

Assessment and Recommendations*

* The analysis in this report is based on information available at end-2005.

France and its regions are faced with structural problems...

In recent years, the slowdown in growth and difficulties in strengthening the competitiveness of the French economy have led the government to pay more attention to the country's structural weaknesses. These include recurring problems of high unemployment, poor performance in net business creation, scant R&D investment in the private sector, and an insufficient ability of firms to co-operate. These problems affect all regions to a greater or lesser degree, impairing their capacity for growth and job creation.

... but adjustments have been made and new sources of growth are being exploited

At the same time, the situation in the territories has not remained static. For example, the population has been shifting towards regions in the West and the South. Several major cities are experiencing faster job market growth than Paris in the highly-skilled categories, and they are playing a significant role in the country's economic development. Even though the knowledge economy is still very polarised territorially, Ile-de-France, but other regions as well, such as Provence-Alpes-Côte d'Azur, Rhône-Alpes, Midi-Pyrénées and Aquitaine, are deriving more and more benefit from their specialisation in this field. New development opportunities are also appearing in many rural areas, fuelled by the arrival of new populations, even in the most isolated areas. As a rule, the dynamics differ from one territory to another. Their trajectories often diverge sharply, even between neighbouring local labour markets or within the same administrative region.

Regional policy, previously geared heavily towards infrastructure and territorial planning, now focuses more on regional competitiveness

Against this backdrop, regional policy has evolved by adapting its responses to the different situations in the territories. Clearly, it still relies on large projects, on strengthening infrastructure to link isolated areas and on public investment in urban transport. However, now that the national territory

enjoys modern transport and telecommunications infrastructure and a relatively dense networks of motorways and high-speed train lines, regional policy is making use of new instruments as well. It is now focusing on competitiveness in the regions, and on exploiting untapped development potential, *inter alia* to create alternative sources of growth in regions from which industries have moved away. As well as the traditional goals of balance, accessibility and equalisation, based on redistributive instruments and direct aid to regions in difficulty, new mechanisms are now in place that are open to participation by business, promoting incentives for investment (by means of calls for proposals) and seeking to improve local synergies with the potential to generate growth.

With decentralisation, this policy is increasingly being implemented in partnership with the different levels of government

DATAR – recently renamed DIACT (Interministerial Agency for Territorial Planning and Competitiveness) – and the Ministries responsible for this policy are no longer the only players in this area. The governance structures on which regional policy relies were reformed by a decentralisation movement initiated in the 1980s and recently bolstered by a second wave of laws. The French system of governance is characterised by both a multiplicity of participants and the fact that a major role is still reserved for central government. Decentralisation has nonetheless led to institutional innovations that allow hierarchical relationships to be replaced by a more partnership-based approach to regional policy. Co-operation between the State and local authorities is in fact crucial for ensuring that actions taken are consistent. This shift amounts to an opening up of dialogue between the players and a receptiveness of public policy-makers to a culture of joint decisions and negotiations.

At both national and territorial level, government action to promote competitiveness aims to tap the development potential of all regions. Here, there are three main priorities:

Given the problems of employment and weakened growth, the expansion of regional development strategy is a key issue for the national as well as regional and local authorities. Just as important as consolidating the dynamics of growth in the leading regions, and especially in the capital region, is to identify and exploit the competitive advantages of other regions. In order to do

this, three priorities for action have been adopted: a) fostering innovation and dissemination of knowledge to modernise territorial economies and strengthen their competitive capacities, developing synergies between businesses and public and private research centres; b) identifying real sources of development in urban and rural areas and helping territories undergoing restructuring to relaunch their economies on a sound footing (in this regard, the increasingly diverse range of profiles between isolated rural and large metropolitan areas calls for more diversified approaches so as to tailor regional policies to local and regional specificities and interactions between rural and urban environments); and c) improving access to infrastructure in areas where there is still a deficiency, in particular in the field of information and communication technologies, and especially competitive access to broadband.

a) The first priority is in line with the government's new strategic approach on regional clusters:

The promotion of clusters and their links with public research institutes is an important aspect of regional competitiveness policy. It consists of a new strategic approach that seeks to target untapped potential in terms of business co-operation and collaboration between firms and the research system. Based on the concepts of business clusters and innovation systems, the poles of competitiveness scheme is the centrepiece of the policy, offering possibilities for rectifying the lack of innovation and co-operation that often characterises French business, in particular by seeking to activate clusters. This regional vision of economic development confers important roles on local authorities in a number of areas: fostering contacts between the players, supplementing government financing and supporting new programmes.

