

### Subsidised contracts in 2018

Subsidised employment contracts, based on direct or indirect subsidies, reduce the cost to employers of hiring or training certain workers. Generally speaking, these jobs are aimed primarily at those people who are most distant from the labour market, as well as young people. At the end of 2018, not including alternance★ contracts or integration workshops and sites (ACI), the vast majority of workers on subsidised contracts were employed in the non-market sectors (132,000 in France excluding Mayotte, compared with 18,000 in the market sector; *Table* and *Graph*). Employment skills programmes (PEC) and market-sector integration contracts (the Single Integration Contract - Employment Initiative Contract, or CUI-CIE) are aimed at the large number of people experiencing trouble finding employment (job applications systematically rejected etc.), regardless of their age or place of residence.

Since January 2018, "employment skills programmes" (PEC) have replaced CUI-CAE contracts in the non-market sectors. There will therefore be no further recruitment on CUI-CAE terms: the contracts currently in place will be allowed to run their course, but will not be renewed. Implementation of the PEC is focused on facilitating access to training and providing greater support for beneficiaries compared with the contracts

superseded by this new system. The objective is to secure the long-term inclusion through employment of those persons currently most distant from the labour market.

The "future contracts" (including future contracts for teachers) created in 2012 were aimed at young people with few or no qualifications, living primarily in sensitive urban areas (ZUS) and rural regeneration zones (ZRR). Nevertheless, since 1st January 2018 it is no longer possible to recruit on future contracts. Focused primarily on the non-market sectors (15,000 contracts at the end of 2018), these contracts could also be used in the market sectors (6000 at the end of 2018), including green development, digital technology and tourism, albeit with lower subsidies.

Subsidised contracts are generally deployed to counteract the economic cycle: when activity slows, the use of subsidised contracts may be rapidly increased in order to mitigate the effects of job losses and the resulting increase in unemployment. However, in the short term, contracts in the market sectors do not have the same effect on employment as contracts in the non-market sectors. In the non-market sector, it is conventionally assumed that the number of jobs

### Subsidised employment initiatives, flows and beneficiary numbers

raw data in thousands

	Inflows (including renewal of contracts)					Beneficiary numbers (stock in end year)				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
<b>Subsidised employment in the non-market sector (exc. volunteering)</b>	432	456	480	382	261	355	388	378	280	183
<b>Subsidised non-market contracts (exc. ACI)</b>	379	344	363	260	132	308	336	328	227	132
Non-market CUI <sup>1</sup> (CUI-CAE)	312	283	305	227	8	217	238	251	181	6
Employment skills programmes (PE) <sup>2</sup>	0	0	0	0	123	0	0	0	0	106
Future contracts <sup>3</sup>	77	69	62	33	1	98	102	78	46	18
<b>Integration workshops and sites (ACI)</b>	44	104	114	122	130	40	48	49	52	50
<b>Subsidised employment in the market sector (exc. volunteering)<sup>4</sup></b>	516	591	583	542	561	647	694	684	668	691
<b>Reduction of wage costs</b>	80	122	98	38	11	65	104	75	37	18
CUI in market sector (CUI-CIE)	53	96	79	28	4	36	69	44	17	5
Future contracts	22	21	16	6	0	24	31	28	16	6
Exemptions from social security contributions (ZRR <sup>5</sup> and ZRU <sup>6</sup> )	5	5	3	4	7	5	4	2	4	7
<b>Alternance programmes</b>	436	469	484	504	550	582	590	609	631	673
Apprenticeships	263	283	289	295	318	395	394	402	410	429
Professional training contracts	<b>174</b>	<b>186</b>	<b>195</b>	<b>209</b>	<b>232</b>	<b>188</b>	<b>196</b>	<b>207</b>	<b>221</b>	<b>244</b>

1. Single Integration Contracts (CUI, excluding ACI)

2. Since January 2018, new subsidised contracts in the non-market sectors have primarily taken the form of "employment skill programmes" (PEC), replacing the former CUI-CAEs and future contracts.

3. Including future contracts for teachers

4. Excluding general measures such as alleviation of social security contributions and reduction of working hours,

5. Rural regeneration zone

6. Urban regeneration zone

Scope: France excluding Mayotte.

