Financial forecasts

FINANCIAL SITUATION OF UNEMPLOYMENT INSURANCE FOR 2025-2027

22 October 2025

SYNTHESIS

After a year of near balance in 2025, the Unemployment Insurance is expected to run a deficit of €1.3 billion in 2026, at a time when significant repayments of the "COVID debt" are due.

Constraints and uncertainties: from 2025 to 2027, government decisions will continue to weigh on the finances of the Unemployment Insurance system, in an economic environment marked by political instability and international tensions. Growth, which is sluggish (+0.7% in 2025, +0.9% in 2026), is not expected to pick up until 2027 (+1.2%).

In terms of private sector employment, the decline recorded in 2024 is expected to continue, with further job losses in 2025 (-60,000), before stagnating in 2026. Growth is expected to return in 2027, with 160,000 new jobs created.

The deterioration of the labour market in 2025 and 2026 would have an upward effect on the number of job seekers receiving unemployment benefits, which would be more than offset by the effect of the new Unemployment Insurance rules (2023 reform, then the 2024 agreement), with a decrease of 61,000 people receiving benefits in 2025, then 31,000 in 2026. From 2027 onwards, the more favourable economic climate would amplify the effects of the 2024 agreement, while the 2023 reform would reach cruising speed; the number of unemployed people receiving benefits would then fall by 53,000. The total number of job seekers receiving Unemployment Insurance benefits would fall from 2.6 million at the end of 2025 to 2.5 million at the end of 2027.

This continued reduction in the number of job seekers receiving benefits would lead to a stabilization and then a slight decrease in benefit expenditure. At the same time, the financial situation of the Unemployment Insurance system would be marked by an increase in other expenditure (mainly the funding of France Travail) and, above all, by constraints on its revenue. In 2023, the government decided to levy €12.05 billion on Unédic's revenues between 2023 and 2026. CSG revenues, meanwhile, would be affected by the change in the basis for social security contributions for self-employed workers, with a reduction of around €800 million in 2026, then €400 million each year from 2027 onwards.

These exogenous decisions would take effect in 2026, when Unédic will begin repaying part of the debt it incurred to deal with the COVID-19 crisis, at very favourable interest rates. New loans will have to be taken out in an environment that is more difficult for issuers.

The financial balance of the Unemployment Insurance is expected to be around break-even in 2025, as in 2024 (-€0.1 billion). It is expected to deteriorate in 2026 (-€1.3 billion). The forecast of a positive balance (+€3.9 billion) in 2027 is based on a scenario that excludes State levies, as no measures have been announced beyond 2026. In 2025, Unédic's debt would be stable compared to 2024 (€59.5 billion), before deteriorating in 2026 (€60.8 billion). In 2027, excluding State levies, debt would stand at €43.9 billion.

Note:

Unédic's growth and inflation assumptions are based on the Consensus Forecasts, an average of the forecasts of around twenty institutes and banks published each month. This forecast is based on the Consensus Forecasts published in October 2025.

As the 2026 Finance Bill (PLF) and Social Security Bill (PLFSS) have not been adopted, the measures they contain that are likely to affect the unemployment insurance system have not been included in this forecast. There remains considerable uncertainty about the adoption of the 2026 Finance Bill and Social Security Bill, as well as about the sustainability of the current government.

The potential effects of the Full Employment Act (i.e., loi pour le Plein employ), which provides for extended registration with France Travail in 2025, particularly for RSA (i.e., Revenu de solidarité active) recipients, have not been included in this forecasting exercise.

The financial forecast for 2027 is fraught with considerable uncertainty insofar as it is based not only on a GDP growth trajectory that extends far into the future, but also on the assumption that the State will not intervene in 2027.

1. POLITICAL AND MACROECONOMIC INSTABILITY WEIGHING ON ECONOMIC ACTIVITY

GROWTH PROSPECTS POINTING TO A SLUGGISH RECOVERY

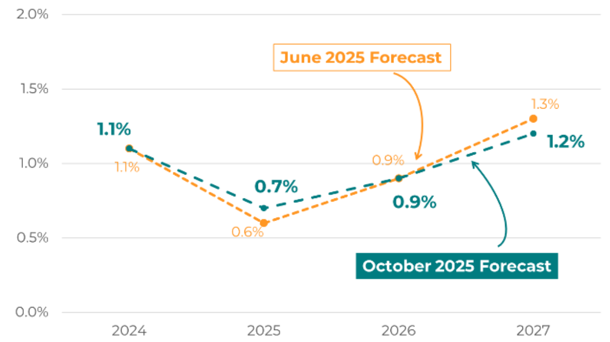
GDP grew by +1.1% in 2024 (after +1.6% in 2023), ending the year with slightly negative growth in the last quarter (-0.1% in the fourth quarter on a quarterly basis). Once again positive in 2025, GDP growth remained very modest at +0.1% in the first quarter, followed by +0.3% in the second quarter (on a quarterly basis), bringing the total for 2025 to +0.6% by the end of the second quarter.

GDP is expected to maintain this weak momentum in the third and fourth quarters of 2025, growing by +0.7% year-on-year compared to 2024, according to the October 2025 Consensus Forecast. The latter has revised its growth forecast, which was used in Unédic's macroeconomic and financial forecast for June 2025, very slightly upwards (*Graph 1).*

The political instability that has prevailed in France for several months is expected to affect economic activity in 2026 by weighing on or postponing decisions on consumption, investment, hiring, etc. The fact that the Consensus Forecast has remained at +0.9% for 2026 for several months despite growing uncertainty also suggests that this pace should be viewed with caution.

GDP growth is then expected to gradually strengthen to +1.2% in 2027, according to the October Consensus Forecast, which is a slight downward revision from the forecast made in June 2025 by Unédic *(Table 1)*.

CHART 1 – GDP GROWTH ASSUMPTIONS



Sources: INSEE for observed data, Consensus Forecasts, Unédic financial forecasts from October 2025.

TABLE 1 – COMPARISON OF DIFFERENT GDP FORECAST SOURCES

GDP growth in volume	2024	2025	2026	2027
Unédic (October 2025 Consensus)	**1.1%**	**0.7%**	**0.9%**	**1.2%**
Government (PLF 2026; October 2025)	1.1%	0.7%	1.0%	1.2%
OFCE (October 2025)	1.1%	0.7%	0.7%	
Banque de France (September 2025)	1.1%	0.7%	0.9%	1.1%
Insee (September 2025)	1.1%	0.8%		
IMF (July 2025)	1.1%	0.6%	1.0%	1.2%
Unédic forecast for June 2025	*1.1%*	0.6%	*0.9%*	*1.3%*

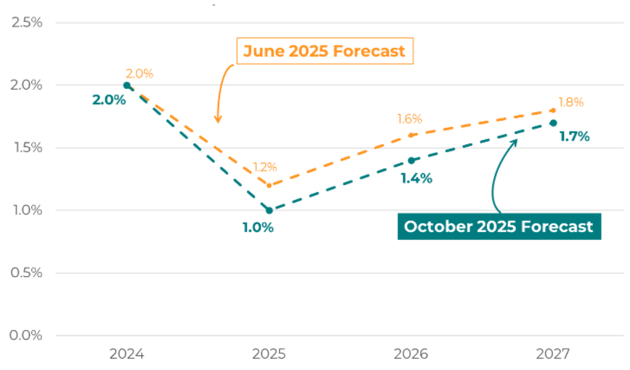
Sources: October Consensus Forecasts, 2026 draft Finance Bill (PLF) for the government, OFCE's 2025-2026 outlook for the French economy, September macroeconomic projections for the Banque de France, INSEE's September economic report, IMF Article IV 2025; Unédic financial forecasts from October 2025.

INFLATION SCENARIO REVISED DOWNWARDS AGAIN

From +2.0% in 2024, inflation measured by the Consumer Price Index (CPI) is expected to fall to **+1.0% in 2025,** according to the Consensus Forecast. This annual forecast is an average that masks an even more moderate pace of price in the early months of 2025 due to the sharp decline in energy prices, with inflation below 1.0% until the summer (year-on-year). It has accelerated slightly since then (+1.2% in September, year-on-year) and is expected to maintain this momentum in the coming months, fueled by service prices and the erosion of the aforementioned effect on energy prices.