Even if public/private research partnerships had already been getting government support before the poles of competitiveness scheme came into being, the scheme is giving major impetus to joint R&D and innovation

In the past, the government had already taken many initiatives to foster partnership between public-sector research and business, mostly on a territorial basis. These included 1999 legislation creating networks of research and technological innovation (RRITs), technological research teams in universities (ERTs) and regional public incubators. In comparison with all these measures, the poles of competitiveness scheme holds out several

advantages: a) it is clearly anchored in regions; b) it is a substantial effort, given the number of projects and the budgets announced; c) it is business-led; and d) it incorporates the systemic nature of innovation by bringing together a large number of stakeholders.

There are nevertheless a number of questions that arise regarding procedural complexity and financing

The initial call for projects to identify these poles of competitiveness was a complete success. In all of France, 105 applications were filed, in spite of the complexity of the governance systems to be set up, the participation of multiple private- and public-sector players, and an especially short time frame (November 2004–February 2005) for preparing applications. But this good start does not preclude certain risks for subsequent phases. It should be noted that:

1. The central government validated in principle 55 of the 66 proposed framework agreements concerning the selected poles of competitiveness (two were merged) at the October 2005 meeting of the Interministerial Committee [now called Interministerial Committee for Territorial Development and Competitiveness (CIACT)]. Nine more agreements were added to the list at the December 2005 CIACT meeting. These public/private partnership agreements stipulate the geographical limits of the “poles”, enable sub-national authorities to be part of the governance system, and provide information on strategy. It is important that such frameworks be flexible enough to adjust to market demands and enable firms to manage their projects in a suitable environment. It is also important that the State be able to play its role effectively by making funding visible and public administration more reactive.
2. The number of poles is now practically quadruple what was initially projected (while the budget has only doubled). As a result, funding could be spread too thin. Even if there are plans to give favourable treatment to poles classified as “global”, for example by exempting them from employers’ contributions for workers in the field of R&D (exemptions account for less than 20 % of the funding) and granting them research posts, the leeway would seem to be limited.
3. In this context, support for projects not selected in the first round is somewhat paradoxical. It would seem necessary above all to analyse in detail the reasons for failure, to avoid any windfall effects or the application of non-economic criteria, and also to assess the extent to which some of these projects should fall under the local cluster (SPL) scheme.

4. For the moment, apart from a few poles located in border regions (e.g. BioValley in Alsace), none of them have a truly European dimension. However, many large firms and multinational companies are partners within these poles. It is important that they be able to help foster international co-operation.

The scheme will be able to achieve its objectives only if the government makes sure it is integrated into the overall mechanism for promoting innovation in the regions, increases the involvement of innovative SMEs in the poles of competitiveness and strengthens public/private research synergies within the scheme

Apart from these issues of implementation and programme size, it is vital, to increase the chances of success and to capitalise on the scheme's present momentum, first, to ensure consistency with competitiveness policies that are not specifically territorial in nature. Several planning agencies have been set up, such as the National Research Agency (ANR), the Industrial Innovation Agency (AII) and the SME agency (OSEO). These agencies must help finance poles of competitiveness in concert with the *Caisse des dépôts et consignations*. Nonetheless, at this stage policy co-ordination between these bodies is still unclear, as is the role of the future High Council for Science and Technology (*Haut conseil de la science et de la technologie*). Second, it is important to ensure that SMEs and innovative businesses are properly represented in the poles, and especially on their management boards. Small firms are in many cases a decisive creative force and a major player in the design of new products. In order to facilitate their participation on a long-term basis, it would be useful to allow regional risk capital funds, as well as institutions specialised in financing innovation, to become an integral part of the poles. Third, it is necessary to ascertain optimal conditions for the development of co-operation between public and private research. Many countries have given a high priority to this objective within their regional innovation policies through wide-ranging reforms granting increased autonomy to universities (Japan, Denmark), efforts to enhance the quality and visibility of public research (Switzerland, Norway, United Kingdom) or increased funding for regional innovation systems (Sweden, Poland). In France, public research institutions could be prompted to improve their communication policies and enhance familiarity with their research and the results obtained, particularly amongst local firms. The recent call for public research institutes working in partnership with the private sector to submit their candidacies for attribution of the new label "Carnot institute" is a first step towards recognition of the

