

FRANCE: A STACK OF CONTRACTS IMPERFECTLY INTEGRATING THE GREEN AND DIGITAL STRATEGIES OF BIG CITIES

Marjorie Jouen

Advisor, Jacques Delors Institute

1. A recovery plan in a post-municipal election context

Quite early in the Covid crisis, on July 16th, 2020, the prime minister announced “[His] willingness to rely on territories so that the state is an actor of proximity”. His intention became a reality on October 23rd, 2020, with Circular no. 6220 on “Territorial implementation of the Recovery Plan” (Premier Ministre, 2020a), six weeks after the full presentation of the National Recovery and Resilience Plan (NRRP). He was reacting to the observation that major costly social and civil organisation measures had to be implemented, often urgently, by local authorities, first and foremost the largest cities (“the self-financing shock experienced by the big cities” according to *France Urbaine*, the major cities association).

Let us recall the local French political context at the time. Municipal elections were held in spring 2020. In the big cities, the elections were marked by the victory of candidates with strong ecological transition strategies. The mayors of Nantes, Grenoble, Paris and Lille were re-elected – the latter two thanks to a marked greening of the initial programme. New teams described as green succeeded in Lyon, Strasbourg, Bordeaux, Tours, Besançon, Annecy and Poitiers.

Thus, from summer 2020, these new political teams were ready to implement their own green transition agenda, which was often more ambitious than that of the NRRP. In addition, these metropolitan strategies and associated investments anticipated substantial support from the future EU cohesion policy.

France Relance, presented as one of the EU’s greenest plans

The NRRP, also named *France Relance*, amounted to €100bn, of which €46bn (€41bn according to a later calculation by the Court of Auditors, see Table 1) were co-financed by the Recovery and Resilience Facility, only in grants. It had three strands – green transition (€30bn), competitiveness (€34bn) and cohesion (€36bn) – and the intention was to

initiate a homogeneous recovery in all territories and for all generations. The cohesion strand funds in particular were intended to safeguard employment through short-time work, to increase the employability of young people with the “1 Young, 1 Solution” programme, to support territories where public services are most difficult to access and to invest in the health system. This strand also included exceptional and additional funding of €942m in 2020 for the Local Investment Support Grant (DSIL).

The NRRP dedicated 50% of the funds to the green transition (above the EU threshold of 37%) and 25% to the digital transition (above the EU threshold of 20%).

Table 1: The measures of the French NRRP

		Estimated amount in the Recovery Plan (€ bn)	Estimated European support (€ billion)
Green transition	Eco-renovation	6.7	5.8
	Ecology and biodiversity	3.2	2.1
	Infrastructures and green mobilities	8.8	7.0
	Energy and green technologies	7.2	5.3
Competitiveness	Support to private companies	0.3	0.3
	Technological sovereignty and resilience	5.2	3.2
	Digital and cultural investments	3.1	2.1
Cohesion	Employment and training	11.3	7.5
	Research, health, safety and territorial cohesion	9.8	7.7
Subtotal		55.6	41.0
Other strands of the French recovery plan not benefiting from European funding		44.4	
TOTAL		100.0	41.0

Source: French Court of Auditors

The guidelines for a territorial implementation

PM Circular No. 6220 was addressed to the regional and departmental prefects, as well as the public finances directors. It explained that, “The territorial implementation of the Recovery Plan is a guarantee of effectiveness, adaptability, equity and cohesion. One of the factors of its success will be supporting territorial dynamics and making possible the rapid consumption of credits. Whenever possible, the actions of the plan must be implemented in all territories, including overseas territories.” To do this, it detailed the administrative and financial organisation, as well as the information channels that the state services had to set up. The implementation of the plan mostly used the traditional tools of delegation. At no time was it designed with, by and for local authorities.

