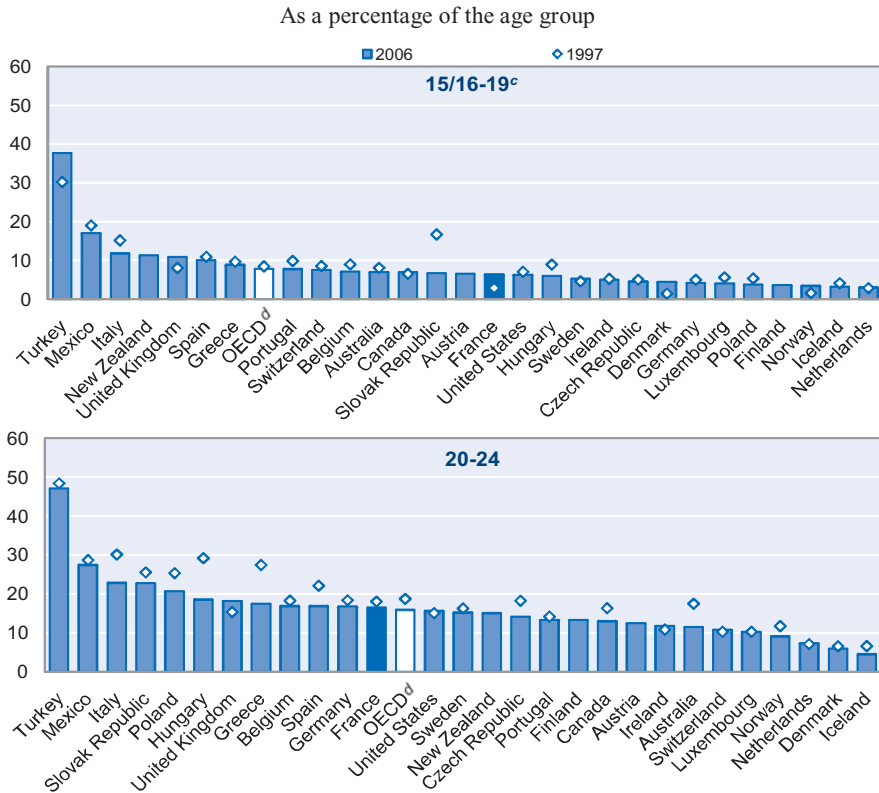
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11. The main difficulty posed by the way the NEET category is defined is that it can be understood only by what it is not: young people are NEET because they are neither in employment nor training nor school. By definition, the category is thus a residue.
 12. The NEET category seeks to capture the “non-employment” of young people. As for adults, the battery of indicators of labour-market performance increasingly includes indicators for those out of the market in order to better target populations “to be mobilised”, in addition to the unemployed.

**Box 1.3. NEET: a target category for public policy
aimed at young people**

Youth classified as NEET can differ greatly from one country to another, thus demanding policies adapted to the situation of each category. For instance, in the United Kingdom and New Zealand, NEET teenagers (15-19) are the main policy target, as they constitute the main at-risk group from this age category, and their rate is significantly higher than the average of the other OECD countries (Figure 1.16). In the United Kingdom, the OECD (2008d) has essentially identified a problem of qualifications, as low-skilled youth are at double the risk of being NEET as their peers who have a higher level of educational attainment. This situation underlies the recent government decision to gradually lift the compulsory schooling age by 2015 to 18 instead of the current 16. In New Zealand, NEET youth are mainly of Maori origin, and are more exposed to unemployment and to being out of the labour market, so the phenomenon has an ethnic dimension (OECD, 2008b).

In Japan and Korea, the NEET category tends to be related to a social phenomenon that affects not only the labour market but also the integration of young generations into society more generally. This was especially so following the 1997 economic crisis and the subsequent social changes, which in Japan upset the labour-market entry of the generation now in their 30s. The definition of NEET thus differs from that used by the OECD. In both these countries, NEET refers to those in the 15-34 age group considered to be “discouraged”, that is, they have left school, are not preparing to enter a company, do not have a job, do not have family responsibilities (or children) and are not married (OECD, 2007e and 2008h).

In France, the NEET rate among 15-24-year-olds in 2006 was 11.4%, versus an OECD average of 11.8% (Table 1.1), with a better performance for those aged 15-19 (6.4%, versus an OECD average of 7.9%) than for those aged 20-24 (16.5%, versus an average of 15.9%). It seems therefore that, in contrast to the United Kingdom and New Zealand, for example, the problem in France is not focused on adolescents who have left schooling early. France also stands out because, unlike the OECD average, the share of NEETs aged 15-24 has risen slightly in the last ten years (+1.1 percentage points). So the NEET problem has a certain reality in France, even though it does not seem particularly sharp, as it affects one youth out of ten, and thus undoubtedly demands further attention in the public policies aimed at this category of youth, or at least some of them.

Figure 1.16. NEET^a rates across OECD countries, 1997 and 2006^b

a) NEET: Neither in Employment nor in Education or Training.

b) 2004 instead of 2006 for Mexico; 2005 instead of 2006 for Turkey; 1999 instead of 1997 for Ireland; 1998 instead of 1997 for Italy.

c) Youth aged 16-24 for Iceland, Spain, Sweden, the United Kingdom and the United States; aged 15-24 for the other countries.

d) Average of the countries shown in the figure.

Source: OECD (2008e), *Employment Outlook*.

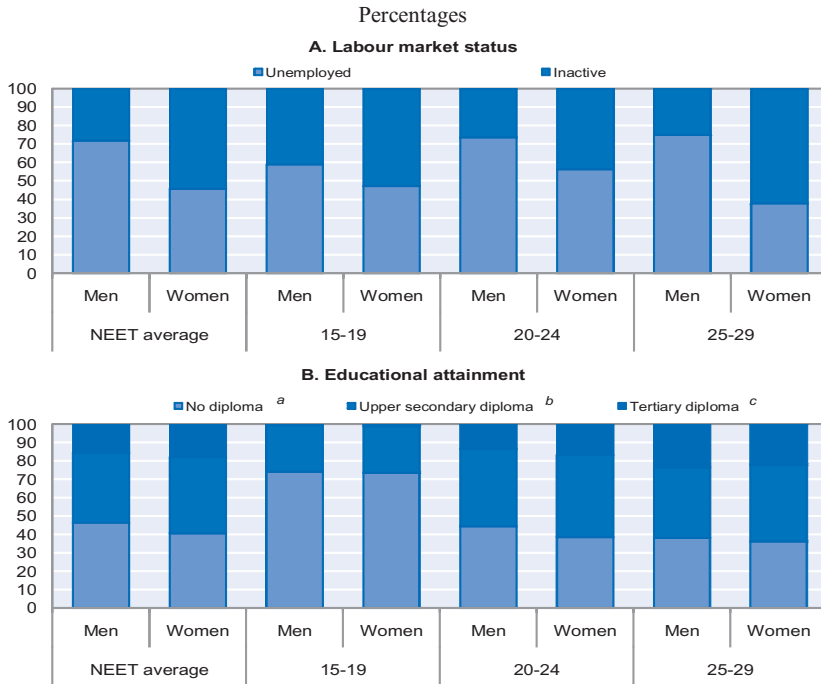
B. Who is NEET in France?

NEET youth in France: mainly those with little education

Univariate analysis, which crosses membership in the NEET category with certain socio-demographic characteristics, suggests the existence of interesting variations between the sexes and the age groups. First, status in regards to employment, and thus the “first cause” of membership in the NEET category, is distributed asymmetrically: more than 70% of males are counted as unemployed under the ILO definition, compared with only 45%

of females (Figure 1.17, Panel A). Whilst unemployment is the predominant status among males of all age groups, it becomes more pronounced with age: less than 60% of the 15-19 age group, versus 75% of the 25-29 group. In contrast, the share of women who are inactive relative to the unemployed is greater in the 25-29 age group than in the 20-24 group, with a significant gap of 20 percentage points.

Figure 1.17. **NEET characteristics by age and sex, France, 2005**



a) Less than ISCED 3.

b) ISCED 3.

c) More than ISCED 3.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

A diploma seems to be an especially discriminatory factor, with a contrast between the 15-19 age group and their elders, and no significant difference by gender (Figure 1.17, Panel B). Youth without a diploma are more exposed to the risk of being NEET, and represent more than three NEETs out of four in the 15-19 age group. Older youth break down mainly between non-graduates and holders of a *baccalauréat*, while those with tertiary education diplomas seem relatively protected, constituting fewer than 20% of the NEETs aged 20-29. Moreover, comparing the number of

non-graduates in the NEET category with their percentage among the 20-29 age group, they are much better represented in the first group than in the second, supporting the hypothesis that the less educated are at higher risk of being NEET.

C. Dynamic and longitudinal aspects: a heavy dependence on status

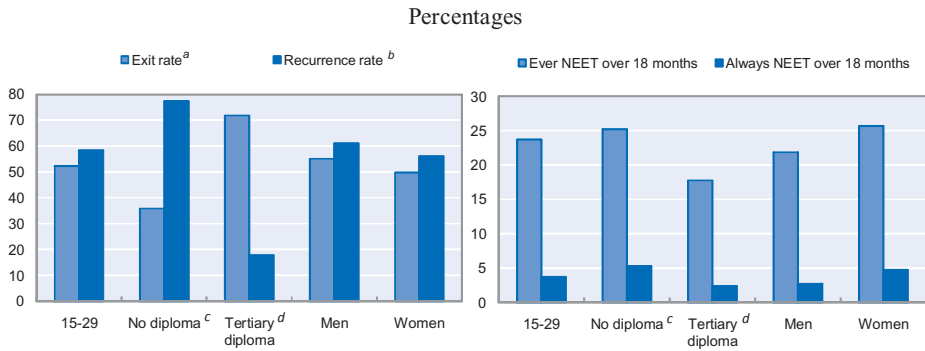
A majority of NEETs change status relatively rapidly, particularly younger youth, but suffer from frequent recurrence

Classification as NEET can be temporary, and can be related for example to a period of job seeking upon leaving school, to a parental leave for young parents, or even to choosing a personal activity during a sabbatical. So in many cases NEET status is only temporary. However, for others, being out of the labour market may not reflect a choice, and, as described above, status dependency can lead to the perpetuation of a disadvantaged situation on the labour market. In addition, even if being categorised as NEET is not permanent, it can lead to being stigmatised, and thus to long-term effects on career paths, which can be characterised by going back-and-forth between a variety of vulnerable situations.

The pseudo-panel structure of the *Emploi* survey can be used to highlight the short-term future (from 18 months since 2003 to three years before 2003) of youth who have been classified as NEET. Half of those who were NEET in the third quarter of 2005 no longer were so 18 months later, but about 60% of those who were no longer NEET at end 2005 experienced a new NEET period during 2006 (Figure 1.18). The “rapid” exit rate was thus relatively high, but the recurrence rate was also high, with 24% of the youth experiencing at least one quarter as NEET during these 18 months.¹³ However, only 4% remain NEET for 18 consecutive months. Young men seem to be more mobile than young women, as their exit and recurrence rates are 5 percentage points higher. A diploma seems to play a key role in the prospects for exiting NEET status, as 72% of tertiary NEET graduates exit within the 18 months, versus 36% of the no diploma group, and only 18% experience a new NEET period during the year following their exit, versus 77%. A diploma thus seems to favour a definitive exit, undoubtedly in part because the reasons underlying NEET status can differ greatly.

13. Among these are youth who left school and are seeking a first job. This NEET period thus corresponds to unemployment during the search for a first job, and usually declines rapidly.

Figure 1.18. Exit and recurrence rates for NEETs aged 15-29 over 18 months, France, 2005-06



- a) NEET in third quarter 2005, non-NEET in fourth quarter 2006.
 b) NEET in third quarter 2005, non-NEET in fourth quarter 2005 and NEET again in 2006.
 c) Less than ISCED 3.
 d) More than ISCED 3.

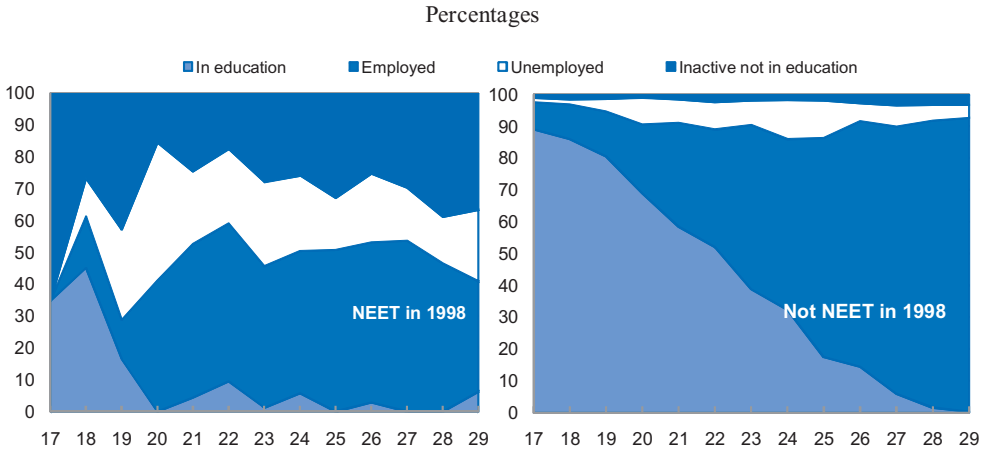
Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

Using the European Household Panel to follow NEETs aged 15-24 showed that, over the period 1997-2001, France, along with Spain and Greece, was among the countries with the highest levels of those who had been classified NEET at least once over a five-year period (Quintini and Martin, 2006). Nevertheless, the turnover in this status was higher in France than in the other two countries. For instance, while in France 74% of those aged 15-24 were NEET at least once, versus 71% in Greece and 67% in Spain, 12% of NEETs in France remained so for the five years, whereas this was the case for 20% in Greece and 14% in Spain.

The future of NEETs on the labour market

Passing through a NEET period can have a lasting impact on a youth's career path, as previously described for youth not in the labour market or unemployed. Figure 1.19 shows the future of young people based on their age and on whether they have been classified as NEET in the previous two years. Only the youngest (aged 17-19) returned to school, whereas their elders moved into the labour market (73.5% for age 20-24) or remained inactive (32.7% for age 25-29). It seems difficult to enter the labour market, as an important section of the youth of all ages remain or re-become NEET (on average 52.4%). A comparison between the future of NEET youth and that of other youth clearly illustrates how two years later the situation is much less favourable for the former in terms of finding employment.

Figure 1.19. **Activity status of youth by age in 2000, based on NEET classification two years earlier (age 15-27 in 1998), France, 1998-2000**



Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

5. Key points

France, like the other OECD countries, is currently facing a serious economic crisis, with unemployment rising very rapidly, particularly among youth. The youth are being hit hard by the economic crisis at a time when their situation on the labour market was already not very positive, with the indicators for mid-2008 still not back to their good level of 2003. This is especially worrisome given that the performance of the youth labour market in France is mediocre in comparison with that of many other OECD countries. French young people face an unemployment rate that in 2007 was 7 percentage points above the OECD average, and long-term unemployment affects one unemployed youth out of four, compared with an OECD average of one out of five.

In France, as in the other OECD countries, not all youth have the same chance at successfully joining the labour market. In addition to the group of “high performers”, who represent the great majority of young people in countries like the Netherlands, the United States, the United Kingdom, Canada and the Nordic countries, and about half of youth leaving school in France, there is also a group of “youth left behind” in all the OECD countries. The size of this group can be estimated based on the number of young people who are neither in employment, nor education or training (NEET). NEETs represent about 11% of 15-24-year-olds in France, a percentage that is close to the OECD average (12%). Even though the characteristics of these youth differ from one country to another, they share

the feature of having multiple disadvantages. In France, these are mainly youth who do not have a diploma, who come from an immigrant background and who live in disadvantaged neighbourhoods.

One specific feature of the French school-to-work model, which is also found in other continental European countries (Belgium, Spain, Greece, Italy), is the existence of another large group of youth who face difficulties entering the labour market – about one-quarter of those leaving school in France. These young “poorly integrated new entrants” often have diplomas but take a long time to find stable employment, even during periods of strong economic growth, and frequently go back-and-forth between temporary jobs and unemployment.

In the current economic crisis, if additional measures are taken to help the youth most affected, it will be important to focus on what works best for each of the groups at risk. It is crucial that the “youth left behind” are helped as quickly as possible into employment, and whenever possible to obtain a qualification or diploma at the same time, whereas it is above all in the general functioning of the labour market that adaptations need to be made to improve the school-to-work transition for “poorly integrated new entrants”.

CHAPTER 2

INITIAL EDUCATION AND ON-THE-JOB TRAINING

The quality of initial education is a key determinant of the success of the school-to-work transition and of the subsequent career path of the young new entrant. Likewise, on-the-job training at the start of the working life helps to round out the knowledge acquired during schooling and to acquire the skills required on the labour market. This chapter raises the following question: does the initial education of French youth provide a good start for a successful career? After a brief description of the structure of the educational system (Section 1), the chapter presents different performance indicators for the educational system (Section 2) and for the school-to-work transition (Section 3). It then examines the main strategies used to improve the school-to-work transition, and in particular to reduce early school-leaving (Section 3). Finally, the work situations of young people during their studies are considered, as well as opportunities for training young workers on the job (Sections 4 and 5).

1. Structure of the French educational system

A. *From pre-school to middle school*

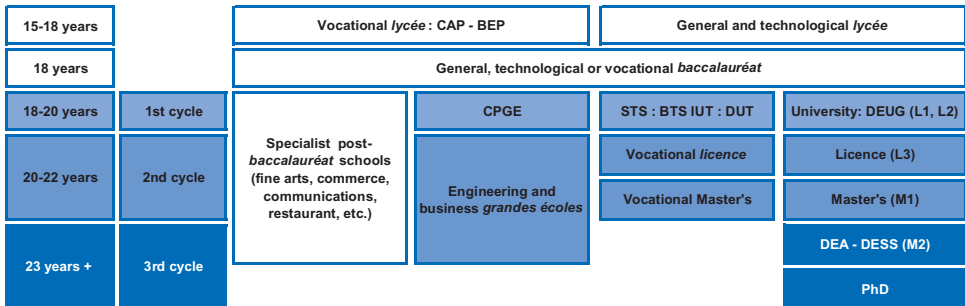
In France, compulsory schooling covers children aged 6 to 16. Although pre-school education in kindergarten is not obligatory, it is traditionally highly developed. The participation rate had already reached 100% for children aged 4 and 5 by 1980 and 100% for 3-year-olds in 2001. During the ten years of compulsory schooling, children normally spend five years in elementary school and four years in lower secondary education (*collège*, or middle school). This cycle is designed on the “single school” model in which all pupils receive the same instruction, regardless of the school that they attend.

B. From middle school to the *baccalauréat*

Vocational guidance in France starts after age 15 in the second cycle of secondary school, and offers very differentiated curricula, with general and technological studies being considered most prestigious. There is a significant difference in the likelihood of success on the *baccalauréat* exams between these streams of study: in 2007, the percentage of youth aged 15-16 who attended a general or technological *lycée* and went on to obtain a *baccalauréat* was 84%, compared with only 28% of those attending a vocational *lycée*.

The general *lycée* is most frequently chosen upon leaving middle school (74% during the 2006-07 school year), followed by the vocational *lycée* (20%) and the technological *lycée* (6%). The general and technological curricula lead to a three-year general *baccalauréat* in the general *lycées* and a technological *baccalauréat* in the technological *lycées*¹⁴ (Figure 2.1).

Figure 2.1. Structure of education in France from age 15



Source: Adapted from information provided by the Ministry of Education (see the list of abbreviations at the beginning of this publication).

The academic stream of vocational studies can lead in four years to the vocational *baccalauréat*.¹⁵ In the vocational curriculum, after obtaining a BEP vocational training certificate in two years, or occasionally a CAP vocational training certificate, it is possible to remain in the vocational *lycée*

14. In 2008, the general *baccalauréat* created by Napoléon celebrated its second centenary. The technological *baccalauréat* was introduced in 1968 and the vocational *baccalauréat* in 1985.
15. A curriculum leading to a three-year vocational *baccalauréat* has been under trial since 2001. There are plans to generalise this curriculum to most fields of study at the start of 2009.

for two more years of study. The CAP certificate given at the end of studies prepares for a specific specialty, whereas the BEP prepares for a range of specialties and makes it easier to continue study for a vocational *baccalauréat* (or a technological *baccalauréat* after one year of adaptation).

C. Tertiary education

Enrolment in tertiary education in France has quadrupled in less than 40 years, rising from 500 000 students in the mid-1960s to 2.2 million today, with about 1.6 million in the university system. Half of the young people born in the late 1970s attended tertiary education, compared with 30% of the generation born in the late 1960s and 20% of those born in the late 1950s (DEPP, 2007a). This massification has upset the image and value of tertiary education. Some observers speak of the inflation of university diplomas and of the risk of their long-term devaluation on the labour market (Lemistre, 2008). Others emphasise that the expansion of initial education has been accompanied by employment rates upon entering the labour market that are higher for the cohorts born in the early 1970s than for those born in the early 1960s (Goux, 2006).

Tertiary education generally begins after obtaining the *baccalauréat*.¹⁶ The university, which any holder of a *baccalauréat* can attend, remains the main choice of general *baccalauréat* holders (59%). Many technological *bac* holders (17%) and some vocational *bac* holders (6%) also enrol. There are also selective streams of study in tertiary education: the preparatory classes for France's *grandes écoles* (CPGE), the university institutes of technology (IUT), the advanced vocational courses (STS) and post-*baccalauréat* specialised schools. The CPGE are the most selective of these and provide two years of preparation for entering the engineering and commercial *grandes écoles* for 13% of those with a general *baccalauréat* but for only 1% of those with a technological *baccalauréat*. There is increasing interest in the IUTs created in 1966, which award a DUT university diploma in technology after two years of study. The STS are less selective and award a BTS vocational training certificate after two years.

16. In 2008, 63% of the current generation obtained a *baccalauréat*. The target announced in the mid-1980s of having 80% of the generation in the final year of *lycée* obtain the *baccalauréat* has not yet been achieved.

2. International comparison of the performance of the French school system

A. At age 15

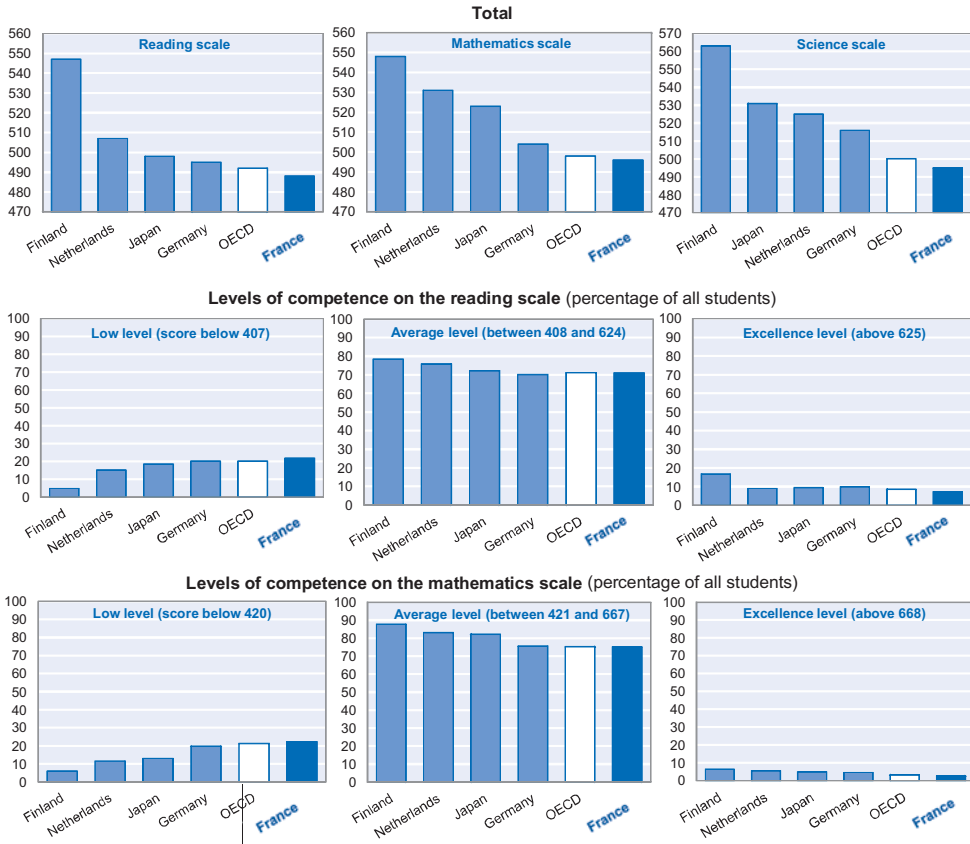
The scores of 15-year-olds are mediocre

The scores of French 15-year-olds who took part in the Programme for International Student Assessment (PISA) in 2006 were slightly below the OECD average (Figure 2.2). These results are in line with the conclusions of the previous editions of the PISA study that were made public in 2000 and 2003.

Baudelot and Establet (2009) observed that the French school is one of the best in the world for half of the pupils and one of the worst for the other half. For instance, on the 2006 PISA results, on average pupils in vocational education had scores that were 50 points below those of pupils in general education. Youth from immigrant backgrounds in France, that is, youth born abroad, also performed worse. An OECD study based on the 2003 PISA survey showed that the results in written comprehension and mathematics of immigrant children in France were some 70 to 80 points below those of children born in France of parents also born in France (OECD, 2008j). This gap represents about two years of education. The educational performance of pupils from the second generation were more satisfactory, with a difference of some 48 points with pupils born in France of parents also born in France, both in mathematics and in written comprehension.

This relative improvement in performance for second-generation pupils seems to go in hand with an improvement in terms of enrolment in upper secondary education. An econometric analysis by the Ministry of Education based on a panel of pupils who entered middle school in 1995 and were surveyed seven years later in 2002 showed that, all else being equal, in particular, the educational and professional levels of the parents, young immigrants from most backgrounds (with the exception of children of Turkish origin) had at least an equal chance of becoming a general or technological *lycée* student as those from non-immigrant families (Caille, 2007). While there were only small differences with regard to access to the vocational *lycée*, the children of immigrants (with the exception of those of Portuguese and Spanish origin) stayed away from apprenticeships. Moreau (2008) argued that this result reflected that immigrant parents believe very strongly in higher education as the key to their children's success. Furthermore, the children were attracted to business and administrative professions and strongly rejected working-class occupations.

Figure 2.2. Performance of French 15-year-olds in the 2006 PISA survey

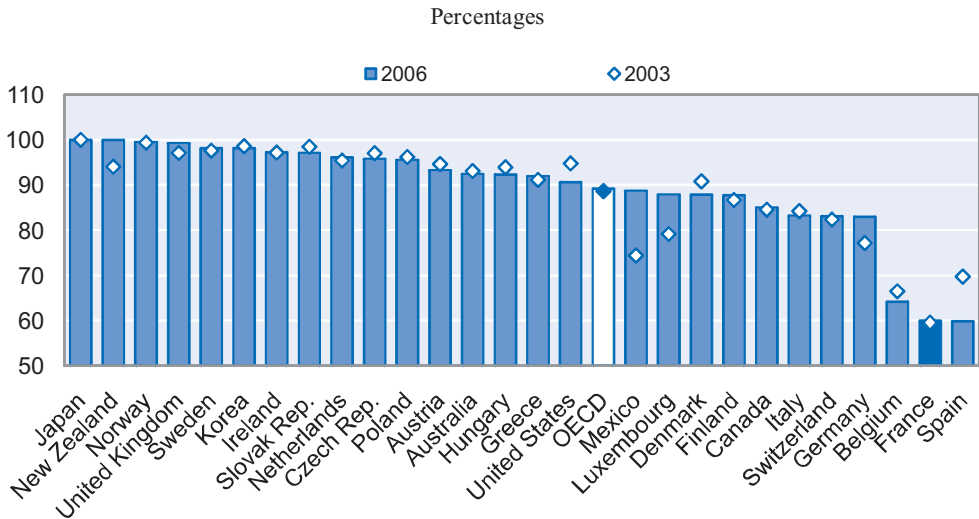


Source: OECD 2006 PISA Database.

One-third of pupils in France have repeated at least once by age 15

In France, only two-thirds of 15-year-old pupils were at least “on time” at the end of lower secondary school in 2006, versus 89% on average in the OECD (Figure 2.3). Belgium and Spain were also characterised by frequent repeating before the age of 15. For a number of years now France has implemented an educational policy to prevent repeating primary and secondary years, although this has not yet resulted in a significant fall in the rate of repeating.

Figure 2.3. **Proportion of 15-year-old pupils who are at least “on time” at the end of lower secondary school^a, 2003 and 2006**



a) This involves a comparison between the normal level of schooling at age 15 and the level actually achieved.

Source: OECD 2003 and 2006 PISA Database.

B. Age of compulsory schooling

There is a risk of not having any qualifications at age 16

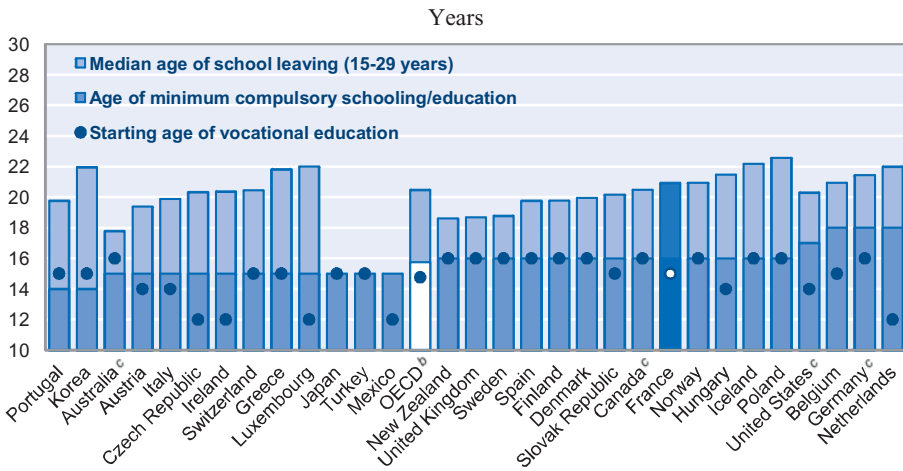
A certain number of youth reach the age of compulsory schooling (16) without having completed lower secondary school, and leave the school system with no qualification. However, the minimum school-leaving age is not so clear-cut in either law or practice. As the CERC (2008) notes, the French Code of Education provides for the continuation of compulsory schooling between age 16 and 18 if sufficient education has not been achieved at age 16.¹⁷

17. Article in the Code of Education: “Pupils who upon completing compulsory schooling have not achieved a recognised level of education must continue their studies in order to achieve this level. To fulfil its responsibilities, the State shall provide the resources needed to continue the necessary schooling. All minor children have the right to continue school beyond the age of 16.”

How is the end of compulsory schooling to be applied?

At age 16, 3% of youth are not in full-time school, a proportion that reaches 9% by age 17 (Poulet-Coulibando, 2008). The end of compulsory schooling could be applied more flexibly by basing it not on the pupil's age as such, but rather on the school year when the pupil becomes 16. This would make it possible for youth not to quit school on the day that they turn 16 but to finish the current year, which might be the graduation year. In practice, most pupils leave school later. In 2006, the median age for school-leaving in France was 20 years and nine months. This places France on an average level in the OECD countries, with a performance that is higher than that of the English-speaking countries where young people leave school relatively early, but below that of Germany and the Netherlands (Figure 2.4). There does not seem to be a correlation between the age of the end of compulsory schooling/training and the median age for leaving school. Moreover, the ability to begin vocational training very early, as for example from age 12 in the Czech Republic, Ireland, Luxembourg and the Netherlands, is not reflected in a lower median school-leaving age.

Figure 2.4. **Different education-related ages in the OECD countries, 2006^a**



a) 2005 for the United States. The countries are classified by increasing order of the age of compulsory schooling/education.

b) Unweighted average of the countries shown in the figure.

c) Variable, depending on the Land, State or Province. The figure refers to the situation in most of the country.

Source: National labour-force surveys and OECD (2008f), *Education at a Glance*.