As a result, inflation measured by CPI is expected to rise slowly to +1.4% in 2026 and +1.7% in 2027, according to the October 2025 Consensus. The inflation momentum for the three forecast years has therefore been revised downwards compared with that used by Unédic in June 2025, without significantly altering the overall trajectory *(Chart 2 and Table 2)*.

CHART 2 – INFLATION ASSUMPTIONS (CONSUMER PRICE INDEX)



Sources: INSEE for observed data, Consensus Forecasts, Unédic financial forecasts from October 2025.

TABLE 2 – COMPARISON OF DIFFERENT SOURCES OF INFLATION FORECASTS

Inflation	2024	2025	2026	2027
Unédic (October 2025 Consensus; CPI)	**2.0%**	**1.0%**	**1.4%**	**1.7%**
Gouvernment (PLF Oct. 2025; CPI)	2.0%	1.1%	1.3%	1.75%
OFCE (October 2025; CPI)	2.0%	1.0%	1.5%	
Banque de France (March 2025; IPCH)	2.3%	1.0%	1.3%	1.8%
Insee (September 2025)	2.0%	1.0%		
IMF (July 2025; HCPI)	2.3%	1.1%	1.5%	1.9%
Unédic forecast for June 2025 (CPI)	*2.0%*	*1.2%*	*1.6%*	*1.8%*

Sources: October Consensus Forecasts, 2026 draft Finance Bill (PLF) for the government, September macroeconomic projections for the Banque de France, September economic report from INSEE, Article IV 2025 for the IMF; October 2025 financial forecasts from Unédic.
Note: CPI is the Consumer Price Index. The HCPI is the Harmonised Consumer Prices Index, designed for international comparisons.

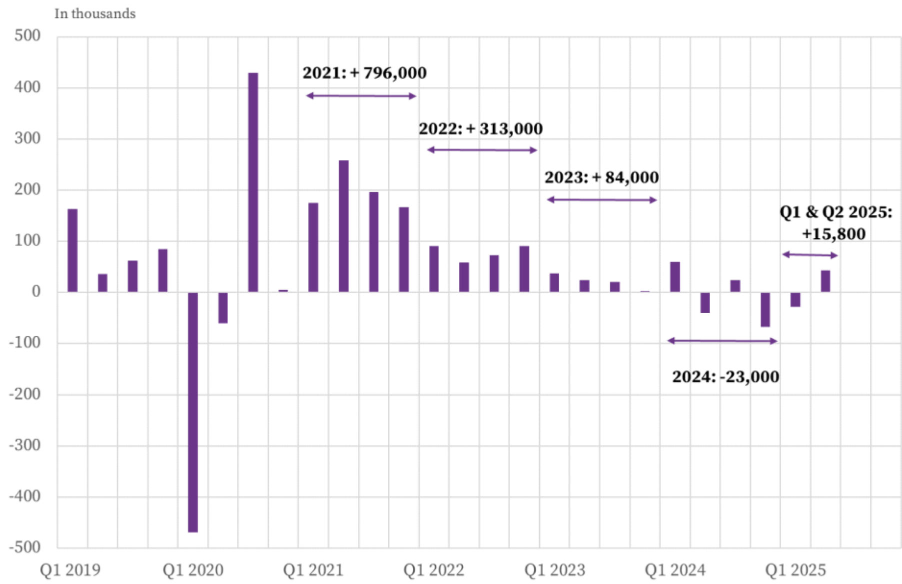
PRIVATE SECTOR EMPLOYMENT: A DOWNWARD TREND IN 2025 AND 2026

The downward trend in net job creation began at the end of 2021. It has continued since then, **becoming quite volatile since the beginning of 2024,** with alternating quarters of net job creation and destruction in a context marked by uncertainty. **For the first time since 2014 (excluding the COVID crisis of 2020), private sector employment declined in 2024**, with 23,000 net job losses compared to 2023 (year-on-year) *(Chart 3)*.

The deterioration in employment is expected to continue in 2025: after a decline of 28,000 in the first quarter, private sector employment rebounded by 44,000 in the second quarter (quarter-on-quarter change) *(Chart 3)*. Despite some encouraging signs in the third quarter in terms of temporary work and pre-hiring declarations of more than one month – particularly for permanent contracts – net job creation is expected to be negative in the coming quarters: apprenticeship enrolment is expected to decline in the autumn, while the political crisis is likely to delay or even reduce hiring beyond apprenticeships. **Employment registered with the Unemployment Insurance system would thus record another year of decline in 2025, with a net loss of 60,000 jobs compared with 2024** (year-on-year).

Employment would then stagnate in 2026, although this employment forecast could be revised downwards due to the climate of uncertainty that could extend beyond 2025. Employment growth would consolidate at the end of the forecast period, with 160,000 net jobs created in 2027 *(Chart 4A)*, bringing the number of people in private sector employment to 21.1 million *(Chart 4B)*. This trajectory assumes of relatively moderate productivity gains (around +1% per year) and, consequently, only a partial recovery in productivity compared to the trend prior to the sanitary crisis.

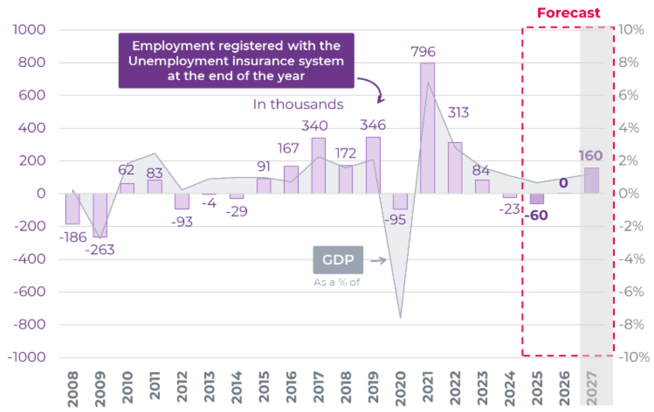
CHART 3: QUARTERLY CHANGE IN PRIVATE SECTOR EMPLOYMENT (AT THE END OF THE QUARTER)



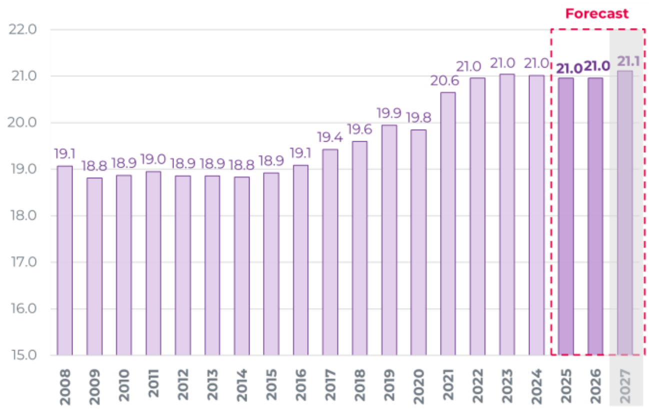
Sources: INSEE, Unédic financial forecasts from October 2025.
Last point: the second quarter of 2025.

CHART 4A AND 4B – CHANGE AND LEVEL OF EMPLOYMENT REGISTERED WITH UNEMPLOYMENT INSURANCE

A – ANNUAL CHANGE, IN THOUSANDS



B – YEAR-END LEVEL, IN MILLIONS



Sources: GDP: INSEE, Consensus Forecasts*, employment registered with the Unemployment Insurance system; Unédic financial forecasts for October 2025 based on salaried employment data co-produced by INSEE, Urssaf Caisse Nationale and DARES.*
Scope: employment registered with the Unemployment Insurance system. France excluding Mayotte. Seasonally adjusted data (CVS).