Subsequently, this PM circular identified four different types of intervention:

1) the measures drawn up at national level and not subject to territorially differentiated implementation, such as fiscal measures to reduce taxes or aid intended for certain groups (young people, energy renovation for households and SMEs, support for purchasing electric cars, etc.). The same applies to aid that will be awarded via national calls for projects;

2) those aimed at allocating funding locally via calls for projects decentralised at regional level and often managed by operators according to proven procedures i.e., Public Investment Bank (BPI France), Environment and Energy Management Agency (ADEME), Water Agency;

3) specific financial envelopes under the responsibility of the prefects for the benefit of the most mature and relevant investment projects, which are given priority treatment in the “urban policy districts” (QPVs) and in rural areas;

4) appropriations corresponding to the various lines of *France Relance*, earmarked on a public policy and a well-identified measure of the plan, but whose management will be delegated.

The territorial governance of the recovery plan was based on regional steering and monitoring committees co-chaired by the regional prefect, the regional director of public finances and the president of the regional council. These committees, composed of representatives of local authorities, economic and social partners, and the operators, had to ensure detailed information for citizens, communities and businesses. They were also in charge of monitoring devolved measures and reporting back the potential operational difficulties in the implementation. Departmental advisory committees have also been set up to ensure impetus at the lower level, with the participation of national elected representatives (deputies and senators).

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A sophisticated financial evaluation system

A national evaluation committee has been set up in order to meet the requirements of European monitoring system. Composed of 26 members, including representatives of national associations of local authorities (but not big cities, as such), the Senate, the National Assembly, the social partners and the main ministerial departments in charge of the NRRP, it started working in spring 2021 and has already published two reports. The second report, released in December 2022, provides some useful information on the implementation by local authorities in general and urban areas in particular (*Comité d'évaluation du plan France Relance*, 2022).

In addition, in March 2022 the Senate adopted an information report based on the results of an investigation conducted by the Court of Auditors and on hearings (*Commission des finances du Sénat*, 2022). It draws some lessons and provides qualitative and quantitative data.

Thus, it notes that in addition to the large sums paid to compensate for the losses or decreases in revenues of local authorities and private companies (two-year loans), the ecological strand of the recovery plan has fuelled many existing national programmes (subsidies to individuals for the renovation of their buildings, *MaPrimeRénov'*, or for the purchase of clean vehicles, *Ecological Bonus*), or ambitious programmes that had no budget until 2020 (investment for railway infrastructure; renovation of state buildings, including universities; actions in favour of biodiversity).

The concern to quickly spend the available funds on concrete projects and to ensure public awareness of them has led to an unprecedented communication effort by the state administrations or the public agencies responsible for certain programmes (BPI France, ADEME, ANAH, *Pôle*

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Emploi, ANRU, ANCT). The extensive range of means used (digital platforms, the “recovery train” itinerant promotion, websites, call centres, flyers, guidebooks, labelling, etc.) led to a very high level of communication expenditure of €17m, equivalent to three to ten times the amount of major official campaigns of previous years. The Court of Auditors and the evaluation committee tend to consider that it was effective, as the large amount of funds available under the heading of the NRRP was spent in time and the French economy was on track for recovery by the beginning of 2022.

However, the evaluations converge on the problem of decipherability on the part of the local authorities of the specific NRRP aid, deadweight effects and confusion with other existing contracts or medium-term strategies, in particular the main European cohesion policy funds. So far, no official conclusions have been drawn on the added value and effectiveness of *France Relance* to accelerate the shift towards the green and digital transitions.

2. Two unsatisfactory ways to access to national funding

The two main ways for local authorities to access funding were calls for projects and contracts. Both have been criticised by local authorities for different reasons: the excessive number of calls (89 calls for sectoral projects and nine calls for expressions of interest in a few months) and their mono-sectoral approach, the re-centralisation of governance, the fuzzy articulation between the many existing mechanisms and the new ones, the complexity of procedures with different time horizons and, above all, the exclusion of the EU cohesion policy funds.

Before the Senate, the president of the Court of Auditors deplored “the lack of coordination of the different contractual supports” (*Commission des finances du Sénat*, 2022). The report mentions that one-tenth of NRRP expenditure went directly to local authorities: in order to compensate losses and revenues (€4.2bn), to support local public investment (€2.6bn), and to implement sectoral measures (€3.7bn). Quoting *Régions de France*'s own assessment, it states that local authorities have provided €15bn as co-financing. The secretary general of the recovery plan recalled during his hearing that municipalities where more than 15% of the population resides in a QPV (in general, located in metropolitan areas) benefited from 27% of the exceptional envelope devoted to municipalities by the recovery plan under the DSIL in 2020 (around €340m), while they represent 22% of the population.