Raising the minimum school-leaving age has already had an impact on less-educated youth in the past. Brunello *et al.* (2009) used panel data to show that raising the minimum school-leaving age in 12 European countries had a positive impact on the level of diploma attained, especially for the youth with the least education. On average, one year of additional compulsory schooling led to 0.3 to 0.4 year of additional studies for this group, versus 0.1 year for the youth with diplomas.¹⁸ There is, however, no purpose in extending schooling if the educational curriculum stays the same. The reforms implemented in some OECD countries aimed at improving the academic skills of school-leavers not only raised the minimum school-leaving age but above all implemented flexible measures to diversify academic pathways so as to enable everyone to succeed (Box 2.1).

Box 2.1. The minimum school-leaving age in England, the Netherlands and the Province of Ontario in Canada

England will eventually require young people to continue education or training until the age of 17 (18) (versus 16 today) by 2013 (2015) if they have not acquired an upper secondary education diploma (OECD, 2008d). Training possibilities will gradually be expanded through a strategic plan focused on the 14-19 age group. One of the key measures concerns a right to a work-study programme for youth aged 16 to 19 who have the requisite skills and who wish to undertake practical vocational training. The training could take place in a school, a company or a private training agency. Young people working more than 20 hours a week will be authorised to study part-time.

In 2007, the **Netherlands** introduced a law on qualifications that will oblige 18-year-olds who have not obtained a degree at least equivalent to a diploma from the second cycle of vocational secondary education (*startkwalificatie*) to continue full-time training. This will usually involve a work-study programme (OECD, 2008a).

In 2006, the **Canadian** Province of Ontario lifted the requirement for compulsory education from age 16 to 18, either in the classroom or on the job. The general education school curriculum that dominates secondary education was diversified, and a technical and vocational curriculum and an apprenticeship programme were established (OECD, 2008c).

18. For France, the reform in question was the change in the minimum school-leaving age in 1959 from 14 to 16. The authors also found an impact in terms of a reduction in wage inequality.

C. *Early school-leaving*

The phenomenon of early school-leaving, which affects many OECD countries, also exists in France. This hits France especially hard, however, as it is a country where relatively few youth return to initial education and where the possession of a standard diploma strongly influences the career path. This is why particular attention needs to be paid to young people who leave secondary education without a diploma.

The share of school-leavers without an upper secondary degree is below the OECD average

At the international level, an upper secondary diploma is considered to be the minimum academic achievement needed on the labour market. Youth who leave school without having obtained a *baccalauréat* are clearly at a disadvantage to their peers on the labour market. This is true even if they have acquired a pre-*baccalauréat* qualification (see Box 2.2, which explains the distinction made in France between leaving without a qualification and leaving without a diploma). In 2006, the rate in France of young people aged 15-24 without a diploma was high (9.5%) relative to the best-performing OECD countries, such as Norway (3.2%), the Czech Republic (4.2%) and Japan (4.5%) (Figure 2.5). It was, however, below the OECD average (14.2%), and fell significantly during the last decade.

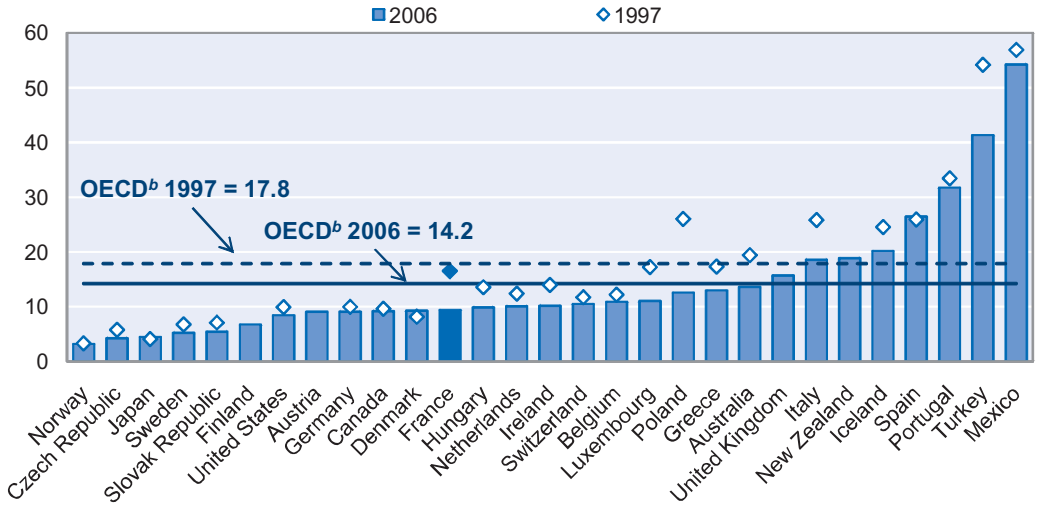
Box 2.2. School-leavers in France without a diploma or without a qualification

The European definition covers leaving the upper secondary or *baccalauréat* level of education *without a diploma* (ISCED 3). In 2007, 130 000 French youth left initial education without a diploma, *i.e.* about 18% of the generation (DEPP, 2008).

Until very recently, the most common definition used in France, *leaving without a qualification*, was more restrictive. Young people considered “not qualified” were those who had not enrolled in a general or technological *lycée* or in the final year of preparation for a BEP or a CAP (level VI and V bis in the French nomenclature of educational levels). In 2005, 42 000 youth left the educational system without a qualification, 6% of all young people who left initial education that year (Léger, 2008). This percentage has fallen considerably from 25% in 1975.

Figure 2.5. School drop-outs in OECD countries, 1997 and 2006^a

Percentage of youth (15-24) leaving school without an upper secondary diploma



a) 2003 instead of 2006 for Japan; 2004 instead of 2006 for Mexico and Norway; 1999 instead of 1997 for Germany, Iceland, Ireland and Luxembourg; 1998 instead of 1997 for Denmark and Italy.

b) Unweighted average of the countries shown in the figure.

Source: OECD Education Database.

The rate of youth without diplomas is higher for boys than for girls

It is worth noting that, as in most OECD countries, the rate of youth without diplomas is significantly higher among boys (12%) than among girls (7%). The gender gap in France is close to the average gap in Europe (Rosenwald, 2008). Boys' academic difficulties can also be seen in other indicators. For instance, on the Call-up Day for Defence Preparedness (JAPD),¹⁹ all French 17-year-old boys and girls undergo tests to detect illiteracy that are developed and run by the Ministry of Education. In 2007, 15% of boys had difficulty reading, compared with 9% of girls, a difference that was noted regardless of the level of schooling achieved (De la Haye *et al.*, 2008). For those who are still in school and whose results were unsatisfactory, a partnership with the Ministry of Education makes it possible to provide individual follow-up at their schools. Those who have

19. All boys and girls aged 17 or over with French nationality (about 800 000 per year) are convoked to the JAPD.

left the school system are given an individual interview with personnel from the Defence Department and then steered towards a social welfare or integration agency.²⁰

Half of youth without a diploma have difficulty writing

While, overall, young people have better skills at writing, numeracy and oral comprehension than their elders, at a given educational level the gap between younger and older is less significant (Micheaux and Murat, 2006). For instance, in 2004, while 11% of the 20-29 age group educated in France had difficulty with writing, versus 28% of those aged 60-65, this was the case for half of both those aged 20-29 and those aged 60-65 with no diploma. The inadequate mastery of basic skills constitutes a major obstacle to the integration and qualification of young people without a diploma and is not taken sufficiently into account in education policy.

D. Tertiary education

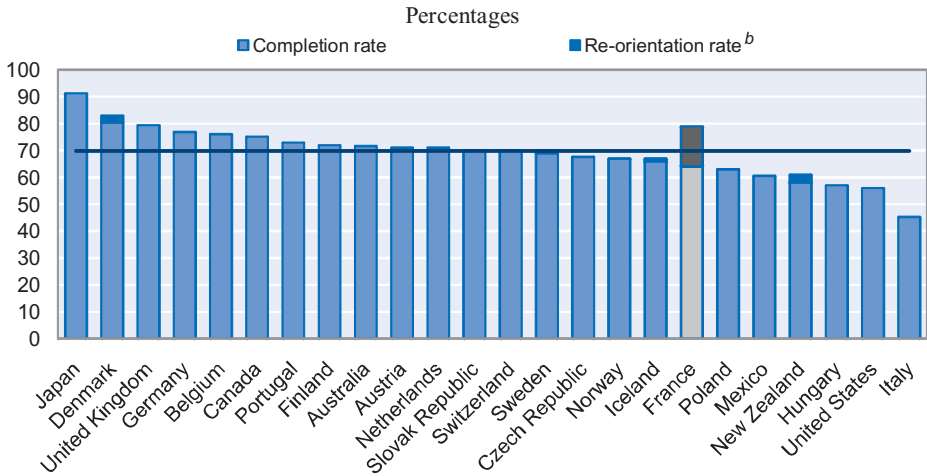
The success rate in tertiary education is higher than the OECD average due to re-orientations to shorter cycles

Some 21% of students in France abandon tertiary education and leave without a diploma, compared with an average of 31% in the 19 OECD countries for which data is available. It is mainly vocational *lycée* graduates who leave tertiary education without a diploma (60%), compared with about 10% of general graduates and 30% of technological graduates (DEPP, 2008).

While the success rate in tertiary education is, taken as a whole, 10 percentage points higher in France than the OECD average, this is due to a very substantial proportion of re-orientations towards shorter cycles (Figure 2.6). Some 15% of students leave university-level education and shift towards more technical education of the IUT or STS type. Such re-orientations are very rare in other OECD countries, and where they do occur are on a much smaller scale: 3% of students in Denmark and New Zealand and 1% in Iceland and Sweden.

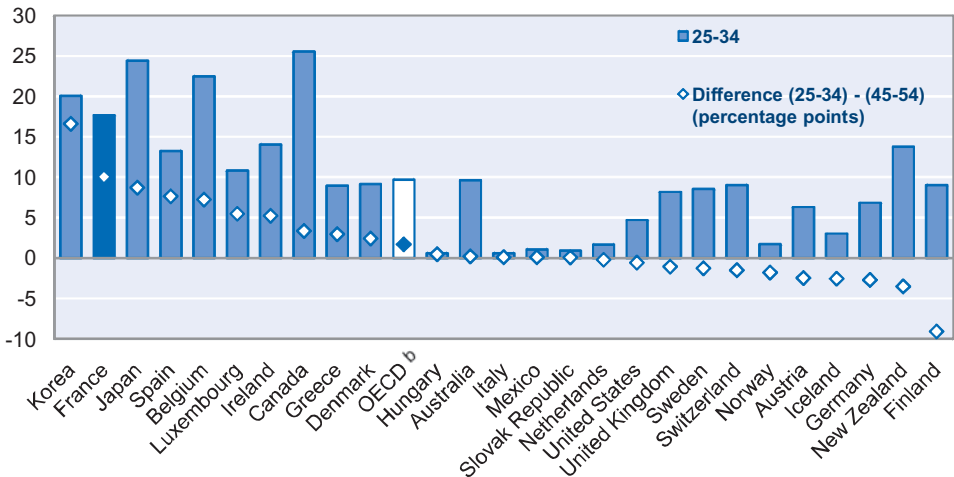
20. See Chapter 4.

Figure 2.6. Completion rate^a in tertiary education in selected OECD countries, 2006



- a) Completion indicates having attained at least an ISCED 5A type degree (long tertiary cycle).
 - b) Re-orientation indicates having achieved at least an ISCED 5B type degree (short tertiary cycle).
- Source: OECD (2008f), *Education at a Glance*.

Figure 2.7. Graduation rate in short-cycle tertiary education^a for ages 25-34 and 45-54, OECD countries, 2006



- a) ISCED 5B.
 - b) Unweighted average of countries shown in the figure.
- Source: OECD (2008f), *Education at a Glance*.

Short-cycle tertiary education has developed very rapidly

France, after Korea, is the country where short IUT and STS-type tertiary education has developed the most, based on comparing the proportion of the population aged 25-34 that has completed this type of study with that of the 45-54 age group (Figure 2.7).

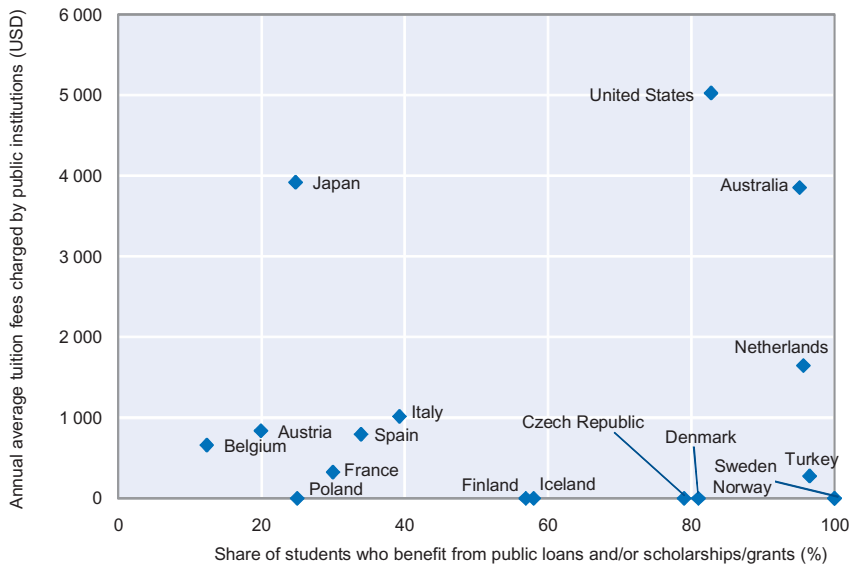
Paradoxically, the rise of short-cycle education has not benefited vocational *lycée* graduates, as the IUT and STS tend to attract general *lycée* graduates. There were almost no holders of a vocational *baccalauréat* in an IUT in 2007, and only 15% of them enrolled in an STS. France has calculated that in order to increase the share of an age group obtaining a tertiary diploma from 44% to 50% between 2006 and 2012, in accordance with European goals, it is necessary to increase the enrolment of vocational *lycée* graduates in the STS system. The STS offers a high level of supervision, which favours academic success. Changes in the first-year curriculum, in particular in the field of general education, have made it possible to admit vocational graduates who have the desire and the capabilities into the STS. In addition, those with “honours” or “high honours” on their vocational *baccalauréat* are admitted automatically into the STS system.

Access to tertiary education remains very dependent on the family’s social situation

By international standards, France is characterised by relatively low enrolment fees for public tertiary education as well as by a relatively low share of grants (Figure 2.8). The system of student aid and scholarships is too complicated, and leaves aside middle-class people with modest incomes (Wauquiez, 2006). The French government has recently taken various steps to democratise access to tertiary education. Grants based on social criteria²¹ or merit were revitalised in tertiary education, with the goal of having 30% of CPGE students on scholarships. The reform as a whole, which aims to simplify the system of aid, came into force in September 2008 at the start of the school year. A national fund for emergency aid to students in difficulty was also set up. Finally, since 2008 there has been a system of state-guaranteed low-interest bank loans for all students. These zero-interest loans must be reimbursed no later than ten years after the end of studies.

21. In December 2008, the annual ceiling on family income permitting a grant based on social criteria was raised from EUR 27 000 to EUR 32 000. This decision was taken to achieve the goal of 50 000 new scholarship students in 2008-09.

Figure 2.8. **Tuition fees and public loans and/or scholarships/grants in tertiary type A education, selected OECD countries, 2004-05 school year**



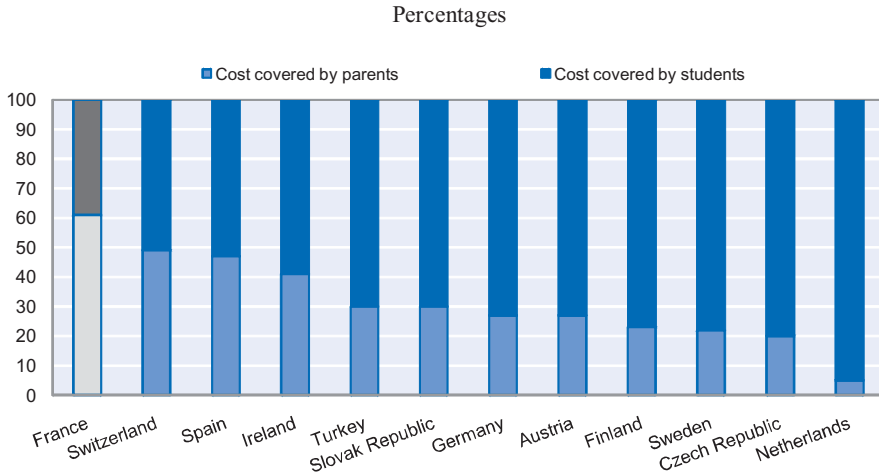
Source: OECD (2008f), *Education at a Glance*.

Students from better-off social categories continue to be more strongly represented in tertiary education than students from more modest families (Albouy and Tavan, 2008). As the period of instruction grows longer, young non-scholarship students become dependent either on family resources, so long as these are sufficient or made available to them, or on income that they earn themselves through part-time or occasional work which they perform alongside their studies.

As seen in Section 5, in France relatively few students work, and it is in the main the parents who finance their children's studies. Some 61% of French youth benefit from parental assistance to pay for their housing and everyday expenses. This was the highest share in the 12 OECD countries that took part in the survey, which was conducted between 2005 and 2008 on the living conditions of young students in Europe (Figure 2.9).²²

22. In France, the share paid by students includes housing aid that is paid directly to the student.

Figure 2.9. Parents' financial help to students in tertiary education^a, France and selected European countries, 2005-08



a) Share of students' costs covered by the parents. Only private lodging is included.

Source: Adapted from Eurostudent (2008), *Higher Education Information System*.

3. Impact on the school-to-work transition

A. *In France, being behind in school has a private cost and a social cost in terms of labour-market entry*

Being one year behind the norm, regardless of the diploma level, results in a wage that is about 9% below average during the first years of the career. Since the yield of one additional year of study is about 8% to 9%, being behind one year thus completely eliminates the benefit derived from a year of additional study. This was shown by Brodaty *et al.* (2008), who estimated the cost of being behind in school based on a sample of more than 12 000 male students observed over five years following their exit from the school system.²³ The impact on labour-market entry is also very marked: being behind one year results in a reduction of about 19% in the employment rate during the five years after leaving education, which equals about 12 months of extra unemployment. The authors also query the overall social value of using public funds to finance years of tertiary education studies that result in a low private yield. For example, losing one year at

23. This data comes from the Céreq 1992 Génération survey, combined with INSEE data and data from the Ministry of Education.

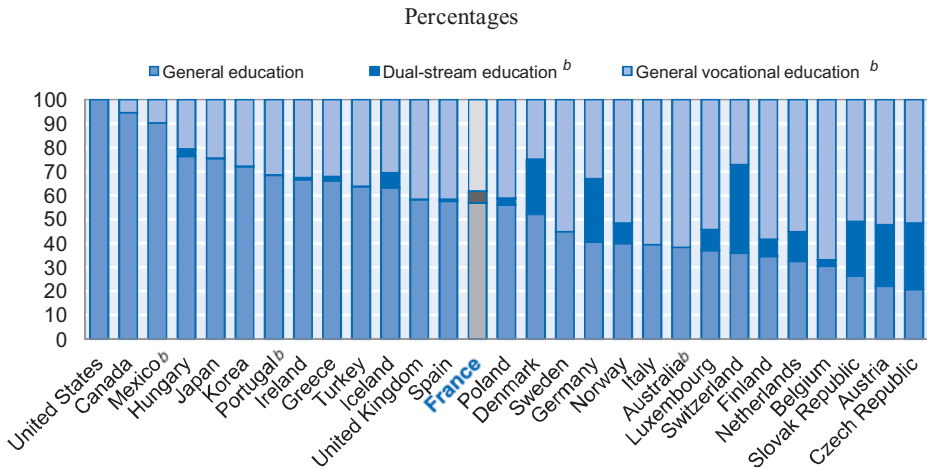
university and leaving it without a diploma makes the student a *lycée* graduate who is one year behind and who will on average receive a salary that is 9% less than “normal” age graduates who did not lose time at university.

B. Integration of youth leaving secondary vocational education

Predominance of a school framework that is less effective in terms of integration

For upper secondary education as a whole, in 2006 France had a slightly higher proportion (57%) of pupils in the non-vocational stream of study than the OECD average (54%) (Figure 2.10). The dual part of the vocational stream in France is small (12% of the vocational stream) in comparison with, for example, Switzerland, Germany and Denmark, three countries where this accounts for at least 45% of vocational education.

Figure 2.10. Enrolment in vocational versus general education in upper secondary education, OECD countries,^a 2006



a) The data for the EU-19 and the OECD (excluding New Zealand) refer to unweighted averages.

b) Data are not available for the distinction between dual-stream and general vocational education in Australia, Mexico, Portugal and the United Kingdom.

Source: OECD (2008f), *Education at a Glance*.

Vocational studies thus take place mainly in the school context in the vocational *lycée* (with internships in a company) and to a slight extent in work-study programmes, that is, in both a company and a *Centre de formation d'apprentis* (apprentice training centre – CFA), after entering an

apprenticeship agreement (see Box 2.3). The CFAs were created in the main following agreement reached between the regions and the agencies that manage them (municipalities, chambers of commerce and agriculture, sector associations, private agencies, and for a small number of nationally-managed CFAs, public or state educational institutions). They are financed by the regions (55%), business (42%, of which 34% is from the apprenticeship tax) and the management agencies for the centres (3%).

Box 2.3. *The contrat d'apprentissage*

The apprenticeship contract is a particular type of labour contract that in general is agreed for the duration of the training cycle, with a two-month trial period. The apprentice has the status of a salaried employee in the company. The goal is to acquire theoretical training and practical training through alternating work and study to obtain a recognised professional qualification (approved title, technological or vocational education diploma).

Public: youth aged 16 to 25 who undertake to prepare a diploma (from CAP to bac+5). The DIMA (dual-stream job introduction programme) set up at the start of the 2008 school year enables 15-year-old middle-school students to discover one or more specialties through a work-study programme for one school year. Exemptions (disability, tertiary education) make it possible to sign a contract up to age 30.

Possible educational level: up to 1987, CAP; since then, extension to all diploma levels. After 1993, promotion of apprenticeships in tertiary education.

Duration: two years on average (from one to three years, depending on the educational cycle). Extension if failure on test, illness, disability. In certain specific cases, for example to obtain additional training, the contract term can be reduced (minimum six months).

Compensation: according to the Labour Code, minimum based on age and educational progress (from 25% of the SMIC under age 18 in first year to 78% up to age 21 in year three) (see Table 3.2).

Specific advantages for the apprentice: no social charges and in general exemption from income tax. Compensation can be supplemented by in-kind benefits provided by the employer, but partly deducted from the wage payment. In addition, certain local authorities give apprentices specific benefits (provision of initial equipment, financial aid to obtain a driver's licence, aid for acquiring a vehicle). School fees are free, and an apprentice card permits reductions on fees, in particular for transport and cultural and sports activities.

Aid to the employer: the employer of an apprentice enjoys a certain number of benefits both from the State (tax credit of EUR 1 600 per year and per apprentice; exemption from social charges, with the exception of charges due for occupational illnesses and job accidents) and the regional council (payment of lump-sum compensation of a minimum amount of EUR 1 000 per year and per apprentice). The employer must repay this if the contract is terminated during the first two months, or if the contract is terminated due to the employer's fault or the employer fails to train the apprentice.

General and theoretical training: for secondary-education apprentices, in an apprenticeship section in a vocational *lycée* or in a CFA (very often, one week in the CFA and two weeks at the employer's). For apprentices in tertiary education, in the universities and *grandes écoles*.

Dual supervision: a training supervisor in the company and a professorial tutor in the CFA who meet once yearly to co-ordinate the two aspects of training. The number of apprentices that can be supervised by a single supervisor is strictly controlled (in general, two apprentices per supervisor).

Authority and funding: since 1983, the regions have supervised and financed apprenticeships, which benefit from a quota of the apprenticeship tax. The State financially helps the regions with regard to apprenticeships through the *Fonds national de développement et de modernisation de l'apprentissage* (National Fund to Develop and Modernise Apprenticeships – FNDMA).

Apprenticeship tax: this tax, which comes to 0.5% of the total wage, is calculated on the wages paid the previous year. For example, the amount collected in 2007 on 2006 wages came to EUR 1 659 000. A 52% quota of the apprenticeship tax paid by businesses is used to finance apprenticeships, with the non-quota part financing technological and vocational training, mainly in the *lycées* (48%).

As is emphasised by Malicot and Porcher (2007), the two vocational education pathways in secondary education, work-study and schooling, each have weak points. The main weakness of work-study is a high rate of broken contracts, estimated at 25%, and a success rate on the CAP and the BEP that is slightly below the rate for pupils in the schooling path.²⁴ As for schooling, there is significant absenteeism in the vocational *lycées*.²⁵ What the two paths have in common is difficulty in finding a company to sign an apprenticeship contract and even to accept to host a trainee, particularly a youth from an immigrant background or disadvantaged neighbourhood.

The Ministry of Education has set up the *Objectif stages* (Target: Internships) programme, which aims to provide pupils access to compulsory internships regardless of their origin, address, social background or relationship to the world of business. A “mentoring” programme for pupils was also set up by the Ministry of Employment in co-operation with the Ministry of Education. It calls on partners from the business world to provide support for youth having difficulty with vocational and social integration, in particular as they try to find an apprenticeship contract or an internship. The mentors (volunteer employees and retirees) make their network of business contacts and their experience available to their mentees.²⁶

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24. In 2007, the success rate for those in schooling and in apprenticeships were, respectively, 82% and 78% for the CAP, 75% and 74% for the BEP, and 80% and 81% for the vocational baccalauréat.
25. In 2004, on average 10% of the students were absent without cause for more than four half-days, compared with 3% in the general and technological *lycées*.
26. More recently, the *Espoir banlieues* (Hope for Disadvantaged Neighbourhoods) programme has proposed setting up an internship database for pupils in vocational

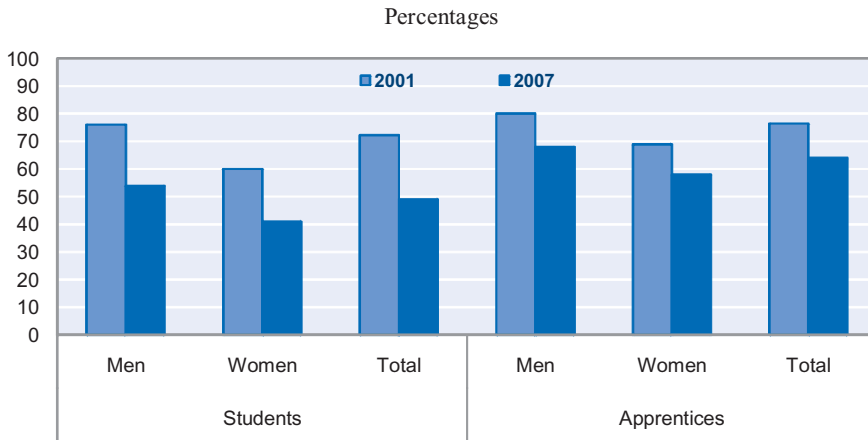
As a recent public report has observed, young people who have been apprentices find employment more easily than do students from vocational *lycées* (Besson, 2008). In 2007, 64% of apprentices had a job seven months after leaving the school system, versus 49% of vocational *lycée* students (Figure 2.11).²⁷ The employment rates have fallen since 2001 for the two paths, but the decline was greater for *lycée* students. The employment rate for girls was still below that for boys, with more than 87% of girls in the services sector, while more than 70% of boys were in the industrial sector. As the result of this highly gendered choice of specialties, there is rarely a mix in the vocational school classroom, a situation that has persisted remarkably over time (Rosenwald, 2007).

The recent work of the DARES and the DEPP based on the 2004 *Génération* survey points to the conclusion that the advantage of apprentices is long-lasting. Three years after leaving initial education, for two former vocational education students with otherwise identical characteristics, the one who went through an apprenticeship has a much higher likelihood of being in salaried employment (Abriac *et al.*, 2009). There are multiple mechanisms that help to explain the positive impact of apprenticeships. One such mechanism might well be the continuous presence of the apprentices in the company, giving them the benefit of a denser and more effective network of contacts than their counterparts in the vocational *lycées*, who have contact with the company only during the internship. In addition, employers probably value the practical experience accumulated by apprentices, as well as their acquisition of the behavioural codes and practices to be adopted in the working environment. A study conducted in the late 1990s took into account structural effects and selection biases in comparing the future of apprentices with that of vocational *lycée* pupils who had obtained the same diplomas, and it reached the same conclusions (Simonnet and Ulrich, 2000).

programmes in disadvantaged neighbourhoods to ensure greater equity in access to internships.

27. These surveys at seven months are conducted every year in all the academies (educational districts) and are co-ordinated by the Department of Assessment and Forecasting (DEPP) of the Ministry of Education.

Figure 2.11. **Employment rate seven months after leaving the vocational *lycée*, France, 2001 and 2007**



Source: Estimates by the OECD Secretariat based on job integration surveys of apprentices and students in vocational *lycées*, Department of Assessment and Forecasting (DEPP), Ministry of Education.

A significant number of apprentices – between two and five out of ten, depending on the trade and educational level – are hired in the company in which they have performed their apprenticeship (Arrighi, 2009). While apprentices have better immediate conditions for labour-market integration than do *lycée* students, it turns out that when apprentices are not hired by their host company, they can experience long periods of unemployment.

Poor co-ordination between the work-study stream and the schooling stream

There is no single model for upper-secondary vocational education in the OECD countries. Depending on the specific features of each country, vocational education can have different forms, durations, and methods of access.²⁸ For example, while Germany has clearly chosen one of the two systems – apprenticeships – France stands out for its juxtaposition of weakly co-ordinated parallel training streams (Cour des Comptes, 2008). In order to improve co-ordination, the Ministry of Education introduced a *lycée des métiers* (“Jobs *lycée*”) label to promote vocational schools. This label is awarded to *lycées* that offer the four paths of access to vocational diplomas

28. See the OECD’s thematic review, *Learning for Jobs*, at the following address: www.oecd.org/edu/learningforjobs.

(schooling, apprenticeship, continuing education and validation of job experience) to enhance the quality and attractiveness of vocational education, to promote fluid career paths and to diversify student enrolment. A total of 800 schools should have the label by 2010, versus 440 at end 2007. From this perspective, training in school will be complementary to apprenticeship training for young people who do not find a company to accept them as apprentices.

The situation in the Netherlands might also offer a few possibilities for renovating the vocational stream in France. In the Netherlands, vocational secondary education (MBO) is also divided between a schooling path (BBL) and a work-study path (BOL). As in France, about one-third of the students are in work-study (OECD, 2008a). There is, however, close co-ordination between the two paths so as to instantly provide a schooling solution for pupils who have not found an apprenticeship position in a company. This flexibility is important during poor economic conditions, when companies are less willing to agree to train apprentices. The challenge facing the Netherlands is to avoid having a schooling pathway that is attended only by pupils from visible minorities who suffer discrimination from employers.

C. Integration of youth leaving tertiary education

Non-graduates of tertiary education integrate poorly

The results of the 2004 *Génération* survey indicate that young people without diplomas from tertiary education who have failed in general education (12% of those leaving tertiary education) have a particularly difficult time entering the labour market (Calmand and Hallier, 2008). At the end of the third year of working life, 51% have a temporary job and 17% are unemployed, and their net median salary is close to the French minimum wage, the SMIC (Table 2.1). Given these difficulties, 20% of the youth in Generation 2004 who failed general education (*i.e.* to attain a general university diploma, a DEUG) are once again in education at the end of the third year of working life, and this time 75% of them have opted for a BTS. This more vocational orientation seems wise. Those with vocational diplomas of level *bac*+2 (DUT or BTS) are in general less affected by unemployment than those with a DEUG.

Table 2.1. Situation of young people leaving tertiary education, three years after leaving education, France, 2007

Percentages

	Tertiary drop-outs		BAC+2 graduates								LMD graduates	Total
	DUT/BTS	DEUG	Total	of which DEUG		of which BTS		of which DUT				
				LSH	MST	Tertiary	Industrial	Tertiary	Industrial			
Share (% of tertiary school leavers)	8.0	12.0	38.5	1.5	0.5	12.5	8.8	3.5	1.8	41.5	100.0	
Unemployment to population ratio (% of population in the group)	13.0	17.0	7.0	12.0	10.0	9.0	6.0	9.0	7.0	7.0	8.0	
Share of workers on permanent contracts (% of the population in the group)	61.0	51.0	58.0	58.0	70.0	69.0	68.0	75.0	71.0	72.0	69.0	
Net monthly median wage (EUR)	1 250	1 190	1 410	1 250	1 520	1 280	1 410	1 350	1 470	1 630	1 470	
Rate of return to education ^a (% of the population in the group)	6.0	20.0	4.0	16.0	13.0	5.0	3.0	8.0	4.0	4.0	7.0	

DEUG: Two-year university diploma; LSH: Letters and Social Sciences; MST: Mathematics, Science, Technology.

