



# Employment and economic development in the priority neighbourhoods:

major difficulties persist, but readjustment  
seems to be under way

**STÉPHANIE MAS**

**CGET – ONPV**

Difficulties, but readjustment seems to be under way

Defined in 2014 on the basis of the sole criterion of the urban concentration of low incomes, the priority neighbourhoods in urban policy contain by definition the poorest inhabitants of the cities. These inhabitants are also more impacted by more erratic routes into employment (it takes longer to access the first job, the period of employment is shorter, etc.), there is an unemployment rate two and half times higher, employment conditions are more insecure (they are more frequently recruited on fixed-term contracts or as temporary employees), there are proportionally fewer entrepreneurs. The career prospects of the young people in the urban priority neighbourhoods are further disadvantaged, because they spend less time in education (they are more likely to drop out of school or career guidance channels) and because of their social background (in particular the activity and employment of their parents), but the fact of living in a priority neighbourhood has in itself a negative impact.

These difficulties are exacerbated for young people without or with few diplomas on the one hand and on the other for women.

Several factors are cited to explain the persistence of the problems in these neighbourhoods, from which, moreover, part of the population moves when their situation improves: social isolation, stigmatisation of the neighbourhood, physical distance from places of employment, mismatch between the skills offered and those required, discrimination because of origin and place of residence, lack of social networks.

The aim of the public policies implemented by virtue of urban policy therefore is to balance out these opportunities, initially by targeting common law policies in order to recapture the “normal” situation for access to the system by establishing a ministerial agreement with the Ministry of Employment on objectives. This will be regularly monitored and from now on the inhabitants of the priority neighbourhoods, which are to some extent targeted as a function of their share in the population concerned, will be included in the provisions of employment policies. Territorial exemption measures, such as the Zones franches urbaines-Territoires entrepreneurs (ZFU-TE) [*Urban free zones - entrepreneur territories*] mechanism may additionally make it possible to remedy the most difficult situations. This contributes to the functional mix of the neighbourhoods by allowing real revitalisation of the economic fabric while exemption is at full rate, but the jobs created are of very little benefit to the inhabitants of the priority neighbourhoods. This can be considered a

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disadvantage or an opportunity to bring a certain social diversity to the neighbourhoods. The ‘emplois francs’ [*open employment*] mechanism, which has been trialled since April 2018 in 194 priority neighbourhoods is also a territorial exemption measure.

These national measures are supplemented by territorial initiatives deployed by the local public actors within the context of city contracts. Thus, in Plaine Commune (Seine-Saint-Denis) they are attempting to make mechanisms for creating and reviving businesses more accessible to the inhabitants of the neighbourhoods by relying on business support groups. The business projects in the social and solidarity-based economy are also locally adapted to meet the needs of an area and its territorial characteristics.

There are many signs, which point to improvements in the situation in the priority neighbourhoods, whether they are measured over time (reduction in the unemployment rate for the third consecutive year, dynamism in the creation of business) or between generations (remedying of the mismatch between the level of diploma and entry into the employment market for the younger generation as compared to their elders). The process of change is therefore taking time, but seems to be bearing fruit by combining one set of policies with another.

Established from 1977 with the “Habitat et vie social [*Habitat and Social Life*]” operations (*Sauvayre and Pilon*), urban policy is targeting the more disadvantaged territories via a partnership of commitment between the State and the local actors. Since the reform of 2014 this has been formalised into an “urban contract” based on three pillars: social cohesion, living conditions and urban renewal, development of economic activity and employment. Based on the geographic level of the neighbourhoods, it encompasses all the interventions by the State and the local authorities intended to improve the situation in certain working-class areas, which have been hard hit by unemployment and poverty (*Estèbe*, 2005 cited by *Challe and L’Horty*). Urban policy as developed in France is a policy

targeted at local development, which promotes economic development by making support for job creation a major factor.

This summary relies on the contributions from this ONPV Report 2018 dedicated to employment and economic development, whether it deals with the ten in-depth studies or the fourteen themed sheets. It paints a succinct portrait of the main lessons learned about the difficulties experienced by the inhabitants of the priority neighbourhoods and what has been learned from the public policies implemented.

## Inhabitants and business in the priority neighbourhoods: major difficulties, which nonetheless are diminishing.

The priority neighbourhoods, defined by the Programming Act on Cities and Urban Cohesion of 21 February 2014 on the basis of the one criterion of urban concentration of low incomes, are by definition, the poorest urban neighbourhoods in France. Apart from income poverty, the population in the priority neighbourhoods accumulates other disadvantages, in particular lower levels of diplomas,

of qualifications and of training. (Box: “The young people of the priority neighbourhoods more frequently choose vocational fields”). This lack of success at school has repercussions in terms of finding employment and professional careers, which accrue from the fact of living in a priority neighbourhood (Renaud and Sémeurbe, 2016 cited by Challe and L’Horty).

