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NATIONAL RECOVERY AND RESILIENCE PLAN

2021

National Recovery and Resilience Plan

Summary

Summary

Due to the impetus given by the Franco-German initiative for European recovery in May 2020, the 27 Member States agreed, at the July 2020 European Council, on the landmark €750bn NextGenerationEU recovery plan, which will be financed by a common debt. It includes the **Recovery and Resilience Facility**, which will support Member States' recovery efforts, targeting in particular those hardest hit by the crisis, and will enable massive investment in the green and digital transitions. The Recovery and Resilience Facility is a historic step towards greater solidarity and economic integration within the European Union.

France's national recovery and resilience plan (NRRP) outlines investments for which we are seeking funding of about €40bn from the Recovery and Resilience Facility, and presents the reform strategy that will boost the effectiveness of these investments and the growth potential of the French economy.

All the investments presented in this plan are part of the national *France Relance* plan as presented by the Prime Minister on 3 September 2020,adopted by Parliament under the 2021 Budget bill, and currently being deployed in France. The European recovery plan will thus provide 40% of the funding for the French recovery plan. This is a strong, tangible indication of the added value of the European Union, which also demonstrates the consistency between the economic policy priorities of France and the European Union.

Like the *France Relance* plan, the national recovery and resilience plan focuses on three key priorities, which are also pillars of the Recovery and Resilience Facility: the environment, competitiveness, and social and territorial cohesion. Our plan includes large-scale investments in more environment-friendly production and consumption, such as the retrofitting of buildings and the development of green mobility and technology, as well as support for innovation in strategic sectors such as health and digital technology, including artificial intelligence. We are also prioritising investment in young people, who have been particularly hard-hit by the crisis, with a view to strengthening their skills in strategic areas and facilitating their integration into the labour market.

The nine components of the national recovery and resilience plan

Environment			Competitiveness			Cohesion		
1	Energy retrofitting	€5.8 bn	5	Financing for companies	€0.3 bn	8	Job preservation, young people, persons with disabilities, vocational training	€7.5 bn
2	Environment and biodiversity	€2.1 bn	6	Technological sovereignty and resilience	€3.2 bn	9	Research, *Ségur de la santé* / dependency, territorial cohesion	€7.7 bn
3	Green infrastructure and mobility	€7.0 bn	7	Digital upgrading for the central government, the regions and companies; culture	€2.1 bn			
4	Green energy and technologies	€5.3 bn						

What is at stake is tackling the structural challenges facing the French economy, which have been exacerbated by the current crisis and which require recovery measures and bold policy choices. This means decisively committing to the ecological transition, continuing efforts to bring businesses and public services into the digital age, ensuring that workers' skills are in line with business needs, promoting innovation to boost our economy's medium-term competitiveness and resilience, continuing to reduce unemployment structurally and improving the efficiency of public spending. The crisis has also highlighted the need to strengthen France's independence, to ensure the robustness of our healthcare system and increased the need to support economic growth to ensure the sustainability of public finances.

The *France Relance* investments chosen as part of the national recovery and resilience plan, and for which we are requesting funding, meet the eligibility criteria of the EU's recovery plan adopted by the Member States and the European Parliament. Our plan includes 50% of investments for the climate transition and 25% of investments in favour of the digital transition. We are therefore well within the targets set by European legislation (37% and 20% respectively), which are a central element of the historic agreement between the 27 Member States. Moreover, none of the plan's measures will do significant harm to the environment.

Our national recovery and resilience plan also addresses the social goals of the European recovery plan by taking decisive measures to improve vocational training, to modernise the country's healthcare system and to combat the digital divide throughout France.

To make these investments more effective, the national recovery and resilience plan includes reforms that will strengthen our economy's growth potential and enable us to bounce back from the health and economic crisis. Just as the *France Relance* strategy aims to prepare France for 2030, the European recovery plan seeks to strengthen the resilience of our economy in the long term. It therefore follows on from the reform strategy launched in 2017 by President Macron to enable as many people as possible to find jobs that are fairly paid, to fight against inequalities of fate and to strengthen companies' competitiveness.

Our plan is structured around nine coherent mutually-reinforcing reform and investment components that share common objectives, which will contribute to strengthening coordination between Member States' economic policies and ensuring convergence in the European Union.

The national recovery and resilience plan will now be formally assessed by the European Commission and then adopted by the EU Finance Ministers in the ECOFIN Council. Then, France will receive within two months a pre-financing of 13% of the plan, which represents an envelope of €5.1bn. A first disbursement request will then be submitted by France by the end of 2021. These first disbursements will contribute to the financing of measures dedicated to the recovery, the French recovery plan having already committed €30bn to support business investments and households and to accelerate the recovery once the health situation has been restored.

In the longer term, and until 2026, the funds of the European recovery plan will be disbursed according to the implementation of the measures included in the plan, in order to strengthen the country's economic fabric over time and thus build the France of 2030. Each year, we will implement the investments and reforms jointly, according to the implementation schedule set out in this document.

France is firmly committed to getting its economy back on track and to continuing to implement a bold reform agenda. The implementation of the plan will actively contribute to the vitality of both France and the European Union.

Content of the national recovery and resilience plan

Public policy	Component	Amount requested under the NRRP	Of which climate	Of which digital
Environement	Energy retrofitting	€5.8bn	€5.8bn	-
	Environment and biodiversity	€2.1bn	€0.9bn	-
	Green infrastructure and mobility	€7.0bn	€6.5bn	-
	Green energy and technologies	€5.3bn	€5.1bn	€0.7bn
Competitiveness	Financing for companies	€0.3bn	-	-
	Technological sovereignty and resilience	€3.2bn	€0.2bn	€2.4bn
	Digital upgrading for centra government, regions and companies; culture	€2.1bn	-	€1.4bn
Cohesion	Job preservation, young people, persons with disabilities, vocational training	€7.5bn	€0.3bn	€2.9bn
	Research, *Ségur de la santé*/dependency, territorial cohesion	€7.7bn	€2.0bn	€2.9bn
TOTAL		**€41.0bn**	**50.6%**	**25.1%**

Main objectives of the Plan

Primary challenges

After 2019, in which French growth held up, jobs were created and unemployment continued to fall – against an international economic landscape that had deteriorated – and the competitiveness of French companies gradually recovered, 2020 was marked by a recession of unprecedented proportions: economic activity shrank by 8.2% as a result of a 7.0% drop in consumption, which was severely constrained during lockdown, a 10.3% drop in investment and a sharp drop in exports, particularly in the aeronautics sector. The French economy has clearly demonstrated its ability to rebound once health restrictions have been lifted, as shown by the very strong turnaround in the third quarter (+18.5% quarterly growth) and the resilience of the economy in the fourth quarter despite the new lockdown measures (-1.5%). While health restrictions had a strong impact on household consumption in the fourth quarter (-5.4%), investment continued to recover (+1.1%) as did foreign trade, with exports rising at a faster pace than imports (+5.8% and +1.8% respectively).

