

France

Key facts and issues

France is a unitary country with a population of 66.5 million. Subnational governments are responsible for only 20.5% of public expenditures, ranking France the 13th least decentralised country in the OECD with regards to public spending. The country is in the lower half of OECD countries in terms of urbanisation, as only 35% of its population are living in predominantly urban areas. With 35 885 municipalities, France alone accounts for 27% of the OECD's total number of municipalities. Half of France's municipalities have a population of 435 inhabitants or below, the 2nd lowest median size of municipalities in the OECD. Inter-municipal organisations, which in the future will have larger scale, help compensate for the large number of municipalities.

At around USD 39 800 per capita, France is about 3% below the OECD average. The degree of inter-regional disparities is below the OECD average in terms of GDP per capita among small regions (TL3) as measured by the Gini index, but they have grown since 2000. After the 2008 crisis and until 2013, this increase was due to the poorer regions losing ground faster than the richer ones. The Île-de-France region alone contributed more than 40% of France's GDP growth between 2000 and 2013. In terms of productivity, almost all of France's regions struggle to keep pace with Île-de-France, and contribute negatively to France's productivity growth. On a positive note, between 2008 and 2014, France's bottom-20% regions were among the regions with the strongest decrease in the youth unemployment rate in the OECD. However, the disparities among regions with respect to the share of youth neither in employment nor in education and training (NEET) is in the upper third of OECD countries. Overall, France's employment performance (unemployment and employment rates) remains below average in the OECD, even if regional disparities in unemployment have narrowed since 2001.

France: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	The central state devises contracts with regions as a framework for regional policies: State-Region Planning Contracts (7-year period)	Infrastructure investments and clusters are the main tools of regional policies	General Commission for Territorial Equality (CGET) (formerly DATAR)
Urban	Programming Law on cities and urban cohesion (2014) Law on the modernisation of public action and affirmation of metropolitan areas (2014)	Main focus on disadvantaged neighbourhoods with cross-sectoral policies (on social cohesion, health, business support, housing and employment) with stakeholder engagement	General Commission for Territorial Equality (CGET) (formerly DATAR)
Rural	Law on the development of rural areas (2005) National Programme on rural development (2014)	Public service delivery (notably for healthcare), accessibility, mobility, digital technologies, economic diversification and innovation	Ministry of Agriculture, Food Industry and Forests

General policy approach

France has no overarching regional development strategy document, but priorities are set and financed using state-region contracts on seven-year cycles. In the latest round 2014-2020, the bulk of funding went to multi-modal transport and the environmental/energy transition, followed by higher education and research (including through the competitiveness poles cluster programme). Contracts also contribute to the implementation of European Structural and Investment Funds. The management of regional policy is conducted in France by an inter-ministerial committee currently reporting to the Ministry of Interior, the General Commission for Territorial Equality (formerly DATAR). Urban policy has generally been focused on renewal in disadvantaged neighbourhoods in cities of all sizes. Rural development, beyond EU programmes, is focused on supporting the attractiveness of rural revitalisation zones, including through support to public services.

Recent policy changes

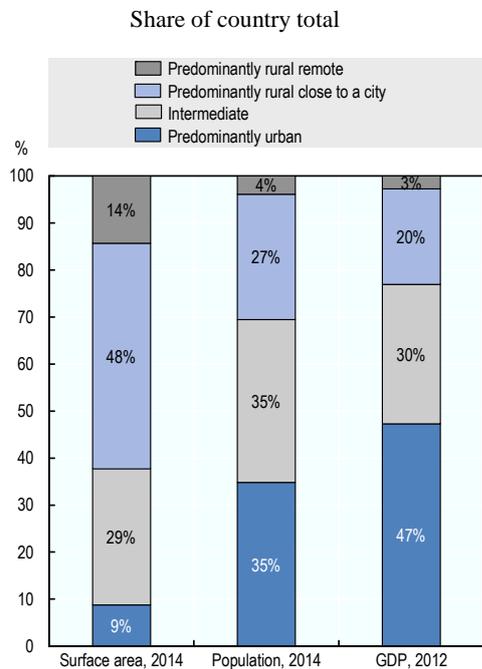
- The latest generation of state-regional contracts was recently signed. Five topics have been selected: *i)* higher education and research; *ii)* national coverage of very high speed broadband and development of digital technologies use; *iii)* innovation; *iv)* multimodal mobility; and *v)* the environment and energy transition. Employment is a cross-cutting issue. A review clause for the contracts was announced for 2017 given new regional borders and regional leaders.
- Territorial reforms of regions and metropolitan reforms have been implemented. In 2015 the number of regions was reduced from 22 to 13. In addition, 15 new metropolitan areas (as of mid-2016) with distinct competencies are being created in the largest urban areas.
- In 2014, urban policy was reformed by the new Programming Law on the City and Urban Cohesion.
- Subnational finance reforms are to be implemented, as regional fiscal autonomy has decreased since 2010 including the transfer of some national taxes to regional governments.
- Three inter-ministerial meetings on rurality in 2015-16 addressed public service access, mobility, digital technologies, business support, teleworking and the revitalisation of small towns.