importance of such work. The central government could also give more direct encouragement to joint research and its applications by granting aid, provided the resultant distortion of competition was minimised. In the academic sector, which has so far been influenced little by the culture of innovation and has been preoccupied with funding problems, involvement in regional development and participation in poles of competitiveness could be favoured by combating institutional fragmentation, and in particular by expanding collaboration with IUTs (technical colleges) and specialised schools, e.g. within the framework of polytechnic institutes (already set up within a number of regional academic districts) or poles of research and higher education (PRES), if not campuses.

*b) Second priority: competitiveness policies
for urban and rural areas*

In the past, policies for rural and urban territories were primarily defensive (social solutions for deprived urban neighbourhoods; targeting of older and more sparsely populated rural agricultural areas). The focus is now shifting towards sustainable development and economic growth. Urban policy, and especially the future metropolitan contracts, places increasing emphasis on the attractiveness and accessibility of cities, town planning, teaching, research and culture in an urban environment. More attention is also being paid to links between cities and rural areas, which are being thought of more and more as interdependent categories. For example, the 2004 law on rural areas paves the way for a revision of the rural revitalisation zones (ZRRs), allowing small urban centres to be included in this zoning, thus incorporating their economic roles. Initiatives to develop cities and country areas are still dispersed and would gain from focusing more on business creation and co-operation amongst firms. In areas in decline or in the process of restructuring, it would be better to concentrate on a small number of priorities rather than risk having measures spread too thin. Moreover, it would seem crucial that a substantial share of the funding for restructuring in these regions (*contrats de site* or *plans d'aide aux restructurations*), or for efforts to prevent or anticipate economic transformation, should be earmarked for worker training. Human resources are usually the least mobile factor. Upgrading skills facilitates the necessary redeployment and encourages entrepreneurship, thereby fostering not only direct investment but also job creation as well. In distressed urban and rural areas, the government's priority is access to public services. It is currently redefining this notion and introducing the concept of "services of general interest" or "services to the public". Recourse to new information and communication technologies is making new experiments possible. It is important to learn from successful

experiments and adopt good practises, not only in remote rural areas, but also in disadvantaged neighbourhoods on the outskirts of cities. Guaranteeing access to interregional transport or postal services can be costly in sparsely populated regions. Here then, there must be a clear stipulation of how costs are to be assigned, and of the respective roles of the relevant authorities and operators.

c) Broadband is the government's third priority

The involvement of sub-national authorities in delivering broadband means that the growth of digital services in the territories can go forward on a competitive basis. Broadband is not only a way to support competitiveness in the poles of developed regions, but also a means of opening up less-advanced ones. The regulatory authority and the government quite rightly put just as much emphasis on competition between providers as on connection itself as a tool for developing the competitiveness of business users. This means that territorial authorities are now major players in broadband infrastructure development, and as such they are helping to extend the possibilities for competitive services on the networks being set up with their encouragement. In the process, they have acquired competences and are taking more and more of an interest in ensuring that markets work properly. It should be possible to sustain the momentum insofar as the products available to some players, and SMEs in particular, are generally less competitive. Nonetheless, the rules governing public action in the realm of broadband could do with clarification, good practices should be widely disseminated to local authorities and the orientation towards infrastructure deployment should not lead to neglect the support for the spread of services.

If this new regional policy is to be clearly understood, it needs to be seen in the complex framework of the French system of multi-level governance

In implementing these various regional competitiveness policies, the multi-level governance structure that exists in France plays an important role. The country has a large number of levels of public action: the State, the regions (26), the *départements* (100), and the municipalities or *communes* (36 560), to which should be added the supranational level of action (European bodies), interdepartmental action (in mountain areas, for example) and above all inter-municipal action (with over 17 000 groupings, if one counts the 2 525 public inter-municipal co-operation bodies and 14 500 unions of *communes*

(*syndicats de communes*). Vertically, there are thus seven levels of administration in France and over 50 000 institutional players (not counting the entities known as “*pays*” – see below). This multiplicity of public institutions undoubtedly generates very substantial additional costs. However, many other Member countries practise forms of governance that are complex and even informal. The multiplication of levels and the complexity of institutions are not a defect per se, but they do make co-ordination essential.