At the sectoral level, industry continued to see its production recover, reaching a level of activity of 95.6% of the normal level by year's end.

The fall in economic activity has been accompanied by a worsening of the situation in the labour market: market-sector salaried employment contracted sharply in 2020 (-352,000 jobs at the end of 2020 compared to the end of 2019), a 1.6% drop, which is much less pronounced than that for economic activity (-8.2%). This is because France's employment policies, and in particular short-time work scheme, have made it possible to dampen the effect of the pandemic on employment.

As regards public finances, after a general government balance of -3.1% of GDP in 2019 (-2.2% of GDP excluding the one-off double cost linked to the conversion of the Competitiveness and Employment Tax Credit into social security contribution cuts), the balance deteriorated in 2020 to reach -9.2% of GDP due to the health and economic crises. This level, which was less than the most recent estimate of -11.3% of GDP, which was made at the time of the Fourth Supplementary Budget Billfor 2020, can be explained in particular by the substantial and effective support provided to the French economy in response to the scale of the crisis. This shock, on a scale unprecedented since the post-war period, occurred at a time when the fiscal consolidation efforts initiated at the beginning of the current presidential term, by reining in public spending, had enabled France to return to a deficit of less than 3% in 2017 and to emerge from the corrective arm of the Stability and Growth Pact in 2018.

In addition to being a major shock to growth and the balance of France's public finances, the current crisis is likely, in the absence of adequate recovery measures and strong policy choices, to exacerbate the French economy's structural challenges, which the government has been working to address since the beginning of President Macron's term with a bold reform agenda (notably to improve the efficiency of the labour market, fight against inequalities of fate, strengthen our economy's competitiveness and improve the efficiency of our public services).

We cannot allow the crisis to distract us from these efforts to build resilience and growth potential. The 2019 report of the National Productivity Board[1] noted that the slowdown in productivity observed across the country was a phenomenon common to most advanced economies, but that factors specific to France were at play. These include insufficient digitisation of SMEs, a mismatch between the skills of the workforce and the needs of businesses, and innovation performance that is still too weak. The lack of fluidity in the functioning of the labour market and the structurally high rate of unemployment are another historical structural weakness of the French economy, which was beginning to dissipate before the Covid-19 crisis hit. Moreover, the competitiveness of French companies had strengthened before the crisis, with labour costs under control and a favourable business environment, but there is still room for improvement.

Beyond this, the crisis has highlighted new challenges. These include the need to secure the continuity in supply of essential goods, particularly in the healthcare sector, and to increase the resilience of our economy by strengthening our capacity to cope with external shocks such as a pandemic. Public finance sustainability issues, already identified before the crisis, reinforce the need to sustain economic growth, which is the primary vector for bringing public finances back to normal, and then, when economic conditions permit, to continue to rein in public spending. Moreover, regional inequalities have increased over the last two decades and require resolute action to revitalise certain geographic areas. Lastly, the green transition and digital transformation, the two

[1] "Productivité et compétitivité : où en est la France dans la zone euro ?", (Productivity and competitiveness: where does France stand in the eurozone?) First report of the National Productivity Board, July 2019.

major challenges that lie ahead, call for in-depth changes to our economic models to better take them into account as well as large-scale investments in all the Member States.

Proposed responses

The recovery plan and the structural reforms that France intends to pursue over the next few years will make it possible to meet these challenges, in the short term to support the rebound of our economy and enable us to return to the same level of economic activity as in 2019 in 2022, and in the longer term to support the transformation of the French economy, to enable it to meet the challenges that will arise by 2030, to make it stronger, more resilient, more carbon-free and more inclusive, and thus to respond to the citizens's expectations.

To meet this twofold objective, in September 2020 the government presented its two-year €100bn *France Relance* strategy. France's recovery plan is organised around three main pillars that are essential for strengthening the fundamentals of the French economy and are fully consistent with European challenges and priorities. The first is devoted to greening the economy, with €30 billion allocated to financing investments for the green transition in all areas. The second pillar aims to strengthen the competitiveness and independence of French productive system, with €34 billion allocated to a massive €20 billion reduction in production taxes over two years - to be continued beyond 2022 at a rate of €10 billion per year - and to investment in technologies of the future and the digital transition. Lastly, €36 billion will be devoted to social and territorial cohesion and to investment in skills and jobs.

To finance this plan, we are requesting the full support of the European Union for the entire subsidy estimated by the European Commission of around €40bn under the Recovery and Resilience Facility. These funds will cover the financing of investments that we consider meet the eligibility criteria of the European Council agreement of 17-21 July 2020 and defined in Regulation 2021/241 of 12 February 2021 establishing the Recovery and Resilience Facility.

To further boost our growth potential and accompany the investments of the recovery plan, **the continued implementation of our structural reforms agenda is essential and will be reflected in our national recovery and resilience plan.**

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France's economic policy strategy will contribute effectively to the achievement of the six pillars described in Article 3 of the Regulation establishing the Recovery and Resilience Facility.

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1. The green transition

Environmental concerns are at the heart of the French national recovery and resilience plan, which commits 50% of investments to the climate transition. We are aware that we are in a crisis situation as regards the climate and we are fully committed to meeting the carbon neutrality targets of the Green Pact for Europe. Furthermore, none of the investments for which European funding is requested will cause significant harm to environmental objectives.

Every aspect of the green transition is being stepped up in France's recovery strategy. Firstly, it includes major investments in retrofitting public buildings, businesses and private housing. These investments will rely on measures aimed at structuring the sector, by increasing training, and by encouraging support for households by specialists, in order to improve the quality of renovation work. In addition, we will take particular action with regard to energy retrofitting and the major renovation of social housing, which has a low thermal performance. This retrofitting work is essential, both to combat global warming and to enable heating charges to be kept under control and to guarantee equal opportunities and treatment for all, in accordance with the third principle of the European Pillar of Social Rights.

These investments will go hand in hand with measures to promote decarbonisation of industry, to support the transition to cleaner production methods, as well as investments in green infrastructure and mobility (particularly in rail, public transport, active and shared mobility, and through support for the demand for clean vehicles). To expedite their implementation while ensuring high quality, where possible, projects will be selected from programmes already reviewed as part of programmatic contracts or strategic projects closely involving the territories concerned. These projects are therefore in line with the priorities set out in the Mobility Reform Act passed at the end of 2019, based on the preparatory work of the Infrastructure Advisory Board set up in 2017 and whose remit was perpetuated and extended by Decree no. 2020-1825 of 30 December 2020. For certain programmes involving local authorities or even private partners, projects will be selected following calls for projects, which will be notified to the European Commission under the heading of State aid where necessary.

The plan also provides for accompanying and supporting the development of green technologies, through investments in key markets in green technologies or the establishment of a hydrogen strategy, which is the subject of a specific Important Project of Common European Interest (IPCEI), following the example of the existing one on batteries (see dedicated Box below). Although the short-term effects of these measures should be more limited than public investment measures, a knock-on effect on 'green' research will amplify their transformational character.