Sources: DARES, services and payment agency - Calculs INSEE

★ Alternance programmes allow participants to obtain government-recognised qualifications, combining theory work with vocational training with employers. Professional training contracts are a form of continuing education, whereas alternance programmes are associated with full-time education.

created is equal to the variation in the number of beneficiaries of these contracts (i.e. the difference between the number of contracts signed or extended and the number of contracts coming to an end in the course of the same year) multiplied by the rate at which these contracts are subsidised by the state (for example 70% for CUI-CAEs signed up until the end of 2017, falling to 50% in 2018 for PEC contracts). In the market sector, on the other hand, more often than not the jobs created under this scheme would have been created even if the subsidies had not existed. In such cases there is a windfall or substitution effect, whose scale can vary from one contract to the next. The effect of subsidised contracts on market-sector employment is thus clearly less substantial than the variation in the number of beneficiaries. The impact of this initiative can be estimated using empirical studies, and by measuring the extent of the decrease in the cost of labour made possible by these contracts (DARES, 1996). These assessments are subject to much uncertainty, and are only valid in the short term. Long-term assessments would need to take into account:

- the consequences of such initiatives for the labour market (wage adjustment, labour force participation rate etc.);
- their effects on human capital, particularly on the beneficiaries' capacity for integration into the labour market;
- the economic impact of the way these initiatives are financed.

### The number of workers on subsidised contracts in the non-market sectors fell sharply again in 2018

In the non-market sectors, 261,000 subsidised contracts (not including voluntary work) were signed or extended in 2018, down from 382,000 in 2017. Recruitment to future contracts or CUI-CAEs may have effectively stopped, but a large number of PEC contracts have been signed since the scheme was introduced in January 2018: 123,000 for the year. Finally, the number of contracts associated with "integration workshops and sites" was up slightly from the previous year: 130,000 contracts were signed or

renewed in 2018, up from 122,000 in 2017. In all, the number of workers on subsidised contracts (excluding voluntary programmes) stood at 183,000 at the end of 2018, down from 280,000 at the end of 2017, a decrease of 97,000. In the previous year, the decline in the number of beneficiaries of subsidised contracts was of a similar scale (-98,000 in 2017).

### In the market sector, the number of beneficiaries of CUI and future contracts also dropped sharply in 2018.

At the end of 2018, 691,000 people were employed on subsidised contracts in the market sector, the vast majority of them on alternance contracts. This represented a slight increase on the figure recorded at the end of 2017 (+23,000), after a slight decrease in the previous year (-16,000).

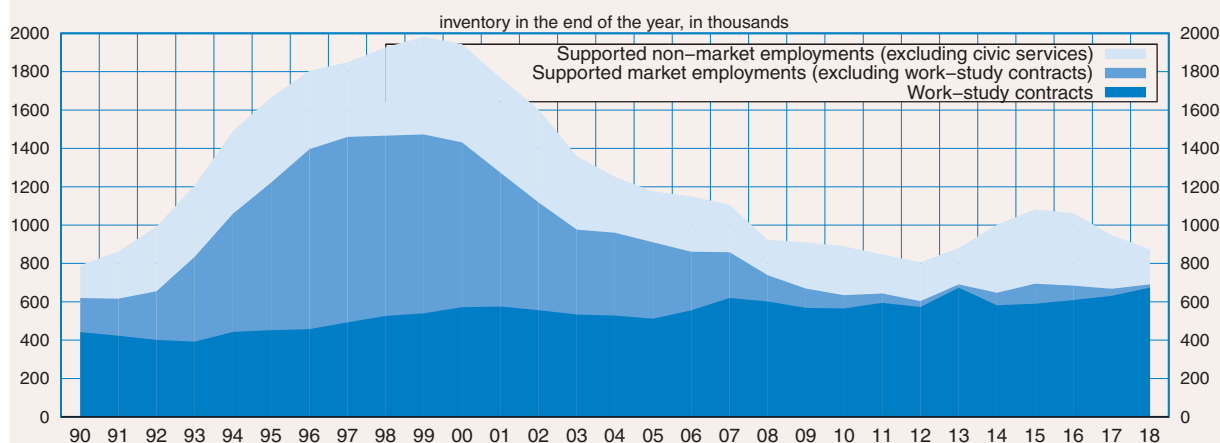
At the end of 2018, 673,000 people were on alternance programmes, of which 429,000 were on apprenticeships and 244,000 on professional training contracts. This represents a slight increase on the figure recorded at the end of 2017 (631,000).

On the other hand, the number of employees on CUI and future contracts was down on the previous year, due to the termination of these schemes. In 2018 there were nonetheless 4000 new CUIs in the market sector (compared with 28,000 in 2018), often corresponding to existing contracts being renewed. The number of beneficiaries of these contracts has thus fallen by 12,000 since the end of 2017 (after falling by 27,000 the previous year), standing at 5000 at the end of 2018.

No new future contracts were signed in 2018, after 6000 in 2017, and the number of beneficiaries of such contracts fell by more than half (6000 at the end of 2018, down from 16,000 at the end of 2017).

Finally, the number of beneficiaries of exemptions from social security contributions in ZRR and ZRU areas increased slightly in 2018 (7000 at the end of 2018, up from 4000 at the end of 2017). ■

### Beneficiaries of subsidised contract schemes



Scope: France excluding Mayotte

Sources: DARES, services and payment agency