

# THE "ZERO LONG-TERM UNEMPLOYMENT TERRITORY" EXPERIMENT

2016-2024

Public thematic report

June 2025

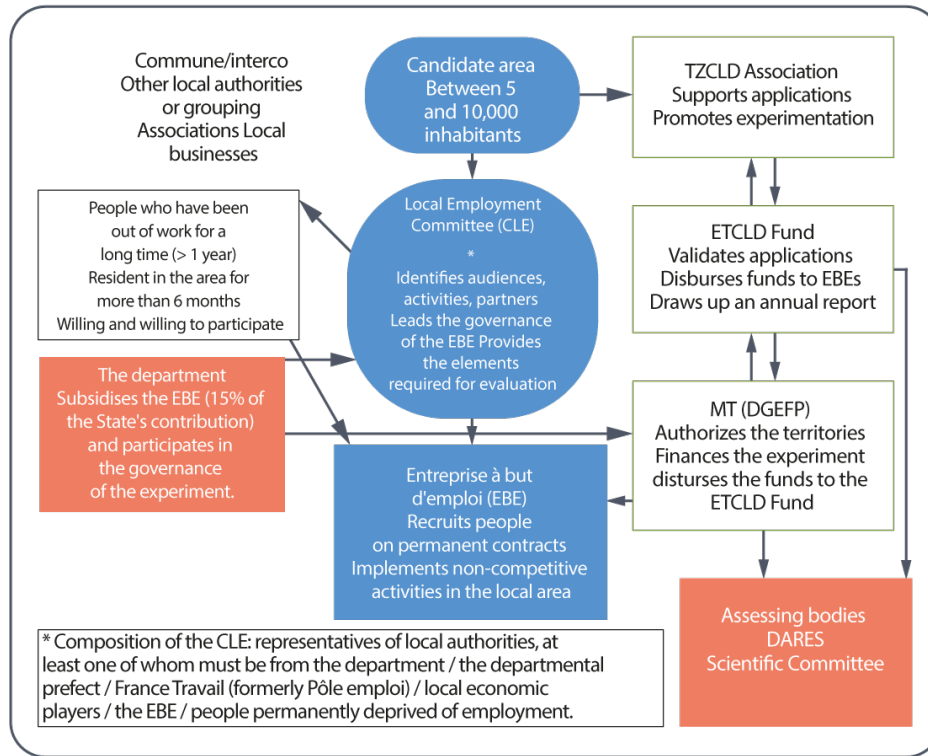
## Summary

A "*territorial experiment aimed at reducing long-term unemployment*" was introduced by the law of the same name of 29 February 2016 and extended by the law of 14 December 2020 relating to the strengthening of inclusion in employment through economic activity and the "Zero Long-Term Unemployment Territory" experiment. As this experiment comes to an end on 30 June 2026, the Court wished to analyse the efficiency of the actions put in place, their governance, the relevance of the targeting of beneficiaries and the sustainability of the financial model, in order to specify the conditions under which the experiment could or could not be continued and become part of the ordinary law of the national employment policy.

The "*Zero Long-Term Unemployment Territory*" experiment enables volunteer areas of between 5 and 10,000 inhabitants - on the scale of a municipality, a community of municipalities, or even a district in large conurbations - to coordinate actions aimed at offering a solution to individuals who have been unemployed for a long time. A volunteer area must comply with a set of specifications outlining, in particular, the commitment to the approach of the various stakeholders in the territory; it is authorised by the State after its application has been examined by the association managing the funds for the experiment, the "*Expérimentation territoriale contre le chômage de longue durée*" (ETCLD) association.

A "*local employment committee*", set up around the volunteer local authority, brings together representatives from the State, *France Travail*, the department and local social and economic stakeholders. An "*entreprise à but d'emploi*" (employment-oriented business - EBE) is established to offer permanent contracts (CDIs) to persons who are permanently unemployed and willing to work. The EBE can only develop economic activities that are not in competition with those already present in the territory, i.e. that meet needs not met in the territory by existing companies. The "*local employment committee*" coordinates the development of these activities in conjunction with local economic stakeholders.