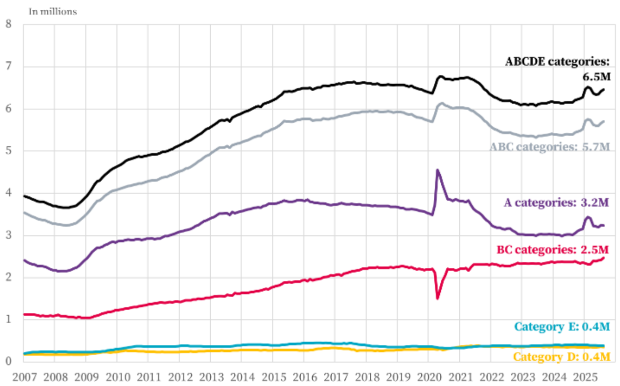
TOWARDS A DECLINE IN THE NUMBER OF UNEMPLOYED PEOPLE RECEIVING BENEFITS, CONTRASTING WITH THE EXPECTED RISE IN THE UNEMPLOYMENT RATE IN 2025 AND 2026

The trend in the number of job seekers at the end of the month (DEFM) **has been uneven since the end of 2024, with an overall upward tendency** *(Chart 5A)*. **The reasons for this are partly cyclical, with the slowdown in employment, but mainly regulatory, due to the entry into force in January 2025 of the Full Employment Act, changes made by France Travail to the update form, and the application of the so-called "sanction-remobilization" decree in June 2025.** The Full Employment Act is far from having finished producing its effects, since many RSA beneficiaries and applicants who are now automatically registered with France Travail are still in waiting category G, the volume of which is slowly decreasing. The transfer of people already receiving RSA as of

31 December 2024 to other categories must take place within two to three years. In the meantime, they are not required to update their status with France Travail or to complete the 15 hours of weekly activity required to prove that they are looking for work. The same applies to those registered in category F, due to significant peripheral barriers to employment. Their numbers are growing, reaching 175,000 in August 2025 *(Graph 5B).* As things stand, they are unlikely to immediately change their behaviour and therefore their status with regard to activity as defined by INSEE (and the ILO). The consequences of the automatic registration of RSA beneficiaries and applicants with France Travail on the working population can therefore only be very gradual. **INSEE estimates that these mass registrations have not, at this stage, had a significant effect on the unemployment rate[1] or on the activity rate as defined by the ILO[2].**

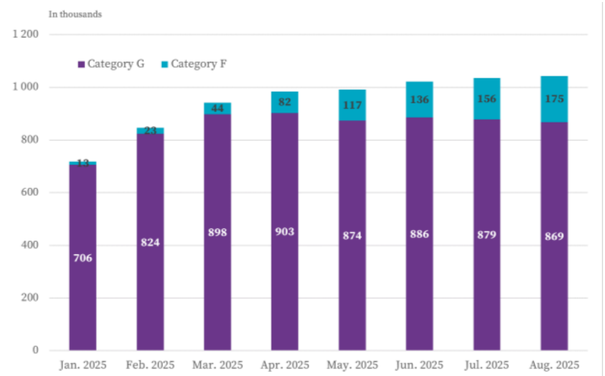
CHART 5A AND 5B – NUMBER OF PEOPLE REGISTERED WITH FRANCE TRAVAIL BY CATEGORY

A – NUMBER OF JOB SEEKERS AT THE END OF THE MONTH (SEASONALLY ADJUSTED DATA)



Source: France Travail, Dares.
Scope: France excluding Mayotte.
Latest figures: August 2025

B – NUMBER OF PEOPLE REGISTERED AT THE END OF THE MONTH IN CATEGORIES F & G (RAW DATA)



Source: France Travail, Dares.
Scope: France excluding Mayotte.
Latest figures: August 2025

For the past two years, the ILO unemployment rate has fluctuated between 7.3% and 7.5%. It stabilised at this level in the second quarter of 2025, with 67,000 additional ILO unemployed compared to the first quarter of 2025. **The continued deterioration of the labour market is expected to fuel ILO unemployment, which is forecast to reach 7.6% at the end of 2025 and 8.0% at the end of 2026.** It is expected to fall to 7.7% at the end of 2027 as a result of the improving economic situation and its impact on the labour market.

The number of people receiving Unemployment Insurance benefits rose by 122,000 in 2023 and by 23,000 in 2024, as the 2019-2021 Unemployment insurance reform was reaching cruising speed and while the 2023 reform (known as the countercyclical reform) came into force. The effects of the 2023 reform are expected to be felt on a large scale from 2025 onwards, reaching full speed in 2027. They will gradually be replaced by the effects of the 2024 agreement.

In practice, the decrease in the number of unemployed people receiving benefits by nearly 50,000 between the end of December 2024 and the end of May 2025, despite the deterioration in the job market, effectively attests to the regulatory impact on the number of people receiving benefits. According to forecasts, **the number of unemployed people receiving benefits will continue to decline, with -61,000 people receiving benefits at the end of 2025 and -31,000 at the end of 2026** (year-on-year) **solely as a result of the new Unemployment Insurance rules** (2023 reform and 2024 agreement) **and despite the upward effect of the economic situation.** The latter would only have a favourable impact on the number of unemployed people receiving benefits from 2027 onwards, amplifying the downward effects of the 2024 agreement: **the number of unemployed people receiving benefits would fall by 53,000 at the end of 2027 compared to the end of 2026** *(Graph 6).* As a result, the total number of unemployed people receiving benefits would fall slightly, from 2.6 million in 2025 to 2.5 million in 2027.

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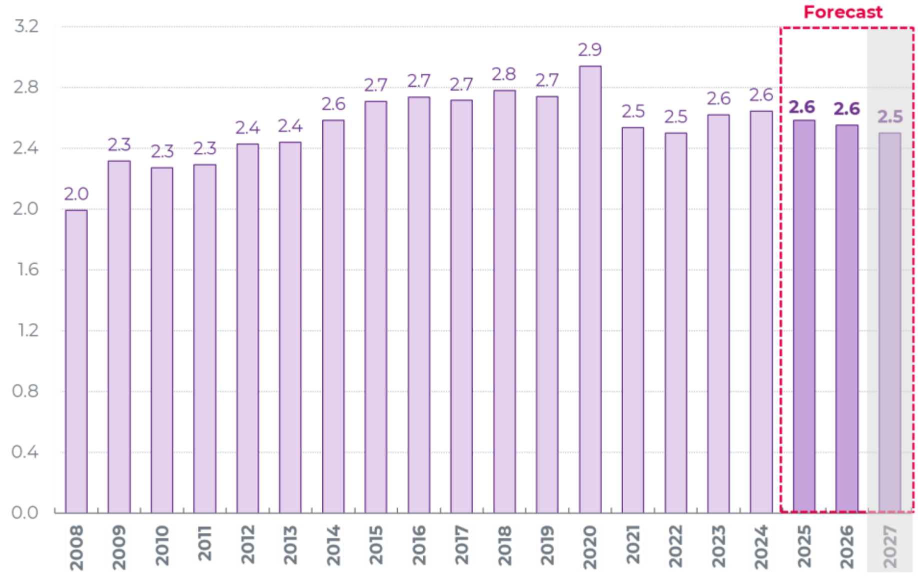
[2] INSEE "In the second quarter of 2025, the unemployment rate remained stable at 7.5%."

CHART 6 – NUMBER OF UNEMPLOYED RECEIVING UNEMPLOYMENT INSURANCE BENEFITS, YEAR-END LEVEL, IN MILLIONS



Sources: France Travail, Unédic financial forecasts from October 2025.
Scope: unemployment receiving ARE, AREF, ASP and ATI benefits. France as a whole. Seasonally adjusted data (CVS).