The green component of the recovery plan also contains bold measures for the circular economy and short food supply chains as well as supporting agricultural transition. This will provide support for plastic substitution solutions, the incorporation of recycled plastic, agroecological production practices and for investment in plant proteins. These measures will bolster initiatives that have already been unveiled as part of the circular economy roadmap, the Anti-Waste and Circular Economy Act and the 2018 Balanced Trade Relations in Agriculture and Food and Healthy, Sustainable and Affordable Food Act (EGALIM Act).

Lastly, a number of targeted measures will ease pressure on biodiversity by building ecological restoration projects and expanding protected areas, and through action to foster the fight against land take.

The substantial efforts to promote the green transition, which are set out in the national recovery and resilience plan, will be underpinned by several reforms. Investments in the energy retrofitting of buildings will go hand in hand with ongoing housing policy reform to ensure the effectiveness of government expenditure and with the recasting of heating regulations for buildings. At regional level, if they so wish, municipalities and municipal groupings will execute recovery and green development agreements with central government that contain tangible action plans and quantified and measurable targets. On a wider scale, our environmental goals will draw on an unprecedented exercise as, for the first time, the 2021 Budget Bill was scrutinised in light of climate issues using green budgeting methodology. This is a huge innovation to assess and improve the matching of public finances with the objectives of the Paris Agreement. This exercise will now become a yearly activity. Lastly, the Bill on Fighting Climate Change and Strengthening Resilience to its Effects (Climate and Resilience Bill) materialises the proposals set forth in the Citizens' Climate Convention that were selected by President Macron, in tandem with other fiscal or regulatory provisions. The goal is to help cut national greenhouse gas emissions by 40% in 2030 compared to 1990 levels and, more broadly, to roll out the green transition with social justice in mind. This Bill, which was submitted to Parliament on 10 February 2021, targets the same environmental goals as the Recovery Plan and previous acts and policies that have been conducted since the start of President Macron's five-year term. In this respect, implementation of the Mobility Reform Act and the Anti-Waste and Circular Economy Act is set to continue.

Over time, the *France Relance* recovery plan's green measures will have a lasting and increasing impact on French greenhouse gas (GHG) emissions. An initial assessment posits that they will enable a direct reduction of GHG emissions compared to a recovery plan that does not factor in green issues. The savings brought about by these measures will amount to some 60 million tons of CO_2 (for specific details of direct reductions, see part IV). This will be consolidated by the indirect effects of emission reductions that are expected to follow on from investment in research or by building a decarbonised hydrogen production sector that should contribute to the reduction of GHG emissions in the long run.

Part IV also provides a precise explanation of how this Plan guarantees that the **implementation of its reforms and investments will do no significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.**

Investments in the climate transition, as provided for in the national recovery and resilience plan, are not the only green policy measures rolled out by France. For instance, France is actively involved in developing renewable energies. Having recorded sustained growth for a number of years, renewables accounted for 11.7% of primary energy consumption and 17.2% of gross final energy consumption in France in 2019. Concurrently, their contribution to the French economy has also grown. In 2017, they were the source of €8bn in investments and 60,000 full-time equivalent jobs.[2] Renewables in France are highly diverse and cover a dozen or so sectors. The most highly-developed industries are still wood fuel and hydropower but wind farms, solar energy generation, heat pumps and biofuels are amongst those that have gained the most ground in recent years. Investments in renewables are funded, amongst other methods, by the issuance of green government bonds. The development of renewable energy technologies (wind, solar, hydro, geothermal, marine) represents one of the six "green" sectors between which eligible green expenditure is shared. Between 2017 and 2020, expenditure in the renewables field as part of government green bond issuance accounted for roughly €2.2bn, which was around 8% of funds raised. This share is slated to rise sharply in 2021 with the addition of central government expenditure in support of renewable electric energies to eligible expenditure for France's Green OAT.

At the same time, to boost energy solidarity in Europe, France is actively involved in the expansion of electricity interconnections within a sustainable economic, social and environmental framework. These allow for the inclusion of more renewables and provide consumers with access to cheaper and low-carbon energy. France is now highly interconnected with its neighbours with the IFA2 interconnection with the United Kingdom which was commissioned in January 2021. In addition, about ten additional GW are expected between now and 2030 thanks to two large-scale projects with Ireland and Spain. Due to its geography, France already has 50 cross-border connections and so is looking to double interconnection capacities by 2035. The manner of funding this infrastructure, which is mostly regulated and thus remunerated by the public electricity grid use tariff (TURPE) paid by consumers, guarantees its expansion provided there is a positive cost-benefit analysis.

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[2] See *Chiffres clés des énergies renouvelables - Édition 2020 | Données et études statistiques (developpement-durable.gouv.fr)* (in French)

There is also a permanent undertaking between France and Spain to step up the development of electricity interconnections also within a sustainable economic, social and environmental framework, and contingent on sufficient European financing. This enables both countries to bolster integration and the greening of our respective energy matrixes. At the Bilateral Summit held on 15 March 2021, France and Spain reasserted their commitment to fast-track initiatives agreed upon to develop **premium cross-border connections in the Mediterranean and Atlantic corridors.** They also undertook to continue to support studies, project building and ongoing work on the connection through the central Pyrenees.

2. Digital transformation

With an allocation of over €10bn, the digital transition of the economy and French society is a core objective of the national recovery and resilience plan and for paving the way for the future. We are especially involved in fighting digital inequality as the Covid-19 pandemic has highlighted the need to provide all French citizens with higher-quality, more streamlined and more efficient online services.

We will keep on introducing bold measures for the digital transformation. This will be materialised, inter alia, by expansion of the High-Speed Broadband Plan to step up deployment of Next Generation Access Networks (NGA) that will provide all French citizens, both at home and in the workplace, with connections at speeds of over 100 Mbit/s by 2025. This will also lead to investments to heighten digital inclusion to foster faster take-up of new digital uses and services by all citizens. These measures, which are intended to close the digital divide, will tangibly help achieve the aims of the third principle of the European Pillar of Social Rights on equal treatment and opportunities.

We are also investing heavily in the digital transformation of central government for the benefit of civil servants, public service users and businesses. These appropriations will provide funding for the introduction of a digital identity providing secure access to online public services, for upgrading and securing central government's digital infrastructure, for modernising civil servants' work resources, for making procedures paperless and for using artificial intelligence (AI). We are also financing digital upgrading in medical and social care facilities and the modernisation of digital healthcare resources.

The French economy's technological sovereignty is also being strengthened by support for research and innovation, in particular via the fourth Invest for the Future Programme (PIA4), which is investing in the development of strategic technologies on certain key markets in which France deems it essential to be a global competition stakeholder (quantum technologies, cybersecurity, AI, cloud computing, etc.), in innovation support programmes and in building the research and innovation community.

Lastly, digital issues are at the forefront of other sector-specific policies such as training. On one hand, this takes the form of training in digital professions and, on the other, of digitalisation of current training resources and training teachers in digital resources, and the related educational changes. The national recovery and resilience plan earmarks around €460m for the digitalisation of vocational training through the Skills Investment Plan.