Decentralisation has until now been superimposed on a parallel network of central-government administrative outposts in the regions and départements

Beyond its accumulation of levels of decision-making, the French system presents one unique feature: the co-existence, in a highly structured way, of levels of government that are decentralised (in the sense of being “elected by local voters”) and levels that are “deconcentrated” (by which is meant the presence of the central government and its ministries in the regions and the *départements*). This “parallelism” could prompt the local authorities to transcend a staff transfer approach and create new public-sector jobs. Unlike many other Member countries, France has indeed registered an increase in public-sector jobs over more than a decade, particularly at the local-authority level. Moreover, this trend gives rise to a somewhat ambiguous perception of decentralisation. This becomes clear when one considers the very important role played by the prefects (*préfets*) i); the still somewhat ill-defined role of the regions ii); or the rather narrow latitude available to territorial authorities iii).

The role of the prefect has expanded...

i) With the new laws on decentralisation, regional prefects (*préfets de région*) become the linchpins for central government action in a region, responsible for co-ordinating the departments grouped around them and for overseeing the coherence of the measures adopted in their territory. A prefect must also lead the dialogue and negotiations with elected bodies and their officers. French prefects are thus one response to a problem encountered in a large number of OECD countries – that of inter-ministerial co-ordination of regional policies. They also exercise a vertical co-ordination function, not only between the various local players but also between those players and the central government. However, while offering an undisputed advantage in terms of regional-policy coherence, the new reforms have increased the powers of the prefect in the regions and *départements*.

... but there has been no clear confirmation of the strategic role of the regions, especially with regard to economic development

ii) The State does not yet seem to have followed through on all the implications of the recent creation of regional entities (which are only 20 years old). Policy action is still shared between the municipalities, départements, regions and central government, with no real clarity as to the prerogatives of the regional level. The regions are described, for example, as “co-ordinators” of economic development rather than as being “responsible” for it. A study of the data for 2002 shows that all three levels of sub-national authorities were very active in this area, essentially through a variety of aid to business. The rationalisation of such aid by means of strategies conducted at the proper level and avoiding dispersion is being done at the regional level through initiatives characterised by a sort of operational, if not political, vacuum. Here, some regions can count on the existence of highly developed social capital in their territory, and on broad-based support for the common good. In the context of French decentralisation, the Regional Councils can thus assert their desire to co-ordinate actions and to support the definition of joint strategies covering the whole of the territory they administer, and to do so alongside all of the other public players involved. At present, a variety of documents are produced by Regional Councils and sub-regional authorities in connection with the negotiation of planning contracts, medium-term economic strategy or long-term territorial development. It is recommended that efforts be made to ensure consistency amongst the resultant strategies in order to enhance the effectiveness of the proposed actions.

The leeway of territorial authorities seems limited, and uneven from one level to another

iii) Central government seems to be by far the greatest financial contributor to the territorial authorities. Furthermore, it might be emphasised that the nature of their budgets and mandatory responsibilities do not leave the various levels of government with the same types of decisions. One of the features of the French regional system is that a Regional Council has a much smaller budget (and staff) than does the council of a département (the “General Council”). Its primary role is to formulate the region’s medium-term economic strategy, while a General Council is responsible more for social policy, and particularly for managing social affairs and maintenance. The involvement of the municipalities is focused more on local neighbourhood matters (urban traffic, primary schools, etc.). The municipal and département levels therefore

seem to be specialised around the management of public services that are very heavy consumers of labour and redistributive budgets, and which offer very little leeway, while the regions are geared more towards formulating strategies.