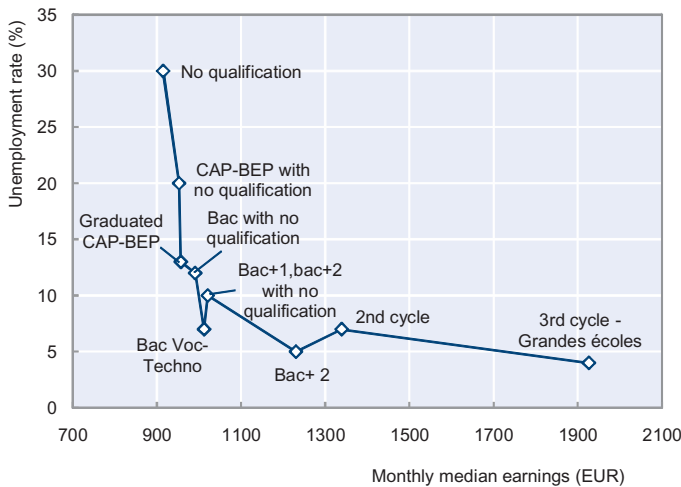
a) Returning to school, non-job training, on an apprenticeship or training contract.

Source: Adapted from Calmand and Hallier (2008), “Être diplômé de l’enseignement supérieur, un atout pour entrer dans la vie active”, *Bref*, No. 253, Céreq, Marseille.

Having a tertiary education diploma is generally an advantage

Having a tertiary education diploma provides a certain guarantee against unemployment, from a *bac+2* (DUT, BTS) level diploma onward (Figure 2.12). For a significant increase in compensation, however, a tertiary level is needed (*bac+5*) (Lopez, 2008).

Figure 2.12. Unemployment rate and median monthly wage of youth who left education in 1998, by educational level, three years after leaving initial education, France, 2001



Source: Adapted from Lopez (2008), “Diplômes et diversité des cheminements professionnels”, Les chemins de la formation vers l’emploi. Première biennale formation, emploi, travail, *Relief*, No. 25, Céreq, Marseille.

Not all bac+5 diplomas have the same value on the labour market

While having multiple diplomas is often presented as particularly favourable on the labour market, with enviable performances in terms of employment rates and wage levels, holders of a *bac+5* level diploma or a doctorate do not form a perfectly homogeneous group. Some of them, like less-qualified young people, experience difficulties in finding a job, particularly a stable one.

The most valuable diplomas are from the engineering and business *grandes écoles*, as their holders enjoy both a low unemployment rate and a comfortable wage during the first years of working life. According to the *Emploi* survey, in 2006, two years after entering the labour market, their employment rate exceeded 90%, with less than one-quarter on a CDD. After a few months of unemployment while job-hunting, it seems that a large majority find stable jobs. On the other hand, holders of a tertiary university diploma find employment more slowly (taking four years to reach an unemployment rate equivalent to 90%) and above all take more time to stabilise. A CDD seems to be an obligatory intermediary step between unemployment and a CDI, although some wind up trapped in precarious career paths. While scientific and business-related studies (management, sales, etc.) seem to be particularly valued, graduates in law, letters, the social sciences and art face a rockier path. These latter groups have a higher unemployment rate than others with multiple diplomas (up to 20% in letters and the arts), with a series of short-term contracts (two-thirds of jobs with no significant improvement in the first six years of working life), and with pay comparable to that of people with lower diplomas (*bac+2*). It can be hypothesised that some of them accept a situation of long-term overskilling due to the lack of a job in the sector in which they were trained.

Uneven professionalisation of tertiary studies

The increasingly vocational orientation of tertiary education over time has mainly been due both to the expansion of internships required to obtain a diploma and to the growth in work-study possibilities. Nevertheless, the presence of internships and their duration vary greatly with the stream of tertiary education. In general, internships are obligatory in the selective streams for obtaining a BTS (four to 16 weeks, depending on the specialty), a DUT (at least ten weeks) or a diploma from an engineering or business *grande école* (on average 14 months in a company during three years of study). On the other hand, internships are neither common nor obligatory at university, even if they have been encouraged recently, initially for doctorates. A PhD internship in a company, which was instituted in February 2005 and designed for firms organising research, placed the PhD student in the position of a

consultant in a company for a mission lasting from three to six months. In September 2007, a committee on internships and professionalizing university curricula was set up, which brings together employer groups, student organisations and the public authorities.

Work-study programmes have been developing in the most career-oriented curricula. Apprentices now represent 70% of students in the BTS programme, and less than 4% of DUT students. Work-study programmes are becoming more common in the *grandes écoles*, but remain rare at university, except for the *licence professionnelle* vocational degree (Box 2.4).²⁹ There are great geographical disparities in tertiary education apprenticeships, with three regions (Île-de-France, Provence-Alpes-Côte d'Azur and Rhône-Alpes) accounting for more than half of them.

Box 2.4. The *licence professionnelle* vocational degree

The *licence professionnelle* is a level *bac*+3 work-based degree created in November 1999 and set up in partnership with businesses and sector associations. The training year is structured around theoretical and practical lessons, training in methods and tools, a 12- to 16-week on-the-job internship and a tutored project. It makes use of new technologies, and some of the training can take place abroad through partnerships. This programme seems to be well adapted to labour-market requirements and to the demand for new qualifications between the level of the skilled technician and the executive-engineer.

Students need to show either a national diploma establishing two years of tertiary education validated in a field compatible with that of the *licence professionnelle* or else *Validation des acquis de l'expérience professionnelle* (validation of job experience – VAE).

At the start of the 2008 school year, there were about 1 800 *licences professionnelles*, with some 45 000 students, covering a large range of trades: agricultural production (agronomy, farm management, natural spaces, etc.), industry (civil engineering, building, electricity-electronics, industrial IT, chemicals, biotechnology), the services sector (sales, management, banking, communications), personal and government services (healthcare, sanitary and social service careers, hotel/tourism, environmental protection, conservation of the natural heritage, agricultural and artistic activities, etc.).

According to Prouteau (2007), students who were enrolled in school the previous year are more successful than others in the *licence professionnelle* programme. This means in particular students from an IUT, 91% of whom obtained their *LP* diploma in one year. In contrast, those who were not in education in the previous year had a success rate of 80% in one year and 83.5% in two years.

29. The *licence professionnelle* vocational degree also meets European commitments, which since 1999 have provided for a three-year bachelor's curriculum under the Bologna European BMD (bachelor's-master's-doctorate) system.

As in secondary vocational education, tertiary work-study programmes at university are often juxtaposed with conventional training. The difficulty with the latter is arranging the hours of work-study students, which in practice are often much tighter than for those who only study. One of the definite advantages of work-study is, on the other hand, that it finances the studies and provides an exemption on enrolment fees, which are very high in private post-*baccalauréat* schools, especially the business *grandes écoles*.

Need for a framework for internships

Company internships serve as a main avenue for students in France to enter the labour market. Nevertheless, the total number of student interns³⁰ is small. According to the *Emploi* survey, in 2007 about 160 000 young people aged 15-29 were interns in a company or in government, which is about 1% of the age group. It is between the ages of 20 and 24 that the share of interns in the age group is highest (2%). While a little less than half (44%) of interns aged 15-29 say that they are paid, it is difficult to obtain specific information about the number of student interns in different study streams, the duration of the internships and the amount of pay.

Developing the use of internships in the study programme is a move in the right direction to put students in contact with the business world. Any company internship, just like any apprenticeship or training contract, is specifically mentioned in the *passeport-formation* (training passport)³¹ set up in early 2009. However, it is a challenge to avoid certain abuses in practice (Box 2.5). First, it is necessary to ensure that the internships have a high added pedagogical value and are linked to the training or study programme. Certain abuses must also be avoided; for example, it is not rare for universities or the Ministry of Education to receive requests for internship agreements concerning young graduates (who have thus completed their studies), who are offered an “internship” as initial work experience in the company. In recent years the *Génération Précaire* collective has denounced this abuse, which treats the internship as a preliminary to hiring a young graduate on a job contract.

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30. Student internships should be distinguished from vocational education internships, which involve young people who have already left initial education.
 31. This initiative by the social partners takes the form of a personal document that is drawn up at the employee’s initiative and remains his or her property. The document is used to identify and certify knowledge, skills and vocational aptitudes acquired during initial or continuing education and during work experience.

Box 2.5. The framework for internships since 2006

The 2006 *Charte des stages* (Charter on internships) is the fruit of a collaborative effort undertaken at the behest of the Ministry of Employment and the Ministry in charge of Tertiary education. It was developed by government departments, business representatives, conferences of tertiary education institutions and representatives of student organisations.

The Charter affirms the pedagogical character of the internship, which must provide students an opportunity to put their knowledge to work in a business environment and to discover the way companies work. The academic institution, which sets the standards, together with the host company and the student define the mission that will be entrusted to the intern, how it will be carried out in the work environment and how the experience will be monitored and evaluated, by both the company supervisor and the teacher responsible for the student. An intern's work relationships are regulated by internship agreements authorised by the Ministry of Education and signed by the intern, the educational institution attended by the intern, and the company. These elements are spelled out in the three-party internship agreement, which commits all the signing parties. The internships have an initial term or, in case of a renewal, a cumulative term, which cannot exceed six months, with the exception of those that form part of a pedagogical curriculum.

Interns represent cheap labour for companies. When an internship lasts more than three consecutive months, there is a bonus, which is not treated as a wage.³² This bonus is fixed by a collective agreement for the sector, the extensive trade agreement, or by decree, as appropriate. A decree on 31 January 2008 defined the system of bonuses. The minimum bonus for 2008 came to EUR 398 per month for a 35-hour weekly presence in the company (the equivalent of about one-third of the SMIC). The bonus paid to the intern comes on top of any reimbursement of the costs of performing the internship and any benefits offered, when appropriate, for meals, housing and transport. The company must also establish and keep up to date a list of internship agreements that it has entered. The purpose of this provision is to facilitate controls in the fight against black-market work and to ensure that interns are covered by the rules on occupational health and safety. The decree applies neither to the civil service nor to the government administration, even though they host a significant number of interns.

32. As the intern is not a company employee and must not perform work to make up for the absence of an employee, the compensation paid by an employer is treated as a bonus and is exempt from social charges.

D. Overskilling of young new entrants

One young woman out of three and one young man out of five accept a job beneath their qualifications

During their first three years on the labour market, one French youth out of four is affected by the phenomenon of overskilling (being over-qualified) with respect to the content of their job (the gap between the skills required for the job and those certified by their diploma) and their pay. The overskilling³³ of young people has increased slightly in the OECD countries since the 1990s, and in 2005 the rate of overskilling among those aged 15-28 in France, Greece, the Slovak Republic, the United Kingdom and Poland was significantly above the European average (Quintini and Martin, 2006).

In France, this phenomenon is especially notable among young women and among youth from modest backgrounds or who have a temporary job and have been hired in a small company in sectors like commerce and personal services (Giret *et al.*, 2006). All else being equal, young people who have worked during their studies are less exposed to the risk of being overskilled, undoubtedly due to the experience they acquired on the job.

The question is still up in the air as to whether this phenomenon reflects a lasting problem involving matching on the labour market or whether it tends instead to correspond to a transitory situation involving the integration process, which then declines with age and experience. Fournié and Guitton (2008) recently advanced the hypothesis that it could also reflect changes in job qualification standards.

4. Strategies to promote academic success and labour-market entry

A. Improve counselling for youth in difficulty as they leave middle school

For young people in difficulty, counselling at the end of middle school basically amounts to guidance *by default* based on school results as well as on the places available in training. This observation is very familiar and has been repeated in report after report, in particular in the one prepared by the inter-ministerial delegation on guidance appointed in September 2006 for the purpose of co-ordinating the actions of the various government ministries (Lunel, 2007). The weakest students are almost systematically steered towards

33. An individual is considered overskilled if he or she has a tertiary education diploma (> ISCED 3), but works in a job requiring only a secondary or lower diploma (\leq ISCED 3), or if he or she has a secondary diploma (= ISCED 3) but works in a job requiring only a lower diploma (< ISCED 3).

the vocational specialties in least demand, which have available spaces in the vocational *lycées* but very rarely correspond to the students' personal desires. This leads to a loss of motivation and dropping out.

Boudesseul and Grelet (2008) also emphasise the role of the families' aspirations and the spatial dimension. On the one hand, students whose parents value vocational diplomas will often point them towards the relevant study streams. On the other hand, training programmes are poorly distributed around France. There is no comparison between the major cities and the countryside, where the supply of nearby training is much more limited and distance can make it difficult to continue studies even beyond the CAP or the BEP. At the end of the day, for these two experts guidance at the end of middle school usually proves irreversible. Career paths are compartmentalised, even if there are some gateways between different study streams. It is relatively uncommon to return to general education after having embarked on a non-general path, and likewise for a transfer from vocational to technological education.

There has been increasing attention at middle school to learning about job specialties and possibilities. More specifically, Galland (2007) proposed several measures to improve guidance at middle school for youth in difficulty. First, the role of guidance counsellors must be strengthened with respect to choosing vocational specialties. They should be able to call on a council of professionals to better differentiate the hundreds of CAP specialties and the more than 50 specialties for the BEP. An easy-to-use and relevant guide like that prepared by *Alternatives économiques sur l'insertion des jeunes* (Economic Alternatives for Youth Employment) (Box 2.6) could also be prepared for counsellors, teachers, parents and middle-school students. Finally, one year of vocational guidance should be established for those who have opted for vocational education, along the lines of what exists in general and technological education (the penultimate year). This year would not be totally undifferentiated, but could be organised around occupational families that include a broad range of trades (the building trades, for example). During this orientation year, the pupils would be trained in basic know-how and the technical skills used in a range of trades, and they would also be informed about these trades and the subsequent streams of study that lead to them by vocational guidance counsellors (and not psychologist-guidance counsellors) and during meetings with professionals and business leaders. Finally, they would acquire vocational experience during on-the-job internships. The *Conseil d'orientation de l'emploi* (Job Orientation Council – COE) also suggests setting up second profession classes in the vocational *lycée*, as for many of these students enrolment in one or another vocational stream of study does not yet reflect a mature decision (COE, 2009).

Box 2.6. How to provide good information about career choices?

In 2009, Alternatives économiques, in partnership with the ONISEP, published a practical guide based on Céreq's 2004 *Génération* survey intended for *lycée* and university students, parents and teachers. Clear, well-documented messages were presented about study streams, training and jobs.

For example, the messages for *bac+2* and *bac+3* levels in health and social services (the best employment rates at tertiary level; the same salaries as tertiary graduates; no overskilling) are telling in comparison with the messages for bachelor's degrees in letters, social sciences, management and law (many young women; threat of overskilling).

B. Mobilise the General Integration Mission (MGI) in co-operation with all local actors

According to the Code of Education, the educational system must offer youth over age 16 who have left school without a qualification for less than a year (the waiting period)³⁴ either qualification-oriented training or support in seeking a job. Since 1996, the General Integration Mission in the Ministry of Education has been in charge of conducting specific prevention and training activities for this purpose.

The MGI's prevention activities take place mainly in the school. They take the form of personal status interviews at the start of or during the school year between the educational teams and students aged 16 or more who have dropped out of school, and are aimed at finding them training or a job. The local level also has support platforms (also called "drop-out watchdogs"), although these have not been generalised. These bring together the partners in labour-market integration (education department personnel, members of the Public Employment Service – PES, judicial protection and youth departments) to offer young school drop-outs appropriate solutions.

The MGI's training activities are designed to facilitate the entry, maintenance or return of the student to diploma/qualification-based training. These activities emphasise personalised pedagogical methods and last varying lengths of time, though not more than one year. They mainly involve modules for work-based review for exams, information and counselling sessions and work-study job integration cycles, which are based on workshops and refresher courses and the *Nouvelles Chances*

34. The one-year waiting period was established in order to limit transfers from the educational system to the status of a vocational education intern, which is generally paid, mainly due to costs.

(New Opportunities) programme. The latter two schemes help to round out the training opportunities by taking in school repeaters and by helping to develop mechanisms to prepare for a one-year BEP or a three-year vocational *baccalauréat*.

According to the MGI's latest account, the personal interviews involved a little less than 60 000 youth in 2005-06 and took place more frequently at a vocational *lycée* than at middle school (Ministère de l'Éducation nationale, 2007). In 2005-06, 72% of youth who had a personal interview returned to education in the form of schooling (23%), apprenticeships (7%), specific training activities under the MGI (35%) or internships organised by the regions (7%). As for the rest, 4% found a job, 5% were being monitored by local missions and 19% remained "without a solution" after the interviews. It is also noteworthy that in the employment policies budget, the MGI's funding has been reduced significantly in recent years (from EUR 46 million to 29 million from 2002 to 2005) (Roguet, 2008).

Beyond the statistical account published by the Ministry, there is little information available to evaluate the effectiveness of the MGI's activities. The CERC (2008) noted the low flow of young people taken in hand by the MGI relative to the number of school-leavers without a diploma, *i.e.* only about half. One reason for this is that young people taken in by other mechanisms external to the Ministry of Education are not well identified and counted. The CERC (2008) thus recommends creating a database covering all young people in difficulty who are being monitored by a remedial scheme (MGI and non-MGI) so as to assess the activities and effectiveness of the schemes based on precise indicators of results.

The CERC (2008) also noted that great differences exist between France's *académies* (educational districts) with respect to the co-ordination of the MGI scheme with external PES agencies. In practice, poor co-ordination slows down the relevant bodies as they try to take charge of school-leavers without diplomas and to help them develop career projects. When institutional co-operation works, it can spark innovations. One example is the *Jeunes emplois mobilité* (Youth Jobs Mobility) association set up in the Rhône-Alpes region to combine seasonal jobs in mountain and sea tourism so as to provide young people a solution for the entire year. This raises the problem of reducing or even eliminating the one-year waiting period, and of collaboration between the MGI and institutional players outside the Ministry of Education, in particular the second-chance schools. Doing this would generate short-term costs, as youth who have left school for less than a year could be compensated as vocational education interns. The cost of the continuing non-qualification of these youth would, however, be much greater for both the individuals concerned and society as a whole over the medium and long term.

C. *Develop the second-chance schools*

The second-chance schools (E2C) are the result of a European initiative adopted in 1995 to fight social exclusion. The goal is to provide initial education that has been postponed for youth aged 18 to 25 who have left education without a qualification for more than one year. In 2008, there were some 50 schools of this type in Europe, with 16 in France, where they hosted about 4 500 interns. The main funders are local and regional government, the FSE, and also business, as part of its spending on continuing vocational education. Funding for the second-chance schools is far from stable, and they often suffer cash-flow problems. At this point co-financing by the State is still marginal. The second-chance schools do, however, have close links with the PES: 85% of new enrollees are sent by the *missions locales* (local youth missions). There are, on the other hand, few partnerships with the Ministry of Education, in particular with the MGI.

The second-chance schools, which since 2004 have been required to respect a common charter, employ an innovative, active work-based pedagogy rather than passive learning (Réseau des écoles de la deuxième chance en France, 2007). The operating principles aim “not to repeat what led the youth to fail in school” (see Box 2.7 on the second-chance school in Marseille). It is important to give consideration to the young interns’ social situations and their feeling of being excluded. The individualisation of career paths is handled by lessons given in small groups. Directly interfacing with the world of work is a crucial reality principle for organising a career project. Placements in a company begin from the first weeks of school and are managed step by step in order to avoid destabilising the interns and the host companies.

The average annual cost of a youth’s participation in a second-chance school was evaluated in 2007 at EUR 9 000, excluding payment of the interns, for 63% positive outcomes: 16% went into training, 33% into jobs and 14% into work-study (Réseau des écoles de la deuxième chance, 2007). By way of comparison, for a middle-school pupil the average annual cost is EUR 7 960, and for a high-school pupil, EUR 10 300 in general or technical studies and EUR 10 800 in vocational studies (DEPP, 2007a).³⁵

35. At the international level, the cost of secondary education in France is relatively high, while the opposite is true for tertiary education, leaving aside the preparatory classes for the *grandes écoles* (OECD, 2008f).

Box 2.7. The second-chance school (E2C) in Marseille

The first second-chance school in Europe was established in Marseille in 1997. It has taken in about 3 000 youth since its founding. In 2006, a staff of 65 (54.7 in full-time equivalents) trained 420 interns. More than 2 000 companies, business groups and associations are partners of the E2C.

Interns: 90% do not have a diploma; 83% have no job experience; 78% live in a ZUS; 47% are women and 13% are not French nationals. They have been out of the school system for about three years and their average age is 20.

Typical programme: 42 weeks (including at least 14 weeks of internship) organised in three phases: one involving assessment and determination (seven weeks, including two as an intern), one to construct a vocational project and training (18 weeks, of which six as an intern); and one involving recognition of job experience and achievements (about ten weeks, including two to four as an intern).

Certification of skills: at the end of the programme, submission of a file recognising vocational achievement and experience that can be used for the purposes of a certification recognised in the national listing of vocational certificates (RNCP).

The status of the youth: intern remunerated for the vocational training (between EUR 300 and 600, depending on the family situation) under the regional training plan.

Intake: all year, with continuing entries and exits.

Pedagogy: a referent trainer follows each intern personally on a continuous basis both in the company and at school, and draws up an individualised training plan with each intern in all the core disciplines of the second-chance school (communications/French, reasoning/mathematics, English and IT) and an individual career path.

Role of the company: the intern's tutor in the company and the referent trainer follow the entire development of the intern. The placements must take account of the needs of each individual and include great flexibility in pacing the work and study.

Follow-up: the school undertakes to monitor each young person for one year after leaving training.

Results: from April 1998 to end 2007, 59% of positive outcomes (32% in jobs and 27% in training).

One possibility for action would be to develop a number of second-chance schools, particularly since this type of school environment is cost-effective. The government announced it would do this in February 2008 in the *Espoir banlieues* plan. The goal is to involve 15 000 to 20 000 young people by 2012 with at least once site per *department*.³⁶ In the areas where

36. According to the *Espoir banlieues* press kit, the Defence Department second-chance scheme presented in Chapter 4 is also part of this system. This system is much more expensive.

the plan is being applied, it is possible to enter a second-chance school from the age of 16. Starting in August 2008, companies will benefit from partial or total exemption from the apprenticeship tax in line with their spending on training conducted through the second-chance schools.

D. Promote apprenticeships as a path to excellence

Apprenticeships have been expanding and changing in France over the last 30 years. One trend has been the broadening of the scope of apprenticeships, which until the 1987 reform were limited to preparation of the CAP. Since then, apprenticeships have been extended to all degree levels, and in 1992 to the public sector. The number of apprenticeships really only took off in 1993, when they were included in tertiary education.

As part of the multi-year Social Cohesion Plan, the French government set a goal of placing 500 000 young people in apprenticeships by 2009 and doubling the number of apprentices in tertiary education institutions *stricto sensu* (excluding BTS) by 2010. At end 2007, 408 000 young people were in apprenticeships, but the number of contracts signed in 2008 was on the same level as in 2007 (285 000 new contracts).³⁷ The target of 500 000 apprentices thus risks not being met in 2009, particularly as the crisis could discourage some employers from taking on apprentices. A certain number of provisions were introduced in the multi-year Social Cohesion Plan to develop and modernise the system, making it more attractive and improving the status of the apprentice. For example, the income of apprentices who are declared as part of their parents' household are no longer taxable; the contract duration can be adapted to the young person's previous training programme and level; and youth who enter a second successive apprenticeship contract are sure to benefit from a wage at least equal to the one received under the first contract.

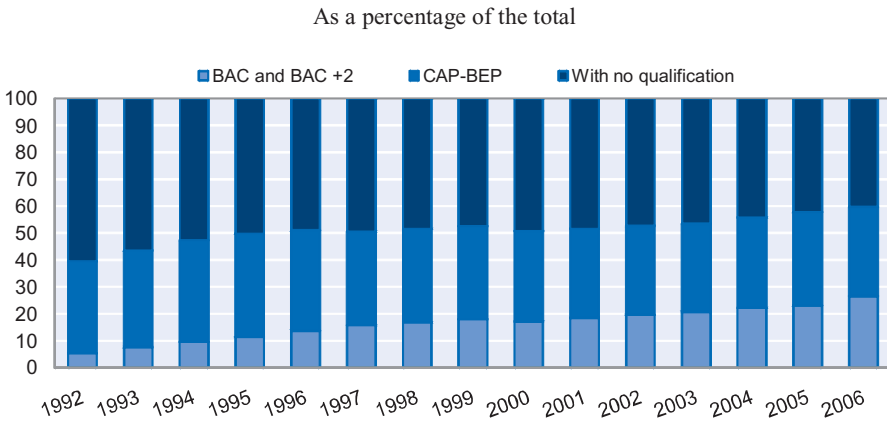
Do apprenticeships pull all apprentices upwards?

Apprenticeships have changed a great deal in recent decades in France. They are in practice aimed less and less at youth without qualifications: only 40% of new apprentices in 2006 had no qualifications, versus 60% in 1992 (Figure 2.13). As a consequence, the training level of apprentices has risen: 15% of new contracts were aimed at obtaining a tertiary education diploma in 2006, versus 2% in 1992 (Sanchez, 2008a). Nevertheless, the public

37. To this figure needs to be added 173 000 young people on a *contrat de professionnalisation* (see below). In total, 8% of young people aged 16 to 25 were on work-study contracts (Figure 2.17).

sector still has relatively few apprentices, with 5 800 new contracts signed in 2006 compared with 277 000 in the market sector, and 72% of new apprentices in the public sector had qualifications. It is the *communes* that account for most hiring of apprentices in the public sector.

Figure 2.13. Educational level of youth entering apprenticeships, France, 1992-2006



Source: Estimates by the OECD Secretariat based on *Bilan Formation Emploi*.

According to Dayan (2008), apprenticeships have nevertheless retained many of their earlier features: it is still a male domain recruiting youth leaving middle school into very small industrial and construction firms. Sanchez (2008a) did, however, note some changes. First, apprenticeships increasingly make it possible to continue with training. In 2006, 26% of those entering apprenticeship agreements were following on another apprenticeship contract. The great majority of contract renewals involved a first contract aimed at a CAP or a BEP: half of these renewals were now aimed at a higher training level. Second, more women are becoming apprentices, particularly in sectors where apprenticeships have been much less developed: young women form the majority of new apprentices in the personal services sector (58% versus 50% ten years earlier), and they represent about half of new apprentices in the business services sector (45%). They are a large majority in finance and real estate, education, healthcare, social services and the voluntary sector. They are usually older and relatively more qualified: 21% of them were preparing for a tertiary education certificate or diploma, versus 13% of young men.

Even though apprenticeships are aimed at people from all degree levels, they should not be considered as a separate study stream “from the CAP to

an engineering diploma”. According to Moreau (2008), there is a glass ceiling at the *baccalauréat* level. Everything takes place as if there were two apprenticeship markets. Apprentices leaving middle school enter an apprenticeship to learn a specialty (training apprenticeship), whereas tertiary education apprentices choose apprenticeships in order to enter a company and the job market (job apprenticeship).

Ultimately, although the status of apprenticeships is clearly improving today in France, their continuing development should not be focused on tertiary education apprentices. It is crucial that this training stream continue to take in mainly young people without qualifications from age 16 to help them obtain a qualification and a diploma while working. The new *Dispositif d'initiation aux métiers en alternance* (Dual-Stream Job Introduction programme – DIMA) set up at the start of the 2008 school year as a pre-apprenticeship is a step in the right direction.³⁸ Any 15-year-old pupil can, with the agreement of the parents, decide to enter the DIMA programme. The pupil is still subject to school requirements, but can discover one or more jobs through a work-study programme for one school year in a vocational *lycée* or a CFA while continuing to acquire core knowledge and skills. At the end of the DIMA training, the young person can choose between two possibilities: *i*) return to middle school or continue an initial training curriculum with school status; or *ii*) sign an apprenticeship agreement. According to the Ministry of Education, DIMA should cover about 10 000 youth per year. Is this turning apprentices into low-cost employees for companies?

Developing work-study programmes requires increasing the number of apprenticeship contracts offered by businesses, particularly large ones. Companies with fewer than 50 employees have been the main employers of apprentices, with 80% of recruitments in 2006, compared with 11% for companies with 250 or more employees (Sanchez, 2008a). The reasons why employers take on apprentices are still not well understood. A comparison of apprenticeships in France and Germany in the early 1990s clearly emphasises the difference between the two countries with regard to their nature and goals (Fougère and Schwertz, 2002). In the two countries, both small and large companies use apprenticeships to attract and hire skilled young workers, with large corporations focusing on the best youth. In contrast, in France, medium-sized enterprises mainly use apprentices as low-cost employees, without investing sufficiently in human capital by training them. For these companies, hiring apprentices rather than unskilled employees is thus positively linked with the wage-cost differential between the apprentice and the unskilled employee.

38. This scheme is intended to replace the junior apprenticeships cancelled in 2006 and the apprenticeship preparatory classes (CPA).

E. Promote success at the university

The main problems in tertiary education that hurt the labour-market entry of students involve the general *licence générale* (bachelor's degree) curriculum, which is characterised by inadequacies in terms of guidance and success rates. One student out of two who enrolls in the first year for the *licence générale* does not go on to the following year, because they have abandoned their studies, changed study streams or failed their exams. This results in a considerable loss of energy and resources. The multi-year *Réussite en licence* ("A Successful Bachelor's") programme is designed to cut failures in the first cycle in half by 2012 (see Box 2.8). The possibility of changing study streams at the end of the first semester of the first year of the *licence* will thus enable new students to quit a programme that does not suit them without an excessive loss of time. The success of the *Réussite en licence* programme thus depends on the quality of the individual support for each student, which is often lacking due to scarce resources. This plan goes hand in hand with a decision to give priority for access to vocational study streams (IUT and STS) to those with a technological or vocational *baccalauréat* rather than a general *baccalauréat*.

Box 2.8. The *Réussite en licence* programme

This multi-year plan launched in 2008 will encourage universities to do the following, in particular through the use of additional financing (EUR 730 million over five years):

- generalise active guidance;
- set up induction schemes, with the introduction of a unit on the methodology of university work and, where appropriate, remedial courses;
- reinforce pedagogical supervision, with the designation of referent teachers, a diversification of methods, and an increase in hours;
- identify students in difficulty earlier and provide support lessons;
- organise a gradual specialisation in studies in accordance with the spirit of the BMD reform, thus facilitating re-orientation at different stages in the curriculum, in particular each semester;
- introduce career-oriented academic units (language, business culture, job-hunting techniques);
- implement lesson evaluation;
- and set up a monitoring scheme, with success indicators for tests and for the labour-market integration of graduates.

From active guidance to successful labour-market entry

Active guidance at the university, far from being selective, seeks to respect students' choices by giving them the resources to judge the relevance of their desires for themselves. It is based on the dissemination of solid information, in particular about the success rates and job opportunities for different types of training. It was implemented experimentally at the start of the 2008 school year in 70 universities and is now legally mandated and being generalised from the 2009 school year. The system is modelled on recruitment for the selective study streams and takes the form of a unique pre-registration form that is available on the Internet.

In 2007, integrating university graduates into the world of work became a public service mission of tertiary education, with the establishment in the universities of a specialised operational body, the *Bureau d'aide à l'insertion professionnelle des étudiants* (Office to Assist the Labour-market Integration of Students – BAIP). This bureau is responsible in particular for informing students about internships and jobs related to the education offered by the university and to help them find internships and a first job. Other schemes that have been introduced since 1986 have nevertheless been maintained, and the proliferation of job-finding agencies in the universities makes the system difficult to fathom.³⁹

Developing university partnerships with business

How well universities relate to the business world has a direct impact on students' access to employment. Companies traditionally have little contact with universities, whereas they have established close relationships with the *grandes écoles*, particularly through very active alumni networks. For instance, about half of the students at the engineering and business *grandes écoles* sign an employment contract before the end of their studies, and more than a quarter less than two months afterwards. While these results can of course be attributed to the quality of the education, they also reflect that the companies send job offers straight to the tertiary education institutions that they know best.

