EU Cohesion Policy: what works and where?
DG REGIO-ERSA 2018 Lecture
by
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Discussion note:
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Riccardo key message

• Using counterfactual strategies to identify causal effects of Cohesion policy is very recent, and combine with contextual analysis
• Based policy reforms on evidence-based results, NOT only on Grand Theory
  • Bottom-up>Top-down?
  • Regional/National characteristics influence Cohesion Policy effectiveness
  • Complementarities with other policies
No cohesion policy scenario?

• « Cohesion » is at the heart of the EU political crisis (brexit, regional separatist movements...)
• What would happen if we stop cohesion policy for regions?
No cohesion policy scenario?

Barone et al. (RSUE, 2016)
Exploring unobserved heterogeneity
Exploring unobserved heterogeneity
Impact heterogeneity conditional to field of intervention

Returns to GDP growth are different respect to field of intervention

Infrastructure

Productive environment
Composition effect on CP effectiveness

Diversified composition of investment increases the effect of cohesion policy on GDP growth

Becker et al. (WP, 2016)
How to do better?

• Outcomes other than GDP and employment growth?
• Methods
• Data access/management
How to do better?

*Needs to new Outcomes*

- Many research (econometric, case studies) study the impact of the Cohesion policy
- But lack of reliable strategy to identifies a causal effect.
- Lack of evidence based evidence for large part of Cohesion Policy main objectives
  - on within-regional inequalities?
  - on environmental outcomes?
  - on innovation?
  - on quality of life?
- Lack of microeconometric studies
How to do better?

Needs to new Methods

• 20 years ago, huge debate on the effectiveness on antipoverty program (international aid)

• Macroeconomic studies find small to negative relations between aid and poverty, aid and growth...

=>Difficulties to justify these programs
How to do better?

Needs to new Methods

The fundamental question is:

How would beneficiaries of a program have fared in the absence of the program?

- Recent wave of studies aims to improve this using quasi-experimental, natural experiment for CP.

- Use of natural experiments
  - Good natural experiments are (very) scarce (01 eligibility, phasing-out...)

- Develop field experiments/random control trial to identify program effectiveness
  - A gold standard for the causal identification of public policies
  - Allow to test the validity of other quasi-experimental methods
  - Needs cooperation between policy makers and researcher (pluridisciplinary)
  - Focus on microeconomic mechanisms and on practical problems in the implementation of programs.
How to do better?

*Needs to new Data*

10 years ago, search of data (at NUTS2 level) about CP expenditure looked like that:

Data access are better today, but could be improved.
How to do better?

Needs to new Data

We need to kind of database to improve evaluation of CP:

- For territorial level, a spatial database with geocoded location of CP project combined with available data on each area (from ESPON, EUROSTAT for example)

- Develop database to track individual beneficiaries (firms, households) and match with national database:
  - e.g Open Coesione as a good starting point
Thank you

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