While the contractual forms of regional policy have facilitated vertical co-ordination of activities, their mechanics, and especially those of State-Region planning contracts, could be improved, with particular regard to clarity of objectives, selectivity of actions, the role of public-sector players and, above all, assessing the results of the policy implemented

Whatever the degree of latitude of the different levels of government, it is generally agreed that co-ordination has been made possible and improved by the institution of contractual relations between them. With respect to regional policy, State-Region Planning Contracts (CPERs) are the flagship mechanism for public action, and an instrument whose usefulness is recognised by all partners. Today a discussion is underway as to how, after twenty years of existence, the mechanics of the contracts could be reformed for greater effectiveness. The aims are: to streamline objectives a) and priorities b), improve financing procedures c), better define the respective roles of each level of government d), strengthen coherency e) and re-assess time frames f) and methods of evaluation g):

- a) Until now, CPERs have had two objectives: first, regional development; and second, to achieve a degree of equalisation in the situations of regions having the widest gaps in terms of wealth, growth and jobs. These two objectives of competitiveness and equity do not seem easy to reconcile at national level. In practice, it is difficult to consider a negotiated budget as a relevant tool for equalisation (the usual aim being to seek neutrality by applying formulae that are the same for everyone). Today, some take the view that the equity objective could be limited to the territorial segment of planning contracts, i.e. essentially the contracts for “pays” and “agglomerations”. But the result of this might be to limit the support of the central government and the regions to social cohesion projects of “pays” and “agglomerations” rather than economic development initiatives.
- b) The shift in planning contracts towards much larger budgets, incorporation of all ministries and a wider variety of local players has led to a proliferation of subjects and projects. It would therefore seem necessary to re-centre planning contracts on a small number of confederating themes, but without

reverting to the initial vision of the CPERs, which was essentially geared towards the financing of physical infrastructure.

- c) One complaint often levelled at the central government is a failure to honour its CPER commitments. No contract is worth anything unless there is a credible degree of commitment by the parties. It has been suggested that projected CPER funding should form part of the annual Budget Act. Such a solution might prove difficult, however, *inter alia* insofar as planning contracts are multi-annual and territorial.
- d) CPERs also illustrate the need to clarify the prerogatives of regional bodies. In practice, to acknowledge that the region plays the leading role in contract negotiations and implementation, while respecting the desires of lower-level authorities and maintaining the central government in the simultaneous roles of partner and impartial arbiter, is a complex exercise in governance.
- e) As emphasised in earlier work (OECD, 2005), the contracts are a way of upholding the State's important role in regional policy, and thus of ensuring the level of consistency of actions taken, while at the same time allowing for local initiative and putting local knowledge to good use. This raises the question of whether it would be better to revert to drawing up a strategic document at central level, or whether this would compromise the dynamism of local initiatives.
- f) The duration of the contracts is another subject of debate. Their extension, over time, from 5 to 7 years has served mainly to cope with delays in the completion of contract projects. With regard to the most recent CPER, it would appear that even this extension may not be enough, and that the budgets will not be spent (or even available) or the actions taken in the timeframe stated at the outset. The ideal would be a mechanism that would allow projects to be handled in a structural time-frame in line with European levels, and, at the same time, to assess the degree of completion and possibly introduce variations over time.
- g) Lastly, if these questions are difficult to answer, the main reason is a failure to co-ordinate effective evaluation of the CPERs at the central level. Clearly, there have been many evaluation studies, but they provide no guidance for decision-making because they are too piecemeal. Reforms are underway at DIACT to improve the consolidation of information obtained from experience in the various regions. Moving in this direction is crucial if performance-based incentive mechanisms are to be put in place, as is done at the European level and in countries such as Italy.

In the realm of horizontal relations, the policy followed has strongly encouraged municipalities to work together, and the emergence of “project territories” has been fostered in a way that is consistent with efforts to spur territorial competitiveness

Because there are so many municipalities, many of them small, the French authorities are also faced with problems of horizontal co-ordination at the local level. Government has sought to reduce this institutional fragmentation, which often prevents municipalities from playing a meaningful role in terms of growth, competitiveness or efficient delivery of public services. To this end, the State has devised a very active policy to encourage voluntary co-operation between the municipalities, which aims to instil an inter-municipal approach to management. Alongside this policy is a determination to develop what are known as “project territories” – the “pays”, the clear purpose of which is to transcend administrative boundaries so that territorial strategies can be formulated.