3. Smart, sustainable and inclusive growth

France's reform and investment strategy will help ensure a lasting transformation of our economy by fostering innovation, research and development to enable it to address today's challenges and to cement the country's competitiveness – which had been gradually recovering prior to the Covid-19 pandemic – in the long term. The current crisis is spurring us to step up efforts in this respect.

Our national recovery and resilience plan contains measures to upgrade the French economy and drive innovation. This goal is being shaped by a huge fourth Invest for the Future Programme (PIA4) to fast-track innovation in key areas such as digital technologies, cultural and creative industries, medical research, health industries, e-learning, and green technologies. The Programme will also aim to provide structural and foreseeable financing for higher education, research and innovation and innovative companies. In addition, to hasten the ramping up of more competitive research in France, we are looking to consolidate the resources of the French Research Agency. We are also making moves to safeguard R&D jobs in private firms and to support young graduates and PhD holders whose employment prospects have been hard hit by the Covid-19 crisis. Lastly, special support for the space sector should revitalise this industry's companies that have suffered from the crisis and allow them to invest in innovation and improve their competitiveness.

European projects under France's NRRP

France's national recovery and resilience plan includes transnational projects with our European neighbours, in particular Germany, Spain and Italy, as we firmly believe that the best way to secure competitiveness in some key industries and technologies is on a European scale.

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On 20 August 2020, the French president and German chancellor affirmed their commitment to ensure that, in addition to providing substantial funding for Member States' recovery plans, the European recovery facility will also help finance "many joint initiatives that we are interested in developing", with the aim of "having major French-German projects in leading technology sectors and strategic industrial sectors, and of preparing, in the coming weeks, French-German initiatives that will allow us to use this funding and these investments more effectively, on a joint basis and also by opening the door to all our European partners". This ambition is fully in keeping with the spirit of the Aachen Treaty, under which France and Germany have committed to boosting cooperation between the two countries in the area of research, innovation and digital transformation, and to building a competitive EU supported by a strong industrial base.

In ensuing discussions, three initial sectors were chosen as areas where the European contribution to France and Germany's national recovery plans could give rise to European and Franco-German projects: hydrogen, cloud computing and electronics.

These projects will be open to all EU Member States interested in participating and putting forward initiatives, and to a wide range of stakeholders (major groups, SMEs, mid-tier firms, research centres). At a bilateral summit in Montauban on 15 March 2021, France and Spain reaffirmed their commitment to work together on several bilateral initiatives. Thanks to a strong trade and economic relationship, there are numerous high-potential areas for cooperation between the two countries.

1. Hydrogen

France and Germany have agreed to collaborate on hydrogen energy under an Important Project of Common European Interest (IPCEI). Modelled as an "Airbus-style consortium for batteries", all interested Member States are invited to join the initiative to build a carbon-neutral, sovereign and resilient European value chain. The IPCEI will promote a wide range of hydrogen-based technologies and uses and will help strengthen European industrial know-how and cut EU greenhouse gas emissions. As part of this project and in line with its strategy, France's goal is to support the industrial production of electrolysers and transport infrastructure and to conduct pilot projects for industrial decarbonisation.

Under the tentative timeline for this IPCEI, notification is to be made to the Commission services by the end of 2021. In terms of financing, the forecasted budget stands at €1.575bn in the *France Relance* recovery plan, to be funded by the Recovery and Resilience Facility.

2. Cloud computing

France has joined up with Germany to launch an IPCEI on cloud computing. The aim of the project is to find solutions for the issues of: (i) Europe's digital sovereignty, which entails compliance with European rules and values; and (ii) the lack of a European cloud infrastructure and offering allowing data to be processed in a secure environment, shielded from non-EU regulations. It is designed to complement European initiatives such as GAIA-X and is fully in line with the European Data Strategy of February 2020. It will also allow for country-specific initiatives to be part of a consistent, Europe-wide solution. Spain has also committed to contributing to this IPCEI for new cloud services and infrastructure.

Two workshops with Member States were held on 21 January and 3 March 2021. Each Member State interested in participating in the IPCEI has since launched a preparatory phase of calls for expressions of interest to establish a pool of industry stakeholders willing to work together toward a coordinated response to the above issues. France's call for expressions of interest was opened on 16 February and will close on 17 May (France is ahead of schedule in this regard). An initial budget estimate will be put together after the call for expressions of interest is wrapped up, since financing amounts will depend on the proposals submitted by the industry stakeholders. The IPCEI is scheduled to be notified to the European Commission in December 2021 and approved in the first half of 2022.

France's contribution to this project is expected to be integrated with measures to support growth in key digital markets as part of the fourth Invest for the Future Programme (PIA4).

3. Electronics and telecommunications

On 13 October 2020, as part of a French-German dialogue on technology, Emmanuel Macron and Angela Merkel announced, in the presence of Ursula von der Leyen, their intention to play a leading role in strengthening Europe's industrial base in the area of digital technology, which includes launching an IPCEI on electronics. This initiative was later extended to other EU Member States, with 18 countries signing a declaration of intent published at the outcome of the informal conference of telecommunications ministers on 7 December 2020. At the initiative of Germany and the European Commission, it was also decided to extend the scope of the IPCEI to 5G/6G connectivity, in order to bolster European industry along the entire supply chain, from design through to first industrial deployment of advanced electronics technology and 5G/6G telecommunications infrastructure. This project will give Europe the means to develop strong electronics and telecommunications industries, in order to support innovation and competition throughout all European industries, whose value-added is inextricably bound up with electronics innovations, whether in the automotive sector, aerospace or, increasingly, health and medicine.

Spain and Italy will also be involved in the execution of this IPCEI on electronics and connectivity to support European industry along the entire supply chain, from design through to first industrial deployment of advanced electronics technology.

This new electronics and connectivity IPCEI will build on the momentum created by the first IPCEI on microelectronics launched by Germany and France. Approved in 2018, it was the first IPCEI in the area of European industrial policy, opening the door for other projects and proving the effectiveness of the instrument. France and Germany will work to develop shared industry solutions based on lessons learned from this first project, to benefit the full range of key technologies for Europe.

France's contribution to this project is expected to be integrated with measures to support the development of digital fast-track strategies as part of the PIA4, including fast-track strategies for electronics and 5G.

4. The extension of existing joint French-German initiatives in the areas of artificial intelligence and the battery sector iscurrently under review. Fast-track strategies are being developed; future projects may be partly funded by the PIA4 as part of measures to support growth in key digital markets.