As an example of a sectoral measure, the NRRP has devoted €1.3bn to the energy renovation of local authority buildings at all levels, via the DSIL for municipalities (€650m), the Departmental Investment Support Grant (DSID) for departments (€300m) and the Regional Investment Grant (DRI) for regions (€300m). A total of 6,212 projects were selected via calls for projects, according to the dual criteria of the maturity of the project (quick implementation) and the energy gain of the investment. Of these projects, 65% were educational buildings, 12% cultural or sports facilities, while the rest were nurseries or administrative buildings, etc.

Circular No. 6220 also determined a new specific mechanism for “the decentralised appropriations of the NRRP, as well as the actions which, although decided nationally, can be localised in a given region and which may be co-financed”. At regional level, there would be “Regional Recovery Agreements signed between the State and the Regional Council strongly attached to the *Contrats de Plan Etat-Région* (CPERs)” and Recovery and Ecological Transition Contracts (CRTEs) at local level.

Since the first decentralisation reforms in 1982, relations between the state and the regions have been based on contracts inspired by the long French tradition of planning, dating back to the aftermath of the Second World War. While the 10th and last plan ended in 1992, the CPERs have endured and are now established for six years. They overlap rather than fit perfectly with the seven-year European regional programmes. Until now, moreover, the two main territorial policies – in favour of rural areas and in favour of urban neighbourhoods in difficulty – were co-financed separately by the CPERs and by European funds.

At the local level, this approach is new. Prefects were asked to contract with the departmental councils, the “intercommunalities” (meaning groupings of 15-50 municipalities either in rural areas or in metropolitan areas), and the communes if they wish to enter into such an approach. Another PM Circular, No. 6231 dated November 20, 2020, detailed the content, ambitions and implementation of “these contracts in favour of the ecological transition and territorial cohesion” (Premier Ministre, 2020b).

They were supposed to meet three challenges: in the short term (2021-2022), involve territories (local authorities, socio-economic actors, associations, inhabitants) in the recovery plan; for the duration of the electoral mandate (2020-2026), support local authorities in their territorial project; and illustrate the differentiated and simplified approach of decentralisation. The circular insists on the fact that the ecological transition must be the cross-cutting theme of these contracts. The CRTE may consist of amendments to existing contractual tools (rural contracts, ecological transition contracts, territorial development contracts, etc.) or new contracts.

In practice, almost every “intercommunality” accepted the approach, which sometimes took the form of a wish list, especially in the absence of a common local strategy, since the CRTEs do not commit the state to co-financing the full list of projects. In fact, every year, the prefect must coordinate with the ministerial administrations to pick and choose what the state will subsidise or co-finance, either with the recovery plan funds, the DDTER (rural areas), the National Fund for Spatial Planning and Development (FNADT) or the DSIL. In the case of large cities, equipped with an established strategy, the CRTEs look more like a too narrow coverage, due to a lack of sufficient funding and ambition on the part of the state.

Although delayed in comparison with the initial timeline, the take-up was quite quick: a total of 245 CRTEs had been signed by September 2021, 635 by January 2022 and 847 by September 2023.

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3. Nantes Métropole: an illustration of local participation in the new contracts

Early in 2021, as the CRTE targeted both groupings of very small rural municipalities (15-30,000 inhabitants) and metropolises regardless of their size and management specificities, large cities asked for recognition of the specificities of their situation with the creation of Metropolitan Contracts for Recovery and Ecological Transition (CMRTE). Both as Nantes Métropole's president and president of *France Urbaine*, Johanna Rolland was the first to sign an MoU for Nantes with the prime minister on February 26, 2021 (Rolland and Castex, 2021a).