The universities would like to obtain the same type of recognition from employers by establishing formal relations on a still very empirical and case-by-case basis with companies and by signing framework agreements or partnership charters defining mutual commitments with national professional or sector associations, *assemblées consulaires* and large corporations. The universities are thus attempting to develop informational

39. These include university services that assist with induction, information, guidance and integration into the labour market as well as job-search platforms.

activities aimed at socio-professional contacts in order to help them diversify their hiring. Some universities would also like to develop their relations with SMEs due to the stock of jobs that they represent.

Partnerships between tertiary education institutions and the PES are also being developed, in particular with the *Antennes spécialisées dans l'emploi des cadres* (Agency Specialising in the Employment of Managers – APEC). The APEC has been active in the universities for 20 years, and was the originator of workshops to introduce job-hunting techniques. Every year it trains 500 to 600 people (teachers and other personnel) who lead these activities. It has developed a CD-Rom that is aimed at helping students to identify their resources (training, potentially valuable experience), to clarify their motivations and their career projects, and to develop this into an attractive project for an employer. Assistance is also provided to complete an application for an internship or a job.

There are many other associations involved in finding young graduates jobs, such as the Bernard Gregory association, which is active in finding young doctors jobs in companies, the *Association pour favoriser l'insertion professionnelle des jeunes diplômés* (Association to Help Young Graduates Find Jobs – AFIJ), which offers workshops about ways to find internships and jobs as well as specific activities aimed at students in vulnerable social situations, and the *Association pour favoriser l'intégration professionnelle* (Association to Promote Labour-market Integration – AFIP). The AFIP was created in 2002 for the purpose of helping young graduates (minimum *bac+2*) from immigrant backgrounds to find employment. Its activities include individual follow-up, coaching, and group workshops on dynamism and a personal make-over. To fight discrimination, it draws on a network of mentors made up of key people involved in recruitment in its partner companies, which it makes available to young graduates.

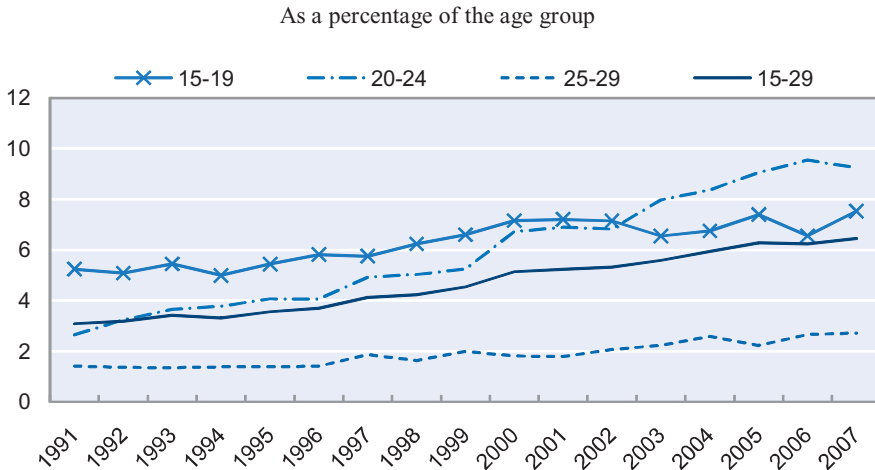
In conclusion, for many years France has been striving to reduce early school-leaving in both secondary and tertiary education, as can be seen in the various activities described in this section. Many of these activities point in the right directions but would be more effective and more equitable if they were carried out earlier and were co-ordinated with the activity of all the stakeholders, with a view to prevention rather than remedial action.

5. Combining work and study

A. There are still few students who work

In addition to apprenticeships, before entering into working life *per se*, some youth in initial education benefit from a first job experience by performing paid work in parallel with their studies. Based on the *Emploi* survey conducted continuously in 2004-06, Coudin and Tavan (2008) estimate that on average about 10% of secondary students combine work and study (including those on apprenticeships), a percentage that is almost two times higher among tertiary education students (19%). The share of youth who combine work and study (including those on apprenticeships) is up since the early 1990s, rising from 3% of those aged 15-29 in 1991 to 6% in 2007 (Figure 2.14). Nevertheless, considering students only, this share remains modest compared with most OECD countries (Figure 2.15). In 2006, the share of students aged 15-19 was 8%, and 25% of those aged 20-24, which was, respectively, 14 and 9 percentage points lower than the OECD average. Students who work in France tend, however, to have relatively long hours, as 64% of them work more than 30 hours a week, which is more than the OECD average (46%).

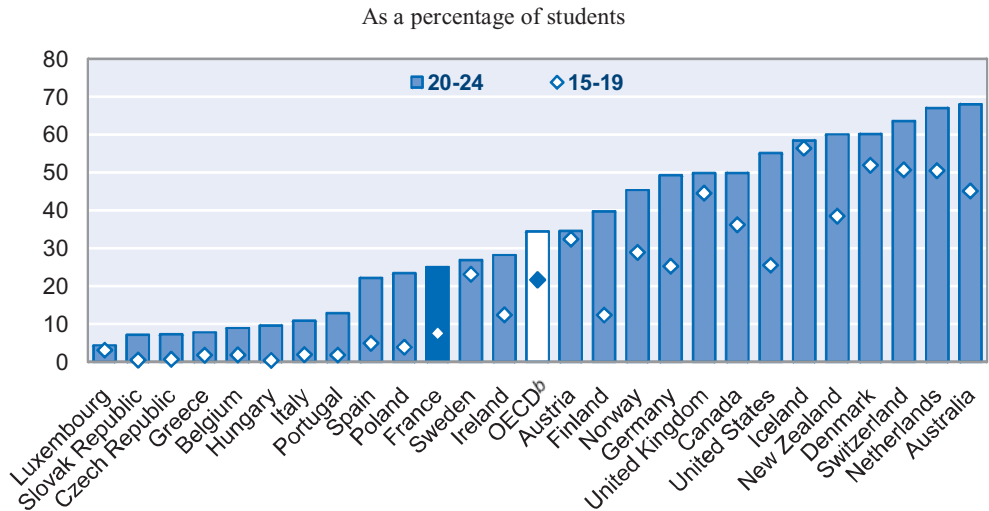
Figure 2.14. Growth in combining work and study^a, France, 1991-2007



a) Including apprenticeships. The data relate to the first semester and do not include summer jobs.

Source: Estimates by the OECD Secretariat based on the *Bilan Formation Emploi*.

Figure 2.15. **Young people in initial education combining work and study/training^a, OECD countries, 2006**



- a) Study and training leading to a diploma, including apprenticeships.
 b) Unweighted average of the countries shown in the figure.

Source: OECD (2008f), *Education at a Glance*.

A study by the Centre for Strategic Analysis (CAS) identified the lower number of students in work as one of the main causes of the overall low employment rate in France. This accounts for one-third of the differential that exists between France and some of its neighbours, including Germany, the Netherlands, and even the United Kingdom (Chagny and Passet, 2006).

B. The scale of student employment depends on the definition used for employment

It is, however, difficult to quantify student employment, and it could be that the number of youth combining work and study is under-estimated due to the difficulty of identifying the boundary in the available surveys between initial education and work. For example, based on the definition of students identified as in the labour force and jobs identified as such⁴⁰ and based on

40. The question is indeed to know whether apprentices are counted as students, and whether summer jobs and occasional jobs are considered as employment, etc.

the way data is collected,⁴¹ the number of tertiary students performing work can be as much as quadruple, depending on the source (75% considering all types of employment for the 2006 *Conditions de vie* survey of the *Observatoire de la vie étudiante*, 19% according to the *Emploi* survey performed continuously in 2004-06, and 17% for regular jobs alone according to the 2004 *Génération* survey). Generally, as an order of magnitude, three-quarters of tertiary students engage in at least one paid job during the year, while no more than 40% do so during the university year, and 15% to 20% on a regular basis (CES, 2007).

Student employment is more widespread among students who do not live with their parents or who live in couples, and in the main constitutes a source of additional income for young people from disadvantaged backgrounds. Among tertiary-education students who work while in school, one-third have a regular job during the year that bears no relationship to their level of qualifications or their field of study (Coudin and Tavan, 2008). For half of this latter group, the job competes with their studies, as it involves a heavy time commitment and is often performed evenings or at night. Ultimately, only half of the students who work can use their employment as education-related job experience. These jobs take the form, in equal proportions, of internships integrated into the curriculum, of apprenticeship contracts, and of pre-qualification jobs.⁴² However, Bédoué and Giret (2005) have shown that only the pre-qualification jobs significantly improve subsequent career paths on the labour market. The Attali report recommended in particular giving employed students a credit from the European Credit Transfer System (ECTS) towards a bachelor's degree, which would be greater to the extent that the job is related to the curriculum (Commission pour la libération de la croissance française, 2008).

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41. The *Emploi* survey identifies jobs occupied during the week preceding the survey; the *Génération* surveys cover the entire period of study; and the *Conditions de vie* surveys of the *Observatoire de la vie étudiante* cover an entire year. These greatly differing windows of investigation explain in part the differences observed in the results, with the number of students engaged in job activity growing in tandem with the length of the survey's period of interest.
42. Pre-qualification jobs (*emplois pré-insérés*) are not formally integrated into the curriculum, but are closely related to the student's training, as they correspond both to the level of training and the field of study. This includes, for example, PhD students and physicians.

C. There are small-scale incentives for promoting the employment of students

The employment of minor students is well regulated. Between the age of 16 (or even 14 in some circumstances) and 18, a youth can work during the holiday period with the authorisation of the parents, so long as he or she enjoys complete rest for at least half of the holidays. Some jobs, in particular dangerous occupations and night jobs, are prohibited to minors.⁴³ During the school year, youth under the age of 20 (or in some cases under 21) who continue their studies and have a regular part-time job are subject to the monthly threshold of 55% of the SMIC. If they exceed this, they are considered to be no longer dependent on their parents, even if they live with them and are still students. It is the average of payment over six months that is taken into account by the CAF family benefit centres to estimate attainment of the threshold.

Some existing provisions are on the other hand likely to encourage student employment. First, to validate a quarter's social contributions for the pension, contributions paid on the basis of a gross wage of 200 SMIC hours (*i.e.* EUR 1 688 in 2008) are sufficient. This provision is highly conducive to work by students who are undertaking lengthy studies and will begin their working life only belatedly. Furthermore, employers need not pay the end-of-contract indemnity to youth on a CDD contract for a period contained within their school or university holidays, regardless of the reasons that led to agreeing the contract.

More recently, various other measures have attempted to encourage student work, including the introduction in 2004 of tax exemptions for student work. Starting with the tax on income for 2005, payment for work performed during the school or university holidays by young people aged 21 or over within the limit of twice the minimum wage (SMIC) is exempt from income tax and not included within the family's overall gross income. In 2007, the age category was lifted to 25 years, and the limit on remuneration to three times the SMIC. The income for all work performed by the student during the year is now taken into account, and not just income from work carried out during the holidays. Given that a tertiary-education student is considered to be dependent on their parents up to age 25, these measures affect only students whose families pay income tax, and hence not students from disadvantaged backgrounds.

Finally, by a decree in the Code of Education in December 2007, it was decided to facilitate the employment of students in public tertiary-education institutions. This gave the heads of the institutions an opportunity to recruit

43. Also see Section 4 of Chapter 3.

students to carry out tutorial or library services work. Recruitment gives priority based on academic and social criteria.

The OECD countries where student work is very widespread are not necessarily countries like the United States and Australia, where enrolment fees in tertiary education are high and/or study grants are very limited. In Norway, for example, where all students receive a study allowance and tertiary studies are free, almost all students work to be financially independent and alternate work and study (OECD, 2008g). Ultimately, Norway's students, who often obtain diplomas only slightly before the age of 30, integrate easily into the world of work. In France, as the labour market penalises any “years of delay” upon leaving the school system (Brodaty *et al.*, 2008), students have little incentive to combine work and study (outside apprenticeships). The experience acquired while working as a student (excluding pre-qualification jobs) is not highly valued by employers in France, unlike the situation, for example, in Canada (OECD, 2008c). This raises the question of whether students in France should be subsidised for working so as to encourage their employment. For instance, full-time students who work year-round could benefit from a subsidy (in the form, for instance, of an allowance or a modest wage supplement) for a maximum of 15 hours of work per week. A scheme like this could be evaluated soon after its introduction to ensure that the expected benefits for labour-market integration outweigh any deadweight effects.

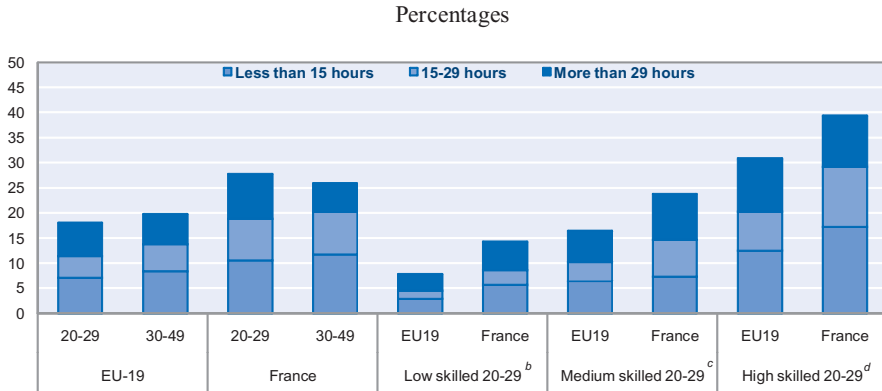
6. Continuing on-the-job vocational education

A. Participation in continuing education is relatively common among young people, particularly the highly educated

Offering every individual a “second chance at a qualification” amounts to using continuing vocational education to correct the inequalities inherited from school. Yet far from correcting these inherited inequalities, the vocational training system usually reinforces them in OECD countries, including France (Bonaïti *et al.*, 2006). This was the result of a survey conducted simultaneously in 2003 in all the European countries.⁴⁴ The rate of access to continuing vocational education is three (four) times higher in France (Europe) for tertiary-education graduates aged 20-29 than for youth of the same age without a diploma (Figure 2.16).

44. There is also a continuing education survey designed for the European context. It was conducted for the first time in 2000, and renewed in 2006. However, the 2006 data will not be published until mid-2009.

Figure 2.16. **Participation in continuing education, by course duration, France and Europe, 2003**



- a) The data refer to the share of employees who are no longer in initial education and who have taken part in at least one course for job-related reasons during the last year.
- b) Less than ISCED 3.
- c) ISCED 3.
- d) Greater than ISCED 3.

Source: Estimates by the OECD Secretariat based on the lifelong learning module of the European Union labour-force survey, 2003.

In France, unlike what happens on average in Europe, young people have more frequent access than adults to job-related continuing education, in particular to long-term training. In general, the rate of access to continuing education in France is higher than the average in Europe. French young people aged 20-29 thus have an access rate of 28%, 10 percentage points above their European counterparts.

B. Complexity of the continuing vocational education system in France

Many reports have highlighted the complexity and compartmentalisation of the continuing vocational education system in France, which renders access particularly difficult for the young people most disconnected from the labour market. The latest report of the *Cour des comptes* makes a particularly critical assessment (Cour des Comptes, 2008). This report also takes note of the insufficiency of the data available to evaluate continuing vocational education, and attributes this to the dispersion of the system and of the actors involved in it.

The financing for continuing vocational education and apprenticeships comes mainly from private enterprise (41% in 2006), followed by the civil service, for the training of its own officials (16%), and central government (16%) and regional government (14%), which intervene on behalf of youth, job seekers and private-sector employees (Mainaud, 2008). Since 1994 (the Five-Year Jobs Plan – LQE), the State has transferred its responsibilities in the field of vocational education for young people to the regions. The regions are in charge of organising and co-ordinating regional policy through the adoption of the Regional Plan to Develop Vocational Training (PDRF). This plan co-ordinates the educational activities set up or financed by the various stakeholders and ensures that they are suited to short and medium-term labour-market requirements.

C. The contrat de professionnalisation, the main plank in continuing education related to youth employment

This apprenticeship training contract is the main element in continuing vocational education that enables young people to requalify once they have left school and are no longer able to have recourse to apprenticeships or training in school (Box 2.9). This contract is open not only to young people but also to adults, and is funded by business contributions to the *Organisme collecteur des fonds de la formation continue* (Agencies to Collect Vocational Training Funds – OPCA).

In 2005, this contract replaced the various work-study contracts (*contrat d'adaptation, contrat de qualification jeunes et adultes* and the *contrat d'orientation*) introduced by the social partners in 1983. In practice these contracts had developed rapidly, but with a notable shift toward the better educated (Dayan, 2007). With this new simplified work-study scheme, the various trade sectors are able to set priorities for the choice of target groups and content, which enable them to implement training strategies that are better suited to their skills needs.

Box 2.9. *The contrat de professionnalisation*

Financing: by the OPCA when training corresponds to the sector priorities.

Target group: youth age 16 to 25, with no vocational qualification, who wish to further their initial education, job seekers with no age limit and employees on CDIs with no suitable qualification.

Goal: to promote entry or re-entry into the labour market by acquiring through a work-study programme a qualification included on the national listing of vocational certificates (RNCP). This qualification must be recognised in the classifications in a national bargaining agreement or figure in a list drawn up by the national labour-management committee on employment (CPNE) of an occupational sector.

Form: six to 12 month CDD or a CDI starting with a six-to-12-month period of job orientation; possible trial period; no end-of-contract indemnity.

Obligatory training: minimum training time of 15% (about three days per month) in the training centres developed by the sector associations. Subject to an agreement with the respective sector association, the duration can be extended to 24 months, with 25% training time.

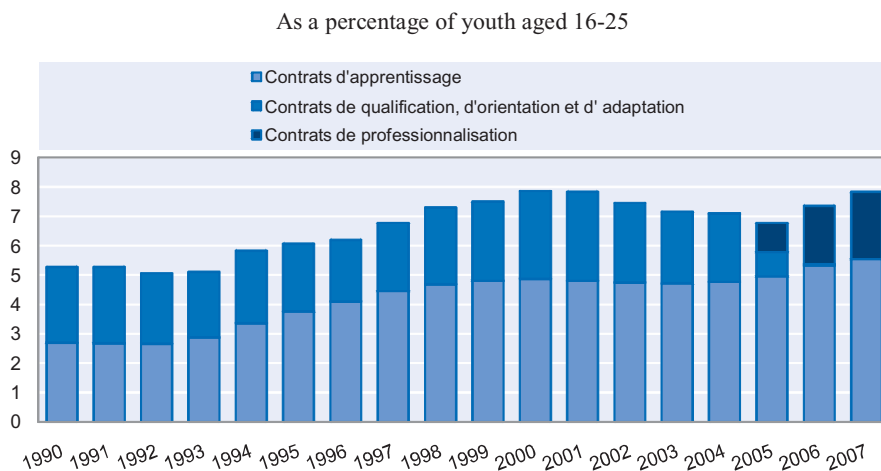
Supervision: the designation of a tutor is not legally required, though it is highly desirable.

Remuneration: under age 21: 55% of the SMIC (65% in case of a qualification corresponding to the *baccalauréat*); age 21-25: 70% of the SMIC (80% in case of a qualification corresponding to the *baccalauréat*); 26 and over: at least the SMIC or 85% of the sector-agreed minimum. This floor can be increased under either a sector-wide agreement or a contract agreed by the parties.

Advantages for employers: if the trainee is hired, the employer would benefit from exemption from social charges. Since 1 January 2008, the specific exemption clauses have been retained only for job seekers over the age of 45.

The *contrat de professionnalisation* is, like the *contrat d'apprentissage*, a work-study contract and thus has a large training component. The minimum compensation for youth under age 26 is slightly higher than that for apprentices (55-80% of the SMIC, versus 25-78%). Dayan (2007) emphasises that for young people the two contracts are complementary in many respects, so much so that there are occasional recommendations for a merger. The *contrat d'apprentissage* recruits pupils leaving middle school and prepares a national education diploma; the *contrat de professionnalisation* takes in a broader group, often with some initial experience, and aims at certification in the sector. The first is part of initial education with vocational status and is implemented on a geographical basis, in particular in the regions; the latter is a joint continuing vocational educational scheme based above all on the sector strategy. Together, in 2007 they offered mass training that involved 590 000 young people under the age of 26, *i.e.* 8% of the 16-25 age group (Figure 2.17).

Figure 2.17. Youth on work-study contracts, 1992-2007, France



Source: Estimates by the OECD Secretariat based on the DARES summary table on employment policies.

The *contrat de professionnalisation* has spread relatively rapidly since it was created. In 2006, 144 000 contracts were signed, up 50% over the period between October 2004, when the scheme was started, and end December 2005 (Sanchez, 2008b). Young people under the age of 26 are a broad majority in the scheme: about nine out of ten contractees are between age 16 and 25. Unfortunately, a comparison of youth under age 26 starting a *contrat de professionnalisation* in 2006 with youth on a *contrat de qualification jeunes* in 2004 shows that the new contract has not succeeded in countering the drift towards the better educated. In 2006, 66% of young new contractees had a diploma above the *baccalauréat* level, while this was the case of 63% of those starting a *contrat de qualification jeunes* in 2004. Only 9% of those starting a *contrat de professionnalisation* in 2006 were young people without a qualification (a percentage identical to that for the *contrat de qualification jeunes* in 2004). In December 2008, the share of youth without a qualification on a *contrat de professionnalisation* was estimated at 9%. It is thus still relevant to further open the path to a *contrat de professionnalisation* to those who have left school without a qualification by introducing, when necessary, the possibility of a pre-qualification period for youth who do not have the requisite basic skills.

C. Other schemes for youth: vocational training internships and validation of job experience

Vocational training internships are mainly offered to job seekers by different PES agencies. As part of their mission, France's regional councils offer and also finance vocational training internships. In 2006, more than 68% of all interns receiving a specific internship payment financed by the region were under age 26. There are, nevertheless, wide disparities in the arrangements of the different regions. For example, the Nord-Pas-de-Calais region remunerates 92% of interns under age 26, whereas the Poitou-Charentes region pays only 41% of them. Young people are relatively more numerous in pre-qualification and remobilisation training and in help with defining a project.

The job validation experience (VAE) scheme established by the social modernisation law dated 17 January 2002 set up a new right for access to a certification. Since then, anyone can obtain a full diploma or certificate based on their job experience, whether acquired through waged, unwaged or voluntary activities. Youth participate less than their elders in the VAE scheme, as it requires proof of at least three years of job experience.

7. Key points

The field of study in France is largely chosen by default, and many educational programmes offer poor preparation for employment. There is also little co-ordination in particular between educational institutions and PES entities with respect to monitoring youth who have dropped out of school or are about to do so. Youth failing in school are out of the school system for much too long, and there are too few second-chance programmes to take them all in.

Overall, in recent years the number of apprenticeship contracts has risen, though, it is true, from a very low starting point. The trend now is to attract already skilled young people who have at least a vocational diploma or a *baccalauréat*. The *contrat de professionnalisation*, the work-study contract set up in 2005 by the social partners, is also not attracting enough unskilled youth. Developing work-study for those without skills often runs into the difficulty that a young person has in finding a company to take them on as an apprentice, which is particularly the case of those from immigrant backgrounds. In the current economic crisis, there is a significant risk that companies will be even more selective.

In France, a linear continuous academic pathway that starts very early is the norm. As the labour market penalises any “years of delay” upon leaving the school system, French students have little incentive to combine work and

study (except apprenticeships), as this can delay finishing school. An effort is needed to change mentalities so that the initial diploma acquired before age 25 does not determine the entire career. International comparisons are useful to this effort, as they can help to show that other kinds of school-to-work transition can be more effective for young people than the French integration model.

CHAPTER 3

DEMAND-SIDE BARRIERS TO YOUTH EMPLOYMENT

To the extent that France's performance with regard to youth entering the labour market was not as good as the other OECD countries, even in periods of the greatest economic growth, demand-side barriers *must* be playing a role, all else being equal. This could involve not only the relative level of youth wages, but also the institutional framework that sets hiring conditions and contract terms. While business demand for the labour of young new entrants tends to fall during economic crises, nevertheless, in the medium and longer-term, shortages of skilled labour in certain sectors and certain occupations can have an impact on the employment prospects and careers of young people. The purpose of this chapter is to take a look at the main demand-side barriers to youth employment and to identify a certain number of factors that could improve the situation in France.

1. Business needs and the hiring of young workers

A. Sectors hiring school-leavers

Four sectors account for the hiring of half of young new entrants

According to the figures from the *Génération* 2004 survey, young new entrants often find their first jobs in sectors with labour shortages, with four sectors accounting for the hiring of half of youth: commerce (18%), personal services (12%), healthcare (11%) and construction (8%). This last sector, which regularly experiences recruiting difficulties, accounts for the hiring of one out of six youth without diplomas, whereas the better-educated are found more frequently in business operating services (13%) and education (13%).

Stable employment depends on the sector of initial activity

Based on the longitudinal data from the *Génération 1998* survey, Mansuy and Minni (2004) showed that the probability of stabilisation in the company where first hired, three years after the end of studies, depends significantly on the sector of initial activity. Given the same educational level, gender and company size, in the early 2000s a stable job with the first employer occurred more frequently in the sectors involving plane, ship and rail construction, energy, air transport, finance, real estate, healthcare, post and telecommunications, automobile repairs and consultancy services. The healthcare sector offered new employees the best prospects for stability. The current economic crisis will undoubtedly change the situation in each sector slightly. In addition, business sectors that risk being hit hardest by the crisis (in particular construction) are the ones that hire young people in the greatest difficulty.

B. Occupations under pressure today and tomorrow

In a country marked by mass unemployment like France, it might seem paradoxical that in certain fields jobs remain vacant while employers have difficulty hiring. In the third quarter of 2008, the indicator for labour-market pressure, which relates job offers to job vacancies as collected by the PES, remained virtually stable, after having fallen in the two first quarters of 2008 (Tabet and Viney, 2009). This relative stability is the result of a variety of situations. Labour-market shortages diminished sharply for jobs in building and public works and almost all industrial occupations (except for industrial engineers and managers and electronics and electricity), in the field of administration, business management (in particular for accounting and financial administrators) and in the fields of transport, logistics and tourism (in particular for skilled warehouse workers) and for jobs in commerce (except for store cashiers and shelvers). There was, in contrast, increasing pressure in the field of healthcare and social services, culture and sports (in particular for nurses and nurses' aids).

Jobs facing temporary shortages

Shortages can reflect difficulties that last only temporarily. In this regard, continuing education and short-term training for job seekers is more effective and quicker to set up than making changes to the initial education system, with results that will not be tangible until three to five years later. Employers could also offer more attractive compensation packages as part of an apprenticeship. Nothing prevents a branch of trade from providing compensation above the legal minimum in a sector agreement. For example,

in the construction sector, which is not considered very attractive for young people, the social partners decided to augment the level of compensation of apprentices.

A tax credit designed to promote the hiring of young people in sectors with recruiting difficulties was introduced between 2005 and 2007 for a period of two-and-a-half years. It is paid to youth under age 26 who have chosen to work in an occupation experiencing hiring difficulties.⁴⁵ The maximum tax credit per beneficiary is EUR 1 000, which can be paid to youth early upon a simple request. Even though this measure has not been evaluated yet, it seems that it has not made it possible to effectively reduce labour-market shortages.

Jobs facing lasting shortages

If, on the contrary, the difficulties are considered to be lasting, then changing the initial education programmes could be one way to meet company needs. Nevertheless, the links between initial education and employment are complex. The contexts vary enormously, ranging, in the few cases of regulated professions (health, law), from a very tight link between the level and specialisation of initial education and the job to the almost complete absence of a link in most occupations. Since the national multi-sector labour agreement in 2003, various sectors must set up monitoring bodies for jobs and qualifications. The type of body can vary greatly from one trade to another, with some using regional monitoring bodies while others rely solely on a national body. These bodies are generally financed by the Agencies to Collect Vocational Training Funds (OPCA), and they publish forecasts that are used as a basis for making revisions to initial education. This is the case in particular for apprenticeships negotiated with the regional councils and for the creation of new diplomas within the framework of the Professional Advisory Commissions (CPC).

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45. The conditions were: salaried employment for at least six consecutive months generating income of between EUR 2 970 and EUR 10 060. The list of sectors covered was set by a decree on 2 August 2005: agriculture: growers, gardeners, wine growers; building and public works: skilled workers in public works, cement and extraction, skilled workers on public construction projects, building and public works technicians; mechanics and metal working: skilled workers in metal forming, technicians, engineering industry supervisors; commerce: store cashiers and shelvers; hotel, restaurant, food: butchers, bakers, cooks, hotel employees and supervisors.

Forecasting jobs and skills

There is, in addition, a relatively aggregated level of *ex-ante* assessments that consider various scenarios for trends in job supply-and-demand for different occupations and skills in order to offer the various actors, including those responsible for initial education, the information required to develop a relevant mid-term strategy. Two large-scale national forecasts of jobs over the next ten years have been conducted simultaneously in France. One was performed by the CAS together with the DARES (Ministry of Employment) and basically sought to analyse changes in the demand for various occupations (Chardon and Estrade, 2007). The other, conducted by BIPE at the request of the Ministry of Education (and in particular by the High Committee on Education, Economic Affairs and Employment (HCEEE),⁴⁶ aimed to set out several forward-looking scenarios with regard to the hiring of new entrants based on their level of education and job specialisation (Chirache *et al.*, 2006). These national studies have served as a framework for work being conducted in the regions, in particular to help them to draw up their mid-term plans for developing vocational education. To ensure a balance between labour supply and demand, the next large-scale national study for the period up to 2020 will be developed in close co-ordination between the DARES and the Ministry of Education under the aegis of the CAS.

Ultimately, while an exercise like this conducted at a relatively aggregated level can provide the elements for a framework, it is not sufficient for a fine-tuned diagnosis of training. Furthermore, company behaviour in the field of hiring also needs to be taken into account. According to the trends projected by the DARES and the CAS, the occupations that will see the most jobs created by 2015 will be managerial positions, particularly those related to less-skilled services. Today most hiring in low-skilled services (home help, cleaners) involves women over the age of 40 who do not have a diploma and are foreign and not in the labour market. It is thus not sure that there will continue to be labour demand in these fields for poorly educated youth. At the same time, a significant number of managers are currently people who have benefited from promotions during their careers, in particular in the civil service and in sectors like banking and insurance. If current policies on in-house promotion continue (or expand), recruiting will not take place among young people with a tertiary education, but rather among less-educated youth for less-skilled positions at the start of their careers.

46. The HCEEE was set up in 2000 under the authority of the Ministry of Education. It is responsible for developing continuing co-ordination between Education and its economic partners in order to ensure forward planning for the links between the the economy, employment, and the education system as a whole, and to shed light on the decisions being taken by those in charge of these areas.

C. Discrimination in hiring

Young people from visible minorities are particularly victims of discrimination in hiring

With regard to the visible minorities, almost all the testing conducted in the OECD countries points toward the same conclusion: discrimination in the hiring process is far from unusual. According to the OECD (2008), generally speaking, for a rigorously equivalent situation in terms of diploma, skills, job experience and place of residence, visible minorities will be convoked less frequently to a job interview (about 30 percentage points less) than the rest of the population when they send a curriculum vitae (CV) in response to a job offer. This implies that overall job hunting takes 40% to 50% longer for the visible minorities, which makes them much more vulnerable to the risk of long-term unemployment.

In France, an operation to test discrimination conducted in 2006 in six large cities under the supervision of the ILO showed that young low-skilled French youth who were obviously of North African or even more so of black African origin were victims of discrimination in hiring in comparison to French youth who were obviously of older French origin (Cediey *et al.*, 2008; see Box 3.1). Key differences in treatment thus show up even before the youth have been interviewed by the employer. Youth of North African or black African origin are much more pushed to the wayside as soon as there is any contact, with the differences in treatment taking the form of a rejection notice or being put on a waiting list.

Box 3.1. Testing discrimination in the hiring of French youth

Tests for discrimination were conducted from end 2005 to mid-2006 in France in the job catchment areas around Lille, Lyon, Marseille, Nantes, Paris and Strasbourg. They covered offers for low and medium-low-skilled jobs, in the fields of hotel-restaurant, sales and commerce, business and local government services, personal services, transport, reception and secretarial, building and public works, healthcare and social services.

