

## General Delegation for Employment and Professional Training

Impact assessment of the “Employment and Social Inclusion” priority area 1 of the ESF National Operational Programme over the period 2014/2020



*Clarify decisions,  
Improve actions*

Final Report Summary

August 2020

Priority area 1 of the ESF National Operational Programme (NOP), “EMPLOYMENT AND SOCIAL INCLUSION”, for the period 2014-2020 promotes employment for unemployed and economically inactive persons and supports professional mobility and entrepreneurship. Provided with €453.7 M, priority area 1 accounts for 16% of the overall budget of the NOP.

This impact assessment concerns 3 of the 4 investment priorities (IP). IP 8.7, which aims to modernise labour market institutions, was subject to another specific assessment.

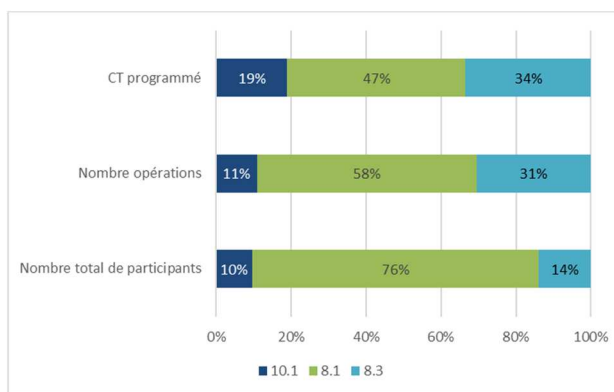
IP 8.1	IP 8.3	IP 10.1
<ul style="list-style-type: none"> <li>• Employment access for unemployed and economically inactive persons, particularly long-time unemployed persons and persons on the margins of the labour market, complemented by local employment initiatives and professional mobility support</li> <li>• <b>Objective: Increase the number of assisted unemployed and economically inactive persons by targeting young people, particularly the low skilled, older persons, the persons who experience recurring unemployment or reduced activity and parents who are or were on parental leave and/or who are or were receiving an activity supplement of the parents' choice (CLCA)</b></li> </ul>	<ul style="list-style-type: none"> <li>• Self-employment, entrepreneurship and business creation, including innovative micro, small and medium-sized businesses</li> <li>• <b>Objective 1: Increase the number of assisted business creators/buyers and consolidate the organisations over the long term</b></li> <li>• <b>Objective 2: Strengthen and combine the assistance practices for business creators/buyers to improve its quality</b></li> </ul>	<ul style="list-style-type: none"> <li>• School dropout reduction and prevention and the promotion of equal access to early childhood development programmes as well as quality primary and secondary schools, including formal, informal and non-formal apprenticeship options that reintegrate educational and vocational curricula</li> <li>• <b>Objective: Increase the number of people younger than 25 years of age participating in school dropout prevention actions</b></li> </ul>

In order to measure the effects of each of these IPs, a series of studies was carried out:

- Reviews of written material on each issue (IP) of priority area 1
- Interviews with 40 different contacts (DGEFP, DIRECCTE, operator networks, etc.)
- Execution of 8 operation studies
- Analysis of end-of-2019 MDFE monitoring data and participant surveys 6 months after operations
- Survey of business creators/buyers
- Collection of 11 “paths” of young school dropouts

In November 2019, 1,516 operations were planned, amounting to €275.5 M in EU credits with a financing total of €617 M for the IPs 8.1, 8.3 and 10.1 of the ESF NOP priority area 1.

468,393 participants took part in 1,230 operations, accounting for an average of 381 participants per operation. More than three quarters of the participants (76%) and nearly half of the totals fall under IP 8.1 operations.



Total Planned Costs / No. of Operations / Total No. of Participants  
Breakdown of total planned costs, programmes and participants by IP in priority area 1

The implementation of the NOP priority area 1 experienced varying rates and levels depending on the 3 investment priorities as well as the territories. Several factors can explain this:

- the adopted sharing divisions between the French government, the NOP’s managing authority and the Regions, with managing authorities involved in 35% of the ESF budget,
- the human resources mobilised by DIRECCTE branches and their more or less selective or incentive-based approach to the operators’ offers,
- the available local offer, understanding that the financial and reporting constraints or the variable eligibility criteria among regions cause some operators to forgo ESF financing.

### **Employment access for unemployed and economically inactive persons – IP 8.1**

The programme's national component (ESF credits managed directly by the DGEFP) represents 8% of the 885 operations of the IP 8.1, but 50% of the total planned costs (€293 M) and 61% of the participants. The participants were mainly part of the Intensive Support for Young Job Seekers programme (AIJ), the flagship programme overseen by the French employment centre, Pôle Emploi.