NOMINAL WAGES ARE SLOWING BUT LESS THAN INFLATION, RESULTING IN MODEST REAL WAGE GAINS

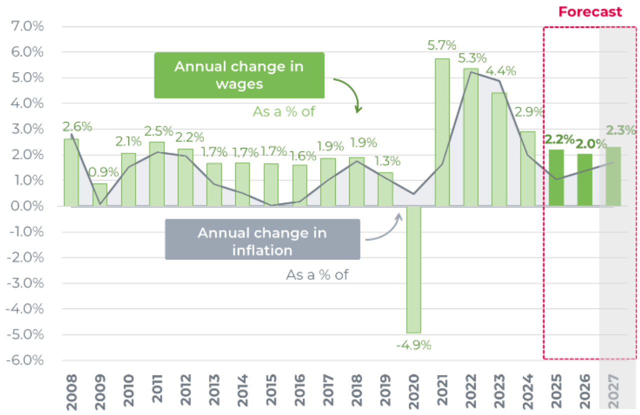
The payroll forecast by Unédic in its macroeconomic and financial forecasts corresponds to the payroll subject to social security contributions. Unédic's forecast of the average wage per capita (AWPC) therefore corresponds to an AWPC subject to contributions.

The decline in inflation from 2023 onwards was sharp, falling from +4.9% in 2023 to +2.0% in 2024. This may have weighed on nominal wage growth *through* lower individual or collective increases and lower minimum wage adjustments. However, this decline in inflation is not immediately reflected in wage negotiations. On the other hand, recent productivity gains have fuelled nominal wages, leading to real wage gains as nominal wages outpace inflation from 2024 onwards *(Chart 7A).*

Inflation is expected to continue to fall, reaching +1.0% in 2025, while nominal wages had already gained +1.9% by the end of the second quarter. Despite the contraction in employment, nominal average wages per employee (AWPE) are expected to rise by +2.2% in 2025, allowing real wages to return to positive territory. They would remain positive in 2026 and 2027, but to a lesser extent, with nominal AWPC rising by +2.0% and +2.3%, while price growth would accelerate to +1.4% and +1.7%.

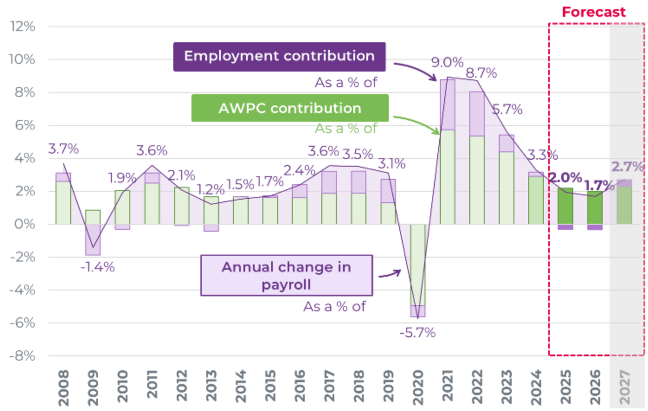
The slowdown in wages and the landing of employment are affecting the trajectory of the payroll, which slowed sharply in 2024 to +3.3% after +5.7% in 2023. The payroll is expected to continue to decelerate in the short term. **It is projected to grow by only +2.0% in 2025 and then +1.7% in 2026, hampered by a negative contribution from employment.** Its pace is expected to pick up in 2027 with +2.7%, mainly thanks to the recovery in employment, while wages are expected to be the foundation for payroll growth over the forecast horizon *(Chart 7B)*.

CHART 7A – CHANGE IN AVERAGE WAGE PER CAPITA (AWPC) SUBJECT TO CONTRIBUTIONS



Sources: Urssaf Caisse Nationale, INSEE, Consensus Forecasts, Unédic financial forecasts from October 2025.

CHART 7B – CHANGES IN PAYROLL SUBJECT TO CONTRIBUTIONS



Sources: Urssaf Caisse Nationale for AWPC and payroll, INSEE for employment, Unédic financial forecasts from October 2025.
Scope: payroll subject to social security contributions in the competitive sector.

TABLE 3 – SUMMARY OF MACROECONOMIC ASSUMPTIONS AND FORECASTS

	2022	2023	2024	2025 Forecast	2026 Forecast	2027 Forecast
Growth, Prices and Wages						
GDP	**+2.8%**	**+1.6%**	**+1.1%**	**+0.7%**	**+0.9%**	**+1.2%**
CPI inflation	+5.2%	+4.9%	+2.0%	+1.0%	+1.4%	+1.7%
Average wage per capita (AWPC) in competitive sector	+5.3%	+4.4%	+2.9%	+2.2%	+2.0%	+2.3%
Employment and payroll						
Employment registered with Unemployment Insurance						
Average annual percentage change	**+2.7%**	**+1.0%**	**+0.3%**	**-0.3%**	**-0.3%**	**+0.4%**
Average annual level	20,797,000	21,011,000	21,068,000	21,004,000	20,937,000	21,025,000
Level at the end of the year	20,955,000	21,039,000	21,016,000	20,956,000	20,956,000	21,116,000
Year-on-year at year-end	+313,000	+84,000	-23,000	-60,000	+0,000	+160,000
Payroll in the competitive sector	**+8.7%**	**+5.7%**	**+3.3%**	**+2.0%**	**+1.7%**	**+2.7%**
Unemployment						
Unemployed receiving Unemployment Insurance benefit (ARE, AREF, ASP, AREP, ATI)						
Average annual percentage change	**-12.0%**	**+4.3%**	**+2.3%**	**-1.6%**	**-1.1%**	**-1.8%**
Average annual level	2,474,000	2,581,000	2,640,000	2,598,000	2,569,000	2,523,000
Level at the end of the year	2,500,000	2,622,000	2,645,000	2,584,000	2,553,000	2,500,000
Year-on-year at year-end	-39,000	+122,000	+23,000	-61,000	-31,000	-53,000
ILO unemployment rate (end of the year)	**7.1%**	**7.5%**	**7.3%**	**7.6%**	**8.0%**	**7.7%**

Sources: Consensus Forecasts, INSEE, Urssaf Caisse Nationale, France Travail, Unédic financial forecasts from October 2025.
Scope: France excluding Mayotte, seasonally adjusted data (CVS) for affiliated employment and ILO unemployment; France as a whole, seasonally adjusted data (CVS) for unemployment benefit recipients.

2. FINANCIAL SITUATION 2025-2027: THE REDUCTION OF THE SCHEME'S DEBT CALLED INTO QUESTION

REVENUES SLOWED DESPITE GROWTH IN TOTAL PAYROLL: GOVERNMENT DECISIONS ON UNEMPLOYMENT INSURANCE FUNDING CALLED INTO QUESTION

Unemployment insurance contributions are expected to show strong growth due to the changes in the payroll retained by Unédic. This trajectory would not be called into question by the 0.05-point reduction in employer contributions from 1 May 2025, agreed as part of the 2024 Unemployment Insurance Agreement and representing around €400 million each year when fully operational.

However, the decree of 27 December 2023 stipulates that the funding of France Compétences and France Travail will result in lower compensation for exemptions on the Unemployment Insurance revenues of €12.05 billion from 2023 to 2026: €2.0 billion in 2023, €2.6 billion in 2024, €3.35 billion in 2025 and €4.1 billion in 2026. No amount is mentioned for 2027. For Unédic, these provisions will result in lower compensation for general reductions in employer contributions and, consequently, a reduction in revenue collected.

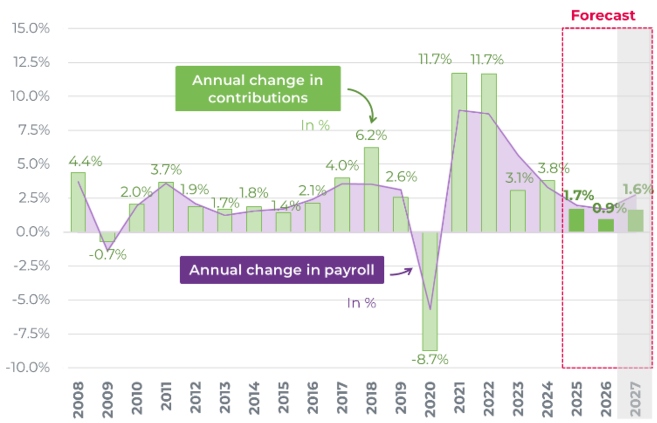
These minor compensations (or "State levies") distort the reading of unemployment insurance scheme revenues, which are supposed to follow changes in the total payroll. This decoupling between revenue forecasts and the payroll is expected to continue until 2026.