Each job offer tested received two job candidacies. The candidates were either two young French women or two young French men, all aged 20-25. The two had done their schooling and training in France, and were completely comparable with regard to their education, initial job experience, and personal characteristics, including their dress style and ways of expressing themselves, which were standard and similar. One of the two candidates had a first and last name evoking a conventional French background (called the “majority candidate”), whereas the other candidate (called the “minority candidate”) had a first and last name evoking either a North African or black African origin.

Box 3.1. Testing discrimination in the hiring of French youth (*cont'd*)

In total, 2 440 tests involving 4 880 candidates were conducted. Out of these, 2 323 corresponded to job offers that were validly tested, among the same number of different employers, out of which 1 100 had results that could be used in calculating the level of net discrimination according to the ILO methodology.

The results showed that when the employer had a choice between the two candidates, the majority candidate was favoured:

- about 4 times out of 5 in all the tests, regardless of the initial method of contact;
- 4 times out of 5 in the hotel and restaurant industry;
- 3 times out of 4 in commerce and sales;
- 3 times out of 4 in the other occupations tested;
- 4 times out of 5 over a candidate of black African origin;
- 3 times out of 4 over a male candidate of North African origin;
- 2 times out of 3 over a female candidate of North African origin.

Many measures have been taken to combat discrimination in hiring

Many measures have been taken in France since the mid-2000s to fight against discrimination, in particular racial discrimination, and to promote diversity in employment. Current policy (detailed in OECD, 2008j) consists of responding to complaints, promoting diversity and tolerance, and raising the awareness of key stakeholders. The role of the High Authority for the Fight against Discrimination and for Equality (HALDE) created at end 2004 is central. The equal opportunity law passed on 31 March 2006 introduced a series of measures to combat all types of discrimination, in particular racial discrimination, but the measures are not obligatory, due to the lack of an implementing decree. Tests and spot-checks are recognised by the Penal Code as valid methods to establish proof of the crime of discrimination, and the principle of anonymous CVs is set out in the Labour Code for hiring procedures in companies with 50 or more employees.

The social partners are also taking action to promote diversity. A corporate diversity agreement was signed in October 2006 that targets the field of employment and aims to guarantee non-discrimination and equality in hiring, assignments, pay, professional training and career development. It provides in particular that, in companies with more than 50 employees, every year the company head should present to the labour-management committee the information needed to assess diversity, to establish an expanded diversity committee, and to appoint an equal opportunity officer.

At the national level, an ad-hoc labour-management working group is in charge of collecting and disseminating best corporate practices.

In addition, on 18 November 2005 two ethics charters were signed in the field of anti-discrimination, equal opportunity, and the promotion of diversity. The first involves the PES, and the second temporary employment agencies, in particular through the establishment of an ethics committee. To this end, training modules were put in place in some 60 PES sites, and 1 200 people were trained to combat discrimination based on race, national origin or sex.

Overall, according to the OECD (2008j), it is not easy to implement measures that are truly effective. Nevertheless, there are certain indications that some of the discriminatory behaviour on the part of certain employers towards young people, in particular of African origin, is “elastic” and could be altered by appropriate public intervention. Mentoring has proved to be the most effective and profitable programme for this purpose in the OECD countries. Mentors can help to provide youth from immigrant backgrounds information about the “rules of the game” and about how to behave appropriately during interviews and at the work place, so as to reassure employers.

2. Wages and the cost of labour

A. Transversal age-based wage profiles have remained stable in France during the last decade

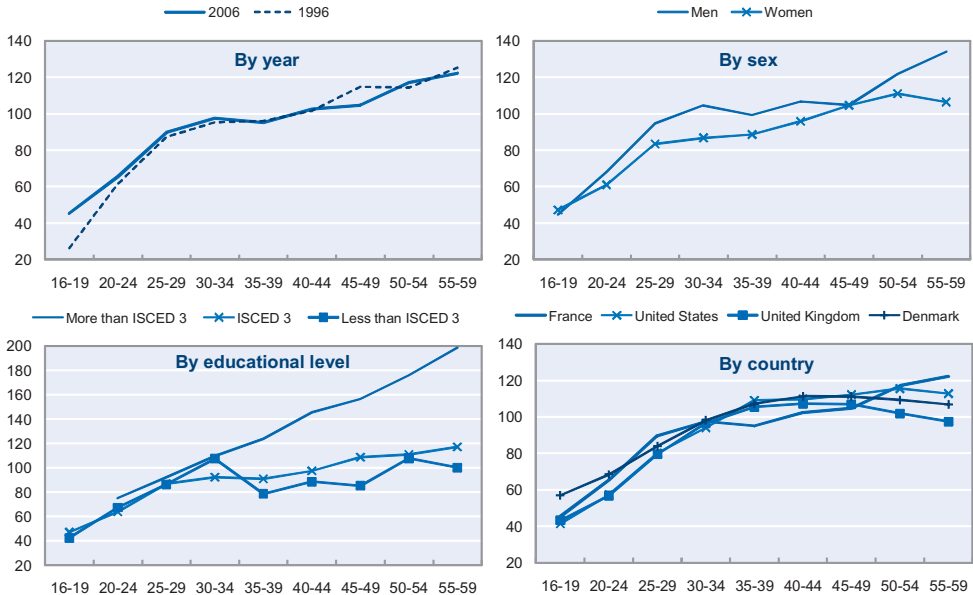
When French youth enter the labour market, they can hope to experience a career with a rising salary, as on average, full-time, in 2006 they received 45% of the average wage between age 16 and 19, 65% between age 20 and 24, and 122% between age 55 and 59 (Figure 3.1).

The increase in wages during the working life in France is, however, smaller than in the United States, the United Kingdom and Denmark. For instance, in the United States, while those aged 20-24 earn less (57% of the average wage), they progress more rapidly, receiving 110% by age 35, versus 95% for a French worker of the same age. Unsurprisingly, the wage profiles of men and women are comparable, but women receive an average of 10 percentage points less pay than men. Holding a diploma is a particularly discriminatory factor for wages, especially for the most-skilled employees. A tertiary diploma holder (> ISCED 3) can hope to make 200% of the average wage as retirement approaches. Holders of a *baccalauréat* (ISCED 3), on the other hand, must reach age 45 before gaining the equivalent of the average wage. Those without a diploma (< ISCED 3) started their careers with a rising wage comparable to that of holders of a

baccalauréat, due to their early entry into the labour market, but on average received an average wage only by age 50. Breaks in a career (temporary work, CDD, lay-off) that result in lowering the wage occur more frequently for those with less education.

Figure 3.1. Wage profile^a of full-time workers, by age, sex, and educational level, France and selected OECD countries, 1996 and 2006

As a percentage of the average full-time wage



a) Hourly earnings in France, the United States and the United Kingdom and weekly earnings in Denmark.

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey for France, the Current Population Survey in 2005 for the United States; the Quarterly Survey from Business Enterprises in the Private Sector in 2006 for Denmark; and the Labour-force Survey in 2006 for the United Kingdom.

B. Wage profiles by generation indicate both sharp wage increases and sharp wage instability at the start of the career

Part of the wage differential observed in a given year between employees of different ages can stem from the fact that, not having the same age, they have not experienced the same business swings during their careers and do not have the same profile (training, employment sector, level of skills, etc.). As a consequence, wage differences between different age employees are in part attributable to a “generation effect”, which interferes with the “age effect”. Trends in individual wages by generation in the

private sector⁴⁷ confirm a sharp rise in wages at the start of the career. This is particularly pronounced for managers, who double their salary between the age of 20 and 30 (Koubi, 2004). This study also emphasises that the dynamics for the start of a career have changed profoundly from one cohort to another since the end of the 1970s. For the generations born after 1950, real wages at the career start have stagnated, whereas they had been systematically higher for earlier cohorts compared with previous generations. This stagnation has, however, been offset by a more rapid increase during the initial years of the career, which can be seen for all socio-professional categories. Similarly, career starts have been more disturbed than in the past: between age 20 and 30, wage instability was particularly high, and it generally falls with age to the extent that the employee's situation stabilises. This wage instability has been magnified for cohorts born after 1956. For these later cohorts, disparities in remuneration between employees are due above all to differences in the time worked in the early career. In contrast, career wage prospects stagnate after age 40, as the earnings trend flattens out from then on, even though on average individuals are only about halfway through their working lives.

C. The minimum wage in France at age 17 represents 57% of the median wage, which is much higher than the OECD average

Analyses by the OECD conducted as part of the re-evaluation of the OECD Jobs Strategy have shown that, whereas a moderate minimum wage can prove to be a redistribution tool that has no major impact on employment, a high minimum wage can penalise the employment of certain disadvantaged groups, in particular the youth (OECD, 2006).⁴⁸ A majority of OECD countries (21 countries) have a minimum wage, though the level varies greatly from one country to another (from a little more than 30% of the median wage in the United States and Japan to about 60% or more in Australia, New Zealand and France). About half of the countries with a minimum wage have reduced levels for youth (Table 3.1). The scale of the reduction in the youth minimum wage differs from one country to another, as does the age group affected. The Netherlands stands out for its very extensive range of ages for the reduction, and for particularly low wages for the very young (from 30% of the minimum wage at age 15 to 85% at age 22). In France, the minimum wage (SMIC) can be reduced by only 10%

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47. The source used here is the annual declaration of social data (DADS), and the wage used is the net remuneration paid by the company during the year. This source is generally more reliable than the *Emploi* survey, which uses the net wage declared by the worker.
48. See also Box 3.1 in OECD (2008d).

(20%) for youth under age 18 (17) with less than six months of job tenure.⁴⁹ As a result, the SMIC at age 17 in France is 57% of the median wage, versus 19% in the Netherlands (Figure 3.2). Likewise, compared to the median wage, the SMIC at age 20 (which corresponds to the adult SMIC) is at the highest level in the OECD, and is more than 17 percentage points above the average minimum wage at age 20 in the OECD countries that have a reduced minimum wage for youth.

Table 3.1. Youth and adult minimum wages across OECD countries, 2006^a

Percentages

Numerator Denominator	Adult MW ^b Median wage	Average youth MW ^c Adult MW ^b	MW at 17 Median wage	MW at 18 Median wage	MW at 20 Median wage
Australia ^d	56.9	-	-	-	-
Belgium ^e	52.6	82.0	40.0	43.1	49.4
Canada	40.5	-	-	-	-
Czech Republic ^f	39.3	85.0	31.4	31.4	35.3
Spain	38.9	-	-	-	-
France^g	63.2	85.0	56.9	63.0	63.2
Greece	39.0	-	-	-	-
Hungary	47.8	-	-	-	-
Ireland ^h	48.0	70.1	33.6	48.0	48.0
Japan	33.8	-	-	-	-
Korea	35.0	-	-	-	-
Luxembourg ⁱ	52.8	77.5	42.2	53.0	52.8
Mexico	19.0	-	-	-	-
Netherlands ^j	44.0	52.6	19.0	20.3	27.5
New Zealand ^k	56.9	73.3	41.7	57.0	56.9
Poland ^l	41.0	-	-	-	-
Portugal ^m	44.0	74.9	33.0	44.0	44.0
Slovak Republic ⁿ	43.4	75.0	32.6	43.0	43.4
Turkey	36.1	-	-	-	-
United Kingdom ^o	47.7	72.4	29.4	39.7	39.7
United States	30.7	-	-	-	-
OECD^p	44 (49)	74.8	36.0	44.3	46.0

- Not applicable.

a) This is a gross figure that does not take into account any reductions on social charges. For Greece, Mexico, the Netherlands, Poland and Portugal, data refer to 2005.

b) Full minimum wage (MW) rate.

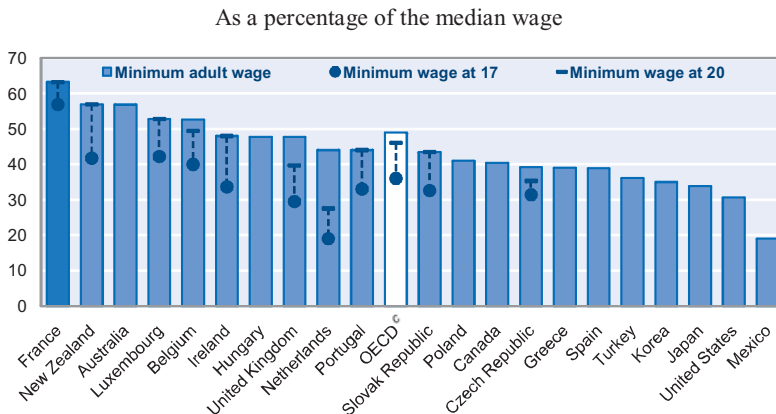
c) Unweighted average across sub-MW rates for youth.

49. As of 1 July 2008, the gross monthly SMIC (35 hour basis) was EUR 1 321.02. The next adjustment of the SMIC will take place on 1 July 2009, and then on 1 January 2010, in accordance with the law on labour income. Young people paid at the SMIC in France receive lower wage bonuses than older employees. Fewer than one-fifth of young people under age 25 on the SMIC receive more than 1.3 times the hourly SMIC when wage bonuses are included.

- d) In Australia, youth are entitled to a reduced MW to be set in collective agreements.
- e) Youth get an amount ranging from 70% of the adult MW at age 16 to 94% at 20.
- f) A reduced MW applies for workers under the age of 19 (80%) and for workers aged 19-20 with less than six months of job tenure (90%).
- g) Employees under age 18 with less than six months of job experience in a sector receive 90% of the adult MW at age 17 and 80% under age 17.
- h) A reduced MW applies to youth under age 18.
- i) Youth aged 15 and 16 are entitled to 75% of the MW and youth aged 17 to 80% of the MW.
- j) Youth are entitled to a reduced MW, varying from 30% at age 15 to 85% at age 22.
- k) A reduced MW covers youth aged 16 to 18. Starting on 1 April 2008, the youth sub-MW will be abolished, and the adult MW will apply for all workers from age 16.
- l) There is no reduced MW for youth, but school-leavers are entitled to 80% of the adult MW for the first 12 months of their first job, and 90% in the second year. There is no age limit set by law.
- m) A reduced MW applies to youth up to age 17.
- n) Youth aged 16 to 18 are entitled to 75% of the adult MW and youth under 16 to 50% (the latter rate is not used in practice, as the minimum school-leaving age has been raised to 16; consequently, 75% is used in the calculations).
- o) A reduced MW applies to youth under age 22. Two different rates apply: a development rate (83% for those aged 18 to 21) and a reduced rate of 62% for those aged 16 and 17.
- p) Unweighted average. Between brackets: rate solely for countries that have a reduced MW for youth.

Source: OECD Database on the Minimum Wage.

Figure 3.2. Minimum wage^a: difference between youth and adults, 2006^b



- a) Data refer to the gross wage, which does not take into account potential social contribution exemptions.
- b) 2005 for Greece, Mexico, the Netherlands, Poland and Portugal.
- c) Weighted average of countries having a sub-minimum wage for youth.

Source: OECD Database on the Minimum Wage.

A minimum wage that is high relative to the median wage could lead to excluding from the labour market those who are least productive or least experienced, in particular young people. This also leads to reducing the range of salaries, and transforms the minimum wage, the SMIC, into a reference wage for a large portion of the workforce. While a very large share of the workforce is paid at the minimum wage in France (14%,⁵⁰ versus an OECD average of 5%), the share of workers under age 25 on the SMIC is double that of their elders (30%, versus 13% of workers aged 25 or more) (Seguin, 2006). Ultimately, the over-representation of youth in France among minimum-wage employees is less pronounced than in the other OECD countries. For example, in Canada more than 60% of all minimum-wage workers are under age 25 (OECD, 2008c), compared with only 15% in France. At the minimum wage level, youth are therefore competing with experienced adults. This is why the OECD's economic studies of France have recommended that the French authorities ensure that in the long term the SMIC does not grow faster than the productivity of low-skilled workers (OECD, 2007g and OECD, 2009).

For Cahuc *et al.* (2008), the French strategy of setting a relatively high universal minimum wage is very unfavourable to young people insofar as the minimum wage makes it very difficult for this group, which still has limited job experience, to gain employment. The minimum wage tends instead to benefit their elders, in an “insiders-outsiders” configuration, where older workers with a job push the minimum wage upwards in order to increase their own income. The work conducted as part of the re-evaluation of the OECD Jobs Strategy tends to show that it is essential to set minimum levels below the minimum wage for less productive workers, in particular low-skilled youth (OECD, 2006).

D. The wage of apprentices being trained by business is below the minimum wage

In France, in addition to reductions for youth under age 18 with less than six months of job tenure, there are also exemptions to the minimum wage in apprenticeship contracts.⁵¹ The wage issue, or, more broadly, the cost of labour, plays an important role in the design of apprenticeship programmes. For

50. According to a survey of the wage structure in 2002. The international data are difficult to compare, as there is no standardised definition of salaries paid at the minimum wage (see, for example, the comparison between France and the United Kingdom made by Boissinot, 2008).

51. The same is true of subsidised contracts that include a training requirement (see Chapter 4).

example, in countries like Germany, Switzerland and Austria, which have placed great emphasis on apprenticeships, the wage level is set far below the wage normally paid for an equivalent job, a condition that is necessary (though not sufficient) so that companies do actually hire apprentices. This is also a way of offsetting the cost of in-house training. In France, an apprentice's wage varies between 25% and 78% of the SMIC, based on the degree of progress in the training programme, and the wage of a young person under age 26 on a *contrat de professionnalisation* varies between 55% and 80% of the SMIC, based on the diploma level (Table 3.2). In most countries, companies also receive subsidies when they hire apprentices that they have trained, although this is not true in France. These companies obviously have made a commitment to training, which has a cost. The issue of a link between a company's wages, productivity and training expenses is clearly posed with respect to apprenticeships, but it should in fact be raised more generally, as this involves especially the most disadvantaged youth, who have neither qualifications nor job experience, and who often do not make it into apprenticeship programmes.

Table 3.2. Wage levels of work-study contracts (*contrats en alternance*) set by the Labour Code, France

Contrats d'apprentissage			
	1 st year	2 nd year	3 rd year
Less than 18	25 % of SMIC	37% SMIC	53 % SMIC or sector-agreed minimum wage
From 18 to 20	41 % of SMIC	49 % SMIC	65 % SMIC or sector-agreed minimum wage
21 or more	53 % of SMIC	61 % SMIC	78 % SMIC or sector-agreed minimum wage
Contrats de professionnalisation			
	Less than <i>baccalauréat</i>		At least <i>baccalauréat</i>
From 16 to 20	55 % of SMIC		65 % of SMIC
From 21 to 25	70 % of SMIC		80 % of SMIC
26 or more	85% of sector-agreed minimum wage but at least the SMIC		

Source: Information provided to the OECD Secretariat by the DGEFP.

E. Non-wage costs are reduced massively at the SMIC level

In France, mandatory levies that affect all wages, including employer and employee social charges and income tax, are, on average, among the highest in the OECD. As no breakdown of data by age exists, Table 3.3 presents the tax wedge on the wages⁵² of a worker earning 67% of the average wage, which is close to the relative wage of a young person. In 2006, the tax wedge for low-wage workers in France – at 44% - was 11 percentage points above the OECD average and 6 percentage points above the EU average. The analytical work carried out as part of the re-evaluation of the OECD Jobs Strategy shows that the tax wedge is very important for explaining the performance of the labour market in the OECD countries (OECD, 2006). These levies increase labour costs and can hinder job creation. The combination of high social charges and a high minimum wage tends to penalise the employment of the low-skilled, particularly of low-skilled youth. Since the early 1990s, the public authorities have influenced labour costs at the SMIC level by means of a policy to reduce employer charges on low wages, which was implemented in 1993 and gradually extended since then. This policy has helped to reduce the cost of labour at the SMIC level, but it has not necessarily promoted the hiring of low-skilled youth. In practice, due to the high number of workers paid the SMIC, when low-skilled youth seek employment they more frequently find themselves competing at the same wage level with more experienced adult workers than is the case in other countries.

France is not the only OECD country to have followed this path. Belgium, the Netherlands (until recently) and, to a lesser extent, the United Kingdom have also established reductions on employer charges at the lower wage scale. Overall, the evaluations available for these countries point to the same conclusion, that is, a significant impact on the employment of the less-skilled. These evaluations also show significant deadweight effects: in addition to the fact that these reductions benefit all low-wage employees, several studies conducted among employers indicate that a non-negligible share of the new recruitment conferring a right to this financial assistance would have taken place even in its absence (OECD, 2007c). This raises the question of the cost-effectiveness of these policies. This is a crucial issue, since these massive reductions in social charges also pose major funding problems. The policy implemented in France to reduce social charges, which in 2005 cost a total of more than EUR 17 billion, *i.e.* 1% of GPD, has probably reached its limits.

52. This corresponds to the share of wage costs represented by tax levies and social security contributions, excluding family allowances and similar benefits and any reductions.

Table 3.3. Tax wedge^a including employer social security contributions, OECD countries, 2000 and 2006
Percentages

	Tax wedge on low-wage earner ^b		Tax wedge on average earner ^c
	2000	2006	2006
Mexico	11.0	10.6	15.0
Korea	14.9	16.0	18.1
New Zealand	18.5	19.0	20.9
Ireland	18.1	16.3	23.1
Australia	25.4	24.4	28.1
Iceland	19.7	23.6	28.6
Japan	23.4	27.5	28.8
United States	27.2	26.4	28.9
Switzerland	27.3	26.9	29.7
Canada	27.8	27.6	32.1
United Kingdom	28.3	30.4	33.9
Portugal	33.2	31.7	36.3
Luxembourg	32.5	30.6	36.5
Norway	35.1	34.3	37.3
Slovak Republic	40.6	35.6	38.5
Spain	34.7	35.9	39.1
Greece	35.5	35.4	41.2
Denmark	41.2	39.3	41.3
Czech Republic	41.4	40.1	42.6
Turkey	39.1	42.0	42.8
Poland	42.2	42.5	43.7
Finland	43.0	38.9	44.1
Netherlands	42.0	40.6	44.4
Italy	43.1	41.5	45.2
Sweden	48.6	46.0	47.9
Austria	43.2	43.5	48.1
France	47.4	44.5	50.2
Hungary	48.5	42.9	51.0
Germany	48.6	47.4	52.5
Belgium	51.3	49.1	55.4
EU-19^d	40.2	38.5	42.9
OECD^d	34.4	33.7	37.5

The countries are ranked by the ascending tax wedge on the average earner.

- a) The tax wedge includes mandatory social security contributions paid by the employer, excluding tax reductions.
- b) On a single worker with no children earning 67% of the average worker's wage.
- c) On a single worker with no children earning the average worker's wage.
- d) Unweighted average.

Source: OECD Database on Taxes and Wages.

3. Rigorous job protection legislation

A. Job protection is still relatively strict in France

France has some of the strictest job protection legislation of any OECD country (OECD, 2004). Although France ranks poorly on the OECD's overall indicator, this is due to its legislation on CDDs. The labour market is heavily segmented between those on CDIs and those on CDDs. The latter are plagued by uncertainty, which poses personal difficulties and in particular affects the accumulation of human capital. The CDD is less and less a stepping stone towards quick, stable employment for French youth. As in the Netherlands, temporary jobs (CDDs and temping) can be converted automatically into a CDI after a certain time (36 months) or a certain number of renewals (after three successive contracts) (OECD, 2008a).

The work conducted as part of the re-evaluation of the OECD Jobs Strategy did not find a direct impact of job protection legislation on youth employment and unemployment (OECD, 2006). It is true that the costs of laying off youth are very low relative to those for their elders, and thus do not represent an obstacle to hiring new entrants. This work does, however, show that overly strict job protection legislation undermines labour-market fluidity and contributes to segmentation (OECD, 2007c; Blanchard and Landier, 2002; Cahuc and Jolivet, 2003). The OECD thus recommended that the French government deals with this harmful segmentation, which is partly responsible for the long time that French youth need to find stable employment, by making the existing CDI more flexible and introducing better guarantees for the CDD (OECD, 2007c).

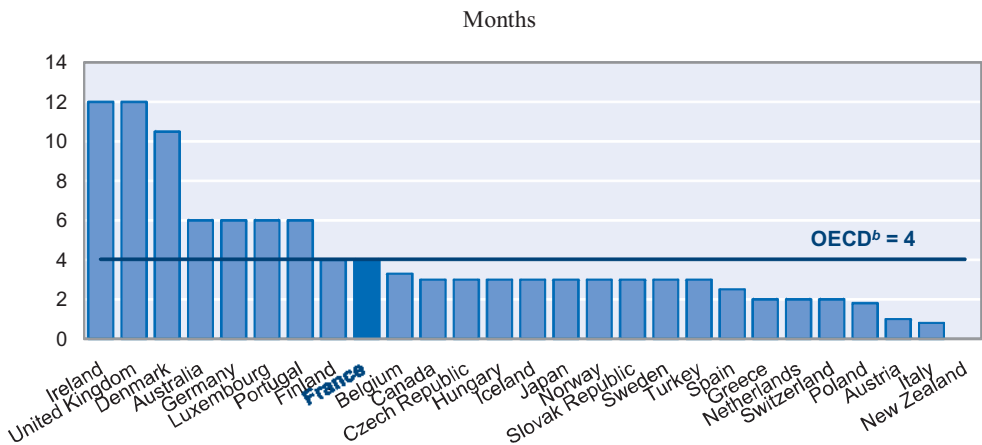
There has been progress in this direction. The law on labour contracts was modified by the Law of 25 June 2008 on the modernisation of the labour market, which followed the multi-sector agreement of January 2008. The purpose of this agreement was to lay the cornerstone of a system marrying job flexibility and secure career development. With regard to flexibility, in broad terms this agreement proposed the following: a longer trial period for CDIs, which would be renewable once,⁵³ a new type of CDD (between 18 and 36 months), but with “an undefined term” for engineers and managers; and the establishment of a new method of termination, called a *rupture conventionnelle*

53. Unless, before the agreement came into force, a sector agreement had been reached that provided for longer periods, the maximum duration is two months for workers and employees, three months for supervisors and technicians and four months for managers. Overall, including renewals, the maximum legal trial period is four months for workers and employees, six months for supervisors and technicians and eight months for managers.

(“agreed break”), for the labour contract. This termination method enables the employer and the employee to agree mutually on the conditions for terminating the contract. With regard to employee security, in certain conditions when leaving the company some rights (provident funds, training) are still included, based on the notion of transferability to the person and no longer to the job. There is more security in relation to redundancies, as costs are handled by the establishment of an indemnity with a floor and legal protection. In addition, the job tenure required to claim the legal redundancy indemnity has been reduced from two years to one year.

In 2007, contract terminations during the trial period were about three times more numerous than economic redundancies, although it is not known whether the decision came from the employee or the employer (Arnold, 2008). Despite the recent extension of the trial period, the maximum legal term of the trial period in France for employees at the bottom of the qualifications ladder is average for the OECD, far behind Denmark, Ireland and the United Kingdom, which have trial periods of ten to 12 months (Figure 3.3). In Denmark in particular, the long trial period is part of the “flexicurity” strategy, as a result of which employers are subsequently less hesitant to offer a permanent contract to a new entrant.

Figure 3.3. **Maximum trial period for permanent contracts for low-skilled employees in OECD countries, 2008^a**



- a) 2009 for Portugal, 2003 for Ireland, Italy and Turkey.
 b) Unweighted average of the countries shown in the figure.

Source: OECD Database on Job Protection Legislation.

The Law of 25 June 2008 also established two measures for young people. First, the duration of an internship associated with a pedagogical curriculum performed during the last year of studies is taken into account in the duration of the trial period. However, it cannot reduce the period by more than half, unless there is a sector or company agreement specifying more favourable provisions in the case of recruitment into the company at the end of training. Second, at the end of a labour contract, anyone under age 25 who so wishes can benefit from PES services in the form of an individual examination of the person's situation and personalised support.

B. Other specific provisions to protect the employment of French youth

The “last hired, first fired” rule does not apply systematically in France, in contrast to countries like Sweden, the United Kingdom and the United States, where young people are the first to be made redundant. Nevertheless, according to the Law of 2 August 1989, certain characteristics must be taken into account during redundancies. While age is not mentioned explicitly, some factors militate against young people, such as not having a dependent family or having less seniority in the company.

Even though an apprenticeship contract is agreed for a specified term, it is covered by the exemption rules on a CDD, in particular for contract termination. While either party can unilaterally break the contract during the first two months, once this period has passed unilateral termination is not permitted. After the two-month deadline, termination by the employer or the unilateral resignation by the apprentice is null and void. The contract can thus be terminated only upon the explicit written agreement of the parties, signed by the employer, the apprentice, and, if the apprentice is a minor, his or her legal representative, or if necessary upon a decision of the *conseil des prud'hommes* (industrial relations tribunal).

4. Type of jobs filled by young people and working conditions

A. Regulations governing youth employment

The minimum legal age for paid work is 16, after having completed compulsory schooling. In some cases, it is nonetheless possible to begin working before age 16 (in the family company, under the responsibility of a parent, for occasional or short-term work) or from age 15 (as an apprentice following year 3 in middle school). A minor can also be hired in a company engaged in entertainment, cinema, television, audio recording, radio or modelling, upon authorisation by the *préfet*. Payment of anyone under age 15 is broken down between a sum paid to the legal representative and a sum

intended for the minor, placed in the Caisse des dépôts et consignations bank. It is also possible to work from age 14 during school holidays.

The employment of young minors in France is strictly regulated. Night work is prohibited to anyone under age 18, as well as to minors in work-study programmes. Exemptions can be granted by the labour inspector for specified sectors, except between midnight and 4 AM. In addition, by law some types of work are prohibited for young workers, on the grounds that the task is morally reprehensible, exceeds their physical capacities or is dangerous.

There is thus specific legislation to ensure the protection of young workers who are minors. On the other hand, there are no specific preventive measures or legislation for other new workers. Measures to prevent occupational hazards thus fall within the purview of the company's overall plans.

B. Characteristics of jobs filled by youth

With respect to the part-time employment of youth, France occupies a relatively intermediary position compared with the other OECD countries: its rate is close to the OECD average for young women (32% versus 35% in 2007), and below that for young men (9% versus 22%). As in most countries, young people work part-time more often than their elders do, but unlike the general tendency in the OECD countries, the part-time rate for young people fell slightly in the last ten years, from 22% in 1997 to 19% in 2007, which was significantly below the OECD average of 24% in 2007.⁵⁴ The relatively low level of part-time employment of French youth undoubtedly reflects the low work-study rate.

In terms of the volume and arrangement of working hours, the differences found for the employed population as a whole between men and women also exist among youth (Table 3.4): young men have a longer working week, and more frequently work nights. Young people work fewer hours than their elders, and less often work odd hours (evenings, nights and weekends) except for women, about 60% of whom work Saturdays, which undoubtedly reflects their over-representation in the commercial sector.

54. See Table 1.1.

Table 3.4. **Work arrangements by age group, France, 2006**

As a percentage of employed in the group

	15-24		25-29		30-59	
	Men	Women	Men	Women	Men	Women
Part-time employment	13.1	36.8	6.5	20.1	4.7	30.7
<i>Of which</i> involuntary part-time	4.5	17.9	3.1	9.1	1.6	7.6
Full-time more than 40 hours	20.0	13.5	38.6	25.1	46.9	31.3
Evening work	28.0	28.4	40.6	29.6	42.3	27.0
Nighttime work	16.4	8.4	22.4	9.7	23.0	8.5
Work on Saturdays	44.3	59.4	50.1	53.6	55.7	48.3
Work on Sundays	21.9	30.9	27.5	30.5	32.4	26.6
Average weekly hours worked	36.6	31.1	39.1	35.1	42.0	34.7

Source: Estimates by the OECD Secretariat based on the INSEE *Emploi* survey.

5. Key points

The practice of discrimination in hiring youth from visible minorities is far from unusual in France. Low-skilled French youth from a North African background, or even more so a black African one, are particularly victims.

Unskilled young people are hired on at least the minimum wage, unless they are in a subsidised job or on a work-study contract where they receive only a portion of it. Relative to the median wage, France's minimum wage, the SMIC, is at the highest level in the OECD. Another distinctive feature of France is that relatively inexperienced young people are far from being the only ones to work at the minimum wage. At the minimum wage level, young people are in competition with more experienced adults. The question of labour costs also plays a significant role in the design of apprenticeship programmes. In France, an apprentice's wage varies between 25% and 78% of the SMIC, and companies receive subsidies for taking on apprentices.

The labour market in France is sharply segmented between those on fixed-term contracts (CDIs) and those on permanent contracts (CDDs). The fact that young people begin their careers almost systematically by alternating between a CDD and periods of unemployment leads them and their employers to under-invest in their human capital at an age when progress is decisive for their future productivity.