75% of the 357,500 participants entering the IP 8.1 operations were less than 25 years of age and 90% were less than 30 years of age. They were mainly unemployed (87%) or economically inactive (9%) persons with a low level of education (43% below a secondary school level).

Nearly half of them found a job or a vocational programme at the end of the operations: 43% were employed (with 24% acquiring lasting employment, 7% in supported employment positions, 12% holding temporary employment positions, 1% self-employed) and 7% were in a vocational programme. Furthermore, 5% earned skill certification.

The employment rate 6 months after leaving the operation was at 59%.

The average cost per participant (calculated from the total certified costs of the operations) was €504.

### **Business creator/buyer assistance – IP 8.3**

The major national assistance networks for business creation/takeover represent 74% of the total planned ESF costs (€207 M) and 60% of the 65,656 participants in IP 8.3 who took part in 274 out of the 412 operations planned around Specific Objective 1 assisting business creators/buyers. Specific Objective 2 aimed to reinforce and combine various support practices (51 operations).

80% of the participants were between 25 and 54 years of age, with 1 out of 2 being women. Their qualification level was higher than the other IPs (only less than a third did not have any qualification whereas 44% had attended a higher education institution). While 2/3 of the participants were unemployed when they started one of the operations and 11% were inactive, 15% already had some form of self-employment or business creation activity.

At the end of the operations, the amount of unemployed participants dropped from 65% at the start to 35% at the end, and the percentage of inactive persons fell from 11% to 6%: 58% found employment, nearly half of them through business creation (48%) while 2% entered a vocational programme.

For participants who were unemployed or inactive at the beginning of the operation, the employment rate 6 months after leaving the programme was at 53%. 37% of those who were employed when starting the operation experienced improvement in their circumstances on the labour market.

The average cost per participant was €802.

### **School dropout prevention – IP 10.1**

The recipient organisations of the 139 operations in IP 10.1 are predominately academic public interest groups, which represent 35% of the operations while accounting for 75% of the total planned costs for priority area 1 (€48 M) and 75% of the 45,298 participants in IP 10.1. In the second position, associations represent 38% of the operations, 14% of the total planned costs and account for 17% of the participants.

97% of the participants are economically inactive, but in "school or vocational training" upon entering the operations, with a majority being men (64%). They are young: 10% are 12 years of age or younger, 80% are between 13 and 17 and 10% are over the age of 18. 90% have below a secondary school level of education. 19% live in a priority neighbourhood for city policy (QPV) and 21% are of foreign origins.

At the end of the operations, 80% of the participants were in a vocational programme and 5% had found employment. The employment rate after 6 months went to 18%. 54% are currently still in a vocational programme.

The average cost per participant was €1,544.

## *The cohorts targeted and affected by priority area 1*

82% of the participants in priority area 1 were less than 30 years of age and 2% were more than 54 years of age. 46% had a level of education below secondary school. 75% were unemployed and 18% were economically inactive. 3% had some form of disability.

The cohorts largely match those that the NOP targeted, and reviewing the analysed documentation alongside the displayed NOP objectives shows overall consistency with each investment priority. The levers activated through these financing operations were those recognised as the most suitable for responding to the issues addressed.

- Young people form a major cohort of this priority area.
- People with disabilities is the smallest cohort in comparison to its influence in the overall group of **unemployed persons**<sup>1</sup> due to the age and low involvement of operators focused on this group in this priority area.
- Older people represent just a very small cohort of the participants due to the limited offer of services dedicated to them by operators likely to make use of the ESF as well as the unequal involvement of the DIRECCTE branches.
- The rate of coverage for unemployed persons is, in several regions, inversely proportional to the observed unemployment rate, which reflects the adaptive ability of the NOP in local employment contexts.

**It remains difficult to accurately assess in what proportions ESF financing has contributed to increasing the number of assisted cohorts.**

- Concerning unemployed or economically inactive persons (IP 8.1), this depends on the type of operator or action, with the most tangible effect being **the intensification of assistance**, with in certain cases an increased ability to focus on cohorts known by the various assistance services.
- Concerning business creators/buyers (IP 8.3), ESF credits are effective in increasing assistance for the groups by reinforcing the resources of operators facing high demand. Financing also appears to play a determining role in the implementation of actions for the cohort of young people dropping out of school (IP 10.1), the costs of which are substantial.

**The establishment of the Youth Entrepreneur Initiative (IEJ) in part of the territories has led to competitive situations.** The high assistance rate of the IEJ has logically led managing authorities and operators to change to this initiative for a more optimal approach to credit “consumption”.