In addition to these measures on contributions, CSG revenues (assuming a 1.47-point allocation of CSG Activity[3]) would be penalised by the **change in the basis for social security contributions for self-employed workers,** effective since 1 January 2025, with an estimated loss of **around €800 million in 2026, then €400 million each year from 2027 onwards**. In addition, the 2025 Social Security Bill has changed the CSG Activity base, which now applies to the portion of apprentices' remuneration above 50% of the minimum wage, but on a much smaller amount, in the order of €50 million. **In the absence of any compensation and the loss of CSG on the self-employed, our payroll forecast would have resulted in an increase in unemployment insurance contributions** *(Charts 8A and 8B).* Taking these decisions into account therefore leads to a slowdown or even a decrease in forecast revenues *(Chart 9).* They would remain stable at €45.2 billion in 2025 due to the increase in the State levies to +€0.8 billion between 2024 and 2025. They would then fall to €44.2 billion under the combined effect of the CSG measure for the self-employed and a further increase in the State levies to +€0.8 billion. Revenues in 2027 are forecast to be €49.5 billion, assuming no State levies but with an estimated CSG Activity loss of €400 million.

[3] As the CSG Activity may differ from the basis for calculating payroll contributions, the allocation of a portion of the CSG Activity to Unédic does not necessarily guarantee exact compensation for the elimination of the payroll contribution for unemployment insurance.

GRAPHS 8A AND 8B – ESTIMATED UNEMPLOYMENT INSURANCE CONTRIBUTIONS EXCLUDING STATE LEVIES AND CSG LOSSES

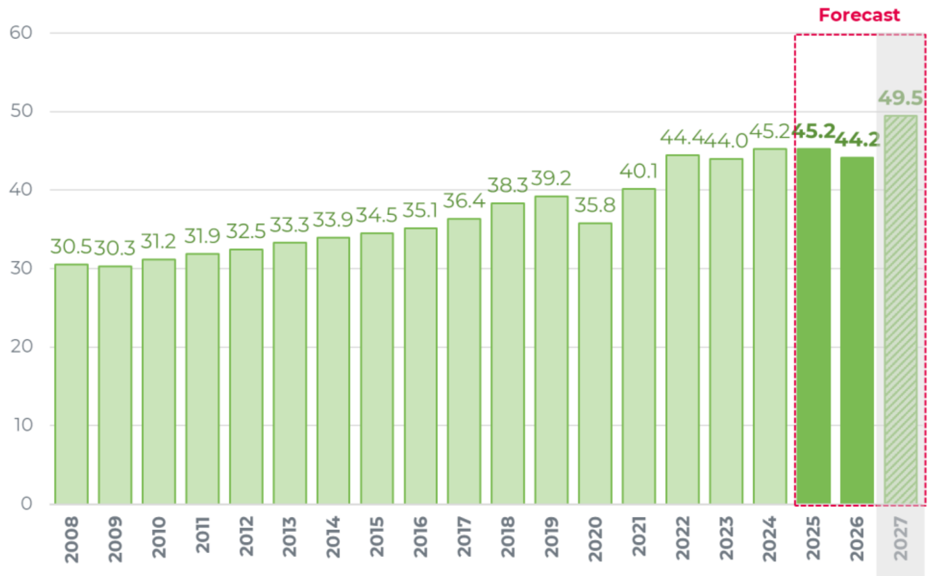
A – ANNUAL CHANGE IN %



B – LEVEL, IN € BILLIONS

Sources: Urssaf Caisse Nationale, Unédic, Unédic financial forecasts from October 2025.
Scope: total payroll subject to social security contributions in the competitive sector.

CHART 9 – TOTAL UNEMPLOYMENT INSURANCE REVENUE AFTER STATE LEVIES AND CSG LOSSES, IN € BILLIONS



Source: Unédic, Unédic financial forecasts from October 2025.
Note: revenue for 2027 is estimated on the assumption that no State levies will be paid in that year.

TOWARDS STAGNATION IN UNEMPLOYMENT BENEFIT AND AIDS EXPENDITURE

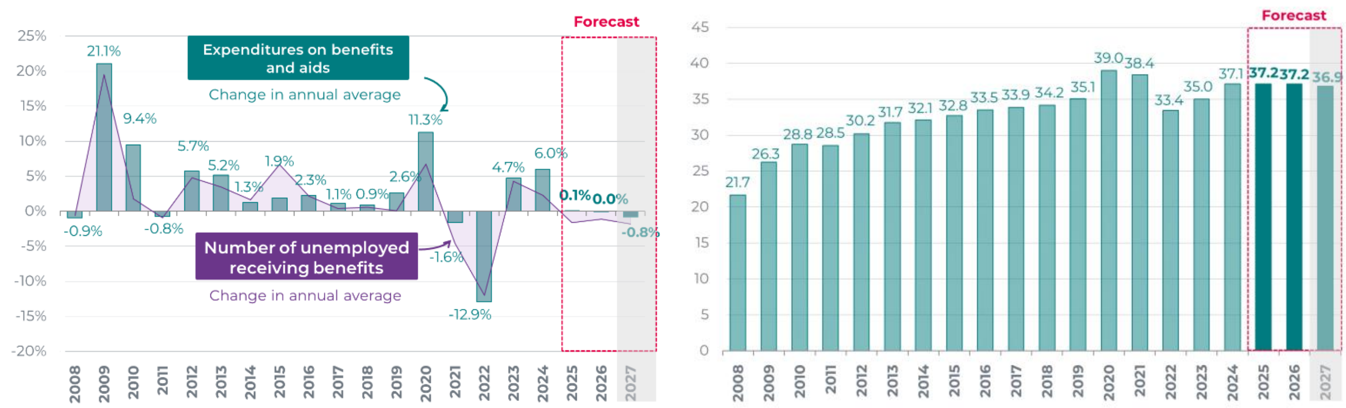
After rising to €37.1 billion in 2024, expenditure on benefits and aids would be subject to several factors, acting both upwards and downwards in the forecasts:

- the 2023 reform, and to a lesser extent the 2024 Unemployment Insurance Agreement, will have a moderating effect on benefit expenditure;
- conversely, job losses in 2025 and 2026 will push up expenditure on ARE and CSP benefits;
- a consequence of the past inflationary shock, which is having a delayed impact on wages and therefore an even more delayed impact on unemployment benefits. This delayed effect is likely to be greater than anticipated: the average daily benefit observed over the last few months is higher than expected. However, this effect is likely to diminish over the years;
- the entry into force, from 1 January 2026, of the measure concerning first-time claimants to the Unemployment Insurance (eligibility requirement reduced from 6 to 5 months), the adoption of which has been delayed due to the need for a new legislative vehicle.

Unemployment benefit and aids expenditure is expected to remain stable over the next three years (€37.2 billion in 2025 and 2026, then €36.9 billion in 2027) *(Charts 10A and 10B)*.

CHARTS 10A AND 10B – UNEMPLOYMENT BENEFIT EXPENDITURE ON BENEFITS AND AIDS

A – ANNUAL CHANGE IN % **B – LEVEL, IN € BILLIONS**



Sources: France Travail, Unédic, Unédic financial forecasts from October 2025.
Scope: France as a whole.