CHAPTER 4

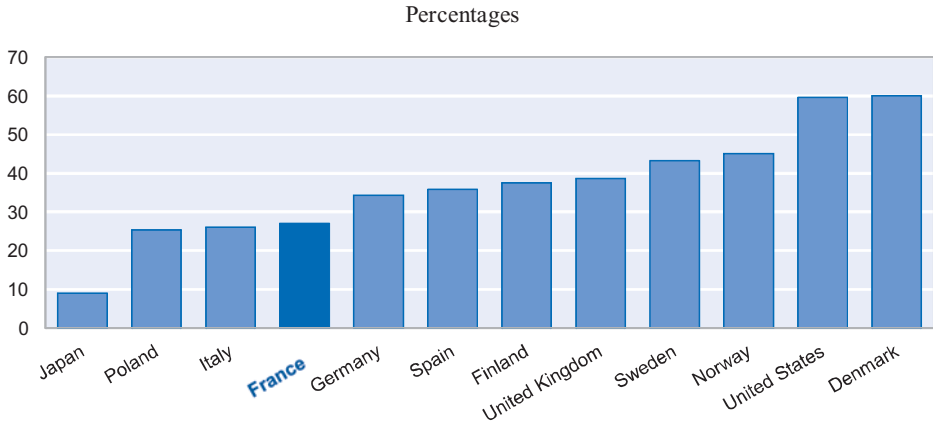
PASSIVE AND ACTIVE LABOUR-MARKET POLICIES TO MOBILISE YOUNG PEOPLE INTO WORK

In many OECD countries, youth who take their first steps into the labour market often face frequent periods of unemployment interspersed with short-term jobs. There is also a group of “youth left behind” who risk long-term exclusion from the labour market. Job assistance thus needs to be targeted at these two groups of youth. This chapter seeks to determine whether employment measures effectively help mobilise young people into work, and whether they are well targeted at the youth who need them most. Furthermore, in the current economic situation, if additional measures are taken to help young people hit by the crisis, they should concentrate on what works. Section 1 first highlights certain characteristics of French youth in comparison with the other OECD countries.

1. French youth are among the least optimistic about their career prospects

Young people in France often describe their career prospects as uncertain. A comparative study of youth aged 16-29 in 17 countries⁵⁵ emphasised the fact that the youth in France are some of the least optimistic about the likelihood of finding a good job (Stellinger and Wintrebert, 2006). Although not as pessimistic as the Japanese, the French were near the Italians and Polish, but far behind the Danish and Americans (Figure 4.1).

55. International survey conducted in 2006 by the Institut Kairos Future in partnership with the *Fondation pour l'innovation politique* of 1 000 young people aged 16 to 29 in 12 OECD countries as well as China, Estonia, India, Taiwan and Russia.

Figure 4.1. **Young people and their career expectations^a, selected OECD countries, 2006**

a) Percentage of young people aged 16 to 29 who agreed (responses 6 and 7 on a 1 to 7 scale) with the comment, “I’m sure I will have a nice job in the future”.

Source: Adapted from Stelling and Wintrebert (2006), *Young People Facing the Future. An International Survey*, Fondation pour l’innovation politique, Paris.

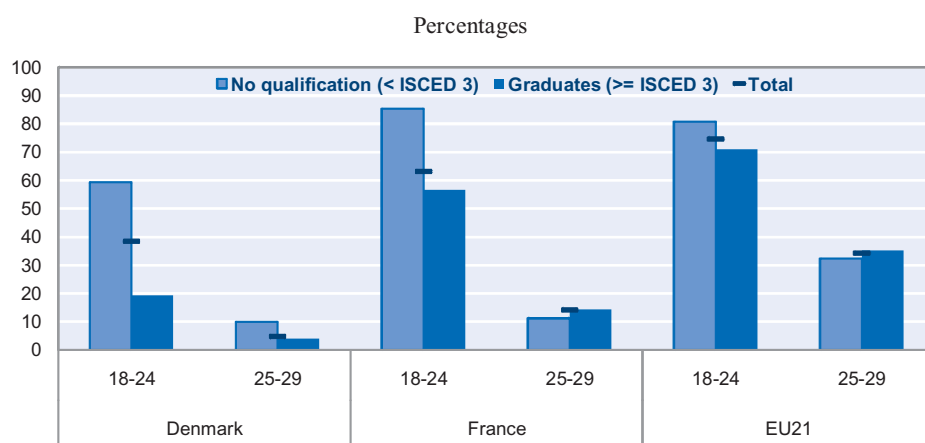
Young people do not form a homogeneous group. Recent studies have highlighted that French youth are very heterogeneous, though only too often they are reduced to the two groups who most frequently come up in policy discussion: youth from disadvantaged neighbourhoods and students (Cohen, 2007; CAS, 2007). Nevertheless, internationally speaking, there are specific features to the ways that youth enter adult life in France compared with the other OECD countries.

For instance, in a comparative analysis of France and Denmark, Van de Velde (2007) highlighted the existence of two contrasting models: while the Danish system favours early independence and long periods of alternation between study and work experience, the French system tends instead toward full-time study dominated by the importance of a diploma and dependence on the family. The urgency of labour-market integration and the absence of any planned return to studies contribute to youth setting out on the academic pathway early and continuing on it until obtaining a master’s degree toward the age of 23.

There is little room for error in France and little deferred access to a diploma, in contrast with the situation for Danish youth, who tend more to take part in a process of experimentation. Unlike French youth, Danes obtain their master’s later, after age 27 on average, while accumulating job experience during their years of study.

French young people nevertheless live less frequently with their parents than the average for European youth, without, however, equalling Danish youth. In 2006, 63% of those aged 18-24 lived with their parents, versus 72% of Europeans and 38% of Danes of the same age, according to the results of the EU survey on Statistics on Income and Living Conditions (Figure 4.2). This is not the case for youth without a diploma. In 2006, 85% of French youth aged 18-24 without a diploma still lived with their parents, versus 81% of young Europeans and 60% of Danish youth of the same age.

Figure 4.2. Share of youth living with their parents, by age group and educational attainment, Denmark, France and Europe, 2006



Source: Estimates by the OECD Secretariat based on the Statistics on Income and Living Conditions (SILC).

Being without a diploma in France seems in particular to undermine young people's ability to achieve residential autonomy. A study conducted by the Céreq based on the 1998 *Génération* survey showed that while, overall, the great majority of young people (88%) – and virtually all young people with a master's (99%) – left their parents' home within seven years following the end of their studies, this proportion was only 68% for young people without a diploma (Mora and Sulzer, 2008a).

2. Activation of the youth: passive measures

The OECD countries recognise the importance of developing effective activation strategies to promote the employment prospects of the jobless. Ideally, these strategies should be based on the principle of mutual

obligations, according to which the PES must offer unemployed people rights (guarantee of an adequate income and effective services to help the return to employment) and duties (active job-seeking, participation in active measures and acceptance of a suitable job).

For young people on social or unemployment benefits, a problem could arise with respect to the reduction or temporary loss of financial benefits. The activation of youth who have dropped out of school is more difficult because, first, they are rarely eligible for financial benefits and, second, they do not spontaneously register with the PES as job seekers. In France, young people under age 25 who are having difficulty entering the job market or with social integration and who cannot count on family support are at a higher risk of finding themselves in poverty, as they can receive only one-off financial assistance from the PES.

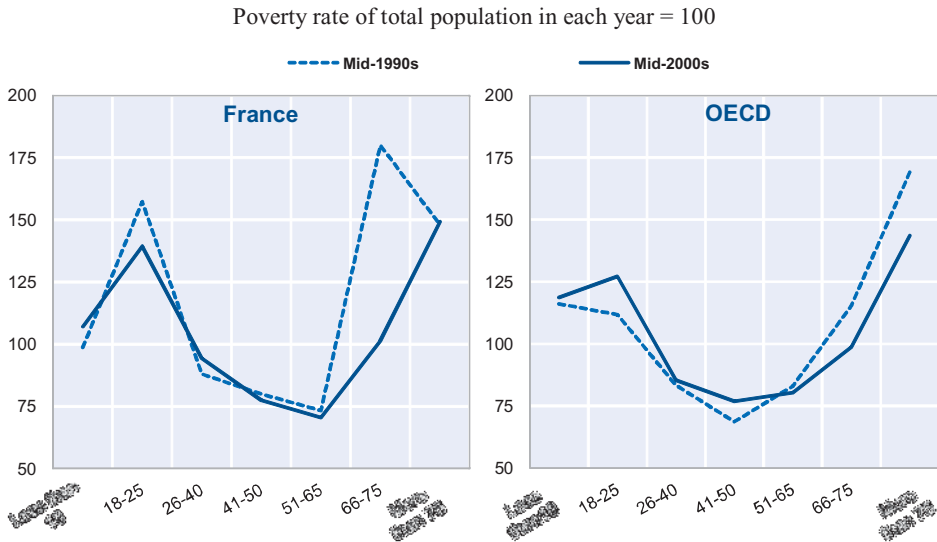
A. The risk of poverty particularly affects youth who are not in the labour market but are not students

The OECD report *Growing Unequal* shows that the most significant change in current poverty risks has been the shift of risk from the elderly towards non-student youth⁵⁶ (OECD, 2008i). In the mid-2000s, on average the OECD population under age 25 was characterised by poverty rates that were about 25% higher than the average rate for the population as a whole, a situation that had worsened over the previous decade (Figure 4.3). A distinctive feature of France is that the poverty peak between age 18 and 25 is more pronounced for young people than the average in the OECD countries. The relative poverty rate for this age group is significantly higher than the rate for those under age 18 and those between 26 and 65, even though there was a slight improvement between the mid-1990s and the mid-2000s.⁵⁷

56. The youth in question are those who form a household in which the reference person is not a student.

57. For Cahuc *et al.* (2008), the high rate of relative poverty for those aged 18-25 is linked to the “double burden” that young people are condemned to bear: the minimum wage helps to exclude them from employment more than their elders, and their ineligibility for the *revenu minimum d’insertion* (minimum integration income – RMI) until age 25 limits their resources when they cannot find employment.

Figure 4.3. **Relative poverty risk^a by the individual's age, mid-1990s^b, France^c and OECD^d**



- a) The relative poverty risk is defined as the poverty rate of each age group in question divided by the poverty rate of the total population multiplied by 100. The poverty threshold is set at 50% of the median income of the total population.
- b) The data for the mid-1980s refer to around 1990 for the Czech Republic, Hungary, and Portugal; the data for the mid-2000s refer to 2000 in the case of Austria, Belgium, the Czech Republic, Ireland, Portugal and Spain (the 2005 data, taken from the European survey on income and living conditions, is not comparable with that for preceding years). These data are based on monetary income.
- c) This field refers to persons living in mainland France, in households with declared non-negative income, whose reference person is not a student.
- d) Unweighted average of the poverty rates of the OECD member countries, with the exception of Australia, Belgium, Korea, Iceland, Poland, the Slovak Republic and Switzerland.

Source: Eurostat, the European Survey on Income and Living Conditions (SILC), for data concerning the mid-2000s, and INSEE, tax revenue survey for data for the mid-1990s; for France, the data have been interpolated from the current database of the European survey; and OECD (2008h), *Growing Unequal?*, for the OECD area.

Among young people aged 18-29 who no longer live with their parents, it is the unemployed and those not in the labour market (excluding students) and those without a *baccalauréat* who have the most difficulty. Jauneau (2007) used panel data on income and living conditions to show that their

poverty rate in terms of “living conditions”⁵⁸ came to 38% in 2005. When other characteristics are comparable (age, sex, family situation, living standards, housing status, neighbourhood, diploma), these young people’s risk of being poor is 1.8 times higher than those with a temporary job and 3.6 times higher than those with a permanent job. The financial difficulties experienced during adolescence frequently recur after age 25. About 28% of young people aged 25-29 estimate that their current financial situation is worse than that of their family during their adolescence, particularly if they are unemployed or out of the labour market (non-students) (38%) or if they are not living as part of a couple (42%).

B. Financial assistance for young people is compartmentalised and on a one-off basis

Youth up to at least age 20 can be considered dependent on their parents

A wide range of services and benefits is paid to parents with dependent children. For instance, based on family income-splitting, parents can benefit from tax reductions on school fees until their children have reached age 21 (age 25 in case of tertiary education). Family allowances are also paid to anyone residing in France (without consideration of nationality or income) who has at least two dependent children living in France, whether or not there is a kinship link with the adult. To qualify, children under age 16 subject to compulsory schooling must be enrolled in school, and children under age 20 not subject to compulsory schooling must not have a job with income in excess of 55% of the SMIC. Young adults may or may not live with their parents, but the latter lose their family benefits if the children become recipients of housing assistance. In addition, young students must be enrolled in the student social security scheme.

Eligibility for social assistance starts at age 25, except for young parents

Unlike many OECD countries where eligibility for social assistance starts from adulthood (age 18), France, like Luxembourg and Spain, is characterised by relatively late eligibility for social benefits, starting at age 25 (24 in Spain) (OECD, 2007d).⁵⁹ In some OECD countries, young

58. Overall lack of items needed for material well-being, measured at the household level.

59. Once young people have reached adulthood in France, they can nevertheless benefit from the lone parent benefit (API) or the disabled adult benefit (AAH), if

people's eligibility for social benefits is part of a strict activation strategy based on mutual obligations. This is the case, for example, in the Netherlands (Box 4.1).

Box 4.1. The activation of youth receiving social benefits in the Netherlands

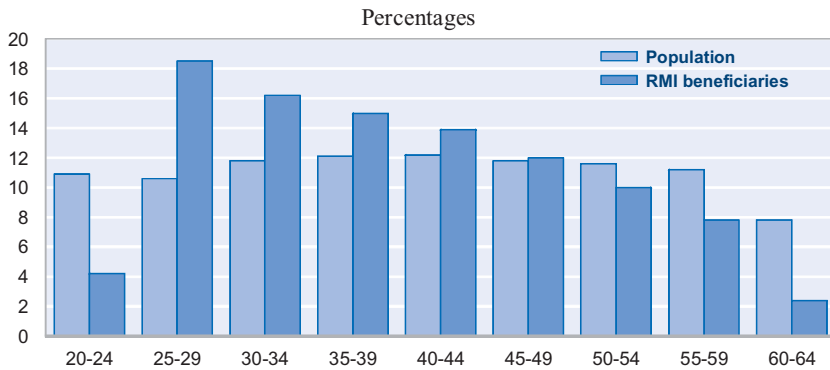
Young people in the Netherlands are eligible for social benefits starting at age 18. Many of the municipalities in charge of social benefits introduced a strict activation strategy in the mid-2000s, particularly in the large cities. Young people aged 18-27 without a basic qualification (*startkwalificatie*) who want social benefits are obliged to return to training or accept a job. If they refuse, any benefits to which they may be entitled could be reduced. In July 2009, a law (*Investeren in jongeren*) generalised this obligation to all municipalities.

The main social benefit scheme in France, the *revenu minimum d'insertion* (minimum integration income – RMI), is a non-contributory service with differential benefits. It was introduced in 1988 to ensure a minimum income to everyone over age 25 and to young people under age 25 who have a dependent child or are expecting a child.⁶⁰ Eligibility for the RMI is based on having income below a fixed threshold and on agreement to carry out certain actions as part of a labour-market integration contract. The RMI confers eligibility to related rights, in particular with respect to healthcare (universal and complementary health coverage), housing (a full housing subsidy), employment (a EUR 1 000 bonus for taking a job), energy and transportation. In addition, the RMI confers a right to tax benefits (exemptions on income tax, housing tax and the audiovisual fee).

Young people in the 25-29 age group are over-represented among RMI beneficiaries (Figure 4.4). In 2005, they accounted for about 19% of RMI recipients, whereas they represented only 11% of the working-age population. The existence of a threshold effect at the age of initial eligibility raises the issue of arranging social benefits for those under age 25. De Foucauld (2001), for example, proposed introducing the *revenu contractuel d'accès à l'autonomie* (contractual income for achieving self-sufficiency) for young people starting at age 18, which would be short-term and aimed at social integration. The point would be to give young people a strong signal, without falling into the welfare trap.

they meet certain criteria. These benefits concern only a marginal share of young people.

60. As of 1 January 2009, the RMI was EUR 455 for a single person without children, EUR 682 for a couple without children and EUR 955 for a couple with two children.

Figure 4.4. Age distribution of the population and RMI beneficiaries^a, France, 2005

a) All of France, population aged 20-64 and beneficiaries aged 20-64 (including all spouses) paid by the *Caisse d'allocations familiales* (CAF).

Source: Estimates by the OECD Secretariat based on data from the *Caisse nationale des allocations familiales* (CNAF) and the INSEE.

Youth under age 25 experiencing financial difficulties can turn to the Fonds d'aide aux jeunes

Youth aged 18 to 24 can turn for one-off assistance to the *Fonds d'aide aux jeunes* (Youth Assistance Fund – FAJ). This fund was created in 1989, following on the heels of the RMI, which excluded those under age 25, in order to take into account the situation of youth with very limited financial resources who are facing serious difficulties. In 2005, the FAJ, like the RMI, was decentralised into every *département*. In 2004, the last year before the scheme was decentralised, 165 000 applications were sent to the FAJ (Nivière, 2006). A little more than 100 000 youth aged 18 to 24 were given assistance during the year, a majority of them young women. This corresponds to 1.6% of the age group. Half of the applicants had no financial resources, 93% of the youth who applied to the FAJ were not in school, and an increasing proportion of them were unemployed. In half the cases, FAJ assistance, which averaged EUR 213, was requested in order to deal with subsistence problems.

According to Loncle *et al.* (2008), decentralisation did not lead to any profound changes in the use of the FAJ. A contractualisation of the assistance was nevertheless introduced in most *départements*, which is aimed at the social and occupational integration of the youth. The authors note that making the contractualisation too strict could remove the scheme's flexibility and might risk undermining the relationship of trust that is already difficult to establish with groups on the road to desocialisation.

Young people receiving social benefits have, more than their elders, benefited from incentives to make work pay

An incentive scheme to top up income was created in 1988 in order to make it more attractive for those on minimum social benefits to return to work. The scheme has been reformed several times and was strengthened in 2006. It makes it possible to combine job income with a portion of the RMI for a maximum of one year. Clément and Junod (2006) noted that young people benefit from the incentive more frequently than their elders. For instance, while young people under age 29 accounted for 24% of RMI beneficiaries at end 2003, they represented 28% of those who benefited from the incentive.

Among the reforms made to the RMI since the turn of the millennium, it is worth noting in particular those aimed at facilitating and encouraging beneficiaries to return to work. In 2005, subsidised contracts reserved for those receiving the social minima, the *contrat d'avenir* (contract for the future – CAV) and the *contrat d'insertion-revenu minimum d'activité* (minimum earned-income integration contract – CI-RMA) were set up by the Social Cohesion Plan (Box 4.2). Employers are given a financial incentive to use these contracts based upon payment of a portion of the benefit received up to then by the beneficiary. The share of youth on contracts aimed at those on minimum social benefits is low, since they are not eligible for the main scheme, the RMI, until age 25. According to the summary table of the DARES, young people were more often on a *contrat d'avenir* in the non-market sector (6 290 youth under age 26 as of 31 December 2007) than a CI-RMA contract in the market sector (357). Considering both types of contract, only about one-quarter of the young beneficiaries had no qualification.

Box 4.2. Contracts under the Social Cohesion Plan for those on minimum social benefits

Contrat insertion – revenu minimum d'activité (CI-RMA) in the market sector: CDI or CDD for a six-month minimum, renewable twice up to a limit of 18 months; part-time (at least 20 hours) or full-time. Temporary work contract possible. Remuneration: at least the sector-agreed minimum or the SMIC. **Advantages for the employer:** lump-sum assistance equal to the amount of the RMI for a lone individual paid during at most 18 months. Employer charges on the remuneration top-up are borne by the employer.

Contrat d'avenir (CAV) in the non-market sector: CDD for a minimum 24 months, renewable up to a limit of 36 months. Possible trial period; no end-of-contract indemnity. Part-time of 26 hours a week over the year. Remuneration: at least the sector-agreed minimum or the SMIC. **Advantages for the employer:** lump-sum assistance equal to the amount of the RMI for a lone individual. Social cohesion bonus: digressive on the remuneration top-up borne by the employer. Exemption on employer charges and payroll taxes. Permanent employment bonus: EUR 1 500 in case of hiring on a CDI before the end of the *contrat d'avenir*.

The RSA will replace all the social minima and incentives in 2009

The social assistance schemes in France are very complex, with at least nine minimum social benefits. Furthermore, taking job income into account in the calculation of assistance does not provide a sufficient incentive to return to work and creates inequalities with respect to the working poor who do not benefit from social assistance. To resolve these problems, the French government decided to introduce the *revenu de solidarité active* (active solidarity income – RSA) to replace all the minimum social benefits and incentives starting in mid-2009. The RSA includes an incentive mechanism for those on minimum social benefits and for the working poor (Box 4.3).

Box 4.3. *Revenu de solidarité active* (RSA)

Unlike the RMI, the RSA increases when moderate-income households find a job. For someone not in the labour market, the guaranteed income is simply the social minimum, which the introduction of the RSA does not change. Starting from this non-employment income, the level of income guaranteed by the RSA will increase with the income generated by occupational activity. Once the job income exceeds the RSA-guaranteed income, no additional income will be paid under the RSA. The exit point depends on the family situation, and ranges from approximately the minimum wage for a lone individual up to twice this amount or even more for a large family.

For the moment, there are no plans to extend the benefit of the RSA to youth under age 25. First, for this age category, the government wishes primarily to bring into play family links. Second, a fund to support experimental efforts (FAE) will be set up for youth aged 16-25. This will be funded by State contributions and by any public or private legal entity that joins it. The purpose is to implement experimental social and vocational integration programmes on behalf of the most disadvantaged youth, in line with the recommendations of the Grenelle round-table process on integration launched in 2008 by the High Commissioner for Solidarity.⁶¹ For Cahuc *et al.* (2008), unifying the social minima and employment-related benefits should, on the contrary, concern all adults, without excluding young people under age 25 with no family dependents. As a counterpart, granting

61. The Grenelle de l'insertion, the French round-table process on integration, brings together all the stakeholders, in particular social welfare beneficiaries, the social partners, and local government. In May 2008, it completed a roadmap setting out 13 points for action and 12 priority projects to help modernise integration schemes and adapt them to the most disadvantaged. Clear priority was given to returning people to employment and to making career prospects more secure.

these benefits would prevent the parents of beneficiaries from including their child on their household taxes, and some benefits currently granted specifically to those aged 18-25 would be eliminated.

C. Unemployment benefits

For new entrants in France, the eligibility and duration terms of unemployment insurance benefits are close to international minimum thresholds

There is no specific mechanism for youth unemployment benefits in France. Until 1 April 2009, the first condition for eligibility for unemployment insurance benefits was to have worked six months or more during the previous 22 months, just as for any unemployed person. Part-time employees who cumulate several jobs are not compensated for the loss of a job that represents less than 30% of their previous income. The unemployed person must also register as a job seeker and actually be seeking a job on an ongoing basis. This commitment is formalised in the *projet personnalisé d'accès à l'emploi* (personalised access to work plan – PPAE) (see Box 4.4).

Box 4.4. The personalised access to work plan (PPAE), end 2008

The Law of 1 August 2008 and the Decree of 13 October 2008 provided the following clarifications about the rights and duties of job seekers. The PPAE must be created no later than 15 days after the job seeker has registered, and updated every three months jointly by the PES and the job seeker. The PPAE must take note of the reference salary for a reasonable job offer, which is equal to the salary previously received and is used to calculate benefits. This replacement income is eliminated for a duration of two months when on two occasions, with no legitimate reason, the job seeker refuses a reasonable job offer or refuses to draw up or update his or her PPAE. These refusals lead to elimination from the list of job seekers and make it impossible to obtain a new registration for at least two months.

Until 1 April 2009, the period of employment required and the applicant's age determined how long someone was eligible for unemployment insurance. The shortest benefit period was seven months, after having worked six months during the previous 22 months. The longest period for those under age 50 was 23 months, after having worked 16 months during the previous 26 months. When the eligibility of French young people expires, they are rarely eligible for the specific solidarity allowance (ASS), as one of the eligibility requirements is a long period of activity (five years of employment during the ten years preceding the job loss).

For French youth, in 2008 the conditions for access to unemployment insurance benefits and the duration of payment were comparable to the lowest thresholds for admission to unemployment insurance in force in the OECD countries. For instance, Korea, the United States, Greece, Luxembourg, the Netherlands and Sweden also required that applicants had worked for about six months to receive unemployment insurance benefits (OECD, 2007d). In most other countries, the minimum work period was one year. The potential duration for the payment of unemployment benefits was also close to international minima for young people starting their careers: in 2008, the minimum duration in France was seven months, while it ranged from four months in Spain to four years in Denmark.

Unemployment benefits are paid in 11 OECD countries to youth who have never worked, but not in France

As is explained in Box 4.5, in 11 OECD countries a 20-year-old job seeker who has never worked can benefit from unemployment assistance benefits (OECD, 2007d). Most countries have, nevertheless, established strict conditions of mutual obligations for young beneficiaries. For instance, in Denmark, starting in 1996 youth under age 25 without a qualification who registered in unemployment agencies received only a reduced unemployment benefit, the same amount as an education allowance, and must take part in a training programme.

Box 4.5. Unemployment assistance benefits for a young job seeker who has never worked

Germany, Finland, Ireland and Sweden: full ordinary unemployment benefits.

Denmark: minimum benefit for young people who have contributed to unemployment insurance (voluntary) from the end of their studies for a duration of at least 18 months; benefit reduced by half for unqualified persons under age 25.

Australia, Belgium, Greece, Luxembourg, New Zealand and the United Kingdom: reduced unemployment benefits. *Belgium:* 50% of ordinary unemployment insurance minimum benefits. *Australia, New Zealand and the United Kingdom:* between 80% and 85% of the unemployment insurance benefits received by unemployed 40-year-olds. *Luxembourg:* 70% of the minimum wage (40% for those under age 18). *Greece:* EUR 73 per month for long-term-unemployed aged 20-29.

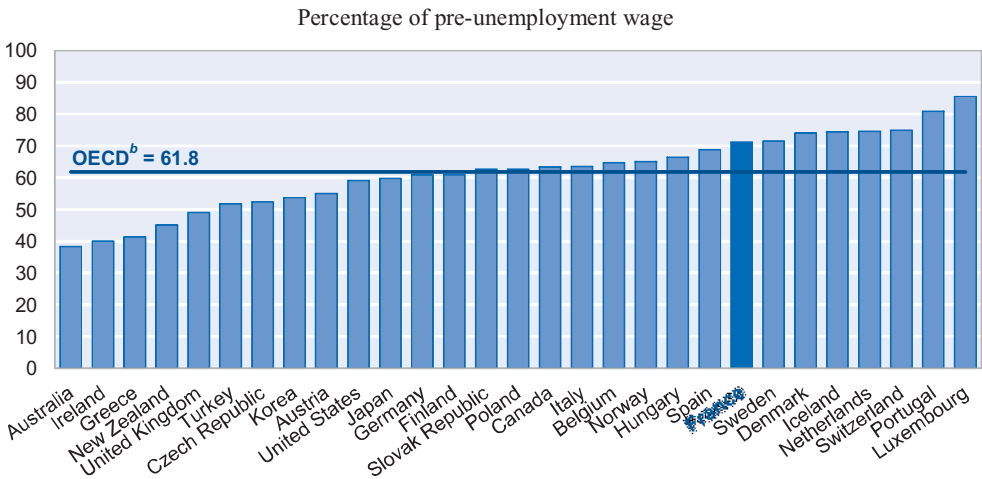
In some countries (*Australia, Finland and New Zealand*), unemployment insurance/unemployment assistance benefits granted to unemployed youth are reduced when they live with their parents. In *Finland*, the benefit is reduced based on the share of the parents' income above an income threshold.

Duration of the benefits: between five months (*Greece*) and 48 months (*Denmark*). In *Germany, Australia, Belgium, Finland, Ireland, New Zealand and the United Kingdom*, the payments are theoretically unlimited, but usually conditional on activation.

The average net replacement rate of unemployment benefits for young workers in France is higher than the OECD average

The average net replacement rate (*i.e.* the value of the benefit divided by remuneration before the unemployment period, after adjustments to take account of the fiscal impact) of a single individual who earns between 67% and 100% of the average worker's salary is a good indicator of the relative replacement rate for young people. In 2006, this rate came to about 50% in the United Kingdom, 60% in the United States and 70% in France, compared to an average for the OECD countries of 62% (see Figure 4.5).

Figure 4.5. Average net replacement rates of unemployment benefit^a, OECD countries, 2006



a) These data are net replacement rates, *i.e.* they are adjusted for the effects of taxation. They refer to an average of the net rates faced by single people without children with pre-unemployment earnings of 67% and 100% of the average worker's wage, except for Ireland, Korea and Turkey where the reference wage is the average production worker's wage. They refer to the initial phase of unemployment following a waiting period. It is assumed that no social assistance "top-ups" are available in either the in-work or out-of-work situation. Any income tax payable on unemployment benefits is determined in relation to the annualised benefit values, even if the maximum benefit duration is less than 12 months.

b) Excluding Mexico. Unweighted average of countries shown.

Source: OECD tax-benefit models (www.oecd.org/els/social/workincentives).

Fewer than half of job seekers under age 25 receive unemployment insurance benefits

As young people benefit from less job seniority than their elders and often have short-term or part-time contracts, they do not as often meet eligibility requirements for the unemployment scheme (RAC). As of 31 December 2006, 34% of job seekers under age 25 registered with the ANPE received benefits from the RAC, compared with 48% of all job seekers registered with the ANPE. While young people receive unemployment insurance benefits a little less frequently, what they face above all is the frequent recurrence of unemployment, as the jobs that they take are often unstable.

In the social partners' agreement of 11 January 2008 on modernising the labour market, they expressed their desire to set up a lump-sum bonus for youth under age 25 who have involuntarily been deprived of employment and do not meet the conditions for prior work experience required for RAC benefits. The new unemployment insurance agreement for 2009 and 2010 decided instead to broaden the eligibility conditions for young people and vulnerable workers when first registering for unemployment by reducing the threshold of the minimum membership period to four months and by extending the reference period to 28 months (Box 4.6). On the other hand, upon the second registration for employment, six months of work are required. Consequently, a student who has worked at least four months during the previous two years could receive unemployment benefits for four months. This reform is a step in the right direction for youth, as it takes better account of seasonal work and unstable work. For de Foucauld (2009), nevertheless, unemployment insurance needs to be extended much more to deal with the current economic crisis.

**Box 4.6. Unemployment insurance agreement for 2009-10
(applicable from 1 April 2009)**

Replacement of four benefit systems by a single system.

Minimum membership period giving a right to benefits: four months, versus six earlier. On the other hand, a job seeker who re-registers in the 12 months following the initial grant of rights on the basis of four months, and who has taken a job in the meantime, must have at least six months' membership to receive a benefit.

Benefit duration equals membership duration (principle of "one day's payment, one day's benefit"), without exceeding 24 months if the beneficiary is under age 50 (currently, a job seeker under age 50 who has worked 16 months can claim up to 23 months of benefit).

The reference period used to determine the membership period and thus the benefit rights is set at 28 months, versus 22 months previously.

3. Activation strategy: supporting young job seekers

A. Role of the PES vis-à-vis young people

In France, the PES has been heavily overhauled since the mid-2000s. The Law of 18 January 2005 introduced other public (regional and local government) and private operators alongside the traditional public operators. In addition, in 2009 the PES will undergo a decisive change with the merger of the National Employment Agency (ANPE) and the Association for Employment and Industry and Commerce (Assedic) network, as provided by the Law of 13 February 2008.⁶² Starting on 1 January 2009, the unemployment benefits handled up to now by the Assedic together with the placement and guidance of job seekers in active measures traditionally conducted by the ANPE will all be the responsibility of a single entity, *Pôle emploi*. Under the range of services of *Pôle emploi*, job seekers will no longer be distinguished according to whether they receive unemployment insurance benefits or are on income support, and there will be continuous support provided for employees on subsidised contracts and in employment schemes and training programmes. Many OECD countries have implemented reforms along the same lines during the last decade. For example, in 2006 Norway decided to merge its PES agencies and the agencies responsible for the various passive benefits into a single entity (NAV) in an effort to enhance the employability of its clients rather than focus on their eligibility for a passive measure (OECD, 2008g). In contrast to France, where the merger was conducted in a single year, Norway gave itself three years to gradually set up its one-stop arrangements for the start of 2009.