We have made bold decisions to help our businesses remain competitive. The *France Relance* recovery strategy involves lowering taxes on production, initially by €20bn for 2021 and 2022 and €10bn/year on a permanent basis thereafter. These taxes are a drag on competitiveness for French businesses, particularly in manufacturing, and make France less attractive as a destination for setting up new operations. We are also stepping up our efforts to streamline procedures for businesses. The ASAP Act for the acceleration and streamlining of government action, enacted in December 2020, follows through on several of the commitments that came out of France's Great National Debate: bringing the government closer to its citizens, making it easier for businesses to grow and simplifying administrative procedures for individuals. Measures include eliminating and consolidating advisory councils, transferring decision-making power on individual cultural, economic and health issues to local levels, and simplifying procedures for industrial facilities as a way to boost regional job growth and economic activity. Alongside the execution of the recovery plan, it is important to ensure that businesses are contributing to the economic, social and environmental transformations that the central government is working to speed up. That is the aim of Article 244 of the 2021 Budget Act, which introduces commitments for businesses benefiting from financial resources under the national recovery plan. Specifically, it aims to support them in their energy transition efforts and their social dialogue, as well as in their gender equality objectives, in line with the second principle of the European Pillar of Social Rights, which advocates equality of treatment and opportunities between women and men.

To incentivize equity and quasi-equity investments in VSEs, SMEs and mid-tier firms, the recovery plan introduces "*Relance*" certification to encourage individuals to invest their savings in funds that meet the financing needs of businesses. It also includes government-guaranteed support for large-scale quasi-equity financing, in the form of long-term subordinated loans.

These competition, innovation and productivity boosting measures are designed to offset the downward effects that typically follow a deep recession. According to our estimates, the recovery plan is expected to increase economic activity by a cumulative 4 percentage points of GDP over the 2020–2025 period. Activity should also be supported in the long term (with an increase in activity of around 1 percentage point of GDP), primarily reflecting the effects of the permanent reduction in taxes on production and the long-term effect of some measures to support innovation.

4. Social and territorial cohesion

Social cohesion

Strengthening social cohesion, which involves enabling as many people as possible to find jobs that are fairly paid, has been a priority since 2017, and the government's resolute action to achieve that led to steady improvement in the labour market from the start of the current five-year term until the Covid-19 outbreak. By the fourth quarter of 2019, unemployment had fallen to 8.1%, its lowest point since the 2008 crisis, and 290,000 salaried jobs had been created in the market and non-market sectors during that year despite slower GDP growth. That brought the job-creation total for the period from the end of the first quarter of 2017 to the fourth quarter of 2019 to over 690,800 salaried jobs. However, the Covid-19 pandemic and the ensuing lockdown measures proved damaging to the more vulnerable members of society and things took a major turn for the worse in the labour market. Between the end of 2019 and the end of 2020, 284,000 salaried jobs were destroyed, 689,000 of them in the first semester of 2020. That collapse in employment was fortunately cushioned to a large extent by job retention policies like the exceptional short-time work scheme.

To dampen the impact on employment and sustain household incomes despite a temporary decrease in working-time, the government updated France's short-time work scheme, which demonstrated how effective it was in the most trying phases of the crisis. Under the scheme, unworked hours have been funded by the government for workers who were furloughed due to the pandemic. Those workers have received 70% of their gross earnings (or roughly 84% of their net earnings), and in any case not less than the country's net minimum wage. Up until 1 June 2020, the central government and the unemployment benefits agency (UNEDIC) fully covered all such pay up to 4.5 times the minimum wage. The scheme was subsequently adjusted to provide employers with the necessary incentive to resume economic activity. The latter have since been required to cover 15% of the cost except in sectors that have been particularly hard-hit by the slump such as travel, hospitality and transport. As of 21 March 2021, furloughed workers had been paid for a total of 2,635,000,000 hours under the short-time work scheme between March 2020 and February 2021 – the equivalent of 3 million workers on average working part-time. At the height of the programme in April 2020, requests for furlough pay involved more than 8 ½ million workers.

The *France Relance* recovery plan includes adjustments to the short-time work scheme. To start with, APDC – the portion of the scheme subject to French ordinary law – will be adjusted to support the return-to-work trend. Initially scheduled for 1 November 2020 and then 1 January 2021, this adjustment has been postponed until summer 2021 in response to the changing public health situation. The contribution required of employers is set to increase gradually to 40% of the furlough pay for each worker, which will henceforth be equal to 60% of the worker's former gross pay. At the same time, APLD – the portion of the scheme for long-term furloughs created in summer 2020 to assist companies that have experienced a sustained shock but stand a good chance of recovery in the medium term – will be ramped up further. APLD rests on the assumption of labour-management negotiations, given that a collective bargaining agreement is a prerequisite to accessing the scheme. Under the scheme, workers and employers are granted greater coverage for up to 24 months.

To enhance the employability of furloughed workers, the FNE-Formation scheme under which the government pays part of an employee's training costs has been redeployed to help workers adapt to the new skills and new jobs that economic change brings with it.

Moreover, one of the three pillars of our national recovery plan and a key objective of the recovery and resilience plan is to develop a social model that provides support to the more vulnerable members of society and values work. This strategy pursues several priorities that are entirely consistent with the principles of the European Pillar of Social Rights, particularly those in the chapter on equal opportunities and access to the labour market, with their focus on education, training and life-long learning, along with equal opportunities and active support to employment.

To improve workers' employability, we are stepping up the efforts we initiated at the start of the current five-year mandate to promote apprenticeships and vocational training. Our vocational training measures help smooth career transitions and adjustment of the workforce to future needs. The resources allocated to retraining through both work-study placement and conventional training programmes have been increased. Furthermore, workers who aim to acquire skills in what are shaping up to be strategic fields receive an additional contribution to their Individual Training Accounts (CPF), and job-seekers in training have been granted higher allowances. Lastly, the Skills Investment Plan (PIC) has been set in motion to enable the digitalisation of France's vocational training system.

These investments are underpinned by large-scale social welfare reform. We are committed to scheduling the implementation of those provisions in our reform of unemployment insurance that were postponed due to the pandemic, starting this year. Now that we have conferred with employee and employer representatives, we will be completing that reform in order to make the unemployment insurance system more efficient, keep it sustainable and do as much as we can to ensure that those returning to work will stay employed. The underlying rationale hasn't changed. We aim to support job growth and reduce financial insecurity by strengthening workers' incentives to work and deterring companies from making unreasonable use of short-term contracts. Some measures have already gone into effect. For example, employees who resign and the self-employed are now eligible for unemployment benefits, and beneficiaries have to work for longer periods to be able to "roll over" their unused entitlements.

We plan to implement a new method in July 2021 for calculating the benchmark daily wage (SJR) and the sliding scale for reducing benefits awarded to high-income recipients. At that time, a first step in the implementation of the bonus-malus of employers' contributions to unemployment insurance will also be taken with the start of the observation phase for companies. Finally, the other points in the reform will automatically come into force as soon as labour-market conditions improve sufficiently against appropriate predetermined indicators. The key aims here are to impose stricter conditions for entitlement to unemployment benefits and steepen the sliding scale for benefits granted to high-income recipients.

Last of all, we will be strengthening our workplace health and safety system to be able to deliver greater support to specific categories of employees, notably the most vulnerable, and improve the quality of life in the workplace.