## Organisation of the experiment in a territory



Source: Court of Accounts

LA: local authorities; ML: Ministry of Labour; DGEFP: General Delegation for Employment and Vocational Training; DARES: Directorate for Research, Studies and Statistics; TZCLD: Zero Long-Term Unemployment Territory

By the end of 2024, the experiment had involved 83 territories (eight of which were approved by the end of 2024), 86 EBEs and 3,290 employees who had been excluded from the workforce for a long period. State expenditure on this scheme amounted to €57.1m in 2024, and that of the departments to €7.5m

### Size and number of “*entreprises à but d’emploi*” (EBEs)

	Number of full-time equivalents (FTEs) supported	Number of EBEs
2017	193	10
2018	446	11
2019	565	13
2020	572	13
2021	600	19
2022	927	48
2023	1,635	68

Source: ETCLD association, response to the Court of Accounts' questionnaire

### An innovative local project enabling individuals who have been unemployed for a long time to engage in activities that are useful to the territories

The “Zero Long-Term Unemployment Territory” experiment stems from the reflections of the association ATD Quart-Monde. Its initiators started from three postulates, formulated as follows: *“no one is unemployable when employment is adapted to people's abilities and skills”; “there is no shortage of work: there is still a great deal of useful and varied work to be done - when the criterion of market profitability is not the sole determinant in the choice of activities”; “there is no shortage of money: long-term joblessness costs the community more than the creation of the jobs needed to make employment a right”.*

Compared with pre-existing schemes, particularly those relating to integration through economic activity, the main feature of this experiment is to offer work that is adapted to the abilities, constraints and obstacles that have kept these persons excluded from the workforce for a long time. Unlike integration through economic activity, the initial objective was not necessarily to lead to a return to traditional employment: the percentage of *“exits towards employment”*, the usual indicator for integration through economic activity, was therefore not an indicator of the success of the experiment.

In just a few years, thanks to the adaptation of working conditions and the possibility of working a chosen number of hours, the experiment has demonstrated its ability to get people back into work who had been excluded from the workforce, as well as people who are particularly vulnerable with regard to the labour market: people with disabilities, senior citizens, single parents, carers and people facing mobility problems.

Recruitment on a permanent contract is one of the founding principles of this experiment. There is no time limit on support for employees. On the other hand, the notion of a pathway

was not integrated into the design of the experiment. It is now seen as a necessity in order to allow people to project themselves outside a highly protected space and for the EBEs to welcome new beneficiaries. The development of training courses and temporary secondments to partner companies are levers that are still unevenly used in the various approved territories. Depending on the profile of the beneficiaries, the EBEs should be able to fulfil this function as a springboard for a return to ordinary employment.

The experiment demonstrated that the activities developed met real needs in the territory that were not being met by existing businesses: services for individuals and businesses facing major social challenges - combating isolation, strengthening social links, supporting the elderly, combating food insecurity and the digital divide - or challenges linked to the ecological transition - the circular economy, reuse, repair, and combating food waste. These activities, although varied, generate relatively modest revenues because of their low productivity.

Based on local cooperation targeted at employment, the experiment combined the identification of sources of value to create new socially useful activities with an inclusive approach for people who have been excluded from the workforce.

### Atypical governance that isolated the experiment

The law entrusts the national piloting of the experiment to an association managing the "*Fonds d'expérimentation territoriale contre le chômage de longue durée*" (ETCLD), which is monitored by government departments on a minimal basis. This association is very closely linked to another association, called the "*Territoires zéro chômeur de longue durée*" association (TZCLD), which is financed mainly by private funds and has as its priority a mission of lobbying the national and European public stakeholders involved in the experiment, on behalf of the stakeholders in the fight against job insecurity who initiated it, and a mission of supporting the submission of applications from the territories. The relationship between the two associations, although governed by an agreement, contributes to the confusion (sharing of premises, websites, employees and administrators) between a stakeholders responsible for a public service mission carried out on behalf of the State and another more militant association, financed by private funds and European funds. In addition, the implementation of the "*employment network*" defined by the Full Employment Law of 18 December 2023 and the increasing management costs of the association in charge of the fund mean that the decision to outsource the management of the experiment needs to be re-examined.

Coordination between this national level and the local stakeholders is based on regular monitoring, advice and the feedback of data between the "*local employment committees*" and the EBEs, on the one hand, and the association managing the fund, on the other. A national agreement provides for a partnership between the latter and *France Travail*, but its implementation at the local level is not formalised and is very uneven. Given the direct relationship between the experimental territories and the two associations, and in the absence of directives from the Ministry of Employment, the corollary of this structuring was to keep the decentralised State services and those of *France Travail*, which are at the heart of the territorial deployment of national employment policy, at a distance from the implementation.