TOTAL EXPENDITURE IS EXPECTED TO INCREASE MARGINALLY DUE TO THE GROWING WEIGHT OF NON-COMPENSATION EXPENDITURE

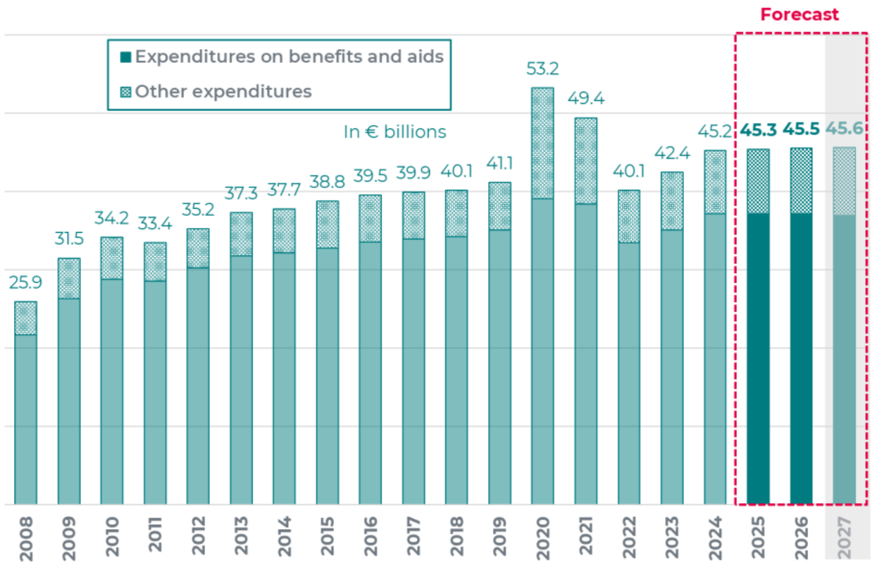
Unédic does not only cover compensation for job seekers: it also finances a significant portion of France Travail's operations, contributes to the supplementary pension points of compensated beneficiaries, and provides nearly one-third of the funding for Furlough allowances paid to employers under this scheme. Part of the scheme's expenditure also corresponds to interest expenses linked to loans taken out by Unédic *(see below).*

Unédic's contribution to the funding of France Travail, amounting to 11% of unemployment insurance contributions, is calculated on the basis of N-2 revenues, but before taking into account the lower compensation for general relief (or State levies). **In the forecast, the increase in this base until at least 2025 automatically translates into an increase in the funding allocated to France Travail,** whose share of total expenditure continues to grow. In fact, when comparing the operator's funding to the contributions actually collected by Unédic, this rate would correspond to 11.5% of revenue in 2025, 11.6% in 2026 and 11.8% in 2027.

As with compensation expenditure, **total expenditure under the scheme increased significantly in 2024 to reach €45.2 billion** (after €42.4 billion in 2023). **They are expected to increase moderately each year,** reaching €45.3 billion in 2025, €45.5 billion in 2026 and €45.6 billion in 2027.

Their trend would thus diverge from that of compensation expenditure, which is falling very slightly. The difference between the two is attributable to the increase in funding for France Travail and interest expenses *(see below) (Chart 11).*

CHART 11 – TOTAL EXPENDITURE, INCLUDING UNEMPLOYMENT EXPENDITURE ON BENEFITS AND AIDS, IN € BILLIONS

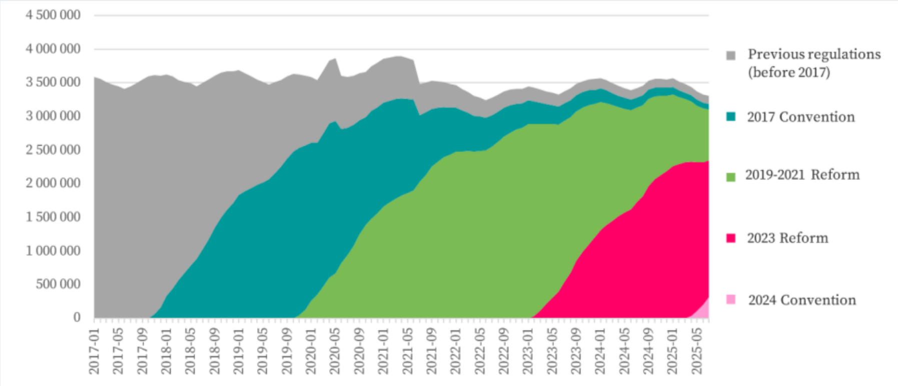


Source: Unédic, Unédic financial forecasts from October 2025.
Scope: France as a whole.

BOX 1: THE 2024 AGREEMENT WILL AFFECT 10% OF UNEMPLOYMENT INSURANCE BENEFICIARIES IN JULY 2025

Most unemployment insurance measures apply to the flow of beneficiaries who are newly eligible for the Unemployment Insurance. As a result, some people are entitled to benefits under the old rules, even though new rules have come into force. This is why, at the end of July 2025, there is still a significant proportion of beneficiaries subject to the 2019-2021 regulations, and still few people covered by the 2024 Agreement that came into force last April (except for one measure, the monthly payment of benefits, which has applied to all claimants since April 2025). The number of people covered by the 2024 Agreement is currently minimal but will increase between now and 2028 *(Graph A).*

GRAPH A: NUMBER OF BENEFICIARIES CURRENTLY ENTITLED TO BENEFITS, ACCORDING TO THE REGULATIONS USED TO CALCULATE THEIR ENTITLEMENT



Source: FNA, raw data at the end of July 2025
Scope: beneficiaries entitled to ARE or AREF, excluding intermittent workers in the entertainment industry

Depending on the type of measures included in Unemployment Insurance Agreements or reforms, their consequences in terms of the number of people covered and their financial implications are noticeable with a long lag, but always measured in years *(Table A)*. Ultimately, the reforms implemented since 2017 should save the Unemployment Insurance system €9.1 billion, or around a quarter of its benefit expenditure.

TABLE A: *EX ANTE* FINANCIAL ESTIMATE OF UNEMPLOYMENT INSURANCE REFORMS SINCE 2017 (IN € BILLIONS)

	2017 Agreement	2019-2021 Reform	2023 Reform	2024 Agreement	Total
2018	0.6	-	-	-	0.6
2019	0.6	-	-	-	0.6
2020	0.7	-	-	-	0.7
2021	0.8	< 0.1	-	-	0.9
2022	0.9	1.9	-	-	2.8
2023	0.9	2.2	0	-	3.1
2024	0.9	2.2	0.7	-	3.8
2025	0.9	2.2	3	0.3	6.4
2026	0.9	2.2	4.1	0.2	7.4
2027	0.9	2.2	4.5	0.8	8.4
Cruising speed	**€0.9bn**	**€2.2bn**	**€4.5bn**	**€1.5bn**	**€9.1bn**

Source: Unédic

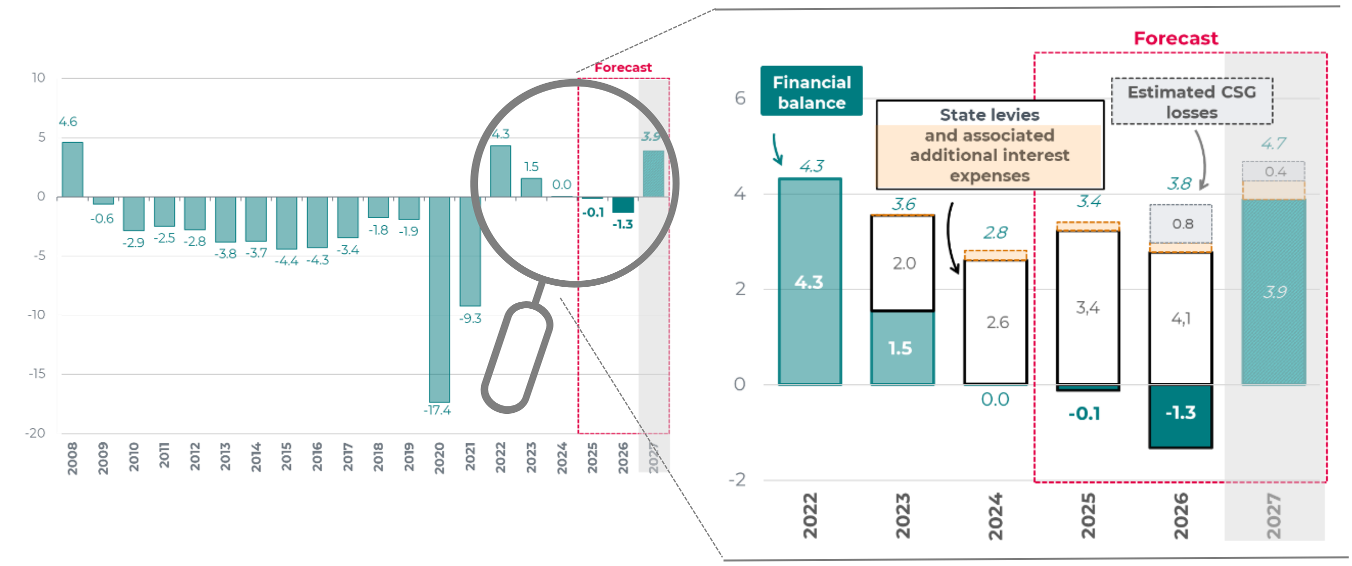
THE MACROECONOMIC CONTEXT AND GOVERNMENT DECISIONS ARE JEOPARDISING THE FINANCIAL STABILITY OF UNÉDIC

