

# EU Cohesion Policy: what works and where?

DG REGIO-ERSA 2018 Lecture

by

**Riccardo Crescenzi**

**Discussion note:**

Lionel Védrine

*CESAER, AgroSup, INRA,*

*Univ. Bourgogne Franche-Comté*



# Riccardo key message

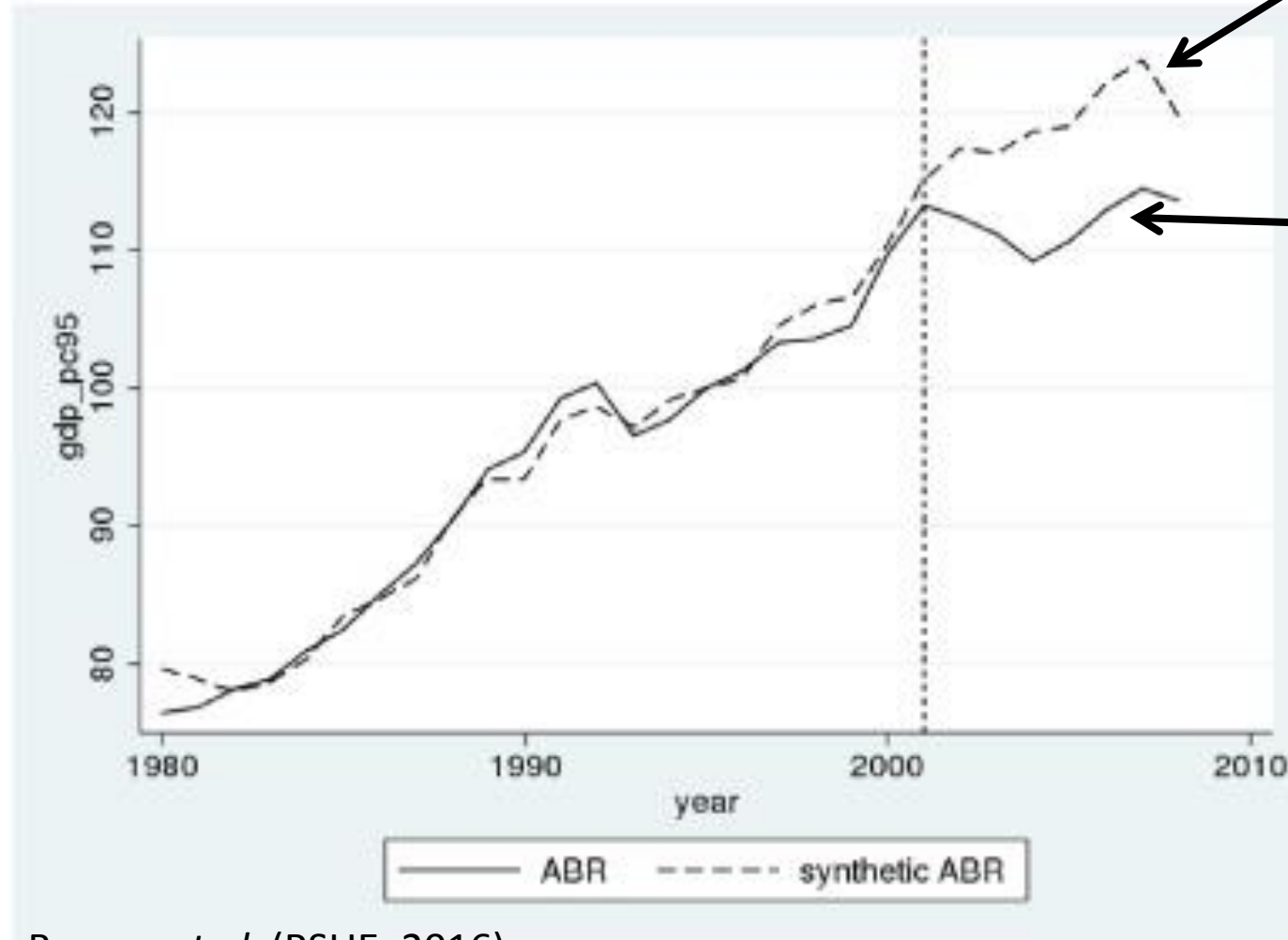
- Using counterfactual strategies to identify causal effects of Cohesion policy is very recent, and combine with contextual analysis
- Based policy reforms on **evidence-based results**, NOT only on Grand Theory
  - Bottom-up>Top-down?
  - Regional/National characteristics influence Cohesion Policy effectiveness
  - 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?