Upon registering with the PES, a young person, like any job seeker, must draw up a personalised access to work plan (PAPE) with his or her advisor

Establishing a one-stop arrangement will make it possible among other things to improve the procedure for registering the job seeker, which remains relatively cumbersome, despite the application of the principle of service continuity between the Assedic and the ANPE. The job seeker must first arrange an appointment by telephone for an interview, which must take place at the Assedic within five days. This first interview serves as administrative enrolment, and where applicable gives rise to a right to benefits. During this interview, which lasts approximately 20 to 30 minutes, the statistical risk of long-term unemployment is also evaluated (profiling).

62. The UNEDIC will remain outside the scope of the merger.

The ANPE must then give the young person an initial 30-to-35-minute vocational interview within a week. At that point an advisor works with the job seeker to draw up a PPAE.⁶³ Following the initial interview, the advisor assigns the job seeker to one of four PPAE pathways (accelerated search, active search, supported search, or the creation or renewal of an activity), which determines their rights to benefits as well as their future arrangements with their local employment agency.

The least autonomous youth are steered towards a local youth mission

For young job seekers assigned to the supported search pathway, it is necessary to deal with the social barriers blocking their vocational integration. They are steered in priority towards a local agency that deals only with at-risk youth (see below). The likelihood that the ANPE will orient someone towards a local agency decreases with age and with the fact of already having at least one year's job experience (Bouchardeau, 2007).

The likelihood increases, on the other hand, in situations of few qualifications or of long periods spent without employment. Bouchardeau (2007) observed that in certain local agencies the advisors proposed follow-up by the local PES office to all the youth that they see, leaving it up to them whether or not to accept. Some refuse follow-up in the local PES office; these are usually youth who have already been handled by a local office and were disappointed or have a poor image of it or associate it with a return to training rather than with finding a job. This also happens with young people who have already worked, in particular in temporary jobs.

The most autonomous youth are handled by the ANPE

A young person assigned to an accelerated search or active search pathway is handled by the ANPE in the same way as an older job seeker. Starting four months after registration, if the job seeker has not found a job, he or she benefits from monthly individual follow-up (SMP). In practice, this means that the person is placed in a portfolio under a single referent advisor (130 to 150 job seekers per advisor) with a monthly interview. More young people than adults fall to the wayside during this phase as only a low percentage of them receive benefits.

According to the *Emploi* 2006 survey, 84% of unemployed people aged 25-29 have registered with the ANPE, versus 72% of unemployed 20-24-year-olds, with the share receiving benefits among these groups 47% and 31%, respectively. Furthermore, in general young people are not very familiar with the services offered by the ANPE, and it is the best-informed

youth who register voluntarily. Even though the local unemployment agencies in partnership with the municipalities periodically conduct informational campaigns about specific schemes, for example, about apprenticeship contracts, external communications about the services on offer are still very limited.

Young people benefit from some services specific to the ANPE

Some ANPE services are aimed exclusively at youth. Young people can make use of services that range in extent, depending on the particular agency, from collective job search workshops (drawing up a CV, mastering the job interview, etc.) to qualification-oriented training (especially to prepare for recruitment⁶⁴).

The services can also be reserved for specific groups of young people, such as a young graduates club (see Box 4.7). Certain local agencies have also developed apprenticeship contracts in partnership with the chambers of commerce and industry, and steer some youth towards job platforms,⁶⁵ which are designed to counter discrimination in hiring for low-skilled jobs. Furthermore, the advisors can where necessary point the young people towards youth information and documentation centres, which hold annual recruitment seminars targeted at youth, which are attended by French and foreign employers.

Box 4.7. The young graduates club of the Torcy en Seine-et-Marne ALE

Three ALE advisors are in charge of this service, which has involved some 50 youth every year since 2005. It is aimed at graduates under age 26 with at least a *baccalauréat*. The young volunteers are selected following an informational meeting about the service. They then take part in three days of training designed to enable them to search for jobs autonomously by developing their skills and professional capacities and their networks. They subsequently meet three half-days each week, including one supervised by an advisor, in order to take stock of their approaches and develop new ones with numerical targets in terms of speculative applications, responses to job offers, etc. The purpose of the service is thus a more dynamic, intensive job hunt by the young participants. Up to now, the results

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64. This involves training aimed at preparing the job seeker for a definite job position, which can last up to four months, with a guarantee of recruitment for at least six months at stake.
65. The *plateformes de vocation* (job platforms) were set up to develop methods of simulation and skills-acquisition using role-playing in order to identify the candidate's potential and capacity for adaptation, without consideration for diplomas or technical knowledge.

have been rather encouraging, as 80% of the participants have found jobs.

Young people from disadvantaged urban neighbourhoods (ZUS) benefit from additional services

Since France's troubled outer suburbs, the *banlieues*, exploded at end 2005, the ANPE, which has a heavy presence in the ZUS, has developed a broad range of actions aimed at getting young people back into work while raising corporate awareness about discrimination. In 2007, the *Promotion de la diversité* (Promotion of diversity) programme was also established in accordance with the commitments in the fourth *Contrat de progrès* (Progress contract) signed between the central government and the ANPE. As of 31 December 2007, about 215 000 youth from the disadvantaged neighbourhoods had been taken in by the ANPE and about 600 000 job offers had been made (ANPE, 2008). There was regular follow-up during the year, with customised services alongside workshops, individual support and skills assessments. Since December 2005, more than 41 000 youth have been steered into training, and about 70 000 placements have been made.

Actions have also been taken on behalf of young graduates from disadvantaged neighbourhoods, including:

- The *Objectif placement* (Target: Placements) service, which is intended to facilitate access to jobs for young graduates who are often excluded from the hiring process. This involves six months of support during the job search, then six months while in the job. About 4 500 youth benefited from the service in 2007 in 14 regions, with a return to work rate of 75%. This service ended in December 2007.
- The *Nos quartiers ont des talents* (Our Neighbourhoods Have Talent) operation, in partnership with the employers' association, which enables youth from disadvantaged neighbourhoods to meet businesses at regional forums.
- The Agence 3D (Diploma, Diversity, Dynamism), which provides companies, in particular the signatories of the diversity charter, with the CVs of young people under age 30 with a *bac*+3 level or higher who are from disadvantaged neighbourhoods. About 3 000 CVs were collected in 2007, and some 800 youth found jobs.

The Economic and Social Council (CES) issued an opinion on the employment of youth from working-class neighbourhoods that characterised the results of these actions as mixed (CES, 2008a). With respect to *Objectif*

placements, it was noted that the ANPE had difficulty finding 5 000 youth with a *bac*+2 level in order to propose entry into the scheme. This is surprising, to put it mildly, in light of the number of young people potentially concerned. In the absence of a satisfactory explanation, the CES has questioned the capacity of the ANPE and everyone else concerned to work together in a network to bring young graduates into the scheme.

B. Specific support for youth from the local youth missions

The local youth missions have existed since 1982, but were overhauled and harmonised in 2005

The local job offices have more than 25 years of experience in supporting young people in difficulty. They were created in 1982 following a report by Bertrand Schwartz, which recommended the creation of holistic structures to deal with all the problems facing youth during the school-to-work transition (healthcare, housing, mobility, qualifications). The network of local youth missions currently consists of 485 entities (420 local missions and 65 PAIOs⁶⁶) scattered around France. The great majority of these entities are non-profit organisations headed by local elected officials. In 2005, the Social Cohesion Plan, which set a goal of helping 800 000 young people in difficulty to find jobs during its five-year programme, doubled the funding of local missions while harmonising the various structures in the network and incorporating them into the PES. Since then, there has been a contractual decentralised policy with responsibilities and financing shared between the central government and other levels of government.

The State had a role in financing the local youth missions from the outset, based on the principle of sharing half the financing with the participating *communes*. Following the decentralisation of vocational training for youth in 1994, the regions became the third public financer of the local youth missions. The European Social Fund (ESF) has also funded the network since the 2000-06 budget. There is very little financing from other economic actors. In 2007, the financing broke down as follows: 46% from local and regional government,⁶⁷ 40% from central government, 8%

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66. The *permanences d'accueil, d'information et d'orientation* (Reception, Information, and Guidance Offices – PAIO), also created in 1982 for youth aged 16 to 18 within existing public and private organisations, are steadily giving way to the regroupment around local missions, which provide a better range of services and permit economies of scale. In the rest of this chapter, the term “local missions” also includes the PAIOs.
67. Regions: 18.2%; *Départements*: 5.4%; *Communes*: 22.2%.

from the ESF and 6% from other public and private entities (Conseil national des missions locales, 2008).

The *Fonds pour l'insertion professionnelle des jeunes* (Fund for the Vocational Integration of Young People – FIPJ) was also set up in 2005 to support and supplement the local missions' support activities for young people. The FIPJ helps to better co-ordinate the schemes of the central, regional and local governments through supplementary actions in the field of healthcare, mobility and education in order to avoid breakdowns in the career trajectory. The FIPJ is more flexible and offers broader coverage than the FAJ. For example, the FAJ cannot be used by minors and has the constraint of a cap on funds.

In 2006, 260 000 young people made use of the local or regional FIPJs: 39% of the funds allocated went to educational activities, 26% to contracts with intermediary operators, 14% to develop innovative or experimental activities, and 21% to help financially to ensure career development (direct assistance to youth), including 6% for young minors. The development of national actions through the national FIPJ, such as assistance for drivers' licences, was slower than planned, or even interrupted due to the cancellation of funding. Overall, the funding of the FIPJ fell from EUR 75 million in 2005 to EUR 20 million in 2009 to permit internal redeployment to priority programmes.

Youth out of the labour market have a right to the support provided by the contrat d'insertion dans la vie sociale (CIVIS)

One measure that has helped to renovate the activity of the local youth missions is the right to support set up on behalf of youth aged 16-25 disconnected from the labour market. To exercise this right, in April 2005 the *contrat d'insertion dans la vie sociale* (social integration contract – CIVIS) was established, which can be strengthened for young people without a qualification (reinforced CIVIS) (Box 4.8). The CIVIS follows on the heels of the *Trajet d'accès à l'emploi* (Pathway to Employment – TRACE) programme, which benefited 320 000 young people over the five years between October 1998 and December 2003. In order to reduce the number of young people per referent and increase the frequency of individual interviews, 2 000 additional advisors were hired.

Box 4.8. *The contrat d'insertion dans la vie sociale (CIVIS)*

Target group: youth aged 16-25, with no qualification or at most level *bac+2*, not validated, or who have registered as job seekers at least 12 months out of the previous 18 months.

Goal: proposal of services suited to the person based on an analysis of their integration into the job market and enrolment in an integration pathway that is both vocational (guidance, qualification, or acquisition of job experience) and social (healthcare, housing, mobility, etc.), with a view to developing or restoring the youth's autonomy and finding them a permanent job.

Reinforced support: for youth who have not reached the last year of the CAP or BEP and, since 2006, also for youth who have reached the last year of the CAP or BEP but have not obtained a diploma.

Methods: a contractual commitment formalised in writing between the youth and their referent advisor. Interviews at least monthly, and weekly during the first three months for youth in reinforced support. Within three months of signing the contract, proposal to the young person of a solution adapted to their situation (or a job, in particular a work-study contract, or job training, or enhanced assistance in the job search, or a specific support action if the young person is experiencing particular difficulties with integration).

Related rights: to receive benefits from the social security system under the same conditions as interns in job training.

CIVIS benefit: for young adults, a benefit during the periods when they do not receive any other income (maximum of EUR 900 per year and EUR 300 per month, *i.e.* EUR 5 or 10 per day).

Duration: one year, renewable normally once, but as many times as necessary until the 26th birthday for youth on a reinforced CIVIS.

After leaving the CIVIS: one year's support to avoid a career interruption.

The local youth missions and the ANPE share common goals in terms of results

Since 2006, the central government has entrusted the PES with handling the co-ordination of all the measures involved in implementing the CIVIS and to this end gives authorisation for the local youth missions based on a set of terms and conditions. In 2007, the government launched a project to modernise the financing of the local youth missions by setting up target-based local agreements with a view to improving the offer of services and enhancing the value of their activities through better vocational and social integration for young people aged 16-25.

A single agreement covers the ANPE and the local youth missions as part of an ANPE-local mission co-contract, and based on an enhanced partnership between the two networks (Bouchardeau, 2007). The co-contracting covers the implementation by the local missions of the PPAE and the monthly individual follow-up (SMP) for certain young job seekers. Overall, every year the co-contracting involves more than 100 000 youth, 33% of whom receive unemployment insurance benefits. The local missions provide the ANPE with regular information on the follow-up that they perform in order to keep the job seeker's file up-to-date. Furthermore, there is an effort to reduce the time required for the partner's intake of the youth (ten days, then as of 1 July 2007 five days). The ANPE pays a subsidy for performance of the follow-up based on a standardised cost of implementing the support, *i.e.* EUR 500 per youth, which is intended to bear part of the support cost. If the local co-contracting agreement offers too few places compared to the needs, the local agency can advise the young people to enrol directly with the local youth mission. Each local mission receives EUR 154 per month per young person who signs a CIVIS. At end February 2008, EUR 8.7 million (17% of the annual budget) had been allocated to 48 500 young people (22% of the youth eligible during the year), *i.e.* EUR 178 per young beneficiary. In January and February 2008, the share of beneficiaries among the young adults on a CIVIS was, respectively, 16% and 14%. The average payment amount was EUR 141 in January and EUR 133 in February.

There is in addition a strengthened partnership between the two networks to carry out common activities. The partnership is governed by a single overall agreement that organises, among other things:

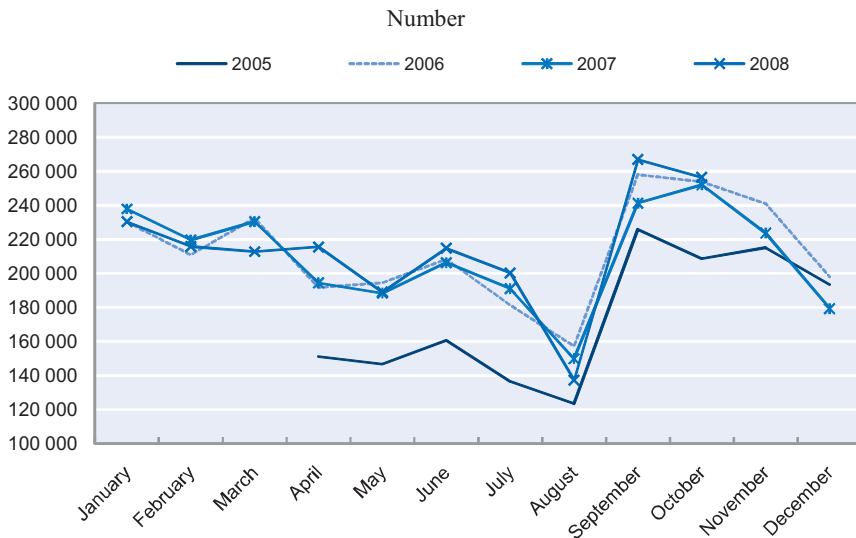
- access by the local youth missions to ANPE services;
- the seconding of ANPE agents to the local youth missions;
- joint prospecting for job offers;
- referral by the local youth missions to pre-selected ANPE job offers; and
- access for youth followed in local missions to offers of subsidised contracts recommended by the ANPE.

Activity of the local youth missions since 2005

Since April 2005, between 140 000 and 270 000 youth aged 16 to 25 were given individual interviews every month by an advisor in a local mission (Bonnevialle, 2008c). There are seasonal variations to the numbers,

with a dip in August and a peak in September (Figure 4.6). At the same time, the numbers in the CIVIS scheme have risen rapidly. The share of youth on a CIVIS among all the youth given an individual interview reached 36% in October 2008 (Figure 4.7). As young people on a CIVIS are given interviews more frequently than the others, the share of individual interviews concerning a CIVIS is higher, and reached 41% for that same month. Overall, the local youth missions are in contact with a large number of young people: 33% of those aged 16-25 were given individual interviews there in 2007 and 13% of the 16-25 age group signed a CIVIS.

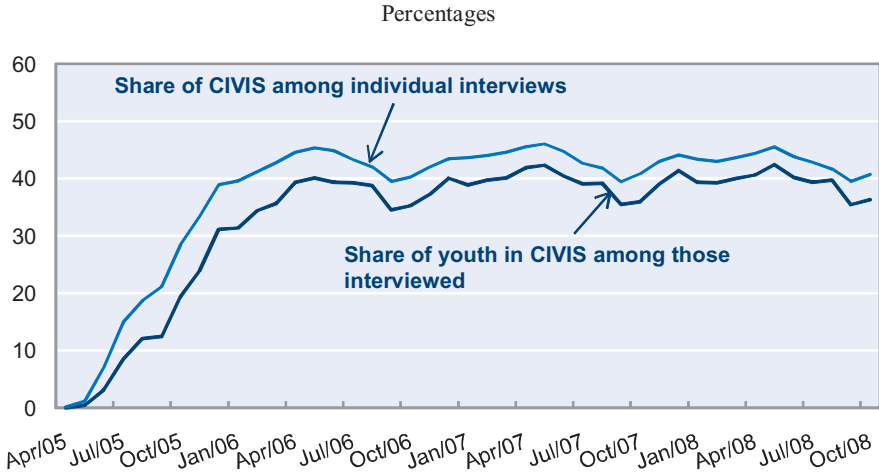
Figure 4.6. Youth interviewed in the local youth missions, France, 2005-08



Source: Estimates by the OECD Secretariat based on the DARES summary table on employment policies.

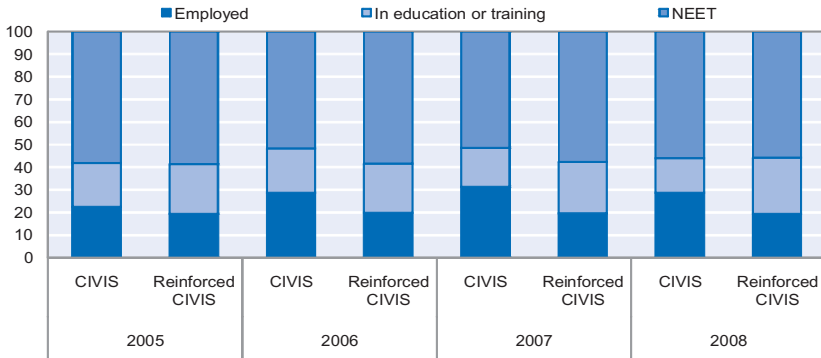
One-fourth of young people on a CIVIS work, but only one-fifth of those who are on a reinforced CIVIS, and one out of seven is in training (Figure 4.8). Close to half are neither in education nor employment or training (NEET). The high frequency of cases of unemployment or being out of the labour market for young people on a CIVIS basically reflects the particular difficulties some groups of youth have with finding employment.

Figure 4.7. Young people on a CIVIS, France, 2005-08



Source: Estimates by the OECD Secretariat based on the DARES summary table on employment policies.

Figure 4.8. Status of youth on a CIVIS or a reinforced CIVIS, France, 2005-08



Source: Estimates by the OECD Secretariat based on the DARES summary table on employment policies.

A rigorous evaluation of the CIVIS should help to determine what works for this difficult target group

According to Bonneville (2008a), the results of the CIVIS are close to those of the TRACE scheme that it replaced. Half of the youth leaving each of the two programmes obtained a job and less than 6% went into training. The job-finding rates in the two programmes move in tandem with the level of the youth entering the programmes. However, the recourse to training does not depend on the youth’s level of qualifications. A study of the first 18 months following take-up of a CIVIS for a panel of 210 000 youth

starting before 30 June 2006 showed that, 18 months after having begun a CIVIS, 24% had achieved the goal of finding lasting employment (CDD of more than six months or CDI, excluding subsidised contacts in the non-market sector) upon leaving the programme. The figure for young people on a reinforced CIVIS, who have the lowest qualifications, was only 20% (Bonnevalle, 2008c). A more detailed assessment showed encouraging results for an additional group representing 28% of the youth in the panel. While their progress did not lead to a steady job after 18 months, they did regain contact with the labour market, as all of them found employment at least once (traditional job, subsidised job or work-study) during the CIVIS. Furthermore, 41% of them were in non-permanent jobs when leaving their CIVIS, which should eventually help them to integrate into the world of work. On the other hand, labour-market entry was still difficult for 47% of the youth on the panel, despite the strong recourse to training (excluding work-study) during the 18-month support period. Minors and youth on a reinforced CIVIS are relatively more numerous in the supported streams.

Young people do indeed cumulate difficulties. In 2007, the 452 000 youth registered for the first time in the network (56% of them males) were, as in 2006, poorly qualified overall: about 44%, *i.e.* a little less than 200 000, had not obtained a CAP-BEP or had left general education before the final year, and 17% of them were minors (14% of the young women, 20% of the young men) (Bonnevalle, 2008c). What is particularly worrisome is that on average initial contact was later for youth with few or no diplomas. While half the time the first intake in a local mission occurred the year after leaving school, 27% of youth obtaining a CAP-BEP or a lower-level diploma only made contact more than three years after having left school, whereas this was the case for only 14% of youth who had attained at least a *baccalauréat*.

The *Conseil national des missions locales* (national body for local employment advisers) created in 1990 under the Prime Minister is responsible for producing an assessment of the network's activity every year. This assessment is published in collaboration with the DARES. Despite the long-standing existence of the network of local youth missions, up to now there was no practical evaluation of its effectiveness in getting low-skilled youth back into work. In September 2008, the DARES launched a call for tenders for research projects to evaluate the impact of the CIVIS support efforts on the return to work by using the very rich data generated while monitoring youth in the CIVIS programme.⁶⁸ The transition from TRACE to CIVIS could

68. All the everyday services performed on behalf of the million youth affected every year are entered into the national computer system (Parcours 3). This state-funded

constitute a “natural experience” insofar as the support parameters were modified exogenously and are thus able to provide an unbiased framework for identification of the impact of the support effort. The results of this evaluation could be compared with those for the New Deal for Young People introduced in 1998 in the United Kingdom (OECD, 2008d). This programme has just been reformed in order to provide an immediate, more personalised service to the youth most isolated from the labour market.

C. Action on behalf of youth by other PES institutions and other public and private actors

The APEC and the AFPA are also involved in helping youth

The *Association pour l'emploi des cadres* (Employment Service for Executives – APEC), which also co-contracts with the ANPE, offers personalised services for young graduates (starting from level *bac+4*). The APEC's 46 centres each provides a range of information and documentary tools to help these youth better understand the job market and recruitment process. Young graduates can also take advantage of personalised counselling, either in an individual interview or a workshop. Youth under age 25 account for an average of 10% of those using the APEC.

As part of its contribution to the PES, the *Association nationale pour la formation professionnelle des adultes* (National Association for the Vocational Training of Adults – AFPA) mainly offers young people sent to it by the ANPE or the local youth missions pre-qualification training and support measures in preparation for entering a work-study contract. The financing of the AFPA was transferred to the regions as of 1 January 2009.

New private actors are helping youth from disadvantaged urban neighbourhoods as part of the Espoir banlieues programme

About 200 000 youth under age 26 are without jobs and live in a disadvantaged urban neighbourhood (ZUS). The *Espoir banlieues* programme launched in February 2008 for the 2008-10 period has three measures in its employment repertoire on behalf of those living in neighbourhoods that are urban policy priorities:

- a) the *contrat d'autonomie* (autonomy contract), which is based on strengthened mutual obligations between the state and young job seekers from a ZUS who are not being monitored by a PES, offers a comprehensive, intensive service for 12 months (Box 4.9). The services

computer system is used to monitor all the activity of the local missions, in particular the CIVIS, and is currently interfaced with the *Pôle emploi* system.

are provided by private operators dedicated to the neighbourhoods, who are chosen by tender for a three-year period. The operators commit to numerical targets and are paid on results. The operator receives 25% of the remuneration owed by the State at the start, then 40% if the youth obtains a CDD of more than six months or a CDI, and the rest if the job lasts;

- b) support for company start-ups, with a reformed financial assistance scheme (in the form of zero-interest loans) for business creators (20 000 projects by 2010);
- c) and the signing by major corporations of a national commitment to employ youth from the ZUS in terms of hiring, internships and job-training contracts.

Box 4.9. *The contrat d'autonomie for youth from disadvantaged neighbourhoods*

The first *contrat d'autonomie* was signed on 10 July 2008 in Mantes-la-Jolie. There are plans to sign 45 000 contracts by 2011 (4 500 contracts for end 2008, 15 000 for 2009, 15 000 for 2010 and the rest in 2011). At end 2008, 3 500 *contrats d'autonomie* had been signed by youth under age 26.

This scheme consists of trialling a short, intensive autonomy project contracted between the young person and a private placement operator that is agreed as part of a public tender in areas covered by a *contrat urbain de cohésion sociale* (urban social cohesion contract – CUCS) in 35 test *départements*.

Service: personalised support is arranged for a maximum period of 18 months for each young beneficiary for the job search, a company start-up or access to training (for a maximum period of six months, renewable for up to six months with special permission), combined with intensive prospecting for possibilities in these fields.

Financial benefits: the service provider pays EUR 300 per month (during at most six months) to beneficiaries who fulfil the terms of the contract, and can draw on other material assistance (travel assistance, short-term training, etc.).

Purpose: placement in a steady job that is at least half-time, help with a company start-up or access to qualification-based training (only for youth without qualifications), with six months of support.

Implementation: in order to involve youth not monitored by the ANPE or local youth missions, the service provider must set up operations in the neighbourhood in question and seek out part of its target group (in addition to youth sent by the PES).

Average cost of a beneficiary: EUR 6 000.

Management, co-ordination and monitoring of the programme: budgetary and financial management of the programme is centralised at the DGEFP. The *préfet* and the *département* steering committee (composed in particular of the service provider, representatives of the local youth missions and the ANPE and the *département préfecture*, etc.) determine the neighbourhoods where the service is to operate, ensure the co-ordination of the operator's work and the activities conducted by the members of the steering committee and monitor programme performance. Decentralised government services in the *départements* monitor performance of the agreement, issue the purchase orders and verify service performance.

A semi-residential scheme was set up in mid-2005 for the youth most disconnected from employment

In August 2005, a semi-residential scheme⁶⁹ was set up to help youth in difficulty with their social and vocational integration (called the second-chance Defence scheme). A public service establishment with EPA status, the EPIDE, which is subject to the dual supervision of the Ministry of Defence and the Ministry of Employment, is responsible for its organisation and management. Since Spring 2008, the Ministry for Urban Affairs has also helped to supervise the EPIDE. Youth taking part in this programme sign a *contrat de volontaire pour l'insertion* (voluntary integration contract – CVI) (Box 4.10). Most of the support activities and training take part in EPIDE boarding centres, half of which are former barracks.

The youth are steered into this scheme first of all by the ANPE or the local youth missions, as well as by army agencies that identify potential candidates during the Day for Defence Preparedness (JAPD). It was observed that the academic difficulties of the young volunteers had begun very early, often before middle school, where very frequently they were steered into vocational streams or classes that took in pupils with too many difficulties to proceed otherwise. On average they leave school at age 16.5. Overall, 70% of the volunteers did not have any diploma. Their educational attainment was very low: 40% of the volunteers need remedial lessons in school fundamentals, 35% are preparing the CFG general education certificate,⁷⁰ and 15% have a level CAP or BEP. The success rate on the CFG is generally very high.

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69. The centres are closed on weekends and for a large part of the school holidays. The volunteers, who must return to their families every weekend at their own expense, are not really cut off from their environment.
70. The CFG validates learning in the field of general knowledge, in particular for general and vocational education pupils who are low achievers in lower secondary education.

Box 4.10. The EPIDE *contrat de volontariat pour l'insertion* (CVI)

Target group: youth aged 18-22, medically fit, who usually reside in mainland France and face particular difficulties with social and vocational integration.

Goal: to provide civic and behavioural education as well as general and vocational education in centres operating on a live-in basis with close supervision and the wearing of a uniform.

Supervision: there are four teaching and supervisory personnel for every ten interns posted in each centre, which on average take in 120 youth.

Content of the training: during the first six months, remedial reading, writing and arithmetic, with the acquisition of the CFG general education certificate, and various curricula (highway code and road safety, first aid). The training then turns towards the acquisition of a qualification, with an internship in a company or government service. Some youth are given an opportunity to spend a second year in training, during which they prepare a level CAP-BEP diploma.

Duration: initial six-month period, which in the great majority of cases is extended to 12 months. The total duration cannot exceed 24 months.

Type of contract: contract under public law (which is not a job contract) with a two-month probation period, taking effect on the date the volunteer is assigned. There is a cooling-off period of seven full days after signing.

Financial incentives for the youth: monthly allowance of EUR 140. A bonus is paid with the last benefit received, the amount of which is calculated based on the number of months actually fulfilled (EUR 160 per month, multiplied by the number of months on the CVI) (excluding the probation period). The benefit and bonus are capped at EUR 300 per month.

Social protection: health, maternity and disability coverage under the general social security scheme. In case of an illness or accident occurring during the contract, the youth is covered by regulations on occupational accidents and illnesses. There is no coverage with respect to unemployment insurance or pension schemes.

The EPIDE centre in Bordeaux has been open since 17 April 2007 in the city centre and has taken in 200 youth, 36% of whom found a job. Twelve candidates took the CFG exam in 2007, with a 100% success rate. Some 50 project validation internships were performed in the Bordeaux metropolitan area.

Based on initial assessments, the EPIDE scheme, which is very expensive, involves youth in serious difficulty

The initial goals of the scheme were very ambitious: 10 000 volunteers had enrolled in the scheme by end 2006 and 20 000 by end 2007. The scheme was inspired by the success of the customised military service (SMA) established in 1961 in France's Overseas *Départements* and is part of the Defence Department's tradition of integrating youth, now in the vacuum left by the disappearance of compulsory military service in the late 1990s. This scheme, which was initially supported by the entire political

class, has proven very expensive in practice (Branget and Meyer, 2007; Trucy, 2008). A budget of EUR 93 million was approved in 2008 for the EPIDE, including EUR 50 million under the Ministry of Employment, EUR 26 million under the Ministry of Urban Affairs, EUR 3 million from the Ministry of the Interior, EUR 5 million (to restructure management), EUR 6 million from the ESF, and EUR 3 million from apprenticeship taxes.

At end 2008, there were 22 sites with 2 007 volunteers (*i.e.* a little more than 3 000 young participants since the scheme's creation). According to an assessment of the EPIDE presented in a Senate report, one young volunteer out of every five is excluded or resigns after one month, and among the graduates who have stayed for 12 months, 34% return to work, but only 13% on a CDI (Trucy, 2008).

In a recent opinion, the CES proposed the consolidation of this scheme on a permanent basis, estimating the average annual cost at EUR 45 000 per youth (CES, 2009).⁷¹ It affirmed the social utility and economic value of the scheme, which is aimed at the youth in greatest difficulty, and recommended that the youth actually enrolled should correspond well with the defined target group, *i.e.* youth experiencing special difficulty with social, behavioural and vocational integration. The activity and performance of the centres operating in the EPIDE will be evaluated in 2010 in order to estimate the scheme's capacity to deal with the target group and handle their vocational integration. It would be interesting to compare the results of this evaluation with those for the Job Corps programme in the United States (see Box 4.6 in OECD 2008d). This programme is also expensive,⁷² but was evaluated as efficient for youth aged 20-24, but much less so for those under age 20 (Schochet *et al.*, 2008).

The EPIDE has been called on to reposition its scheme near employment catchment areas and neighbourhoods that are urban policy priorities. To be effective, the centres need to be located near companies that could hire the volunteers and provide them job-training. Regional and local authorities have occasionally requested and obtained the establishment of

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71. The average annual cost of a youth on a CIVIS (including active measures) was estimated at 2 300 EUR, the cost in a second-chance school at 10 000 EUR, and the cost on a *contrat d'autonomie* at EUR 8 000 (CES, 2009). The average annual placement of a young adult under court supervision with the Ministry of Justice runs to EUR 41 000.
72. The average annual cost per young participant in the Job Corps came to USD 22 000 (about EUR 16 000), including all active measures (about one-third the cost of the EPIDE): 85% of the centres are live-in, and lodging accounts for 13% of the total costs.

centres in isolated areas that do not meet these criteria. Incorporating this scheme into employment policies is also important, as it is complementary with other PES programmes for youth: 63% of the volunteers have registered with the ANPE and 75% in local youth missions. The great majority of them have already been on a CIVIS contract.