1. Population aged 15 years or older not attending school

2. The remainder, comprising those who have completed the Baccalaureate, but who have not proceeded to higher education is close, respectively 16% and 18%.

3. BEP [brevet d’études professionnelles, a vocational diploma equivalent to the English General Certificate of Secondary Education], CAP [certificat d’aptitude professionnelle, a vocational training certificate] or first year of the Bac professionnel [Professional Baccalaureate]

4. They obtain their diploma less frequently.

5. 23% of the university graduates among the young people in the priority neighbourhoods study for 2 to 3 years beyond the baccalaureate and obtain a diploma in the health and social fields, as compared with 31% of those from the urban unity as a whole (1% and 5% respectively for a Doctorate).

### THE YOUNG PEOPLE FROM THE PRIORITY NEIGHBOURHOODS MORE OFTEN CHOOSE VOCATIONAL FIELDS

Three-quarters of the residents of priority neighbourhoods<sup>1</sup> have few or no diplomas (without any qualifications or qualified to a level lower than the Baccalaureate) as compared to a little more than one half of urban unities as a whole (Renaud and Sémeurbe, 2016 cited by Challe and L’Horty). The discrepancy becomes less pronounced for the younger generations: among the young people leaving education in 2013, 46% from the priority neighbourhoods have no or few diplomas, as compared to 23% in the other neighbourhoods of the urban units as a whole. Conversely, 38% of those from priority neighbourhoods undertake study in higher education, as against 59% in the other urban units<sup>2</sup> (Couppié, Dieusaert and Vignale).

The inhabitants of the priority neighbourhoods are more likely to leave the education system prematurely. Thus, in Provence-Alpes-Côte d’Azur (Paca) 23% of young people aged from 18 to 24 years living in a priority neighbourhood in a large urban centre have left school without any qualifications. This is twice the percentage outside these neighbourhoods (Adaoust and Rouaud).

On receiving career guidance at the end of secondary school the young people of the priority neighbourhoods are more likely to choose vocational paths<sup>3</sup> (64% as compared to 58%) (Couppié, Dieusaert and Vignale). Consequently they finish their education with a vocational Baccalaureate more frequently than the young people in other neighbourhoods in urban units as a whole (38% as compared to 23% of young people leaving formal education in 2013) and they are less likely to pursue their studies after the Baccalaureate (70% as against 77%). For all that, the holders of a vocational Baccalaureate, who come from a priority neighbourhood are more likely to continue their studies after the Baccalaureate than their counterparts outside the priority neighbourhoods, in particular towards a BTS (higher technician’s certificate) [equivalent to a BTEC] or a university degree. They may pursue their studies because they are more acutely dissatisfied with their career guidance at the end of secondary school (Cnesco, 2016 cited in Couppié, Dieusaert and Vignale) or it may be a defence strategy in anticipation of the fact that, similarly to young immigrants, they may experience greater difficulty in entering the world of work (Brinbaum and Kieffer, 2005 cited in Couppié, Dieusaert et Vignale). The young people from the priority neighbourhoods are more likely to fail<sup>4</sup> their higher education studies (34% as against 20%). This is all the more likely if their parents are immigrants (in comparison with those whose parents were both born in France) or if their parents have never worked, are waged workers or unskilled labourers (in comparison with the children of senior or mid-management). The diplomas they obtain are of a lower level than those of their counterparts in the other neighbourhoods. 37% of the young people with higher education qualifications obtain a diploma after 2 years of post-Baccalaureate study, as against 23% of those from other neighbourhoods in the urban units as a whole. For all that, 38% of those with higher education diplomas living in the priority neighbourhoods (on the date of sitting the Baccalaureate examination) have qualifications at a level of 5 years of post-Baccalaureate study; this scarcely differs from the percentage of those living elsewhere in the conurbation (41%)<sup>5</sup> (Couppié, Dieusaert and Vignale).

## More erratic introduction to employment

The young people of the priority neighbourhoods find it more difficult to enter employment than do their counter parts in the other neighbourhoods in the urban units as a whole. Three years after having left formal education 37% of the young people from priority neighbourhoods with at least a first degree have not found employment, as compared to 22% of their counterparts in the other urban neighbourhoods (*Couppié, Dieusaert and Vignale*).

Their employment paths are more erratic, including for those with a least a first degree. It takes longer to access the first job and the cumulative period of employment over the first three years of working life is shorter.

