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

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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

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