In 2024, the scheme's financial balance remained stable at €0.0 billion, following a surplus of €1.5 billion in 2023 *(Figure 12)*. This contraction in the balance is the result of expenditure growing faster (+€2.7 billion) than revenue (+€1.2 billion).

The financial balance is expected to slip slightly into negative territory at -€0.1 billion in 2025, before deteriorating more significantly to -€1.3 billion in 2026, as revenue growth will be insufficient to cover the scheme's expenditure. The forecast of a positive balance of €3.9 billion in 2027 assumes that there will be no State levies (*Figure 12).*

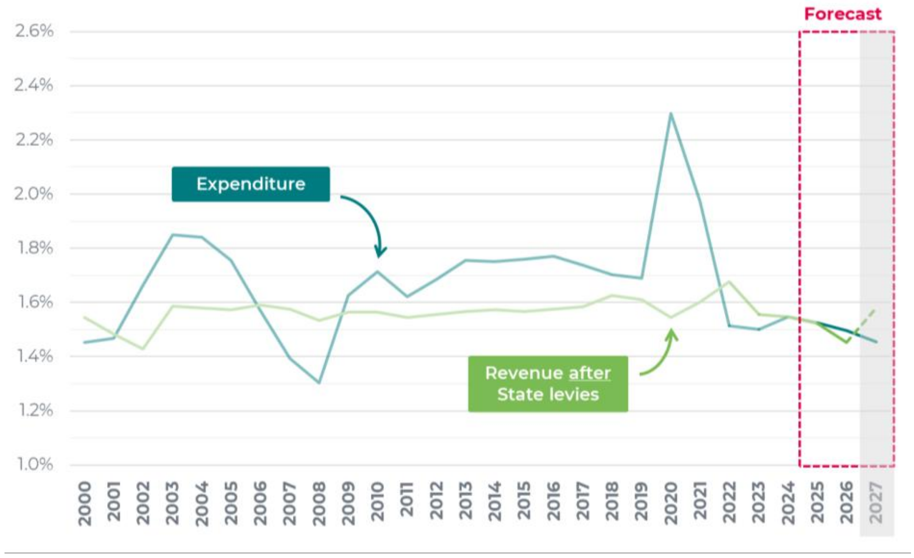
Expressed as a percentage of GDP, between 2023 and 2026, Unédic's revenues would be below their long-term average of 1.6%. This decrease in Unédic's actual revenue share of GDP can be explained by various regulatory measures introduced since 2023, mainly lower compensation for general relief measures, changes to the CSG tax base for workers and, to a lesser extent, a 0.05-point reduction in employer contributions from 2025 onwards. In 2027, assuming no State levies, revenues would return to their average of 1.6% of GDP. Expenditure, meanwhile, would remain at around 1.5% of GDP until 2027. **The weight of the Unemployment Insurance in the economy would thus stabilise at its lowest level since 2008** *(Chart 13).*

CHART 12 – UNEMPLOYMENT INSURANCE FINANCIAL BALANCE, IN € BILLIONS



Source: Unédic, Unédic financial forecasts from October 2025.
Note: the financial balance for 2027 is estimated on the assumption that no State levies will be paid that year.
Reading: in 2026, the projected balance is -€1.3 billion. Without the €4.1 billion in State levies and the associated additional interest expenses, and without the €0.8 billion CSG loss, the balance would be +€3.8 billion in 2026.

CHART 13 – UNEMPLOYMENT INSURANCE EXPENDITURE AND REVENUE AFTER STATE LEVIES, AS % OF GDP



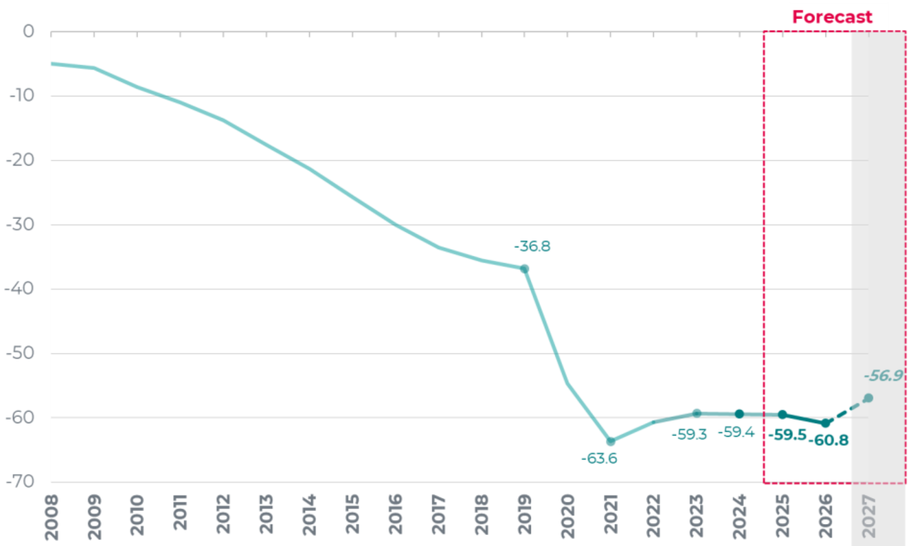
Source: Unédic, Unédic financial forecasts from October 2025.
Note: revenue for 2027 is estimated on the assumption that no State levies will be paid in that year.

A DETERIORATION IN UNÉDIC'S DEBT IN 2026

After two consecutive years of surpluses in 2022 and 2023, which enabled the start of a debt reduction phase, Unédic's net debt stagnated at €59.4 billion at the end of 2024. This level would remain broadly unchanged in 2025 before deteriorating more significantly in 2026 to reach €60.8 billion *(Graph 14).* In 2027, assuming no State levies that year, debt would stand at €56.9 billion at the end of the year.

Without State levies and associated interest expenses, debt would have reached €48.2 billion at the end of 2026 and €43.9 billion at the end of 2027.

CHART 14 – UNEMPLOYMENT INSURANCE SCHEME DEBT, IN € BILLION



Source: Unédic, Unédic financial forecasts from October 2025.
Note: net financial debt for 2027 is estimated on the assumption that no State levies will be paid in that year.