This experiment has also highlighted the importance of regional mobilisation in the deployment of employment policies aimed at excluded persons. However, although the funding and staffing levels are very modest compared with those allocated to integration through economic activity, the very favourable conditions for the deployment of the "*Zero Long-Term*

*Unemployment Territory*" experiment (amount of aid per permanent position) have sometimes given rise to misunderstandings on the part of local stakeholders. For example, a lack of awareness of the genuinely precarious situation of people taken on by "employment-oriented companies", which are heavily subsidised by the State, has sometimes led to suspicions of unfair competition in recruitment on the part of representatives of employers operating in sectors under pressure. Similarly, the activities developed as part of the experiment have sometimes given rise to fears of unfair competition with local businesses and other employment integration schemes, such as integration through economic activity.

This atypical operation, using associative management, would probably not have produced the same effects with more traditional management methods. However, at this time, it is important that the approach be incorporated into the ordinary law policies promoting employment and combating job insecurity: The "*local employment committees*" should be integrated into the territorial employment committees resulting from the reform of France Travail, on the one hand, and the empowerment of territories and the management of funds should be entrusted to the decentralised services of the State, on the other hand.

### A financial imbalance which needs to be addressed

The financial imbalance of the "*Zero Long-Term Unemployment Territory*" experiment is obvious. The experimentation model has been debated from the outset. In 2015, ATD Quart-Monde, the initiator of this scheme, produced a macro-economic assessment of the cost to society of joblessness, aimed at demonstrating the budgetary neutrality of covering each job created by activating these "*passive expenses*", estimated at €18,000 per person per year. This estimate was contradicted by a report published in 2019 by the Inspectorates-General for Finance and Social Affairs, which found that the savings generated by the experiment were lower than expected and disputed the principle of budget neutrality. The economic externalities of a return to employment for people who had been permanently excluded from the workforce are difficult to put a figure on, and their analysis can be skewed by what the researcher intends to demonstrate. These differences do not, however, call into question the need to regularly assess the cost of long-term and very long-term unemployment, so that the amount paid by the State for these subsidised jobs can be set at the fairest level.

The cost per job created has risen significantly, mainly due to the costs inherent in the association managing the fund. The amount of public funding in 2023, based on the number of full-time equivalent (FTE) employees benefiting from the experiment, reveals an annual cost of €28,000 per FTE.

### Cost per FTE of various employment integration schemes (2024) (in €)

Scheme	Cost per FTE
TZCLD	27,093
Workshops and integration projects	23,458
Intermediary associations	1,587
Integration companies	12,218
Temporary employment integration companies	4,688
Companies for integration through self-employment	6,443

Source: Budget Department

Rationalisation is all the more necessary as, in the absence of a *numerus clausus* for recruitment to the EBEs, these jobs run the risk of the rapid increase in budgetary expenditure not being sufficiently controlled.

### Budgetary execution of the experiment

	2017	2018	2019	2020	2021	2022	2023	2024
Appropriations voted in the Finance Act (€m)	14.93	18.22	22.37	28.50	28.61	33.22	44.94	79.00
Appropriations implemented (€m)	5.78	10.59	12.30	12.80	12.71	24.40	41.45	57.1
Execution rate	39 %	58 %	55 %	45 %	44 %	73 %	92 %	72 %

Source: Annual performance project for Programme 102 "Access to and return to employment" and note on the implementation of the 2024 budget of the Labour and Employment mission

The way in which the cost of these jobs is shared is also a subject of debate: since the 2020 Act, the departments have been obliged to contribute 15 % of the state contribution. Some departments contest this obligation, which they feel would go beyond the scope of their powers. As for the regions, responsible for economic development and vocational training, their involvement has been limited

The growth in the revenue of EBEs is largely due to the increase in their number, from 10 to 62 between 2017 and 2023, but also to the increase in the average revenue per business. However, the EBEs continue to face major financial difficulties: their aggregate operating profit often remains in deficit, while their gross operating surplus is consistently negative, reflecting their still precarious economic viability.

These companies face specific constraints. Their activities are limited by the principle of non-competition and are likely to change rapidly over time. Nor do they choose their employees, who face personal and professional difficulties that the company cannot ignore.

The “Zero Long-Term Unemployment Territory” experiment is at a pivotal point in terms of the future of the scheme: the current experimentation law will come to an end on 30 June 2026, and Parliament’s next step will be decisive in more ways than one. Questions concern its future beyond this date, the new form that its governance and support for the persons identified by the experiment could take, and the funding that could be allocated to it if it is renewed.