## *The deployment and contents of the actions*

The ESF credits for NOP priority area 1 actually help to **support and expand an assistance offer for unemployed and inactive persons** as part of the AIJ as well as localised operations for the targeted parts in segments of these groups or issues also concerning business creation/takeover by relying mainly on the major national networks already in existence. Likewise, the ESF credits help to quantitatively develop a school dropout prevention/return-to-school offer that the ordinary credits cannot sufficiently support.

**The issue of mobility was subject to a limited number of operations** classified as such. In their approach, the DIRECCTE branches, as well as the major operators like Pôle Emploi, consider this issue as one of the components of the overall assistance for the different groups, thus excluding the option of financing specific operations that focus on this issue. This issue is above all looked at from more of a spatial angle (travel and commuting) than from a professional angle (change of “profession”), except for in the operations, in limited numbers, targeting the cohort of older persons or the cohort of persons with disabilities.

**If the “immersion” dimension is found in a large number of the actions, handled in particular by the local missions,** the ESF’s mobilisation rationale, which is most often seen in “open” calls for projects, does not end up bringing any particular attention to this modality of action.

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<sup>1</sup> 8.6% of unemployed persons at the end of 2018 - Source DARES

The sharing divisions between the government and the regions, based on the sharing agreements negotiated between partners, directly influence the credit availability for the NOP. They more broadly raise the question of the most suitable authority for mobilising operators and appraising projects, particularly concerning the issue of school dropouts, which on its face has drifted away from the DIRECCTE branches' area of intervention.

## *Efficiency and effectiveness*

At the end of the operations, 42% of participants found employment and 13% entered vocational programmes while 4% earned skill certification.

For IP 8.1, the unemployed and economically inactive persons that made up 96% of the participants at the beginning, account for only 50% when the operations ended. But **these results vary significantly according to the types of actions**: the employment access rate is 90% for the assistance operations for young people in the *Emploi d'Avenir* (Future Jobs) initiative and 16% for "geographic mobility" actions with nonetheless a significant part of actions located in the mid range.

The correlation of these results with the costs/participants brings into relief **different levels of efficiency**: inexpensive actions that have favourable results, more "expensive" actions with results positioned in the mid range are less favourable. These differences must lead the managing authorities to more closely analyse the challenges found in each cohort to determine the right higher-value level to be expected from the ESF (needs not covered, trigger effects, intensification needs for actions).

For IP 8.3, the conducted survey highlights a high rate of satisfaction (88%) with the assistance, 30% when also considering the determining factor of this assistance in solidifying their project. At the end of the operations, the employment rate reached 58%, which means that the proportion of unemployed and inactive persons went from 76% to 41% at the end. More than the types of financing operations (Accre, Nacre or others), it was the type of operator that determined the differences in the employment access rate (44% for the PES and employment centres versus 85% for the education, youth and vocational associations). The most "efficient" operator category is also the least expensive.

For IP 10.1, 80% of the participants entered a vocational programme at the end of the operations, **with the priority of the actions focused on keeping the participants from this cohort in school rather than providing them with access to employment**. The operations are based on operators with diverse statuses that also have differences in result and costs, tending to be more proportional than the other investment priorities.

## *"Innovative" responses*

**As for new responses, the stakeholders agree about the incompatibility between the financial and regulatory framework of the ESF and the ability to use it as a vector for innovation.**

The justification and reporting constraints as well as the "massive" nature of the ESF's intervention in fact favours service offers that come from financially solid organisations that are familiar with the ESF's framework and mobilise this resource to increase their assistance capacities rather than take the risk on innovations viewed as potentially harmful to their financial stability.

The ESF seems to be a tool that, through open calls for projects from DIRECCTE branches, can provide a "massive" response to the needs that reflect the persistence of a high unemployment rate, particularly among young people. The performance framework reinforces this approach.

However, this observation in no way means that here and there operators have not incorporated into their practices ongoing efforts to seek out innovation, but without this aspect being valued as such.

## *Recommendations for optimising the deployment of the next NOP*

The following suggestions are formulated in a future ESF + national programme perspective, which is currently being developed. They are based on the limits or weak points observed in the analysis.

Establish a credit distribution strategy on a regional level that best accounts for the reality of the local unemployment situations

Ensure that the human resources assigned to the ESF's management in each DIRECCTE branch match the stakes

Look to effectively take into account all of the targeted cohorts, beyond the cohort of young people, even if it represents a fundamental challenge in the fight against unemployment

Make the purposes and eligibility criteria for the different components of the NOP clearer to encourage a more strategic approach from the stakeholders

Call on the leaders of associative networks involved on a national level so they support their members in mobilising the ESF

Dedicate a part of the credits for innovative actions by lifting financial and administrative risks that have impeded their deployment up until now

Complement the performance monitoring of the NOP with a detailed action efficiency analysis (by mode of actions, type of recipients, etc.) in order to more precisely orientate the mobilisation of the offer