This whole set of reforms and investments in employee training, particularly to help people adjust to a changing job market, are in line with the objectives in Chapter I, "Equal opportunities and access to the labour market", of the European Pillar of Social Rights.

Territorial cohesion

France's economic policy strategy also involves enhancing cohesion across our different regions. The third Supplementary Budget Act for 2020 has expanded the local investment subsidies (DSIL) with exceptional funding earmarked for the ecological transition, public health resilience and the rehabilitation of local heritage buildings. We are also taking resolute action to tackle unequal access to digital services from region to region. Good-quality internet connections are unavailable at present to nearly half the French population, and 4G coverage rates show considerable regional disparities. To address that issue, we are maintaining and expanding our high-speed broadband plan to step up deployment of Next Generation Access Networks (NGA) so that the entire country can be covered by 2025.

The aim of expanding the high-speed broadband plan is to guarantee that everyone in France, including in the countryside, can get the best digital connectivity at home and in the workplace, with transmission speeds exceeding 100 Mbit/s and generally greater than 1 Gbit/s. We estimate that in deploying fibre across the country through the ramp-up of our high-speed broadband plan, we should be able to create directly some 7,000 additional jobs in net terms over the period from 2020 to 2022 and maintain the level of employment achieved (roughly 25,000 jobs) through to 2024.

Strengthening territorial cohesion also requires digital inclusion policies so that we can accelerate the process by which everyone in France "onboards" new digital uses and services. The French government considers this a priority issue, given that digital literacy remains underdeveloped in the country. In 2019, one out of six people in France made no use of the internet, and more than one out of three lacked basic digital skills. And with the current restrictions on free movement, those skills have become that much more essential to effectively accessing rights, healthcare, education and information for a good many citizens. Digital literacy is also a key asset in hastening the recovery of an economy that will to a large extent be a digital economy for consumers, employees and business people alike. We estimate that over a three-year period we can train 5 million French people lacking adequate digital skills and in the process add upwards of €1.4 billion of economic benefits, including greater purchasing power for households. More specifically, by investing in this area, we are working to deliver on Principle 20 of the European Pillar of Social Rights, which states that everyone has the right to access essential services of good quality – including digital communication – as well as on the principle of equal treatment and opportunities for all.

Further prerequisites to social inclusion across all regions are democratised access to culture and the upkeep of our architectural heritage. We will accordingly be providing support to tide the arts and culture sector over in this difficult period, allow its members to resume their creative work and ensure that it gets digitally distributed. Investments in heritage will likewise help keep local areas both busy and attractive.

Those investments will be accompanied by reforms on the local and regional levels. A right to local differentiation has been enshrined in the Constitutional Bylaw on facilitating experimentation undertaken on the basis of the fourth paragraph in Article 72 of the Constitution, which was enacted by President Macron on 19 April 2021. This gives local authorities the leeway to diverge on an ad hoc basis from national legislation so that they may implement policies better suited to their areas. Moreover, the "differentiation, decentralisation, devolution and decomplexification" bill (or 4D bill) will usher in a new stage in decentralisation and devolution, with human and financial resources being shifted to local government rather than being concentrated in the hands of the central government administration. Not only will this lead to greater emphasis on implementation and application rather than on setting and reviewing standards; it will also empower the people who are most attuned to local conditions and therefore to what users of public services actually experience.

5 Health and economic, social and institutional resilience

Our economic policy strategy will help build capacity in our healthcare system. In response to the *Ségur de la Santé* healthcare stakeholder consultation, the national recovery and resilience plan includes a major investment programme of €6bn in the health and social care sectors, as well as inpatient and outpatient care. The plan aims to transform, upgrade, equip, and modernise digital infrastructure in medical and social care facilities, including residential care homes for the elderly, which will see renovation projects and extra places to accommodate the growing needs of an ageing population. Modernising healthcare provision, through investment in critical hospital projects and community healthcare infrastructure across all regions, is another key objective. The plan also seeks to bridge the digital gap by upgrading and improving the interoperability of digital health systems. Investment and reforms under *Ségur de la Santé* will be instrumental in fulfilling Principle 16 of the European Pillar of Social Rights, which enshrines the right to good-quality preventive and curative healthcare. Strengthening the healthcare system and facilities will also foster gender equality, encourage the economic emancipation of women, and contribute to eliminating precarious working conditions in an essential sector where women make up the majority of the workforce.

The vulnerability of older age groups to epidemics, as well as isolation aggravated by social distancing measures, have also highlighted the need for **better elderly and long-term care**. The introduction in summer 2020 of a fifth branch of the social security system dedicated to independent living and long-term care was an important step in this regard. Furthermore, under *Ségur de la Santé*, €2.1bn of investment aid has been earmarked in an ambitious package for the health and social care sector over the period 2021-2025. This support package for elderly care will be followed by reforms to long-term care provision currently being drawn up, in order to better facilitate a person's decision to live at home, improve care delivery at home or in a health or social care setting, and enable more balanced care provision across the country. The demographic transition presents a major employment opportunity for younger generations. As such, the government is working to attract more people into the care professions by promoting flexible career paths and better working conditions. These measures fully align with Principle 3 of the European Pillar of Social Rights enshrining equal opportunities regardless of age or disability.

To ensure greater flexibility and sufficient resources – particularly financial – in our response to future crises, we plan to introduce a number of key reforms. Since 2017, the government has been committed to transforming public action. The fifth sitting of the Inter-ministerial Government Transformation Committee on 5 February 2021 was an opportunity to review progress made since the beginning of the five-year term in making public services and public policy outcomes more transparent, making public action more accessible, and bringing government closer to citizens and local authorities. It was also an opportunity to revisit the need for long-term transformation of government, as highlighted during the crisis, and to formulate a response comprising twelve commitments. In relation to public finances, the outturn 2019 underlined the government's strong fiscal discipline since the beginning of the five-year term.

We will make meaningful commitments to strengthen our framework for managing the public finances. Progress has already been made in this area, with the publication of a report by the Commission on the Future of Public Finances, chaired by Jean Arthuis and tasked with putting forward scenarios for consolidating the public accounts, with a view to stabilising and then gradually bringing down the public debt. The commission concluded that, in view of the already high level of tax and social security contributions in France, it would not be desirable to base any strategy for keeping public finances under control on higher taxes and social security contributions. Any adjustment should therefore involve reining in public spending over the longer term. To implement this strategy, the commission has recommended reforms to the governance framework for public finances, in particular the creation of a multi-year expenditure rule as a reference point. The multi-year public expenditure rule should ensure that growth in expenditure remains below that of revenue and assumes that cost savings can be identified over the medium and long term. Furthermore, the commission has recommended granting more powers to the High Council of Public Finance (HCFP) in order to make the public finances more transparent and offer parliament and the general public more clarity on the trajectory of public finances. In addition, a number of proposals aim to strengthen multi-year governance of the public finances, such as increased scrutiny by parliament through annual debates on the public debt and its long-term sustainability.