The public sector qualification-based training contract for youth without qualifications has not taken off

A special contract was created in early 2006 in the civil service for youth aged 16 to 25 without qualifications who are citizens of a European Union country or in the process of being naturalised. This was the *Parcours d'accès aux carrières territoriales, hospitalières et de l'État* (Pathway to Civil Service and Hospital Careers – PACTE), which is a public law contract for one to two years that alternates training periods and work periods in a public service (Box 4.11). The numbers in this programme have risen very slowly, with 254 entries in 2006, 570 in 2007 and 566 in 2008 (provisional data).

In 2006, recruitment into the PACTE programme represented about 4% of all hiring in the civil service. According to the OECD (2008j), even if one accepts the hypothesis that this hiring exclusively concerned the children of immigrants, this programme is too limited to offset the under-representation of young people from immigrant backgrounds in the public sector, particularly in light of the ongoing reduction of the civil service ranks, which will intensify in the future.

Box 4.11. The PACTE for youth without a qualification or diploma

The PACTE is a non-exam-based method of civil service recruitment for jobs that do not require a qualification (skilled workers, technicians, administrative clerks, care givers, etc.).

Target group: youth aged 16 to 25 who have left education without a diploma and without a recognised vocational qualification and youth with a diploma below the *baccalauréat* level. The candidate must be a citizen of France or one of the European Union member states.

Selection: the candidates must present their candidacy together with a description of their previous training and, when applicable, their experience to the local ANPE agency in charge of their home area. The ANPE can confide responsibility for accepting the candidacies to a body in charge of job placement and integration, in particular the local youth missions. The youths' applications are then sent to a selection commission. This commission interviews the candidates. The candidates selected are sent to the administrative authority doing the hiring, which takes any final hiring decision.

Box 4.11. The PACTE: for youth without a qualification or diploma (cont'd)

Type of contract: job-training contract for one to two years, during which the youth recruited undergoes training. The trial period is two months. During that period, the contract can be terminated, with neither notice nor indemnity, by the employer or the youth. After the trial period, termination is still possible under the PACTE for professional misconduct or incompetence. The procedure followed is the same as for terminating a non-established civil servant. By agreeing to a PACTE, the youth undertakes to perform the tasks entrusted to him or her and to undergo the appropriate training.

Training: work-study with a view to acquiring a qualification or where appropriate a vocational certificate or diploma listed on the French national registry of professional qualifications (RNCP). To this end, an agreement can be arranged with a training agency to handle the work-study. This agreement sets out the goals, programme and methods of organisation, evaluation and approval of the training; it must be appended to the contract within two months following signing. The time spent on training represents at least 20% of the total contract duration, and is treated as work.

Tutor: an officer of the local government or public establishment has responsibility for welcoming the youth, guiding them and monitoring their activity in the service and during their training. Tutors must have undergone training themselves. Nevertheless, officers who can demonstrate previous experience with supervision under the PACTE or other similar schemes involving this type of support (for example, apprenticeships) can be exempted from this training by their department. Two months after signing the contract, the employer together with the youth hired under the PACTE review the suitability of the training programme. The tutor and the trainer can also be involved in this analysis. If it is unsuitable, the employer and the youth can sign a contract amendment, without prejudice to the training agreements already signed, modifying the training programme within the limits of the contract duration.

Remuneration: if the youth is under age 21, remuneration is equal to at least 55% of the minimum civil service salary (if the youth is 21 or over, 70%).

Situation of the youth upon completion of the PACTE: after obtaining as applicable the certificate or diploma required for entry into the service offering the position, the youth's job aptitude is examined by a certification commission presided by the head of the service in which the youth has performed the contract. If the youth is considered suitable, he or she is established in the job for which they were recruited: this confirmation is subject to a commitment to serve at least twice the duration of the initial contract, including, when appropriate, any renewal periods. If the youth fails the evaluation examination, or if he or she has not obtained the required qualification (or the certificate or diploma specified in the contract) or if the training agency closes, the PACTE can be renewed up to a maximum of one year. If ultimately the commission believes that the youth does not have the required skills, the contract comes to an end. He or she can enrol as a job seeker and, if they meet the conditions, claim unemployment benefits.

4. Activation strategy: employment measures for youth

A. Brief history

Youth – a target of French employment policy for three decades

Young people have been a target group of French employment policy for 30 years. As noted by the Economic and Social Council (CES, 2008b), since the establishment of the *Pacte pour l'emploi des jeunes* (Youth Employment Pact – PEJ) in 1997, young people have benefited from more than 80 different employment policy measures in a little more than 30 years. The CES highlighted the importance of co-ordinating actions between the social partners, the central government and the regions. Even while some continuity between measures does exist, the successive schemes sometimes last only a very short time and are not necessarily well linked in terms of the target group. This renders administrative management of the employment policies very complex, making them difficult for young people and companies to understand.⁷³ By combining reductions in both labour costs and training costs, these schemes, which are often targeted at the less-skilled youth, are intended to facilitate their access to the job market by combating the selectivity found there. At the end of the 1990s, the public authorities also adjusted their interventions so as to directly influence labour demand by the establishment of the *Nouveaux emplois – Nouveaux services* (Jobs for Youth) programme (Box 4.12), which ended in 2002. This very expensive scheme helped young graduates above all, and not the youth in greatest difficulty (OECD, 2005).

Box 4.12. The *Emplois Jeunes* scheme: an assessment nine years after launch

Promoting the development of job-creating activities for young people and meeting emerging or unsatisfied needs – this was the goal of the Youth Jobs scheme launched in October 1997. This programme proposed a job contract with a five-year term focused on those under age 26 and on the public and non-profit sectors.

The programme was suspended in August 2002, but assistance for existing jobs was maintained until the end of the initial agreements. From 1999 to end 2005, 310 000 youth jobs were created and 470 000 youth were hired. Nine years after the programme's launch, what was the situation of those who had held a youth job? To answer this question, between 2002 and 2005 the DARES monitored a panel of 3 200 youth who had entered a youth job in the second quarter of 1999 that was financed by the Ministry of Employment and remained at least two years in the job (Casaux, 2006).

73. The CES noted that company heads, particularly in SMEs, are unfamiliar with all the youth job-entry schemes and are confronted with a large number of integration organisations in their employment catchment area. It is thus difficult for them to know where to turn, and their time is limited.

Box 4.12. The *Emplois Jeunes* scheme: an assessment nine years after launch
(cont'd)

- 75% of the youth had a job immediately after leaving the scheme. Of these, 61% remained with their employer on a civil law contract or in an internship, and 23% were kept in their youth-job position thanks to additional three-year aid that was intended to make it permanent, and the others had found a job with another employer;
- Entering the job market took place quickly when the youth chose to terminate the contract before the five-year term for State assistance, and about two-thirds of them had already found jobs when they terminated their contracts. Finding a job was, however, more difficult when the contract reached its end and the youth was not able to remain with the employer; and
- During the youth job, six youth out of ten prepared a diploma or a competitive exam for the civil service, and four out of ten succeeded. Whilst success on the exam was an indicator of rapid, lasting entry into the world of work, obtaining a diploma or a certificate had little impact on the youth's activity status at 18 months.

Towards a single integration contract in 2009

The Social Cohesion Plan approved for the 2005-09 period made major changes to contracts benefiting from State aid by reorganising the system for recruitment assistance around two criteria: the degree of exclusion of the unemployed person, and the characteristics of the employer. Alongside the two contracts intended for those on minimum social benefits, as presented in Box 4.1 (CAV and CI-RMA), the two subsidised contracts aimed at job seekers are the *contrat initiative emploi* (employment initiative contract – CIE) in the market sector and the *contrat d'accompagnement dans l'emploi* (employment assistance contract – CAE) in the public sector (Box 4.13). With respect to youth, the Social Cohesion Plan has emphasised personal support by the PES (see above regarding the CIVIS), work-study programmes (see Chapter 2) and entry into a market-sector job. The contract reserved for young job seekers in the market sectors, the *contrat jeune en entreprise* (youth-in-business contract – CJE) was, however, eliminated in 2008 and merged with the CIE. The CJE suffered from deadweight effects for employers and did not sufficiently benefit its target group, *i.e.* youth with a low level of qualifications (see Section C in this chapter). The CIE target groups are characterised by being settled regionally, thus making it possible to closely identify the target groups with respect to territorial needs.

Box 4.13. Subsidised contracts for job seekers under the Social Cohesion Plan

Contrat initiative emploi (CIE) in the market sector: CDD or CDI of a maximum 24 months (renewable twice within this limit), part-time (at least 20 hours) or full-time. Remuneration: at least the sector-agreed minimum or the SMIC. **Advantages for the employer:** lump-sum State assistance: at least 47% of the SMIC, paid monthly in advance.

Contrat d'accompagnement dans l'emploi (CAE) in the public sector: CDD of at least six months, renewable twice up to a 24-month limit; trial period possible; no indemnity at end of contract; part-time (at least 20 hours) or full-time. Remuneration: at least the sector-agreed minimum or the SMIC. **Advantages for the employer:** lump-sum State assistance; at least 95% of the SMIC, paid monthly in advance. Exemption on employer charges and payroll taxes.

Contrat Jeunes en entreprise (CJE) in the market sector: for three years the State pays a monthly bonus to market-sector companies hiring a low-skilled youth aged 16-25 on a CDI, full-time or part-time (minimum half-time), paid at least the sector-agreed minimum or the SMIC. This bonus is cumulable with general reductions on charges on low wages. For the employer, a trial period is possible, and training the youth is not required. **Advantages for the employer:** between April 2005 and June 2006, the monthly amount of the subsidy was modulated based on the qualifications level of the youth hired (EUR 300 for youth with an education less than the last year of the CAP/BEP and EUR 150 for others) and was cut by half in year three. As of Spring 2006, the monthly assistance rose to EUR 400 for everyone, except for those on a *contrat de professionnalisation*, for whom aid was set at EUR 200, and the duration of payment was reduced to one year at full-time and one year for half-time.

With the introduction of the RSA in mid-2009, the plan is to restructure the system of subsidised contracts around a single scheme, a unified integration contract that will target everyone experiencing social and professional difficulty finding a job, with no other conditions. This contract is to be the fruit of negotiations with the local actors in the *départements*, which are responsible for implementing the RSA, in particular the *conseils généraux*. Starting in mid-2009, this will take the form of the CAE in the public sector and the CIE in the market sector.⁷⁴ It will express an agreement between the employer, the beneficiary and the new entity *Pôle emploi*. Support should be strengthened for those whose subsidised contract is close to expiration. Currently, only one person out of five benefits from an interview at the time the subsidised contract ends. A certification of job experience will be given to any employee on a subsidised contract upon his or her request or at the latest one month before the contract ends. A lesson drawn from the experience of what

74. The CAV and the CI-RMA for those on minimum social benefits will be eliminated.

works in the different OECD countries is that it is essential that the *contrat unique d'insertion* be based on the principle of mutual obligations (OECD, 2006).

Youth and the anti-crisis measures taken by the social partners summit

During the summit of the social partners on 18 February 2009, the French President announced a battery of provisional measures intended to come to the aid of “victims of the crisis”. Job seekers, including youth, now benefit from a lump-sum bonus of EUR 500, among other things. For the next 12 months, the State has undertaken to make a one-off bonus payment of EUR 500 to employees who become job seekers from 1 April if they have worked only two to four months out of the previous 28 months, and thus not enough to benefit from unemployment insurance.

A *Haut Commissaire à la jeunesse* (High Commissioner for Youth) was also appointed in January 2009. The Commissioner established a co-ordination commission to promote youth autonomy, which will rapidly propose specific measures, with the following points for action:

- develop training targeted at young people without a qualification by drawing on the *Fonds de sécurisation des parcours professionnels* (Fund to Promote Secure Careers) set up by the ANI for vocational training as of 7 January 2009;
- expand work-study programmes, in particular the *contrat de professionnalisation*;
- ask *Pôle emploi* to strengthen its follow-up of youth and to provide them with a specific range of services, including renewed help with job searches;
- ask companies receiving credits from the recovery plan to train and hire young people.

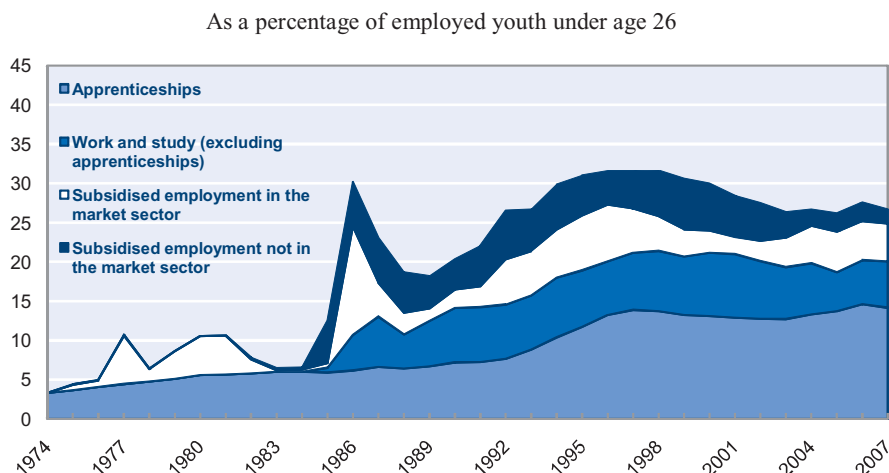
B. Scale of employment measures for youth

More than one-fourth of youth jobs were subsidised in 2007

Employment policy constitutes a structural component of the process of labour-market entry for French youth. The share of youth under age 26 in subsidised jobs reached a level of 27% of all youth in jobs in 2007 (24% for those with no qualifications), with a peak of more than 30% in the late 1990s at the time of the *Emplois-jeunes* scheme (Figure 4.9). In 2007, subsidised jobs mainly took the form of work-study contracts (*contrat d'apprentissage* and *contrat de professionnalisation* – 75% of subsidised

jobs), subsidised jobs in the market sector (18%) and subsidised jobs in the public sector (7%). The share of work-study rose again at end 2008 to reach 83% of subsidised jobs, but overall the number of subsidised jobs for youth under age 26 fell by 8% between October 2007 and October 2008.

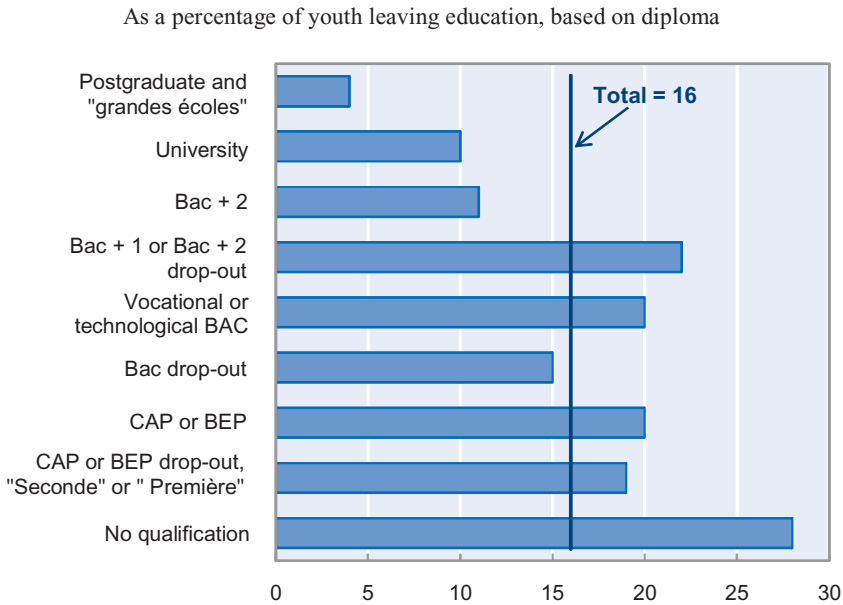
Figure 4.9. **Share of subsidised jobs, youth under age 26, France, 1974-2007**



Source: Estimates of the OECD Secretariat based on *Bilan Formation Emploi*.

Despite this abundance of job measures aimed at youth, young people without a qualification represent a small share of subsidised jobs, on the order of one out of six in mid-2008. Nevertheless, if the position of these youth is viewed from a longitudinal viewpoint, the situation is different. According to the results of the 2001 *Génération* survey, the share of non-qualified youth who benefited at least once from a subsidised contract during the three years following the end of initial education came to 28%, while it was 10% or less for those who attained at least level *bac*+2 (Figure 4.10). Furthermore, Gasquet and Roux (2006) noted that during the first seven years of their working lives, 41% of the youth surveyed in 2005 who left school in 1998 without a diploma had held a subsidised job, whereas this was true of only 20% of those with a level *bac*+2. This analysis also showed that only a small group (18% of those without a diploma) had made use of more than one measure. Youth who had tried out work-study programmes had achieved stable career paths more than others. In contrast, subsidised contracts in the public sector were more often part of unstable career paths, with alternating periods of unemployment and short-term jobs, or even became disconnected from the labour market altogether.

Figure 4.10. **Youth subsidised jobs during the three years after leaving education^a, by educational level, France, 2001-04**



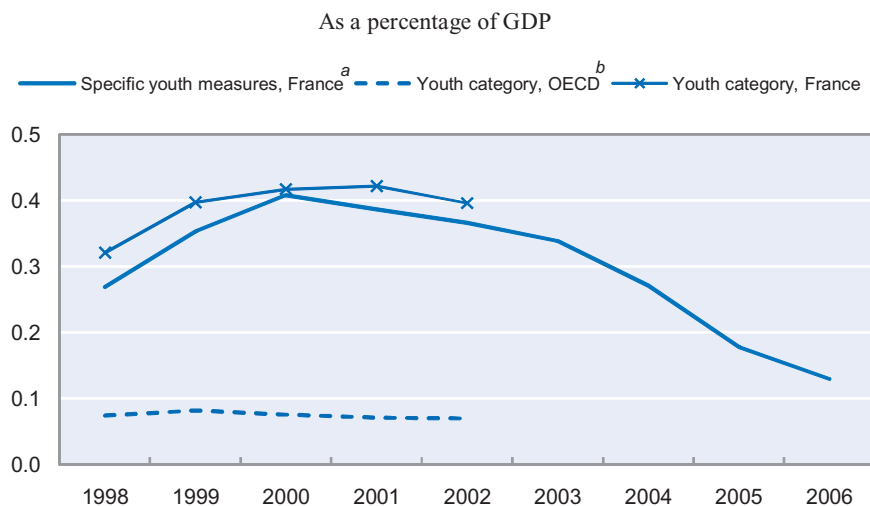
a) Incidence of youth in the 2001 cohort who benefited at least once from a subsidised contract during the first three years of their working lives.

Source: Estimates of the OECD Secretariat based on the *Bilan Formation Emploi*.

In 2008, French youth accounted for about half of those on an active measure, twice the European average

Until 2002, the OECD presented a specific category of measures on behalf of youth in its international database on public expenditure on the labour market. In 2002, France was one of the OECD countries with the highest expenditure on active labour-market policies specifically aimed at youth, who also had access to most other programmes. In 2002, expenditure in France came to 0.4% of GDP, *i.e.* quadruple the OECD average (Figure 4.11). From 2002 onwards, the Eurostat/OECD database on employment measures no longer presented the Youth category. The OECD Secretariat has made an estimate of specific youth measures in France that is very similar to the international category used from 1998 to 2002. This estimate indicates that after 2002, when the *Emplois-jeunes* scheme was eliminated amidst a very favourable economic situation, public expenditure on youth measures fell to about 0.1% of GDP.

Figure 4.11. Public expenditure on youth measures, France and OECD, 1998-2006

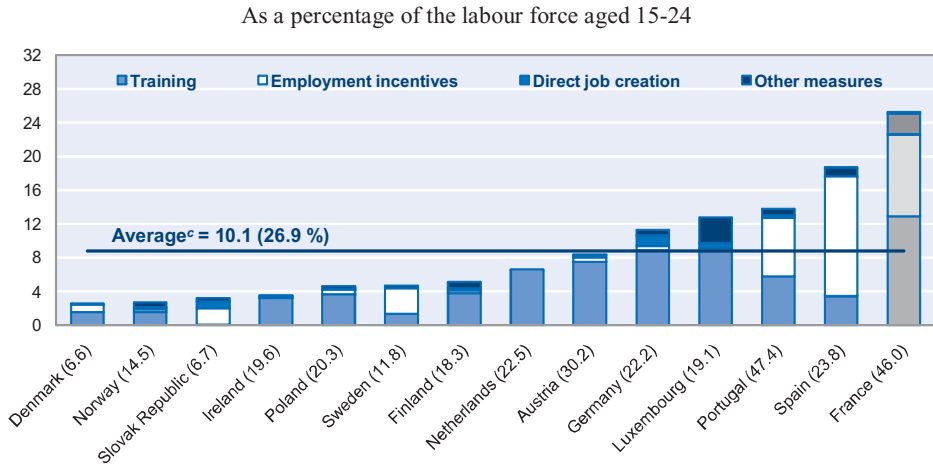


a) The specific youth measures include: in category 1 (PES), the local missions and PAIO, TRACE and CIVIS; in category 2 (job training), exemptions and bonuses for hiring apprentices, young job seekers internships (State + regions); in category 4 (employment incentives): the *contrat d'orientation, de qualification, Jeune en entreprise*; in category 6 (direct job creation), the *emplois-jeunes* and the *contrat emploi de ville*.

b) The OECD category of “youth measures” includes specific measures for unemployed youth and subsidies for apprenticeships and other types of general youth training.

Source: Eurostat/OECD Database on Labour-market Policies.

The OECD/Eurostat database does ask countries whether participants in employment measures are under age 25, but only a little more than half of the countries have responded. On average, for the 14 countries that filled in the age of participants, in 2006, 10% of the workforce aged 15-24 took part in an active measure, which represented 27% of all participants (Figure 4.12). France is the country with the highest share of youth (46% of all participants), with one-quarter of 15-24-year-olds in the workforce participating in an active measure. Vocational training, in the main work-study programmes, was the most common measure, followed by job incentives in the market sector.

Figure 4.12. Participants in active measures^a, youth aged 15-24, Europe, 2006^b

- a) These data on participants cover between 80 and less than 100% of expenditure on category 2 to 7 active measures using the Eurostat/OECD nomenclature.
- b) 2004 for Denmark; 2003 for Spain; 2005 for Italy and the Netherlands.
- c) Unweighted average of the countries shown. The figures in parentheses indicate the share of those under age 25 out of the total number of participants.

Source: Eurostat/OECD Database on Labour-market Policies.

C. Evaluation of different youth employment schemes

This chronic instability in employment measures has posed an obstacle to assessing youth employment in France. Replacing one scheme by another even before it has been assessed has made it difficult to develop the perspective needed. On the other hand, France has a series of data that can be used to manage these schemes. For instance, every month the DARES issues an assessment of subsidised contracts. These are descriptive results that analyse new contracts based on the characteristics of the beneficiaries and the employers. There are also surveys on the outcome of participants who have left the schemes. Since the mid-1990s, the DARES has also set up a panel of beneficiaries and conducted two survey waves among people who took part in employment policy measures in the late 1990s (Charpail *et al.*, 2005). By simultaneously questioning a control group, it was possible to compare the outcome of beneficiaries of subsidised contracts with the situations of people of similar characteristics who did not take part in a scheme, by estimating what the situation of beneficiaries would have been in the absence of the measure, as well as the net impact of subsidised contracts

on entry into employment. Researchers have also carried out more experimental evaluations of the impact of measures on beneficiaries by making use of conventional techniques for the correction of selection bias.

The evaluation of work-study contracts is positive for youth employment

With respect to youth, the most striking result of the different assessments and evaluations is that apprenticeship contracts and the former qualification-oriented contracts (which became the *contrats de professionnalisation*) have proven their effectiveness: the beneficiaries found work more quickly than young non-beneficiary job seekers, and the job found was more often stable and not State-subsidised (Belleville *et al.*, 2002).⁷⁵ Having an actual job in a company provides genuine added value for subsequent integration. Two mechanisms are involved: first, the effectiveness of the scheme can influence the acquisition of specific practical experience, which is valued by employers, in particular in occupations that are rich in informal know-how (*e.g.* construction). Second, being in a company promotes the acquisition of social capital, that is, the opportunity to use a network of contacts that will help to obtain a greater number of job offers. Young beneficiaries of work-study contracts consider that the experience accumulated is more useful than the training itself.

The evaluations of subsidised contracts also showed that workers who had a market-sector contract fared better when entering the labour market than those who had a public-sector contract. An experimental study conducted using individual longitudinal data from the INSEE's study *Suivi des chômeurs* (Monitoring the Unemployed) between 1986 and 1988 had already shown the greater effectiveness of schemes that combined work and training in the market sector (Brodaty *et al.*, 2001). A survey conducted in 2006 of those finishing one of the subsidised contracts under the Social Cohesion Plan six months after they left indicates that 47% of those on a CIE (market sector) found a stable job, but only 26% of those on a CAE (public sector) (Biau *et al.*, 2008) (Table 4.1). The percentage of youth receiving minimum social benefits who found a stable job was much lower in both the market sector and the public sector (about 15-16%).

75. The DARES is currently examining a survey conducted in 2007 of employers who used subsidised contracts, which covers work-study. This will help to develop an analysis of the characteristics of employers who use this type of contract, their opinions of the schemes, and the ways that they set up support.

Table 4.1. **Integration rate at six months for youth under age 26 on a subsidised contract, France, 2006**

Percentages

	Entry rate into sustainable employment ^a	Trainee, return to education	Unemployment	Inactivity
Job seekers				
Market sector (CIE)	63.7	4.4	28.7	3.2
Non-market sector (CAE)	45.1	13.1	37.1	4.8
Beneficiaries of minimum social benefits (excluding RMI)				
Market sector (CI-RMA)	26.6	14.6	46.8	12.1
Non-market sector (CAV)	30.6	7.0	52.2	10.2

a) Stable job, that is, a job contract for more than six months, including work-study contracts, and excluding subsidised contracts in the public sector.

Source: Adapted from Biau *et al.* (2008), “Le devenir des salariés sortis de contrat aidé du Plan de cohésion sociale en 2006, six mois après la fin de l’aide de l’État”, *Premières Synthèses*, No. 35.1, DARES, Paris.

Fougère (2007) also concluded that what works best in France in terms of subsidised employment for the least-skilled youth are subsidised jobs and work-study contracts in the market sector. These are often a stepping stone towards a stable job, but one condition for their success is that they last long enough to permit the accumulation of experience. These conclusions are in line with the international literature (Gautié, 1999; for more recent articles, see Box 4.1 in OECD, 2008d).

It is difficult to avoid deadweight effects in subsidised market-sector contracts

Nevertheless, deadweight effects are not rare for subsidised jobs in the market sector. Martin and Grubb (2001) emphasised that subsidies for employment in private companies must be short-term and targeted at the groups in greatest difficulty, and their implementation must be subject to close, ongoing controls. In practice, the specific mechanisms used to aid the market-sector employer matter a great deal.

The same was true of the youth-in-business contract (CJE), which enjoyed great success among employers. At end 2007 when the scheme was terminated, 136 700 youth held a job benefiting from aid to the employer under the CJE. Between 2002 and 2007, only 20% of new hires were youth without a qualification. The Cour des Comptes rapidly determined that the implementation of the CJE had been accompanied by significant deadweight

effects,⁷⁶ particularly since a number of conditions for granting the CJE were not verified by the payer organisations. This was confirmed by a survey of the CJE conducted by the DARES (Casaux, 2007), which showed that, before signing a CJE, one-third of the youth already held a job or were on an internship with the same employer. This study also showed that many youth had left the scheme before the end of the three-year-period during which State aid was paid to the employer. Seven times out of ten, exits from the CJE during the first months after hiring followed a resignation. In only half of the cases was the resignation due to the immediate prospects of being hired in another job. The other youth chose to take the risk of becoming unemployed or of a short-term fixed-term job. The risk of resignation increased considerably in situations where there was a lack of professional recognition or a post that was low-skilled or that failed to correspond to the youth's career plans. The CJE's evaluations were taken into account in the 2008 budget bill, which decided to eliminate this scheme as of 1 January 2008.

A trial is currently underway to evaluate schemes to support young graduates

A service that is explicitly targeted at young graduates is currently the subject of an experimental protocol that uses random assignments in order to permit a precise evaluation of the results. This is a service to support young graduates who have at least a level *bac*+2 diploma, are under age 30, and have experienced a period of persistent unemployment. Starting in September 2007, the service was entrusted by the Ministry of Employment to private placement operators, who are paid based on results. It has been rolled out in ten regions. The DARES is responsible for monitoring and evaluating the trial, and has been given the support of a team of researchers who specialise in the evaluation of public policy (CREST/École d'économie de Paris). The evaluation makes use of the information available in the job seekers' files. These are provided by the ANPE to the DARES to make the assignment as well as for the follow-up performed by the job placement operators and for an outcomes survey that is being conducted in four waves among 35 000 individuals who did or did not take part in the service. The full results of the evaluation should be available by end 2010.

76. Payment of a subsidy to employers who, even without it, would have reached the same hiring decision.

5. Key points

In a little more than 30 years, French youth have been the target of over 80 different employment measures, which have played a structural role in their entry into the labour market. The share of employed youth under age 26 who benefited from an employment measure reached 27% in 2007. By combining reductions in both labour costs and training costs, these schemes, which are often targeted at the least-skilled youth, have been designed to help them enter the labour market by fighting against the selectivity found there. In 2007, subsidised jobs mainly took the form of the *contrat d'apprentissage* and the *contrat de professionnalisation* (75% of subsidised jobs) and subsidised employment in the market sector (18%) and the public sector (7%).

For youth in the greatest difficulty, emphasis has been given to individual support on the CIVIS through the local youth missions. Following the uprisings in France's *banlieues* in November 2005, the activities of the PES and the local missions located in these areas were intensified on behalf of the local youth. In addition, in 2008 the *Espoir banlieues* programme was launched, the cornerstone of which is the creation over three years of 45 000 *contrats d'autonomie* for youth who are not being followed by the ANPE or the local youth missions. Finally, a semi-residential programme to support the social and vocational integration of young people in great difficulty (EPIDE) was launched in 2005, based on the *contrat volontariat d'insertion* (CVI).

Despite relatively broad access to active measures, few French youth are usually eligible for financial benefits. Young people under age 25 in France benefit from financial benefits only under the unemployment insurance scheme. Unlike many other OECD countries that permit access to social benefits from the age of adulthood (18), France, like Luxembourg and Spain, grants access only later, starting at age 25, to the main social benefits scheme, the minimum integration income (RMI – or, starting from mid-2009, to the active solidarity income, the RSA). For youth under age 25, the government prefers first to bring into play family links, while working to improve their vocational integration.

ANNEX A

Disadvantages cumulate on the labour market

The significance of the socio-demographic handicaps suffered by certain youth as presented in Chapter 1 (Section 1.G) has been confirmed by an “all else being equal” analysis.

Table A1.1. **Determinants of the activity and the wage of youth aged 15 to 29^{a,b}, 2006**

Reference: male aged 15-29 born French without a diploma and not living in a ZUS

	Employment		Salary	
Constant			5.98	***
Estimated probability	0.37			
Age	0.25	***	0.40	***
Female	-0.13	***	-0.22	***
ISCED 3	0.07	***	0.12	***
> ISCED 3	0.08	***	0.35	***
ZUS	-0.10	***	-0.05	**
Born abroad	-0.17	***	-0.07	***
R ² / Pseudo R ²	0.30		0.20	
N	59492		7018	

***: significant at 0.01; **: significant at 0.05; *: significant at 0.10.

a) Probit model for the activity, regression by least ordinary squares for the logarithm of the wage, controlled for the quarter and the age squared.

b) The fact of being a young woman reduces the estimated likelihood of being in a job by 13%.

Source: Estimates of the OECD based on the INSEE *Emploi* survey.

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Jobs for Youth

FRANCE

Improving the performance of youth on the labour market is a crucial challenge in OECD countries facing persistent youth unemployment. As labour markets become more and more selective, a lack of relevant skills brings a higher risk of unemployment. Whatever the level of qualification, first experiences on the labour market have a profound influence on later working life. Getting off to a good start facilitates integration and lays the foundation for a good career, while a failure can be difficult to make up.

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