

15 years of payments for results :

 **FRANCE TRAVAIL feedback**

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France Travail presentation

- ❑ **France Travail is the public body dedicated to support french jobseekers**
- ❑ **France travail is implemented on all parts of the french territory : 935 agencies with 55000 employees**
- ❑ **The budget is around 5 Billions euros**
- ❑ **The tools of France Travail :**
 - ❑ Paying the benefits on behalf of jobseekers
 - ❑ Empowering jobseekers employability

France Travail outsourcing policy

- ❑ **FT outsourcing policy in core business issues why ? :**

- ❑ Facing shocks in unemployment turnaround : Lehman brothers crisis in 2009

- ❑ The scope of contracts align with France Travail main activities :

- 1 Enhancing job seekers employability : interviews techniques ; softskills enhancement

- 2 Matching job seekers with hiring firms

- ❑ **The use of these contracts is widespread : 250 000 participants each year**

- ❑ **Average annual value is 100 Millions euros By far the primary procurement contract .**

Payment for results mechanism

- ❑ **Contractors revenue has two parts :**
- ❑ **A fixed revenue** : it's paid when jobseeker receives services
- ❑ **A bonus** : paid when the job seekers get a job during the services .The contract obtained must have a minimal duration : 6 months is the minimal duration for a sustained job
- ❑ The bonus constitutes the major part of contractor revenue :ranging from 60% up to 80 %
- ❑ This kind of payement for results level has no equivalent in french public procurement

Payment for results strategy

- ❑ This type of contracts for job seekers has been created in UK with the work program
- ❑ France Travail stakeholders wanted also the payment for results to be implemented in FranceTravail for the most strategic procurement contracts (goal ; amount) :
- ❑ **Preventing opportunistic attitudes from contractors** : no effort to help the job seekers , no incentive for the contractors staff to solve the problem and inability for FT to use traditional tools to enforce requirements : penalties , debarment
- ❑ **To guarantee customization of the services** given to each job seekers : minimal requirements of means but a strong obligation of results for the contractors .
- ❑ The quality control is limited to the respect of the minimal service (fixed part of revenue) .

Conditions of success

- ❑ **Given the bonus weight in contractors viability proving the result is critical :**
- ❑ **No ambiguity** in positive situation rewarded : a job contract signed during the services
- ❑ **Easy way** to prove : getting the job seekers contracts
- ❑ The proof is produced by the a third party : The Social security administration can assess the validity of the contract
- ❑ The bonus payment is triggered for each by each job seekers validated
: no statistical method but a big payment control platform dedicated by France Travail to this task

The impact on contractors efficiency

- ❑ **Avoiding opportunistic and inefficient candidates**

- ❑ Opportunistic candidates are deterred by economic risks :The annual value of one contract is around 1 Million of euros .So the failure of reaching the target could destroy the firm .
- ❑ 15 years of contracts with five rounds of competition has created a pool of reliable twenty contractors
- ❑ The performance rate ranges from 1 to 3 among the contractors of France Travail
- ❑ The providers finding jobs results are at the **same level** achieved by internal staff of France Travail

Mastering the economic risk

- ❑ They are risky business both for contractors and France Travail
- ❑ We master the risks thanks :
 - ❑ **At the awarding stage** : the level of the bonus proposed by candidates is limited in documents tender : no weak rate of success compensated by a huge bonus
 - ❑ During the contract of four years , economic conditions can change strongly and the rules of the "game" must be reviewed :
 - ❑ The economic situation is **worsening** . The contract allows the scaling up of the bonus .The contractor with a good efficiency can be economically saved .
 - ❑ Economic situation is better : bonuses are lowering

Mastering the economic risk

- ❑ **They are risky business both for contractors and France Travail**
- ❑ **We master the risks thanks :**
 - ❑ Generally speaking , if a contractor is strongly underefficient ; we stop the contract after the first period (2 years) cause we don't want to provoke its bankruptcy
 - ❑ The payment for results cardinal rule is the neutrality of third party or environment (example economic situation for job contract) on contractors results . If not guaranteed , you have to compensate the effect on contract economic model .

Conclusion

- ❑ **Payments by results main advantage : Public body have to define KPI and must carefully monitor the results because big money is on the table .No such equivalent scrutiny for « ordinary » procurement contracts efficiency .**
- ❑ **Contractors align their organisation to achieve bonuses : their people incentives for example are linked with the obtained contract results .**
- ❑ **The genuine objective sought by FT is achieved : a delivering effective services with good results .**
- ❑ **But not a « miracle drug » for all procurement contracts :**
 - ❑ The ability to define a quantitative and undisputed metrics for contract objectives is not obvious
 - ❑ The ability to control and admit the liberty of process given to contractors is to be anticipated
 - ❑ The cost for public body to assess the result obtained by contractors ; if accurate; could be high.