In 2021, the government plans to implement some of the recommendations in the report by the Commission on the Future of Public Finances by passing an organic budget law. Measures could include the introduction of an expenditure rule as a guiding principle and to the extension of the prerogatives of the HCFP. **The government also intends to implement its plan to manage the debt incurred during the Covid crisis in 2021.**

This new governance framework, as well as a multi-year pathway towards stabilising and subsequently reducing the debt-to-GDP ratio to consolidate the public finances, will be implemented through a **new Public Finance Planning Act**, which will be submitted in September 2022 to take effect in 2023.

We will also continue to deliver initiatives launched at the start of the five-year term while ensuring efficient use of public funds, promoting expenditure projects that support economic growth, social inclusion and major transformative projects (environment and digital), while also effecting profound changes in how public action is taken.

A **review of reforms for increased productivity in public action** introduced over the five-year term will be published in 2021 and will identify those areas where actions undertaken should be developed further. The Prime Minister has also asked the national Court of Auditors (*Cour des Comptes*) to carry out an **audit of the position of the public finances**, the findings of which are expected in the spring of 2021 (this complements the work of the Commission on the Future of the Public Finances, who published their conclusions on 18 March 2021, as mentioned above). The auditor's report will also inform the **plan for gradually phasing out emergency support measures** introduced from March 2020 in response to the economic impact of the pandemic.

Furthermore, in order to improve the quality of public expenditure, **more robust impact assessments for public spendings will be undertaken** as the new Public Finance Planning Act takes effect in 2023 post-pandemic; future spending plans will be detailed in annual budget acts. The impact assessments will look at all areas of public expenditure and may draw on 2019 and 2020 impact assessments used to inform green budget policies. The assessments will look at the impact of public expenditure programmes on growth, social inclusion and contribution to major transformative projects (environment and digital) and will engage high-level expert input from government ministries, as well as members of parliament, within the "spring review" framework introduced at the beginning of President Macron’s five-year term. The openness of the process is aimed at ensuring transparent and objective analysis. The process will provide more detailed information to prioritise public spending programmes and ultimately direct public expenditure to the most efficient projects that support inclusive growth and a faster ecological transition. This in turn should contribute to the sustainability of public finances in the medium term, including via support to growth.

Lastly, we remain committed to ambitious reform of the pension system to make it fairer and more sustainable. The pension system in France is unsatisfactory in its present form. Its fragmented nature, coupled with the wide variations in how pensions are calculated, generate deep inequalities; in addition, the system does not sufficiently value employment of older workers, which partly explains why France lags far behind in terms of employment in the 55-64 age group. In addition to these challenges, there is also a significant structural financial imbalance. The Covid-19 pandemic has further widened the pension system deficit, at least in the short term, and the social security deficit more generally.

Pension reform in France is therefore still necessary to guarantee the level of pensions over the long term, create incentives for employment of older workers, and have a fairer system. Reform is also critical to increasing labour market mobility and ensuring universal pension coverage regardless of status and occupation.

Draft reform, put forward in December 2019 and currently suspended due to the pandemic, proposes wide-ranging changes to the pension system. We believe that gradually harmonising the rules for various pension schemes as a means of increasing fairness, incentivising employment and enterprise to boost the country's growth potential, and ensuring the system remains financially sustainable, remain the right course of action. Social dialogue on these matters should resume as soon as public health and economic conditions permit.

6 Policies for the next generation, children and young people

We have chosen to invest massively for young people given their particular vulnerability in terms of employment and their problems entering the job market in times of crisis. This is notably reflected by the "1 Young Person, 1 Solution" scheme, consisting of a set of special measures to support young people after the crisis. It helps facilitate young people's entry into the labour market through mechanisms such as apprenticeship support. It will serve to train and steer 223,000 additional young people towards sectors and occupations of the future such as the green transition, digital technology and healthcare. The "1 Young Person, 1 Solution" scheme is further intended to support the young people who are most detached from the labour market (300,000 employment support contracts will be available). Our strategy also seeks to support the most vulnerable into work. Thus, subsidies for apprenticeships and vocational training contracts are available to employers who take on people with disabilities. In addition, an employment subsidy for disabled workers is being rolled out. This measure addresses the Principle 17 of the European Pillar of Social Rights concerning inclusion of people with disabilities, in particular by enabling them to participate in the labour market.

Furthermore, to prevent recurrentunemployment and facilitate access to long-term employment by increasingly tailoring personal support to individual needs, we are continuing to restructure national employment agency services under the tripartite agreement between central government, the unemployment benefits agency (UNEDIC) and the national employment agency (*Pôle Emploi*), which runs until 2022.

The crisis has also revealed and amplified inequalities, requiring determined action to reduce them. To complement the action taken from the very start of the President's term of office to tackle inequality in education – for example by splitting classes in the first two years of primary school in priority education areas (REP and REP+), making nursery places available under the anti-poverty plan, or lowering the compulsory school age to 3 years old – new measures will be implemented to address inequalities of fate, exacerbated by a deterioration in conditions for learning on account of the health crisis. In this connection, President Macron has announced a ramping-up of three schemes, funded partly by the recovery plan. Firstly, places under the Cordées de la Réussite higher-education entry scheme will be increased from 80,000 to 200,000 : the aim is to identify secondary-school pupils in all subject areas who are eligible for coaching and a grant to access higher education and selective-entry courses. Secondly, the "boarding schools of excellence" are being expanded, with a target of 200 new or restored places for the start of the 2021 school year and 1,300 additional places for the start of the 2022 school year. Thirdly, the Education Minister will have a budget of €400m in 2021 to revalorize the staff and support the transformation of the teaching profession.

Lastly, to step up action to tackle inequality from early childhood, in 2019 President Macron set up a committee of experts on the first thousand days of childhood in order to i) produce a scientific consensus on public health recommendations, ii) map out a more intelligible path for young parents, iii) provide scientific guidance on the issue of leave for childbirth and particularly paternity leave, iv) rethink the early childhood care system and childcare options over the next ten years. An extension of paternity and settling-in leave has been included in the 2021 Social Security Budget Act. All measures to tackle inequality in education and inequalities of fate and improve training for young people specifically address the third principle of the European Pillar of Social Rights enshrining equal opportunities.