Access to employment is even more difficult for those who have studied to the lowest levels. Three-quarters of the young people, who have left school prematurely <sup>6</sup> living in priority neighbourhoods <sup>7</sup> are without employment (76% as compared to 58% outside priority neighbourhoods in Paca <sup>8</sup>) (*Adaoust and Rouaud*). The situation is even worse for women. For them the risk of leaving education prematurely is multiplied by 2.5 as compared to residents outside the priority neighbourhoods (as against 2.1 for men). Even if they hold a CAP or BEP, a young inhabitant of a priority neighbourhood is less successful in finding employment than a person living elsewhere, who left school prematurely.

These discrepancies can be partly explained by the profile and origin of the young people concerned. Other factors, linked to the characteristics of the priority neighbourhoods themselves (such as the poor density of employment on offer locally), probably also act to the detriment of the introduction into employment of the young people, who have left education prematurely and who live in these neighbourhoods (*Couppié, 2013 cited in Adaoust and Rouaud*). Apart from the unfavourable social characteristics, in particular those linked to the activity and the employment of the parents, there is a definite neighbourhood effect: with comparable characteristics, living in a priority neighbourhood when sitting the Baccalaureate has a negative impact on integration into working life (*Couppié, Dieusaert and Vignale*). The feeling of having been confronted on at least one occasion with discriminatory practices when applying for a job concerns young people from the immigrant community and women, but applies to the same extent, all other things being equal, to the residents of priority neighbourhoods and it is impossible to separate that which comes from a feeling related to discrimination against the person from a feeling related to a group (*Primon, 2011 cited by Couppié, Dieusaert and Vignale*).

6. Young persons from 18 to 24 years, who have left school without any qualifications.

7. Priority neighbourhoods in a large urban centre in Provence-Alpes-Côte d'Azur Region.

8. In Metropolitan France 36% of young people aged from 18 to 24 years, who have left the education system prematurely, are in employment. This rate varies from 26% in Hauts-de-France to 45% in Corsica – 42% in Île-de-France (Adaoust and Rouaud).

## An unemployment rate two and a half times higher

Globally, in terms of development, the unemployment rate (in the ILO sense) in the priority territories in urban policies is in line with the unemployment rate for Metropolitan France, but at a significantly higher level and with more dramatic variations (*Dares, 2015 cited by Challet and L'Horty*).

The unemployment rate in priority neighbourhoods is two and half times higher than that of the other neighbourhoods in the urban units as a whole: 24.7% as against 9.2% in 2017 (Dieusaert, 4.1). <sup>9</sup> This difference (in ratio) is more pronounced among the categories of persons most securely part of the employment force (persons aged from 30 to 49 years or men).

9. In addition to the ILO definition of unemployment, 780,600 job-seekers obliged to look for employment (from Categories A, B and C) residing in priority neighbourhoods are registered with the Pôle emploi [Unemployment Centre] in the second quarter of 2018. Among them 535,100 are without employment (Category A) (Dieusaert 4.6).

## Employment and economic development in the priority neighbourhoods:

10. Proportion of the active members (in employment or unemployed) of the total population aged from 15 to 64 years.

Conversely, it is lower (ratio less than two) for persons with educational qualifications lower than BEP and for immigrants. Whether or not they reside in priority neighbourhoods, the rates of unemployment amongst young people, persons with low study levels and the descendants of immigrants are particularly high.

However, for the third consecutive year it has been reducing in the priority neighbourhoods: in 2017 it was 24.7%, as against 25.3% the previous year and 26.7% in 2014. However, the pace of this reduction is slowing down (0.6 points between 2016 and 2017, as against 1.1 points between 2015 and 2016), doubtless because of the tangible reduction in assisted contracts, which benefit the inhabitants of priority neighbourhoods: 38,500 new beneficiaries in 2017, as against 58,400 one year earlier (Bonnetête, 4.6).

The employment situation in the priority neighbourhoods remains much degraded as compared to that in the other neighbourhoods of the urban units as a whole. More than two out of five adults aged from 15 to 64 years residing in priority neighbourhoods remain outside the employment market: thus, the rate of activity<sup>10</sup> there is only 58.8% as against 72.4% in the other neighbourhoods in the urban units as a whole (Dieusaert 4.1). However, this rate rises slightly in 2017 (+0.6 points) towards a growth in employment: in 2017 44.3% of the inhabitants of the priority neighbourhoods aged from 15 to 64 years were in employment (as against 43.5% in 2016), or 20 points less than in the other neighbourhoods in the urban units as a whole (65.8%). The gap remains, but closes for young people, who have at least a Baccaalaureate certificate (63% of those

living in a priority neighbourhood are in employment, as against 78% for their counterparts in other urban neighbourhoods). The gap closes in particular for the highest levels of study (79% and 88% respectively for holders of a diploma requiring 5 years of post-Baccalaureate study) (Couppié, Dieusaert and Vignale).