From this standpoint, support for inter-municipal efforts can be deemed a success, but certain problems remain

Incentives (in the form of grants from the State and harmonisation of local tax revenues based on the business tax) have borne fruit, and the vast majority of municipalities are today part of inter-municipal co-operation structures (EPCIs). The scope of inter-municipal co-operation has expanded considerably, *inter alia* to take charge of environmental costs. In many cases, it has been able to finance major capital investment and manage facilities. But the cost/benefit ratio of these new structures is often subject to question, as is the suitability of their territorial boundaries. Furthermore, the rise of EPCIs has not called any other institutional levels into question. It is especially difficult to reconcile the shift towards inter-municipal undertakings with the continuing power of the *départements*, particularly in metropolitan areas.

Along the same lines, the “pays” are an interesting institutional innovation, but their contractual environment could benefit from rationalisation

The underlying logic of the “pays” is to base territorial action on synergies between willing local players, and at the same time to match the boundaries

for these unifying projects to functional areas. This policy has clearly developed, but not in an even manner throughout France as a whole. These “pays” are not an additional, cumbersome institutional level; on the contrary, when co-operation and local dynamics work well, they can offer a genuine means of unblocking the system’s complexities through local action. They do, however, appear to suffer from structural difficulties in terms of the resources at their disposal, prompting the recommendation that they be preserved and given legitimacy as part of the CPER envelope. In addition, the co-existence of two distinct mechanisms (“agglomeration” contracts and contracts for “pays”) to deal with urban and rural areas is debatable. A single “territorial contract” based on functional areas and synergy between local players, irrespective of the type of territory involved, could increase their effectiveness.

The fact that metropolitan areas are now gaining recognition is a good thing, but there is concern that, as with the “pays”, it will prove difficult for this territorial level to find its place

Lastly, it would seem that the issue of the cities as engines of growth for the country is still being largely ignored. Cities are identified in terms of their size as specific players in inter-municipal mechanisms, but they have not yet been given their own missions and budgets under modernised governance structures. The new “metropolitan contract” programme is evidence of the willingness of the French authorities to move forward in this regard. Originally set up on the basis of an initial request for proposals, this programme is growing, but it deserves to be given substantial resources so that metropolitan areas can be not only recognised, but above all confirmed as requiring the mobilisation of effective governance structures, geared to a quest for competitiveness. By targeting both urban centres and their periphery and tackling disparities of proximity in the same governance mechanism, the legitimacy of metropolitan contracts could be enhanced. Here again, this development could be impeded by existing institutional frameworks, if not by the lack thereof, whether at the inter-municipal level or, especially, that of the départements (especially in Ile-de-France, which is in fact not yet covered by metropolitan contracts).

These local partnerships (inter-municipal undertakings, “pays”, metropolitan areas) were formulated to better reflect economic reality in the territories. They must now be given clear areas of responsibility and suitable instruments, inter alia to stimulate innovation and competitiveness

All these regroupings have an important role to play in economic support and territorial development. Their proximity to businesses and their knowledge of the economic environment and local and regional research institutions put them in a good position to identify local competitive advantages and promote synergies between the players. The regions and other territorial authorities, including the more flexible structures of “pays” and metropolitan areas, can provide services to businesses, in particular in the form of incentives to work together (arranging contacts, training, incubators, science parks, investment in risk capital funds). One other way for territorial authorities to strengthen competitiveness and attract outside investment is by promoting the image of the territory or helping it to achieve special recognition in a particular field. To this end, the authorities should be allowed to draw up plans for science, technology and innovation in the territories. Innovation schemes could become a section in the planning contracts, or even in the SRDEs (*i.e.* strategic medium-term plans formulated by the Regional Councils). The goal would be to integrate the poles of competitiveness into the broader framework of regional innovation systems and to allow the poles to be co-ordinated as part of the region as a whole. It would also be necessary, given the proliferation of aid for innovation being directed at small businesses, to provide a clearer definition of the role of the regions in this regard.

Evaluation systems must be improved before regional policy governance can be extended

In sum, many institutional innovations have been developed, but their impact on policy is rarely assessed. Efforts to capitalise on local experience and integrate territorial authorities into the regional policy machinery often founder because of low visibility and often nonexistent benchmarking. Better internalisation of the culture of evaluation at this level, but at central level as well, would enable the obstacles to effective vertical and horizontal co-operation to be better understood, and ways found to remedy them. For the moment, the emphasis is more on evaluation techniques than on implementing the results. It would also be advisable to find ways of spreading good practices. Lastly, by generalising evaluation procedures and building on

the dynamism of successful local experiences, there could be a move away from a culture of public action based largely on requests for proposals and towards introduction of policy initiatives grounded in compilation of results achieved.