The Court’s audit shows that this experiment is proving its usefulness locally, in particular in meeting the needs of people for whom no other solution was available. But it requires considerable human and financial resources, making its sustainability uncertain. After ten years of experimentation, it would be desirable to standardise this support as part of public policies to promote employment and professional integration. In order to capitalise on its positive effects, both for the employees of the EBEs and for the territories, the Court considers that it is necessary to seek complementarities and synergies with general employment schemes. From the many exchanges, meetings and observations resulting from this investigation, it is clear that the experiment, based on a very detailed approach and the voluntary commitment of the various local stakeholders, is a singular object that can only be reproduced in a limited number of areas. On the other hand, an extension of its legislative framework could, in addition to securing existing schemes, and give a few territories the opportunity each year to deploy a similar offer.

For the Parliament to give any possible follow-up to the experiment, there is the central question of the steering system put in place by transferring the resources of the experiment to an *ad hoc* structure. This governance has had the merit of creating a framework, tools, close monitoring of the territories and a doctrine that has been able to evolve over the first few years and through the expansion to new territories. These tools have now been acquired. The creation of the new employment network resulting from the reform of *France Travail* is an opportunity to enable the collaborations put in place in the approved territories to find their place within general policies promoting employment. The Court therefore considers that it is necessary to put an end to the management of the public funds concerned by an association that is too far removed from this employment network and from the services of the State and *France Travail*.

Finally, there is the question of the appropriate amount of funding for the jobs created. The law entrusted a scientific committee with the task of producing both quantitative and qualitative analyses of the experiment results: impact on the territories, new assessment of the overall economic cost of unemployment, and assessment of the positive externalities of this return to employment. This work should be made public in the summer of 2025 and should help determine the evolution of the financial support required. Unprofitable activities will always exist, and it must be possible to finance the consequences of long-term unemployment through national solidarity. That is the whole point of this experiment, which is based on making visible the cost to the community of long-term joblessness.

The reform of *France Travail* is designed to give new priority to getting individuals who are very far from employment back into work. The successful integration of the achievements of the experiment into employment integration policies depends on a close partnership between the decentralised services of the State and local stakeholders, in particular the local authorities. Only direct management by the State’s decentralised services would enable better



coordination with other supported employment structures (structures for integration through economic activity, adapted businesses, or even establishments or services for assistance through work) and would guarantee the preservation of the achievements of the experiment. This alone would also enable the results of the experiment to feed more widely into other existing schemes designed to support the most vulnerable members of the labour market.

## Recommendations

The framework for implementing these recommendations will depend on the Parliament decision between now and June 2026 on whether or not to continue the experiment, or to transform it into a permanent scheme. The Court therefore distinguishes below between what needs to be implemented in the short term without waiting for this decision (recommendations 2, 3 and 6) and the actions it considers desirable at the end of its investigation, with regard to the continuation of the experimental system (other recommendations).

### *Strengthen the management of the experiment without delay:*

2. Set up a tool to monitor data relating to the socio-professional situation of people recruited by the EBEs, as well as the career paths of all people monitored by the local employment committees ("*Expérimentation territoriale contre le chômage de longue durée*" association -ETCLD, Ministry of Labour and Employment – 2025)\*\*.
3. Create a pathway for employees in EBEs by strengthening internal development and gateways to ordinary employment and by monitoring a transition to sustainable employment indicator (Ministry of Labour and Employment – 2025)\*\*.
6. Define a strategic vision of the scheme and its relationship with other support schemes for people who have been excluded from employment and provide guidance to the territorial services on its implementation (Ministry of Labour and Employment – 2025)\*.

Bring the scheme under the general regime by 2026:

4. Integrate the local employment committees resulting from the experiment into the employment committees created at the intra-departmental level by the law of 18 December 2023 for full employment (Ministry of Labour and Employment – 2025) \*.
5. Propose to Parliament that, from now on, the management of the funds and the implementation of the experiment be entrusted directly to the Ministry of Labour and Employment and to the State's territorial services, and that they be included in contracts with local co-funders (Ministry of Labour and Employment – 2025-2026)\*.
1. Ensure that any recruitment by an EBE is preceded by an analysis of all possible solutions for integration into employment, and make it conditional on a favourable opinion from the territorial representative of *France Travail* (Ministry of Labour and Employment, *France Travail* – 2025)\*.

### *Evaluating and adjusting funding for the experiment:*

7. Develop a methodology for updating the cost of long-term unemployment, then evaluate it periodically to set the amount of the State's contribution (Ministry of Labour and Employment – 2026)\*\*.

\* *Public policy recommendation*

\*\* *Management recommendation*