Moreover, 41.2% of the inhabitants of priority neighbourhoods aged from 15 to 64 years are without activity, either because they are in training or studying (12.0%) or for other reasons (illness, family constraints, discouragement, a desire not to work, etc.) (29.2%). Persons in this last category are proportionally more numerous in the priority neighbourhoods, which explains almost the entire gap between priority neighbourhoods and other neighbourhoods in urban units as a whole (a difference of -13.6 points).

Among the 1,250,000 inactive persons, in the priority neighbourhoods almost one in five would like to work, but is not considered unemployed within the International Labour Organisation (ILO) definition, because he or she has not actively looked for work or is not immediately available, for example due to constraints (family, illness, etc.). This represents 223,000 persons or 17.7% of those without work (representing 7.3% of the persons aged from 15 to 64 years residing in priority neighbourhoods), as against 12.6% in the other neighbourhoods in the urban units as a whole (Dieusaert, 4.2).

## Less secure employment conditions

Almost three-quarters of the 1.3 million employed persons residing in priority neighbourhoods are waged employees or unskilled workers (72.7% as against 42.0% in the other neighbourhoods in the urban units as a whole) (*Dieusaert* 4.3). Conversely, the senior managers, higher intellectual professionals and middle managers are under-represented. At a comparable level of education and training the inhabitants of the priority neighbourhoods frequently occupy a less skilled post than the inhabitants of the remaining conurbations as a whole (ONPV Report 2015 cited by *Dieusaert* 4.3). However the inhabitants of the priority neighbourhoods are catching up, since the young people in these neighbourhoods aged less than 30 years more often occupy middle management posts than their elders: 18.9% of those aged 15 to 29 years from the priority neighbourhoods, as against 13.3% of those aged 50 to 64 years from the priority neighbourhoods (and 30.3% of the young people from the other neighbourhoods in the urban units as a whole). (*Dieusaert* 4.3). Amongst the young people with at least a first degree in the priority neighbourhoods, 53% are senior or middle managers three years after leaving the education system, as against 63% for those residing in another neighbourhood in the urban units as a whole (*Couppié, Dieusaert and Vignale*).

The sectors of employment of employed persons differ very little depending on their place of residence: more than four out of five employed persons work in the tertiary sector. In the secondary sector the inhabitants of the priority neighbourhoods work more frequently in the building industry (7.0% as compared to 4.8%) to the detriment of the industry (8.3% as compared to 10.4%) (*Dieusaert* 4.3).

Amongst the 1.3 million employed persons residing in priority neighbourhoods, 6.1% declare themselves to be unwaged; this is significantly less than in the other neighbourhoods of the urban units as a whole (*Dieusaert* 4.4). However this proportion is increasing over the years (5.0% in 2014),

as is the creation of businesses in priority neighbourhoods<sup>11</sup>. Employment contracts are universally more insecure in the priority neighbourhoods: three-quarters are permanent<sup>12</sup>, or 10 points less than in the other neighbourhoods in the urban units as a whole. Conversely, fixed-term (CDD) and temporary contracts respectively represent 17.3% and 7.5% of the paid jobs, as against 10.7% and 2.6% in the other neighbourhoods in the urban units as a whole.

For young employed persons, who hold at least the Baccalaureate, employment contracts are comparable: 59% and 60% respectively are on permanent contracts or are civil servants (*Couppié, Dieusaert and Vignale*). More than 160,000 employed persons residing in priority neighbourhoods work part-time and would like to work longer hours or else are in short-time work. These under-employment situations are twice as frequent in priority neighbourhoods: 12.0% as against 5.7% in the other neighbourhoods of the urban units as a whole (*Dieusaert* 4.4), but they are reducing regularly (12.8% in 2016 and 14.1% in 2015).

Career paths over the course of the working life illustrate these difficulties more vividly: between 2012 and 2014 38% of the residents, aged from 15 to 64 years, of sensitive urban zones stated that they were in employment at each of the three annual interviews, whereas 45% stated that they were unemployed (inactivity or unemployment) and 19% have alternating periods of employment and unemployment (in 2 out of 5 cases in order to find another job) (*Dieusaert and Seité*).

<sup>11</sup> These two phenomena may not concern the same persons, for the persons residing in priority neighbourhoods may work in unpaid employment within or outside the priority neighbourhoods (they are accounted for at their place of residence) and the persons working in the newly-established business in the priority neighbourhoods may or may not reside in the priority neighbourhood (the businesses are accounted for on their established site, as are the employees, who work there, irrespective of their place of residence).

<sup>12</sup> Permanent contract or civil servants

## Dynamic business creation, in particular in the public transport sector

13 The databases available do not for the moment make it possible to have the same data for Overseas, which makes it necessary to use alternative, innovative methods, including for the informal sector (two-thirds of the commercial businesses in Mayotte are informal).