In the process, on May 17, 2021, a quite ambitious method agreement was signed between *France Urbaine* and the prime minister, listing a series of institutional and financial commitments: "€6.5bn under the recovery plan, €2.3bn for QPVs and €1.3bn (including €900m from the recovery plan) for urban transport and mobility" (Rolland and Castex, 2021b). The text also stresses "the major responsibility of urban territories in the recovery, in the implementation of major transitions (ecological, energy, digital), in the strengthening of cohesion and territorial solidarity at the level of larger population basins (including in rural areas)". It specifies that "the state and *France Urbaine* converge to make the CMRTE the tool for the simplification of public policies and a long-term partnership". Yet in practice, the CMRTEs have often aggregated investment projects and composite sources of financing, combining grants already agreed, allocations from the national budget or *France Relance* and the promise of access to funds from calls for projects. Moreover, in France, apart from certain sectors, "intercommunalities" may not encroach on the specific competence of each municipality and its investment choices.

The example of Nantes Métropole is particularly enlightening. Nantes is member of Eurocities and already committed to achieving the United Nations' 17 Sustainable Development Goals. As such, the 2021 annual report mentions, among other things, that "as part of the recovery plan, Nantes Métropole has supported about 20 projects carried out by associative actors and municipalities as part of the Territorial Food Project" (Nantes Métropole, 2021).

The CMRTE itself was finalised and signed in early 2022 (Rolland *et al.*, 2022). It is presented as a short-, medium- and long-term framework contract between the state and the metropolis, the 24 municipalities and partners (namely the departmental council and the regional council), as well as operators such as CDC-BPI France, ADEME, Water Agency, OFB (biodiversity), ANAH and ANRU (housing), and ARS (health). It constitutes for six years "the metropolitan component of the CPER" of Pays-de-La-Loire Region. On this occasion, Johanna Rolland stated: "The ecological transition can be a formidable vehicle for improving the quality of life of the inhabitants of the neighbourhoods. Cities have a triple role to play in the ecological transition: to be exemplary, to work with their partners, to bring all the actors around the table."

The contract totals €1.462bn, divided almost equally between the state and the metropolis. The most striking imbalance lies in the low state support for sustainable mobility projects, the level of support for health being largely attributable to the construction of a hospital. The contract is accompanied by an appendix, listing each of the projects carried out by the communes.

Table 2: Nantes Métropole Contract

Amount in € million	State	Nantes Métropole
1. Accelerate transition	301	258
Mobilities	14	145
Energy	45	43
Health	228	38
Biodiversity, water, circular economy, food	14	32
2. Strengthen the influence of the territory	230	185
Support to companies and low carbon economy	216	5
Pursue structural investments		173
Support to culture and sport	14	7
3. Social and territorial cohesion	202	187
Accompany the most fragile neighbourhoods	116	161
Fight against precariousness, accompany youngsters facing difficulties and job seekers	46	94
Support purchasing power	39	32
TOTAL	732	730
Engagement for Recovery	1,462	

Source: Author

4. Unclear and mixed local results

At national level, according to the evaluation committee, the subsidy for the energy renovation of buildings to individuals has affected the regions unevenly without it being clear why for the moment, but it is notable that only 4% of the subsidies have been requested for multi-family buildings, which indicates a potential delay and perhaps an inadequacy of the measure for urban areas (*Comité d'évaluation du plan France Relance*, 2022).

The Ministry of Economy regularly updates a dashboard detailing 25 measures of the recovery plan deployed by region and department (*France Relance*). Thus, as of February 28, 2023, according to it, in the Loire Atlantique Département, 17,716 files for the energy renovation of private housing had been validated for a total amount of work (including at the expense of individuals) of €196bn since 2020. A total of 537 flats in the social housing stock had been subsidised. In all, 8,040 premiums for the greening of the vehicle fleet had been paid and 13,448 ecological bonuses had been granted.

To understand the reality of the impact on large cities, and Nantes Métropole in particular, only the CMRTE provides information. Reading it, however, reveals an astonishing heterogeneous ensemble. The state's contribution combines everything that has been paid in the territory of the metropolis since 2021, whether directly to the inhabitants (bonuses, support for purchases or projects, training) or to support the investments of local authorities, plus everything that it intends to support in the years to come under other programmes.