This would also make it possible to take advantage of the many areas of autonomy resulting from the current territorial set-up, and to formulate a more bottom-up regional policy

The above portrayal of the players in France's multi-level governance provides clear evidence of the great complexity of procedures and mechanisms, which stems to a great extent from two apparently contradictory factors: a high level of institutional inertia (on the part of the existing framework) going hand in hand with high levels of institutional creativity (burgeoning local initiatives, new mechanisms, etc.). This finding would suggest that institutional change is out of step with economic, and probably social, changes. This discrepancy could at first glance be seen as significantly hampering the formulation of effective regional development policies. However, it leaves room for local and regional initiatives that are highly relevant, and that transcend existing structures to bring development to the territories. The success of the call for proposals on "poles of competitiveness" bears witness to this capacity of local players, in a sense, to rise above institutional structures. It also shows that one of the most important functions of regional policy is to free local capacities for innovation and job creation, stimulate the mobilisation of players (businesses, research centres and territorial authorities) and ensure an adequate supply of public goods.

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Liste of acronyms

ADSL	Asymmetric Digital Subscriber Line
AII	Agence pour l'Innovation Industrielle (Agency for Industrial Innovation)
AMF	Association des Maires de France (Association of French Mayors)
ANR	Agence Nationale de la Recherche (National Agency for Research)
ANVAR	Agence Nationale de Valorisation de la Recherche (French Innovation Agency)
ARCEP	Autorité de Régulation des Communications Électroniques et des Postes (Regulatory Body for Electronic Communications and Post Office Matters)
ARF	Association des Régions de France (Association of French Regions)
CAR	Comité d'Administration Régional (Regional Management Committee)
CDC	Caisse des Dépôts et Consignations (A State owned financial institutions performing public interest missions)
CDCI	Comité Interdépartemental de Coopération Intercommunale (Departmental Commission for intercommunal cooperation)
CEA	Commissariat à l'Énergie Atomique (Atomic Energy Authority)
CESR	Conseil Économique et Social Régional (Regional Economic and Social Council)
CGCT	Code Général des Collectivités Territoriales (Regulatory framework for local authorities)
CGP	Commissariat Général du Plan (National Plan Commission)
CIACT	Comité Interministériel à l'Aménagement et à la Compétitivité des Territoires (Interministerial Committee for Territorial Competitiveness and Planning)
CNES	Centre National d'Études Spatiales (National Space Research Institute)
CNFPT	Centre National de la Fonction Publique (Public Sector National Center)

CNRS	Centre National de la Recherche Scientifique (National Center for Scientific Research)
CNRT	Centre National de Recherche Technologique (National Centre for Technological Research)
CPER	Contrat de Plan État-Région (State/Region Planning Contract)
CRITT	Centre Régional pour l'Innovation et le Transfert de Technologies (Regional Centre for Innovation and Technology Transfer)
CTE	Contrat Territorial d'Exploitation (Territorial Contract in rural areas)
DGCL	Direction Générale des Collectivités Locales (Directorate General for Local Affairs from the Ministry of Interior)
DGF	Dotation Globale de Fonctionnement (Global Operating Grant)
DIACT	Délégation Interministérielle à l'Aménagement et à la Compétitivité des Territoires (French Regional Agency)
DIV	Délégation Interministérielle à la Ville (Interministerial Commission for City Policy)
DNP	Dotation Nationale de Péréquation (National Equalisation Grant)
DOCUP	Document Unique de Programmation (EU Regional Programming Document)
DREE	Direction des Relations Économiques Extérieures (Foreign Economic Relations Office)
DSP	Délégation de Service Public (Public Services Delegation)
DSR	Dotation de Solidarité Rurale (Rural Solidarity Grant)
DSU	Dotation de Solidarité Urbaine (Urban Solidarity Grant)
DTA	Directive Territoriale d'Aménagement (Territorial Planning Directive)
ENA	Ecole Nationale d'Administration
ENS	Ecole Normale Supérieure
EPCI	Etablissement Public de Coopération Intercommunale (Public Establishment for Intermunicipal Cooperation)
EPIC	Etablissement Public à Caractère Industriel et Commercial (Public Institution of an Industrial and Commercial Nature)
EPST	Etablissement Public Scientifique et Technique (Public Scientific and Technical Research Establishment)
ERT	Equipe de Recherche Technologique (Technological Research Team)
ERM	European Restructuring Monitor
FNADT	Fonds National d'Aménagement et de Développement des Territoires (National Fund for Territorial Planning and Development)
GPU	Grand Programme Urbain (Large Urban Projects)