14. Analysis conducted with regard to the employment typology in the priority neighbourhoods (Sala, 2017, cited by Dieusaert).

On 1st January 2016 more than 200,000 businesses were created in all the priority neighbourhoods in Metropolitan France<sup>13</sup>, which represents some 40 businesses for every 1,000 inhabitants or a density twice as low than in the other neighbourhoods in the urban units as a whole (*Dieusaert*).

Between 2014 and 2016 126,000 businesses have started up in the priority neighbourhoods, which has made it possible, particularly in the less disadvantaged neighbourhoods, to remedy the level of business creation. These new businesses, which turn out most often to be new creations, rather than transfers, operate most frequently with micro-entrepreneur status, particularly in the less economically disadvantaged priority neighbourhoods<sup>14</sup>, close to the large conurbations, especially in Île-de-France (42.6 new businesses with micro-entrepreneur status, in the neighbourhoods, which benefit from a dynamic environment). These micro-entrepreneurs may be unemployed or workers, who are attempting to create a

business with this status with the aim, at least to start with, of creating employment for themselves (*Deprost et al, 2013 cited by Dieusaert*).

Whereas the businesses already established in priority neighbourhoods tend to belong to the small retail shop sector, in particular selling food or textiles, transport and warehousing are the sectors most often found among the businesses created in priority neighbourhoods. In the less disadvantaged priority neighbourhoods more than one new business in five forms part of this employment sector, especially in the transport of passengers by taxi or minicab (VTC). The businesses established in priority neighbourhoods are, on average, more recent than those in the other neighbourhoods in the urban units as a whole, because there is a greater turnover of businesses, but doubtless also because of the more pronounced problems of survival for businesses in the priority neighbourhoods.

15. The concentration into one space of persons removed from stable employment and over-exposed to unemployment is detrimental to the acquisition of human capital at school and may send a negative signal to potential employers (Carcillo and al, 2017 cited by Challe and L'Horty).

16. Municipal policies of labelling neighbourhoods make it possible for them to access public funding, but may also stigmatise the neighbourhoods by making the difficulties experienced by these territories official (Carcillo and al, 2017 cited by Challe and L'Horty).

17. In accordance with this mismatch in terms of space in reference to the founding study by John Kain (1968), certain territories are over-exposed to the risk of unemployment, because the residents are removed from centres of employment, travel less frequently and have less access to a car (*Challe and L'Horty*).

18. Discrimination during the recruiting process linked to residence becomes much more acute with the criterion of ethnic origin, especially in Île-de-France (Eberhard and Simon, 2016 cited by Challe and L'Horty; Couppié, Dieusaert and Vignale).

### TWO-THIRDS OF THE COMMERCIAL BUSINESSES IN MAYOTTE ARE INFORMAL

In Mayotte informal businesses represent two-thirds of the commercial enterprises. Two thirds of these 5,300 informal businesses (or 3,800) are located in one area designated by municipal policy as a priority neighbourhood (*Daubr e*). The distribution of informal businesses throughout the Department is similar to that of the population in these neighbourhoods. The informal businesses in the priority neighbourhoods have the same characteristics as those on the island as a whole. They essentially represent a subsistence activity, which is characterised by low productivity and a lack of investment. The activity is not always regular throughout the year. Generally these are small family structures (1.2 workers per enterprise), which tend not to last long. Half of the managers of these businesses are women. They have a lower level of study in comparison with the rest of the Mahoran population, and are often natives of the Comoros.

The indicators analysed do not make it possible to understand the entire development of the situation of the inhabitants, who are liable to move on, particularly if they succeed in finding employment. The inhabitants of the priority neighbourhoods move on as much as the inhabitants of the other neighbourhoods in the urban units as a whole and those who arrive are more impoverished than those who leave (ONPV Report 2017, 2018). Therefore, the priority neighbourhoods play a reception role for populations in difficulty.

However, although the situation for the inhabitants of the priority neighbourhoods improves over time (and

between generations) in the priority neighbourhoods, it remains largely disadvantaged compared to that of their immediate environment. Many factors are evoked to explain the persistence of social problems in these neighbourhoods: social isolation 15 and stigmatisation of the neighbourhoods 16, physical distance to employment 17, mismatch between skills offered and required, discrimination by reason of origin and place of residence 18, lack of social networks (*Challe and L'Horty*). The public policies implemented under municipal policy are therefore targeted at restoring the balance of opportunities through initiatives of various kinds (**Box: Different Kinds of Public Policies**).