Summary of investments and reforms included in the Plan:

Pillars	Investments	Reforms
Green transition	- Energy retrofitting (public buildings, social housing, small businesses and private homes); - Biodiversity and fighting land take (urban densification and renewal, biodiversity at the local level, water supply and modernisation of sewage treatment plants); - Decarbonisation of industry; - Circular economy and short food supply chains (recycling and reusing, modernisation of waste sorting/recycling and reclaiming centres); - Transition of agriculture (plan for protein independence, forestry) and shipping (greening ports); - Green infrastructure and mobility (rail, accelerated work on transport infrastructure, support for clean vehicle demand, greening the government's automobile fleet); - Green energy and technology (decarbonised hydrogen, aeronautics support plans, support for the development of key markets for green technology)	- Housing policy reform - Building insulation regulation reform - Climate and Resilience Bill - Circular economy roadmap and Act 2020-105 of 10 February 2020 on Fighting Waste and the Circular Economy - Implementation of the Mobility Reform Act - Green Budget
Digital Transformation	- Technological sovereignty (support for the development of key digital markets); - Digital upgrading of businesses (VSE/SME/ETIs), central and local government (digital identification, digital public services – education, justice, culture); - Digitalisation of training and investment in digital skills; - Digital development throughout the country (high-speed broadband, digital inclusion)	- Governance of the Fourth Invest for the Future Programme (PIA4)

Smart, sustainable and inclusive growth	- Business financing (building equity in VSE/SME/ETIs); - Support for the development of key digital markets (see above) under the Fourth Invest for the Future Programme (PIA4); - Innovation grants, innovation projects in strategic industries under the Fourth Invest for the Future Programme; - Support for the space industry; - Preservation of research and development jobs; - More resources for the National Research Agency (ANR); - Funding for the higher education, research and innovation, and technology transfer ecosystem under the Fourth Invest for the Future Programme	- 2021-2030 Research Planning Act of 20 November 2020 - Government Action Acceleration and Streamlining Act of 7 December 2020 (ASAP)
Social and Territorial Cohesion	- Job preservation; FNE-Formation – work-linked training and promotion (ProA) – Handicap (grant for hiring workers with disabilities); - Vocational training (skills investment plan, digitalisation of training, more resources for France Compétences and the national employment agency); - Digital development throughout the country: High-speed broadband, digital inclusion	- Unemployment insurance reform; - Short-time working reform; - Occupational health and safety reform
Health and economic, social and institutional resilience	- Massive government investment in the public healthcare system – *Ségur de la Santé*	- Contribution of businesses to economic, social and environmental transformation as part of the recovery - 4D Bill – deconcentration, decentralisation, differentiation and decomplexification - Constitutional Bylaw on facilitating experimentation in government under the terms of Article 72 (4) of the Constitution - Civil service transformation - National strategy for reform of the healthcare system

		- 5th branch of Social Security and long-term care and independent living reform - Improved public finance governance and efficiency of public expenditure
Policies for the next generation, children and young people, (including education and skills)	- Apprenticeship and vocational training contract grants - Bonus for hiring employees under the age of 26; - Boarding schools of excellence; - Training for careers of the future; - Enhanced and customised support for young jobseekers (employment and skills programme, employment initiative contracts, local institutions supporting young job seekers (employment and independent living support programme, Youth Guarantee))	- Restructuring of national employment agency services

Gender equality and equal opportunities

As for all Europeans countries, one of the major challenges we face is to prevent growing inequality in France now and in the coming months. Therefore, the aim of our economic policy strategy outlined in the national recovery and resilience plan is to contribute to enhancing equality between women and men and equal opportunities for all, in ligne with Principles 2 and 3 in Chapter I of the **European Pillar of Social Rights**, approved by France and all of the European Union Member States at the Göteborg Social Summit.

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The reforms and investments that France intends to make in the coming years will contribute to increasing equal opportunities for all, particularly the most vulnerable groups, with regard to education, training and access to employment. France's strategy to promote integration of jobseekers and to ensure equal opportunities aims for inclusion, since it addresses the people facing the biggest challenges in finding jobs by enhancing training programmes. These training programmes will be available everywhere and at every level: Overseas France, rural areas, priority neighbourhoods for urban policy, small, medium and large towns, metropolitan areas, *départements* and regions. In addition, the national employment agency (*Pôle emploi*) will receive more resources to cope with the increased numbers of jobseekers caused by the crisis and to provide more effective support for their job search.

We are also taking action to support the persons facing the greatest difficulties and underrepresented groups. Our training and employment policy is primarily aimed at young people, who have been hit particularly hard by the crisis. They will benefit from the grant for hiring employees under the age of 26, grants for apprenticeship contracts and vocational training contracts and massive investment in their vocational training, particularly for careers of the future.

Building an inclusive society, which is a priority for this Government, also requires true access to the labour market for peopled with disabilities, as mentioned specifically by Principle 3 of the

European Pillar of Social Rights. We are committed to providing specific support for people with disabilities of all ages in access to jobs by means of an exceptional hiring grant for businesses.

We are continuing our efforts to make *Pôle emploi* services fully accessible for people with disabilities. *Pôle emploi* is continuing its involvement in plans for ensuring access to its network of centres via public transport, its development of remote access to support services using video and improving the user-friendliness of its online services and making these services accessible for people with disabilities. Making careers in long-term care institutions and in in-home care services more attractive, along with the investment under the *Ségur de la Santé*, have contributed to the long-term care and independent living reform that the government wishes to undertake to give the elderly and their families the option of staying in their homes. This commitment is consistent with the creation of a fifth branch of the Social Security system in the third quarter of 2020 to support independent living. These measures are fully consistent with the third principle of the European Pillar of Social Rights, which upholds equal treatment and opportunities for all, regardless of age or disability.

France's economic policy strategy will also promote equality between women and men, in ligne with the second principle of the European Pillar of Social Rights and the fifth Sustainable Development Goal. More specifically, the purpose of the *France Relance* strategy and our reform agenda is to mitigate the social and economic impact of the crisis on women, who are affected because of their role as frontline healthcare workers in the fight against the pandemic. Massive investment and reforms to improve the healthcare system and build sound healthcare infrastructure will promote equality between women and men, support the economic emancipation of women and fight job insecurity in a critical sector where women account for the majority of workers. In addition, Article 244 of the 2021 Budget Act commits corporations receiving funds under the Recovery Plan mission to improve their performance in non-financial areas, such as gender parity. A bill was submitted to Parliament on 23 March 2021 to accelerate progress toward economic and professional equality based on a comprehensive approach that could reduce the overall 28.5% pay gap between women and men.

The government has also undertaken a broad civil service reform, under the terms of the Act of 6 August 2019, which provides the tools needed to create the civil service of the 21st century. The final section of the Civil Service Transformation Act enshrines gender equality at work. The provisions address gender equality at work, as well as the equality of civil servants with disabilities. The stress is on improving equal opportunities, especially in management positions in the civil service.

A plan to promote gender equality should make it possible to reach the goal of having women account for 40% of newly appointed senior managers in 2021, versus 37% at present.

Our ambitious equal opportunities objective is based on determined action to live up to the republican promise of equal access to public sector jobs. The government wants to improve the civil service exam results of students in integrated preparatory courses (CPI), from the current 52% success rate to 62% by 2022, by means of an ambitious equal opportunities plan.

On 3 March 2021, the government launched the "Public Service Talents" programme to promote equal opportunities for access to certain public service schools. The programme includes the "*Cordées du service public*" system to help secondary school pupils toward civil service careers, 1000 extra spots in the "Talents" preparatory courses for management level civil service exams reserved for the most deserving scholarship students in higher education, and the doubling of the "Talents" grant paid to students studying for civil service exams from €2000 to €4000.