



Documentation Regional development instruments

derived from DIAMONT Database www.diamont-database.eu



This project has received
European Regional
Development Funding
through the INTERREG III B
Community Initiative



Federal Ministry for the
Environment, Nature Conservation
and Nuclear Safety



Bavarian State
Ministry of the
Environment,
Public Health
and Consumer
Protection

Interreg III B

General Data

Name of instrument:	Direct financial supports from communes to companies (Aides financières directes des communes aux entreprises)
Country / region:	FR
Spatial level:	local
Type:	Economic instruments
Subtype:	Subsidies and local business development
Description:	<p>Direct financial supports from communes to companies consist in subsidies, bonuses of interest or loans and refundable advances. The law stipulates they are decided by the Région and their regime is discussed by the Regional Council. The Départements and Communes (or intercommunal structures) can participate in these financial supports within the framework of an agreement with the Région authorities. If the law organizes a possibility of cofinancing of financial supports at a regional level, on the other hand, it does not clarify the rate of financing that each of the local authorities has to bring. This one will be defined thus freely by the agreement. So far, the agreement can plan that certain companies will be supported by the Région and the others by the Département or the communes, according to the concerned activity sector, the amount of the project, the size of companies, or the aimed geographical zone.</p> <p>However, if the legislator intended to entrust one new responsibility to the Région, it therefore did not deprive the State of its capacity to be acted, notably through conventions with local authorities defining reciprocal financial commitments of the State and the Région.</p> <p>In all cases, the compatibility of the regimes of financial support is to be checked against EU rules of competition on internal market. Moreover, the European regulation frames the possibilities of government aid to the investments of the companies which contribute to regional development policy objectives. The authorized supports relate to the capital expenditures (buildings, grounds, equipment) or on the cost of the creations of job related to these investments (wages and loads), and are differentiated according to the location of the investments. For example, the regional premium with the creation of companies is versed against a commitment to create a certain minimal number of jobs. In the same way, the regional premium with employment is addressed to small and medium-sized companies and aims at supporting the creation or the maintenance of jobs. Limitations with regard to sustainable use of resources or to participation in infrastructure costs are not introduced in the instrument, but are the affair of municipal land planning documents which set up constraints against further use of land resources or can oblige (in #concerted activity zones#) sharing municipal infrastructure costs between the developer and the municipality (that is to say, behind the developer, the final purchaser of developed land pieces).</p>
General objectives:	Support employment generation and productive investments made by companies and rationalize the distribution of direct financial support to the companies by the local authorities

General Objectives keywords:	financial incentives ; socio-economic development ;
Responsible:	Local authority/Municipal council
Stakeholder Involved:	Regional authority
Stakeholder Involved:	District authority/District parliament
Stakeholder Involved:	National authority
Reference:	Democracy of proximity law of February 27, 2002; Local freedoms and responsibilities law of August 13, 2004
General assessment of strength and weakness:	The framing of the direct modes of financial support of the communes by the Région and the State meets the need to ensure a coherence of the modes of assistance of which can profit the companies. But the communes or intercommunal structures intervene less than of other local authorities in the direct financial support to the companies. This form of intervention is especially the fact of the Départments and Régions, which intervene notably through subsidies. On their side, the expenditure for economic action of the communes is more in form of indirect support through public investments, which correspond to equipment of industry or commercial activity zones, to improvements of agricultural land, to infrastructures of energy production, or to tourist installations (equipment of the tourist stations in particular). Note that this instrument does not have in itself incidences on land resources management, for which rules (e g with regards to re-use of brownfields) are set up in the PLU (local urban planning document).
Metadata:	Date of entry: 2007/03/14 Contact: Ifuplan, Schleißheimer Str. 156, 80797 München
Implementation	
Legal status:	not-mandatory
Extension:	frequent (<50% and >25%)
Comment:	frequency is in link with the financial possibilities of the communes ...
Type of monitoring:	Qualitative / descriptive reporting
Assessment	
Relevance	
Status:	weak indirect relevance
Ranking:	1
Remark:	-
Acceptance	
Status:	-
Ranking:	0
Remark:	acceptance could differ depending on the single project to be subsidised
Implementation	
Status:	-
Ranking:	4
Remark:	-

Feasibility	
Status:	Budget, legislation, political will
Ranking:	3
Remark:	-
Effectiveness	
Status:	-
Ranking:	0
Remark:	Difficult to assess in view of land take