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### **DIFFERENT KINDS OF PUBLIC POLICIES**

Promoting social mixity involves bringing together different kinds of initiatives (Centre d'analyse stratégique, 2011, cited by Challe and L'Horty):

- dealing with places (place-based policies) by providing resources to counter-balance the impoverishment of the neighbourhoods;
- support for persons (people-based policies) with the aim of giving a positive direction to the routes taken by the inhabitants of the neighbourhoods (in terms of employment, schooling, accommodation);
- promoting the inhabitants' resources in situ (people/place-based policies) by relying on their collective potential for commitment and by promoting the development of the middle classes and their loyalty to the neighbourhood.

## Varied public policy responses for restoring the balance of opportunities in favour of the priority neighbourhoods

### Targeting common law policies to produce a “normal” situation

The common law initiatives based on territories comprise the first level of action, which makes it possible to bring the priority neighbourhoods “squeezed out” of general policies up to an equivalent level. In accordance with the circular of 25 March 2015 three directions of public employment policy<sup>19</sup> concern the priority neighbourhoods, with emphasis on young people (*Challe and L’Horty*):

-- the most strenuous mobilisation of the employment services for the purpose of guaranteeing access for young people to the mechanisms of education, employment and training;

*On 30 June 2018 13% of job-seekers registered with the Pôle emploi in Categories A, B, and C lived in priority neighbourhoods, whereas the residents of these neighbourhoods constitute 8% of the total population (Pons, 4.10). They are less often entitled to unemployment benefit, but more often they are in receipt of income support (RSA). They often benefit from enhanced support (24% of them benefit from “overall” or “enhanced” support, as compared with 18% in the other neighbourhoods in the urban units as a whole), in particular the young people. They also are given access to education, which most often takes the form of refresher courses (Pons, 4.11).*

*During 2017 14% of young people in contact with a local mission lived in priority neighbourhoods (Pichavant and Reist, 4.12). The support, from which they benefit, is greatly enhanced: more personal interviews, more workshops.*

– more intensive use of existing “common law” mechanisms, such as the Youth Guarantee or Second Chance Schools;

Among the 308,000 young people in the priority neighbourhoods in contact with local missions,

72,000 have been monitored as part of a national support mechanism: 52,000 in Pacea<sup>20</sup>, of whom 30,000 are in the Youth Guarantee scheme and 20,000 in other older schemes. They represent 23% of the beneficiaries of the Youth Guarantee (Pichavant and Reist, 4.12).

Twice as many of these young people with at least the Baccalaureate certificate have benefited from recent (Youth Guarantee) or older support schemes: 8%, as against 4% of their neighbours (Couppié, Dieusaert and Vignale).

– more frequent recourse to mechanisms benefiting businesses, such as assisted contracts and apprenticeships.

The access rates for the residents of priority neighbourhoods are higher for assisted contracts in the non-commercial sector (essentially because of the jobs of the future<sup>21</sup>, but lower for sandwich courses not targeted at the priority neighbourhoods (Kauffmann, 4.13).

Between 2016 and 2017 the number of new assisted contracts went from 413,300 to 265,400. Among the latter the number of beneficiaries from the priority neighbourhoods went from 58,400 to 38,500. In 2017 14.5% of beneficiaries of assisted contracts in France reside in priority neighbourhoods: 13.3% of the beneficiaries of single inclusion contracts (CUI) and 22.4% of beneficiaries of Jobs of the Future (EAv) (Bonnetête, 4.6)<sup>22</sup>

The rates of access to a sandwich course contract are lower than those of the other young people in the employment zones as a whole (Kauffmann, 4.13).

<sup>19</sup> The Interministerial Agreements on Objectives (CIO) between the Ministry of Urban Affairs, the Employment Ministry and the public employment service impose a target share of residents of the priority areas on the employment mechanisms, such as Pacea (13%), the Employment – Skills Route (Pec) (13%), the Youth Guarantee (20%), the Second Chance Schools (40%) and the Establishment for Inclusion in Employment (Epidé) (50%). In addition, 15% of the Plan for Investment in Skills (Pic) is devoted to the inhabitants of the priority neighbourhoods

<sup>20</sup> Support contracts targeting employment and independence

<sup>21</sup> In 2016 the gap disappeared following a reduction in the Jobs for the Future budgets.

<sup>22</sup> Six months after they leave an assisted contract, inclusion into employment rates for the beneficiaries residing in priority neighbourhoods are lower, irrespective of the type of assisted contract and including a comparable level of training (Bonnetête, 4.7).

## Territorial exemption measures to manage the most difficult situations

A second level of intervention comprises implementing specific instruments for the priority territories. This positive discrimination may take two forms: setting a recruitment quota for persons from priority neighbourhoods and grants (*Calvès*, 2016 cited by *Challe* and *L'Horty*). These two levers are intended to encourage businesses to set up in priority neighbourhoods and /or to recruit employees residing in these neighbourhoods.