TABLE 4 – UNÉDIC'S REVENUE AND EXPENDITURE FOR THE YEARS 2021 TO 2027, IN € BILLIONS

In € Billions, on 31 December	2021	2022	2023	2024	2025 Forecast	2026 Forecast	2027 Forecast
Revenue	**40.1**	**44.4**	**44.0**	**45.2**	**45.2**	**44.2**	***49.5***
Unemployment Insurance contributions	39.4	44.0	43.3	44.4	44.5	43.4	*48.7*
of which Main contribution after State levies	24.7	27.7	26.6	27.2	26.9	26.3	*30.7*
Main contribution	*24.7*	*27.7*	*28.6*	*29.8*	*30.2*	*30.4*	*30.7*
State levies			*-2.0*	*-2.6*	*-3.4*	*-4.1*	
of which General social contribution (CSG)	14.7	16.2	16.8	17.3	17.6	17.1	*17.9*
Other income	0.8	0.5	0.7	0.8	0.8	0.8	*0.8*
Expenditure	**49.4**	**40.1**	**42.4**	**45.2**	**45.3**	**45.5**	***45.6***
Gross unemployment benefits and aids*	38.4	33.4	35.0	37.1	37.2	37.2	*36.9*
Furlough programme	3.9	0.2	0.1	0.1	0.1	0.0	*0.0*
Pension funds	2.6	2.2	2.4	2.5	2.4	2.4	*2.4*
Other expenses	4.5	4.3	4.9	5.5	5.7	5.9	*6.3*
of which France Travail** funding	4.3	3.9	4.3	4.8	5.0	5.2	*5.3*
of which net interest expense	0.2	0.4	0.5	0.6	0.6	0.6	*0.9*
Financial balance	**-9.3**	**4.3**	**1.5**	**0.0**	**-0.1**	**-1.3**	***3.9***
Net financial debt* **	**-63.6**	**-60.7**	**-59.3**	**-59.4**	**-59.5**	**-60.8**	***-56.9***

** In particular: ARCE, CSP bonus*
*** Assuming that France Travail's funding remains at 11% of N-2 revenue before State levies.*
**** Net financial debt excludes France Travail's current account. Please note: the net financial debt shown in the table for the years up to 2024 corresponds to that shown in Unédic's financial report.*
Source: Unédic, Unédic financial forecasts from October 2025.
Note: revenue, the financial balance and net financial debt for 2027 are estimated on the assumption that no State levies will be paid in that year.

INCREASED INTEREST EXPENSE

The unemployment insurance scheme is managed on a countercyclical basis, designed to mitigate the effects of economic fluctuations: borrowing during a downturn must be offset by debt reduction during an upturn. In the current context, the priority is therefore to reduce the accumulated debt to restore the scheme's full capacity to act as an economic and social buffer.

However, the levies imposed by the State on Unédic's revenues since the end of 2023, totaling €12.05 billion until 2026, are undermining this debt reduction capacity by automatically worsening the scheme's financial balance. Unédic is therefore forced to borrow again in the long term. In 2025, this resulted in a €4 billion bond issuance programme to refinance medium- and long-term debt maturities. This increase in bond issuance volumes also comes at a time of rising French sovereign rates, under the dual effect of the ECB's monetary policy and national political instability.

Furthermore, 2026, with a long-term funding programme amounting to €10 billion, will mark the start of the repayment of debt incurred during the health crisis, issued on very favourable terms, sometimes at zero interest rates. This debt will have to be refinanced in a context of high interest rates, which will accentuate the challenges of debt management and make it essential to achieve a sustainable consolidation of the financial equilibrium of the unemployment insurance system.

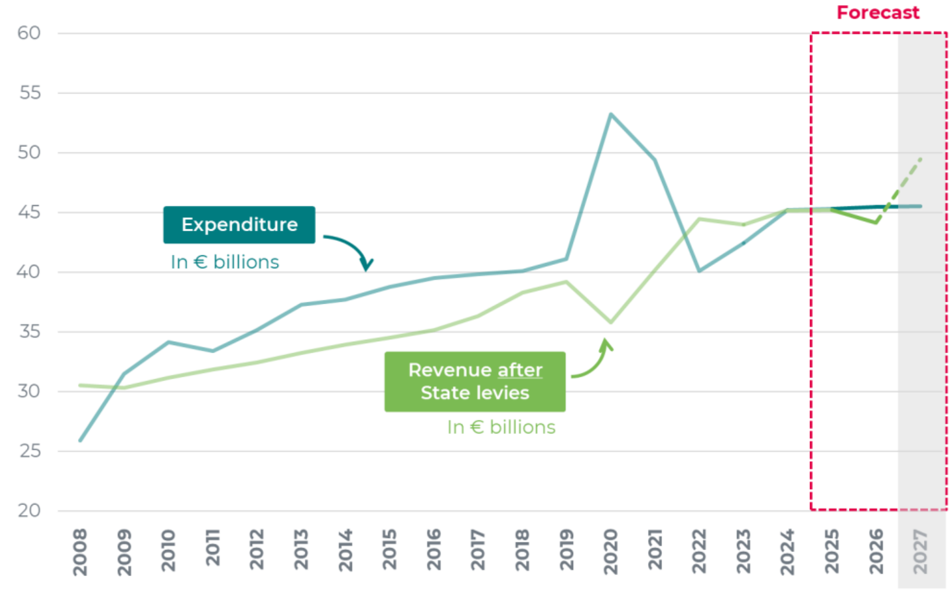
TABLE 5 – UNÉDIC'S DEBT AMORTIZATION PROGRAMME, IN € BILLIONS

	2025	2026	2027
Financial balance (before change in funding plan)	**-0.1**	**-1.3**	**3.9**
Change in outstanding Medium/Long-Term debt	1.0	3.8	-1.3
New Medium/Long-Term debt issuances	*4.0*	*10.0*	*4.0*
Medium/Long-Term debt reimbursments	*3.0*	*6.3*	*5.3*
Change in outstanding Short-Term debt	-0.9	-2.4	-2.7
Change in cash	*0.0*	*0.0*	0.0
Change in net debt	0.1	1.3	-3.9
Net debt	*59.5*	*60.8*	*56.9*

Source: Unédic, Unédic financial forecasts from October 2025.
Note: revenue, financial balance and net financial debt for 2027 are estimated on the assumption that no State levies will be paid in that year.

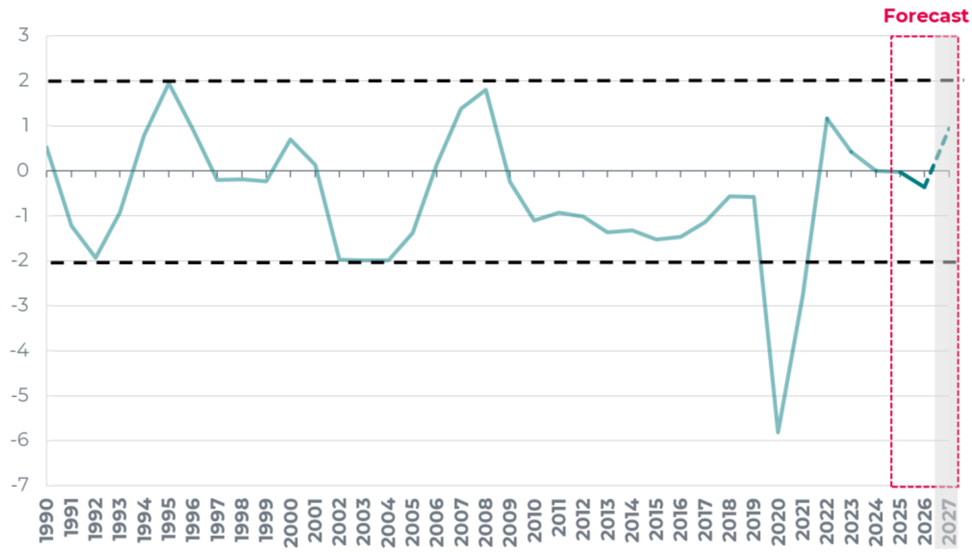
APPENDIX

CHART 15 – REVENUE AFTER STATE LEVIES AND UNEMPLOYMENT INSURANCE EXPENDITURE, IN € BILLIONS



Sources: INSEE, Unédic, Unédic financial forecasts from October 2025.
Note: revenue for 2027 is estimated on the assumption that no State levies will be paid that year.

CHART 16 – FINANCIAL BALANCE OF UNEMPLOYMENT INSURANCE, EXPRESSED IN MONTHS OF REVENUE



Source: Unédic, Unédic financial forecasts from October 2025.
Note: the financial balance for 2027 is estimated on the assumption that no State levies will be paid that year.

FINANCIAL SITUATION OF UNEMPLOYMENT INSURANCE 2025-2027

22 October 2025

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