

You Get What You Pay For: Evidence from a Jobseeker Conditional Cash Transfer Program in France *

ROMAIN AEBERHARDT[†] VERA CHIODI[‡]
BRUNO CRÉPON^{†,§} MATHILDE GAINI[†]
ANETT JOHN^{†,¶} AUGUSTIN VICARD[†]

Youth participation in programs designed to enhance their employability is usually low. This paper reports the results from a large randomized experiment in which young, unskilled jobseekers in France receive a monthly cash transfer for a two-year period totaling up to €4,800, conditional on their participation in the French national career guidance program. Cash transfers lead to a significant increase in program participation (which mainly entails meetings with counselors), and sharply reduced drop-out rates. As a result, there is a large increase in the job offers, vocational training and career building workshops proposed to the young jobseekers. However, the jobseekers' response to these increased opportunities for employability investment is a precisely estimated zero. Moreover, we observe a significant reduction in employment over the first six months and only a minor increase in income. The results point to a strong impact of financial incentives, but also to the need to design more sophisticated incentive schemes if the goal is to improve employability investments.

Keywords: Conditional cash transfer program, career guidance, youth unemployment, NEET, randomized experiment

JEL: J68, J64, C93.

*We would like to thank Jeff Borland, David Card, Martin Hirsch, Leslie Martin, Mathieu Valdenaire and Gerard Van den Berg as well as seminar participants in Berkeley, Mannheim and Melbourne for very useful comments. We would like also to thank Khatidja Kassam, Catherine L'Hostis and Pedro Miguel Ponce-Jurado for excellent research assistance. We thank the Conseil National des Missions Locales, the Direction Générale de l'Emploi et de la Formation Professionnelle (French Ministry of Employment) and the Fonds d'Expérimentation pour la Jeunesse (FEJ, French Ministry of Youth), for their continuous and invaluable support all along the conduct of this project. The FEJ also provided financial support for this study and DARES provided access to administrative data. Any opinions expressed here are those of the authors and not of any institution.

[†]CREST

[‡]University Paris 3 and IHEAL

[§]J-Pal

[¶]University of Oxford