For example, as regards the "energy renovation" component, the sums announced for the state and Nantes are almost equal, but it is foreseen that: "The state will support the energy leap through the call for expressions of interest in the Energy Sprong programme. Thanks to the national energy renovation programme *MaPrimeRénov'*, homeowners and social landlords

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located in the metropolis have already received €1.82m. The state will devote €6.3m to the renovation of public buildings of local authorities, including €1m for the Manufacture project (the total cost of renovation of the heritage building is €27m). At the same time, it will undertake 44 operations in its administrative buildings for an amount of €6.9m. For their part, Nantes Métropole and the city of Nantes will devote €5.2m and €38m, respectively, to energy renovation until 2026. The state will contribute to the renovation of three schools located in QPVs for more than €4.2m. It will finance projects in higher education and research buildings (state) for €22.5m. The local authorities will manage a renovation plan for sports buildings by 2026 amounting to €54m. A sum of €1.5m will be spent on the renovation of the Durantière swimming pool located near a QPV. The state will support the application for a subsidy of €0.5m, which will be submitted to the National Agency for Sport."

The budget for developing new renewable energies is uneven. While Nantes Métropole is committed in the Pact for the Ecological and Industrial Transition of the Cordemais power plant and the Loire Estuary, the state intends to continue to provide €1m every year to develop photovoltaics, recalling that the area is also eligible for the Just Transition Fund.

Regarding the major priority of the metropolis for mobility (a €145m investment plan), the state considers that it already paid €5m to the residents living in the metropolis under the national program to support the purchase of clean vehicles and just "invites the metropolis to bid for calls for 'active mobility' projects provided for in the Mobility Orientation Law and implemented annually or as part of the European project REACT-EU".

Information on the digital transition is more difficult to obtain and less structured: digital advisors have been deployed in all QPVs. Computers were distributed to high school students (departmental constituency) for an amount of €24m.

In 2022, four general inspectorates were tasked with carrying out a progress report on the CRTes. Their report, published in December 2022, concludes that these contracts have improved the visibility of municipal investment projects to 2026 (*Inspection Générale des Affaires Sociales*, 2022). However, it is more critical of the contribution to the green transition, which remains unclear due to the lack of precise objectives and prioritisation on the part of the state, due to the insecurity of funding beyond a year and the insufficient coordination of the support from the national structures, the National Agency for Territorial Cohesion (ANCT) and the General Commission for Sustainable Development (CGDD).

Thus, if the territorial impact of the recovery plan is indisputable, both with regard to the measures for the green transition and for the digital transition, coordination with the local authorities' strategies can probably be improved. At this stage, the coordination with European funding such as the structural funds/cohesion policy appears, at best, confused and at worst, blocked. For local authorities already strongly engaged in contracting under cohesion policy, the exercise conducted in 2021 seems rather redundant.

5. Conclusion

Beyond the speed of implementation and consumption of funds, which were the two priority objectives assigned to it, the efficiency and effectiveness of the French NRRP in supporting the green and digital transition on the ground seem very uneven. As regards measures drawn up at national level and not subject to territorially differentiated implementation, these disparities seem well on the way to being corrected. But for the support to actions carried out by local authorities, the obstacles are more systemic or even structural. These are, first, guidance failures in the multilevel and interdepartmental chain of the state and, second, design and governance defects preventing the proper integration of existing local and/or metropolitan strategies.

Given the achievements already made towards the digital transition, the transformation to be accomplished regarding the ecological transition issues will be the most difficult and the most pressing. A final obstacle, for the future, concerns the sums needed for the green transition.

Contracts that vary greatly from one metropolis to another show in all cases a very partial coverage of investment needs. The lessons drawn from this comparative analysis are in line with the current state of the French political debate on the subject, fuelled by the recent publication from *France Stratégie* on the economic impact of climate action (Pisani-Ferry and Mahfouz, 2023). The authors argue that in the next ten years, beyond the necessary redeployment of spending, including brown fiscal or tax expenditures, and in addition to debt, an increase in compulsory levies will probably be necessary. They also call for strong European coordination and not just indicative intergovernmental coordination to effectively implement the EU's climate strategy. In this debate, *France Urbaine* has already positioned itself to demand more flexibility for big cities in their policies and borrowing capacities. The future EU programmes would certainly have to take it into account, in order to facilitate the integration of all the EU funds, not only those of the cohesion policy, to support the transition strategies pursued by metropolises.

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