The first enterprise zones, created at the end of the 1980's, have been replaced by the Free Urban Zones (ZFU) in 1996, which became the Free Urban Zones – and Entrepreneur Territories (ZFU-TE) in 2014. In 2016 83,400 businesses were established in the ZFU-TE (*Dieusaert*, 4.14). By means of tax exemptions the free zone policies are intended to attract businesses into the disadvantaged neighbourhoods to bring employment closer to the unemployed and to remedy the poor pairing of workers and businesses in terms of space. By making a package of some of these exemptions on the recruitment of inhabitants of the priority neighbourhoods the intention behind the free zone policies is to compensate, at least partially, their initial handicap (poor employability due to lack of training or assimilation of the codes of the world of work, discrimination) (*Lafourcade* and *Mayneris*).

The ZFU have succeeded in attracting businesses, which has made it possible to revitalise the economic fabric. Jobs have been created 23.

But this positive effect on employment and the inhabitants remains weak (*Malgouyres* and *Py*, 2016 cited by *Challe* and *L'Horty*) and it can be measured only for the ZFU referred to as "first generation". The reduction in the unemployment rate, moreover, is not sustainable: an increasing number of businesses are gradually disappearing at the end of the first five years of full-rate exemption (*Givord* et al, 2018, cited by *Lafourcade* and *Mayneris*). This may be due to lack of the competitiveness needed to survive at the end of the phase of full-rate exemption, to opportunist search for

exemptions, to an advantage relatively insufficient in relation to the relief mechanisms on employers' contributions to low wages or to the enhancement of the local recruitment clause, which they judge to be too constraining.

The jobs created have not necessarily benefited the residents. The policy has principally attracted or retained the persons most suited to occupy the posts created, in particular those with qualifications.

Only the ZFU best served by public transport, the least hemmed in (*Briant* et al, 2015 cited by *Lafourcade* and *Mayneris*) and the least deficient in terms of initial attractiveness (*Mayer* et al, 2017 cited by *Lafourcade* and *Mayneris*) were able to take advantage of the mechanism to create new businesses and jobs. In addition, the establishment of new businesses is more to be attributed to the potential shift of place of the activities, which would have happened without exemptions in other neighbourhoods in the municipality (*Mayer* et al, 2017 cited by *Lafourcade* and *Mayneris*). Moreover, the impact of this policy is much stronger on relocations than on creations ex nihilo of businesses (*Rathelot* and *Silliard*, 2008 ; *Givord* et al, 2013 ; *Briant* et al, 2015 ; *Mayer* et al, 2017 cited by *Lafourcade* and *Mayneris*).

The free employment mechanism is another way of encouraging businesses to recruit employees from the priority neighbourhoods to compensate for the situation of persons, who are victims of discrimination, by treating them preferentially (depending on the place of residence) in order to reduce the inequalities of access to employment experienced by the inhabitants of the priority neighbourhoods (*Arabé* et al, 2018 cited by *Challe* and *L'Horty*). After seven trial months 2,400 requests have been accepted, principally on permanent to interim permanent contracts (81.2%) (*Dieusaert*, 4.8).

## Adaptation of local development policies

The commitment of businesses in the priority neighbourhoods may also materialise by commitment to measures, such as the "Entreprises and Neighbourhoods" charter, introduced in 2013 and, since July 2018, the PaQte (Pact with the Neighbourhoods for All Businesses). The many partnerships provided individually or collectively gradually transform the neighbourhoods into areas of diverse innovations, whether these are technological, social or other, or local or national, with a dissemination philosophy (*Archias and Brière, 2017* cited by *Challe and L'Horty*).

Local public actors, in particular in Plaine Commune (in Seine-Saint-Denis), and national public actors, such as the Agence France Entrepreneur and now BPI France, mobilise associations in order to suggest to the inhabitants of the neighbourhoods that they should create their own jobs by creating a business, but these routes do not always seem appropriate for the realities of the social and economic life of the households, although some improvements are apparent within the process of creation and resumption of new activities, which are as different as they are fragile (*Hercule*). In the hope of rooting the entrepreneurs in their territory and of supporting the activities created by the inhabitants of the neighbourhoods, structures dedicated to these objectives have been created, similar to like the Maison pour l'initiative économique locale (Miel). In the metropolitan policy neighbourhoods, where two thirds of the population of Plaine Commune live, the entrepreneurship policy would thus represent a pragmatic response to unemployment, as well as the opportunity to dynamise the priority neighbourhoods by establishing businesses. The intermediary actors have three levers for activating resources, which promote the development of businesses through establishing them locally,