France: Main regional, urban and rural development policy tools

Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	<i>Regional:</i> State-region planning contracts focus on multi-modal transportation
Other Infrastructure investments	✓	<i>Regional:</i> State-region planning contracts focus mainly on broadband, but also innovation-oriented infrastructure; broadband also for rural areas <i>Urban:</i> City contracts are targeting investments in various equipment, such as educational or recreational infrastructure in disadvantaged neighbourhoods
Service delivery (subsidies for public services)	✓	<i>Rural:</i> Public Service Houses provide services in low-density areas whereby the central government subsidises 25% of their operating expenses
Business development/ innovation support	✓	<i>Regional:</i> State-region planning contracts provide support for research and development through various means, such as support for technologic transfer entities and construction or support of research centres; there are also schemes to invest in firms that have strong synergies with regional specialisation goals
Urban renewal	✓	National Programme for Urban renewal focuses on disadvantaged neighbourhoods City contracts are also targeting residential upgrading in disadvantaged neighbourhoods
Urban form and land use	✓	Rural network policies target urban sprawl
Sustainability policies	✓	<i>Regional:</i> State-region planning contracts support sustainability through a variety of means, such as energy efficiency policies, support to renewable energies, and better waste management
Rural-urban linkages	✓	Revitalisation of towns is an initiative aimed at upgrading and improving the role of second tier cities as engines for rural areas
Clusters/technology platforms/ centres of expertise	✓	Competitiveness poles were initially launched in 2004 and currently there are 71 supported across the country with funds for R&D projects and innovation platforms as well as the governance structures and other joint actions
Special economic zones	✓	Entrepreneurial Territories is an initiative superseding urban free zones. It offers tax breaks for firms employing people from disadvantaged neighbourhoods. The objectives and the firms supported are to be part of and coherent with City Contracts Free Zones for Activity are an initiative to attract firms to the overseas departments and functions mainly through tax-breaks
Rural landscape preservation	✓	Rural network policies target landscape preservation and sustainable rural resource management
Skills/training programmes	✓	<i>Regional:</i> State-region planning contracts are aimed at providing training and other skill-upgrading programmes for individuals but also to improve diagnosis of local employment needs and resources <i>Urban:</i> City contracts are designed around the strengthening of local unemployment agencies in disadvantaged neighbourhoods
Capacity building for sub-national governments	✓	<i>Regional:</i> State-region planning contracts offer support to digitalise public services. <i>Rural:</i> Public Service Houses provide a centralised location for key services in low density regions

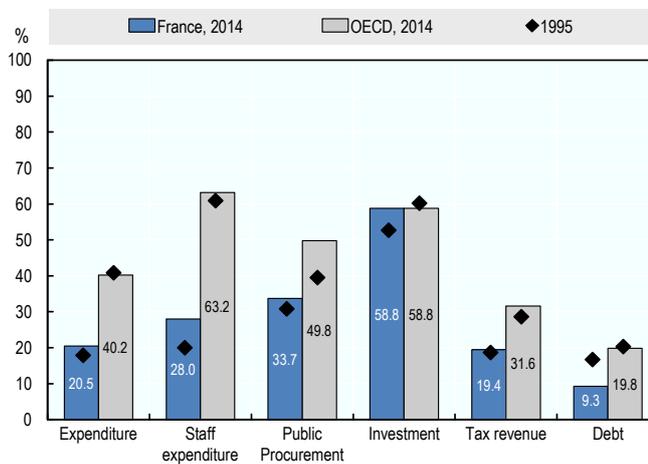
Note: For the full list of CPER contracts, see: <http://www.cget.gouv.fr/contrats-de-plan-etat-region>. For the full list of city contracts, see: <http://www.cget.gouv.fr/contrats-de-ville>.

Land, population and economy in rural and urban regions



Subnational government role in public finance

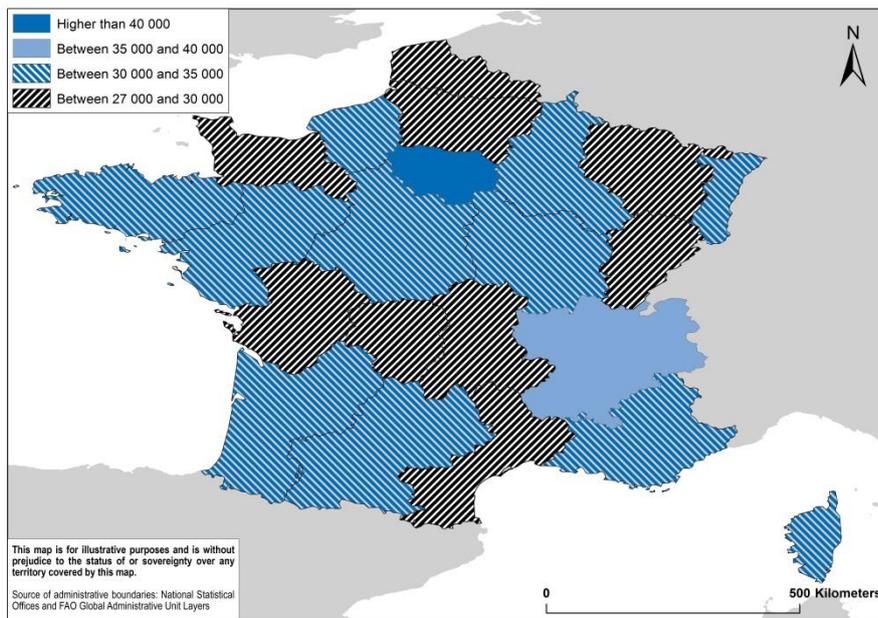
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
35 885	101	18	36 004