IFREMER	Institut Français de Recherche pour l'Exploitation de la Mer (French National Maritime Research Institute)
INRA	Institut National de la Recherche Agronomique (National Institute for Agronomy Research)
INSEE	Institut National de la Statistique et des Études Économiques (National Institut for Statistics and Economic Studies)
INSERM	Institut National de la Santé et de la Recherche Médicale (National Institut for Health and Medical Research)
LETI	Laboratoire d'Électronique de Technologies de l'Information (Laboratory for Électronic and Information Technologies)
LOADDT	Loi d'Orientation, d'Aménagement et de Développement Durable des Territoires (Law on Planning and Sustainable Territorial Development)
LOLF	Loi Organique Relative aux Lois de Finance (New Budget Law)
LOPR	Loi d'Orientation et de Programmation de la Recherche (Law on Research)
NTIC	Nouvelles Technologies de l'Information et des Communications (New Information and Communication Technologies)
OPAH	Opération Programmée d'Amélioration de l'Habitat (Housing Improvement Programme)
OPR	Organisme Public de Recherche (Public Research Organisation)
OST	Observatoire de la Science et de la Technologie (Science and Technology Observatory)
PASED	Projet d'Action Stratégique de l'État dans les Départements (Proposed State Strategy for "Département")
PASER	Projet d'Action Stratégique de l'État en Régions (Proposed State regional Strategy)
PAT	Prime à l'Aménagement du Territoire (Regional Planning Premium)
PCRD	Programme Communautaire de Recherche et Développement (EU R&D Programme)
PNDR	Plan National de Développement Rural (Rural National Development Plan)
PNR	Parc Naturel Régional (Regional Nature Park)
PRAI	Programme Régional d'Actions Innovatrices (Innovative Action Regional Programme)
PRES	Pôle de Recherche et d'Enseignement Supérieur (Pole of Research and Higher Education)
RDT	Réseau de Développement Technologique (Technological Development Network)

RENATER	Réseau National de Télécommunications pour la Technologie, l'Enseignement et la Recherche (National Telecommunication Network for Technology, Training and Research)
RRIT	Réseau de Recherche et d'Innovation Technologique (Technological Innovation and Research Network)
SAIC	Service d'Activités Industrielles et Commerciales (Industrial and Commercial Department within Universities)
SCOT	Schéma de Cohérence Territoriale (Territorial Consistency Scheme)
SIVOM	Syndicat Intercommunal à Vocation Multiple (Multi Purpose Intercommunal Association)
SIVU	Syndicat Intercommunal à Vocation Unique (Single Purpose Intercommunal Association)
SRADT	Schéma Régional d'Aménagement et de Développement du Territoire (Regional Territorial Planning Master Plan)
SRDE	Schéma Régional de Développement Économique (Regional Economic Development Master Plan)
SRU (Loi)	Loi Solidarité et Renouveau Urbain (Solidarity and Urban Renewal Act)
SPL	Système Productif Local (Local Production System)
TER	Train Express Régional (Regional Train)
TGV	Train à Grande Vitesse (High Speed Train)
TIPP	Taxe Intérieure sur les Produits Pétroliers (Domestic Tax on Oil Products)
TRDP	Territoires Ruraux de Développement Prioritaire (Priority Rural Areas)
TPU	Taxe Professionnelle Unique (Single Business Tax)
ZFU	Zone Franche Urbaine (Urban Free Zone)
ZRR	Zone de Revitalisation Rurale (Rural Revitalisation Zone)
ZUS	Zone Urbaine Sensible (Distressed urban Zone)

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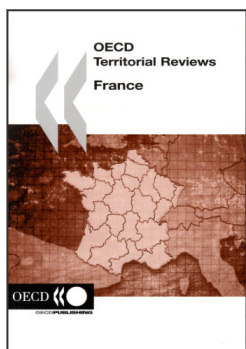
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