

COMMITTEE'S OPINION

The Parliament has mandated this committee to evaluate the French recovery plan “France Relance”, amounting to 100 billion euros to be committed by the end of 2022. At this stage, the evaluation can only be partial and provisional. The implementation phase of the plan has not yet been completed. More time will be needed to assess the real impact of the measures, particularly those involving investments or technical works. The evaluation will also have to take into account the impact of other public policies such as the emergency support measures for the Covid-19 pandemic and the France 2030 plan announced on the 12th of October 2021.

Yet, an initial analysis has been carried out based on a large amount of quantitative and qualitative information gathered from central government departments and the various actors responsible for steering and implementing France Relance, as well as from some of its beneficiaries. First, the analysis compares the French recovery plan with those of its main European partners. It then provides an initial opinion on the implementation of the plan based on a partial evaluation of five measures: housing insulation, energy retrofit of public buildings, two industrial investment support schemes and the “1 youth, 1 solution” plan.

France Relance: a dual ambition and an imperative of speed

France Relance is structured around three components: Ecology (30 billion euros), Competitiveness (34 billion euros) and Cohesion (36 billion euros). Each component is made up of different measures to which specific objectives are assigned.

The aim assigned to France Relance in September 2020 was twofold. “The plan was designed with two short-term objectives: to enable France to return to its pre-crisis economic activity levels by the summer of 2022 by reviving all sectors of the economy, and to reduce unemployment as soon as 2021, compared to the summer of 2020”¹, thanks to

¹ Strategic presentation of the "Recovery Plan" mission (annual performance project for the Recovery Plan mission, appended to the 2022 Finance Bill).

a rapid increase in public spending and investment. This was expected to lead to the creation of 160,000 jobs by 2021¹. The medium- and long-term objectives were to support competitiveness and help adapt France to future challenges, in particular by lowering production taxes, taking measures in favour of innovation, ecological transition, digital transformation and skill enhancement².

France Relance is close in magnitude to the recovery plans of France's main European partners, i.e. Germany, Spain and the United Kingdom, with the exception of the Italian plan, which has a much larger budget but whose disbursements are spread out over a longer period. Their general orientations converge on energy retrofit of buildings, inclusion and social cohesion, taxation, innovation and the development of green mobility. However, the weightings can vary significantly from one country to another, whose economic situations were different before the crisis. France Relance thus distinguished itself by a reduction of 20 billion euros over 2021-2022 in production taxes, the level of which was initially higher than our partners, and, like Germany, by a sharp commitment before the end of 2022.

The implementation methods have favoured speed

Whether energy retrofitting of public buildings or supporting industrial investment, this imperative for speed is reflected in the short time allowed for processing applications. In addition, the time-bound selection process leads to prioritise the implementation speediness of submitted projects.

The management of France Relance has taken into account feedback on the implementation of the various measures and their speed of implementation, in order to extend measures (exceptional aid for work-study training) or to renew them (Industry of the Future desk), and to make the corresponding financial redeployments.

The assigned operational objectives seem achievable

By the end of August 2021, 47 billion euros had been committed and 29 billion euros disbursed. Given the commitments made and the redeployments made possible by the

¹ According to the annual performance project of the "Recovery Plan" mission, appended to the 2021 Finance Bill.

² According to the France Relance presentation press kit of September 3rd 2020 and the strategic presentation of the "Recovery Plan" mission (annual performance project of the Recovery Plan mission, appended to the 2022 finance bill).

responsiveness of France Relance's management, the overall objective of 70 billion euros committed by the end of 2021 seems achievable.

The operational objectives assigned to the schemes evaluated were mainly focusing on the amounts to be committed and the number of grants awarded. For the most part, these have been achieved or are in the process of being achieved. The implementation of the schemes shows that:

- for MaPrimeRénov', 464,000 applications were validated for a total of 1.4 billion euros between January and September 2021. In the first half of 2021, 81% of beneficiaries were households with low and very low incomes;
- 4,214 energy retrofit projects in State-owned public buildings are being supported for a total of 2.7 billion euros. They are located throughout the country;
- 11 billion euros worth of industrial investment projects are subsidised to the tune of 2.4 billion euros¹. The vast majority of these subsidies support SME projects in all industrial sectors, aimed at modernising or transforming their production facilities;
- The “1 youth, 1 solution” plan has made it possible to allocate at least 2.1 million grants or entries into support or training schemes by the end of September 2021, including 1.3 million under the aid for hiring young people and exceptional aid for work-study training². 5.1 billion euros had been committed by the end of August 2021.

The short-term macroeconomic objective is being met, but the specific role of France Relance cannot be estimated at this stage

The macroeconomic objective assigned to France Relance - to return to the pre-crisis level of activity by the summer of 2022 - has a high probability of being achieved³. However, it might not be the case in Italy, the UK, and Spain. As for the employment situation in France, it seems to be coming back to normal slightly faster than in its main European partners. In particular, the employment rate of young people in France has already returned to its pre-crisis level.

However, it seems difficult to establish a direct link between this rapid recovery of the macroeconomic situation and the implementation of France Relance, even if the plan has certainly contributed to it. Moreover, it will be difficult to discern the respective effects of

¹ Of which 1.7 billion euros are allocated by the Support for Investment and Modernisation of Industry scheme, and 0.7 billion euros under the Industry of the Future desk. These data are provisional as of October 12th 2021. The final data will only be known at the end of 2021.

² Provisional data as of the end of September 2021.

³ It should be noted that France Relance was not given the objective of erasing economic activity losses compared to a situation without the crisis, in which the French economy would have continued to grow.

the various emergency measures from those of the recovery plan, whose periods and beneficiaries partially overlap. Similarly, it will be difficult in the medium- to long-term to distinguish the effects of France Relance from those of the France 2030 plan.

A risk: the short-term recovery objective must be achieved without neglecting the medium-term objectives

The schemes evaluated included medium-term objectives: the reduction of energy consumption and greenhouse gas emissions for the schemes supporting energy retrofit of buildings; the protection of the environment and resilience for the support to industrial investments; and the sustainable integration of young people into employment for the “1 youth, 1 solution” plan.

These different objectives have not been specified with quantitative targets. It is therefore difficult to assess if they've been achieved. Nevertheless, although these medium-term objectives have been taken into account in the application process, the available information does not allow to guarantee, at this stage, that the impact of the measures evaluated will be optimal:

- In the case of energy retrofit of public buildings and private housing, the imperative for speed, in a context of gradual structuring of the sector, has not necessarily led to support the most efficient projects in terms of energy savings;
- The selection of the industrial investment projects does not allow, at this stage, to estimate whether the grants will have a significant effect on their respective objectives, notably the environment or the resilience of industrial value chains;
- As for the “1 youth, 1 solution” plan, the medium-term effects of the extension of the measures on the professional integration of young people remain uncertain at this stage.

A more complete evaluation of the impact of France Relance will be carried out by the committee from 2022 onwards, based on calls for research projects proposals, in accordance with the Prime Minister's mission letter of April 3rd 2021.