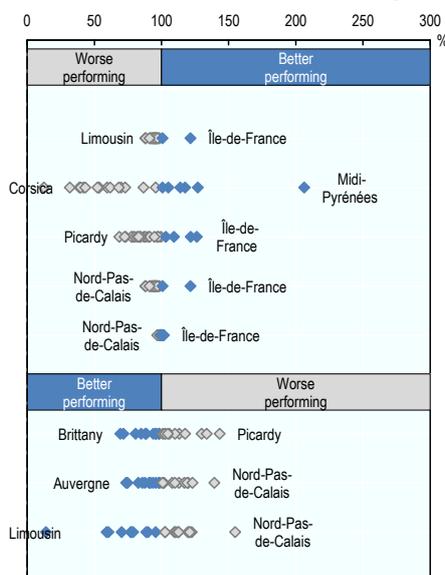
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)

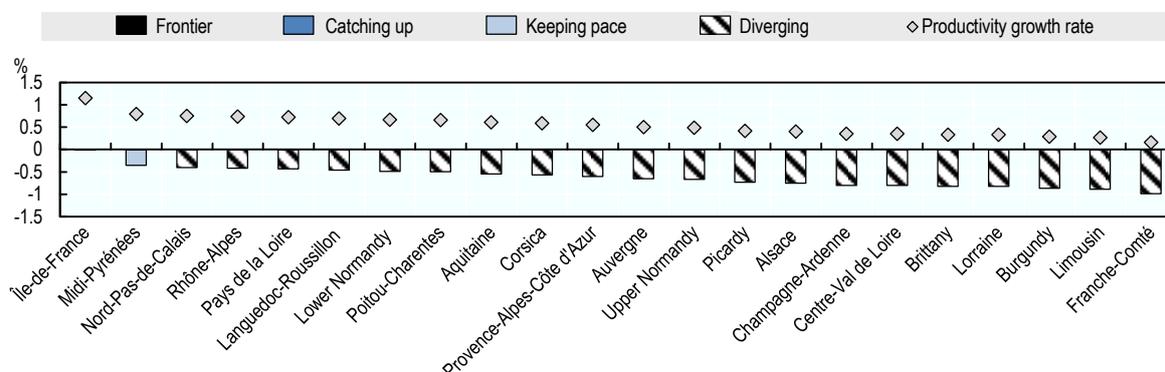


Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	71 647	117 670	87 423	74 520	up
R&D expenditure as a % of GDP (2013)	0.29	4.81	2.33	2.4	up
Share of labour force with tertiary education	24.8	45.6	36.1	32.3	down
Disposable household income (2011)	29 061	40 165	33 000	34 866	down (2006)
Life expectancy (2013)	79.8	83.8	82.3	80	up
Share of workforce with only primary education	13	26.8	18.7	25.2	up
Unemployment rate	7.3	13.8	9.9	7.3	down
Gender gap in participation rate	-4.2	-8.7	-7.1	-15.9	down

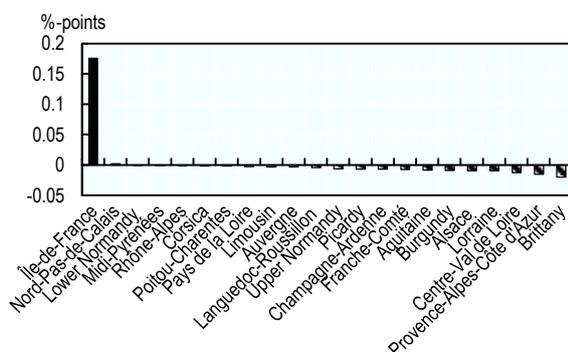
Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

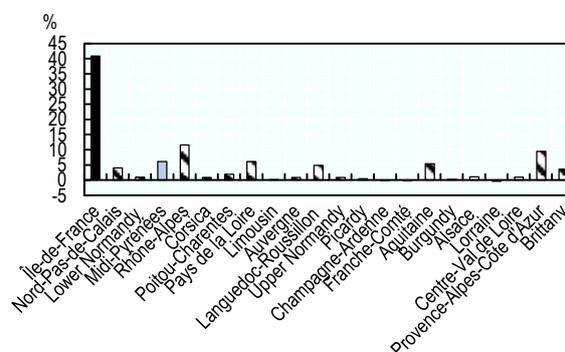
Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
 See country page notes for classification of regions



Contribution to labour productivity growth, 2000-13



Percentage contribution to national GDP growth, 2000-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.