known as "specific resources": the activation of staffing resources, geographical and institutional proximity to the local actors and a common base of practices and values with reciprocal exchanges. (*Colletis and Pecqueur, 2005* cited by *Hercule*). But the mechanisms introduced do not always work: entrepreneurs originating from the priority neighbourhoods participate very rarely in events such as forums for the exchange of know-how, whereas their corresponding staff networks and types of apprenticeship can be linked to being very locally anchored (*Collectif Rosa Bonheur, 2016, cited by Hercule*). Therefore, the actors have to adapt: as such, Adie (Association pour le droit à l'initiative économique) is regularly present in or near the neighbourhoods, in order to make the inhabitants more familiar with micro-credit. The support structures for entrepreneurs, such as the Plaine Commune Initiative and the mechanisms provided by the job centres are gradually adapting their practices to their audience, who, very frequently, are not educated to a high level or may not have a command of French: many of them therefore consider that the objective of creating a business is difficult, at least in the short term. In parallel the business incubator of the 4,000 at La Courneuve promotes the objective of improving the image of the neighbourhood and its attractiveness for new skills, which contributes to improving the quality of life inside and outside the neighbourhoods; it also contributes to selecting entrepreneurs' profiles, which are different from those to which the integration into work by the creation of a business mechanisms are addressed.

## The case of social and solidarity-based enterprises

The social and solidarity-based economy sector may itself also play an important role in the economic development of the priority neighbourhoods. Its establishment on these territories may respond on the one hand to a “demand logic”, in which the population, a potential client “generates strong social needs” and, on the other to a logic of the offer, in which the population present constitutes a significant source of labour and project providers (Cress Occitanie, 2017 cited by Challe and L’Horty).

On 1st January 2018 10,600 business employers in the social and solidarity-based economy were introduced into priority neighbourhoods. They were introduced preferentially into neighbourhoods, which, relative to the others, encounter more difficulties linked to employment and economic activity. These businesses employ 103,100 employees, the majority of whom are women and more young people than across the territory as a whole. The jobs concerned often come from the social action and sports and leisure sectors, thus responding to the support needs of a population in a situation of fragility (Dieusaert and Roger).

## The additional effects of urban policies

Investment in urban policies may also directly promote economic development and employment in these territories (Desquinabo et al, 2016 Challe and L’Horty). The National Agency for Urban Renovation (Anru) thus funds work on creating commercial polarities and restructuring dilapidated shopping centres, work on creating or renovating commercial or artisanal cells, relocating shops, operations for creating or restructuring premises intended to house businesses or liberal activities or public services under the heading of change of use. In 2013 425 operations of this type were recorded within urban renovation projects, which were essentially changes of activity or renovation of premises. Since 2005 each entrepreneur, who is a beneficiary of these grants, must

commit to integrating the residents of the priority neighbourhood into employment by reserving to them 5% of the hours worked and 10% of employees recruited as part of neighbourhood urban management and management of facilities (Challe and L’Horty).

Similarly, the *Établissement public national d’aménagement et de restructuration des espaces commerciaux et artisanaux [National Public Institute for the Management and Restructuring of Commercial and Artisanal Premises]* (Epa-recca) “provides support to local authorities in recovering their local commercial and artisanal zones within neighbourhoods in difficulty, in order to provide quality of life and to recreate a social link on a permanent basis.”

## Conclusion

24. The situation of young people, who reside in priority neighbourhoods when sitting the Baccalaureate and who then have moved during the course of the next three years, can even be compared to that of young people residing in another neighbourhood in the urban units as a whole with respect to the time spent in finding the first job and the time spent in employment in the course of the first three years of working life.

The situation with respect to employment and economic development has therefore deteriorated in the priority neighbourhoods, which were defined in 2014 on the basis of criteria related to concentration of poverty in the cities. Although part of the improvement of the situation for the inhabitants is not measured from the fact of their moving house (ONPV Report 2017), they are unemployed two and a half times more frequently and the jobs which they hold are more insecure and less skilled. However, there are a number of signs which indicate that the situation is improving, whether this be over time (reduction in the unemployment rates, dynamism due to the creation of businesses) or between generations (catching up on the level of diplomas and

integration into employment for the young generations, in relation to their elders<sup>24</sup>). The processes of change are therefore taking time, but they seem to be bearing fruit by combining one process with another by means of nationally initiated policies, which are adapted to suit local needs.

The setting up of a counterfactual cross-section of neighbourhoods and an econometric method of analysis by the National Institute for Statistics and Economic Studies (Insee) (Quantin and Sala) should make it possible in the next few years to anticipate a solid evaluation of the impacts of the policies on the priority neighbourhoods.

**This study is an extract from the ONPV Report 2018**

President of the ONPV Steering Committee  
Jean-François Cordet

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