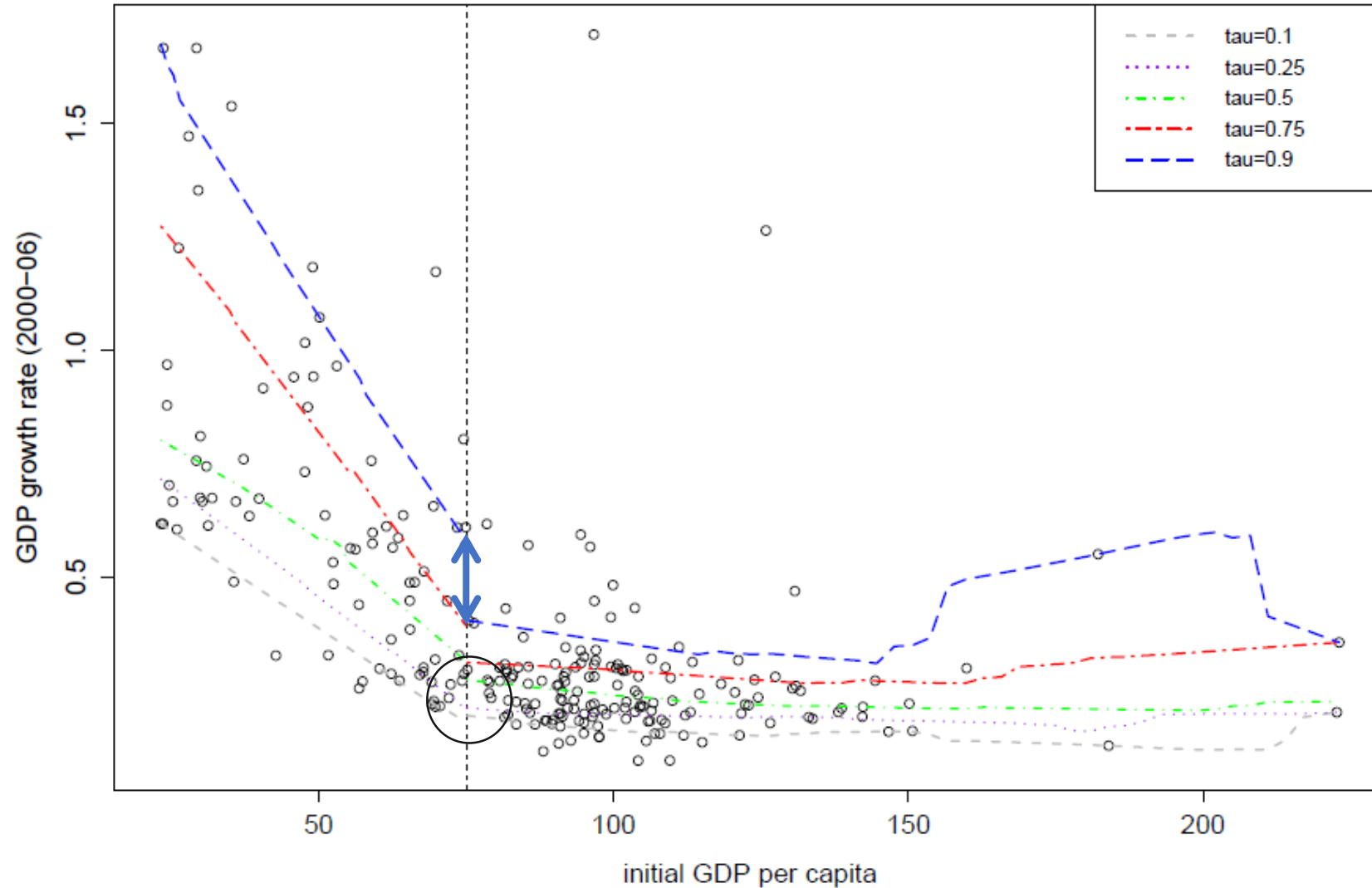
Baseline result: GDP per capita 1980-2008  
(index 1995=100)



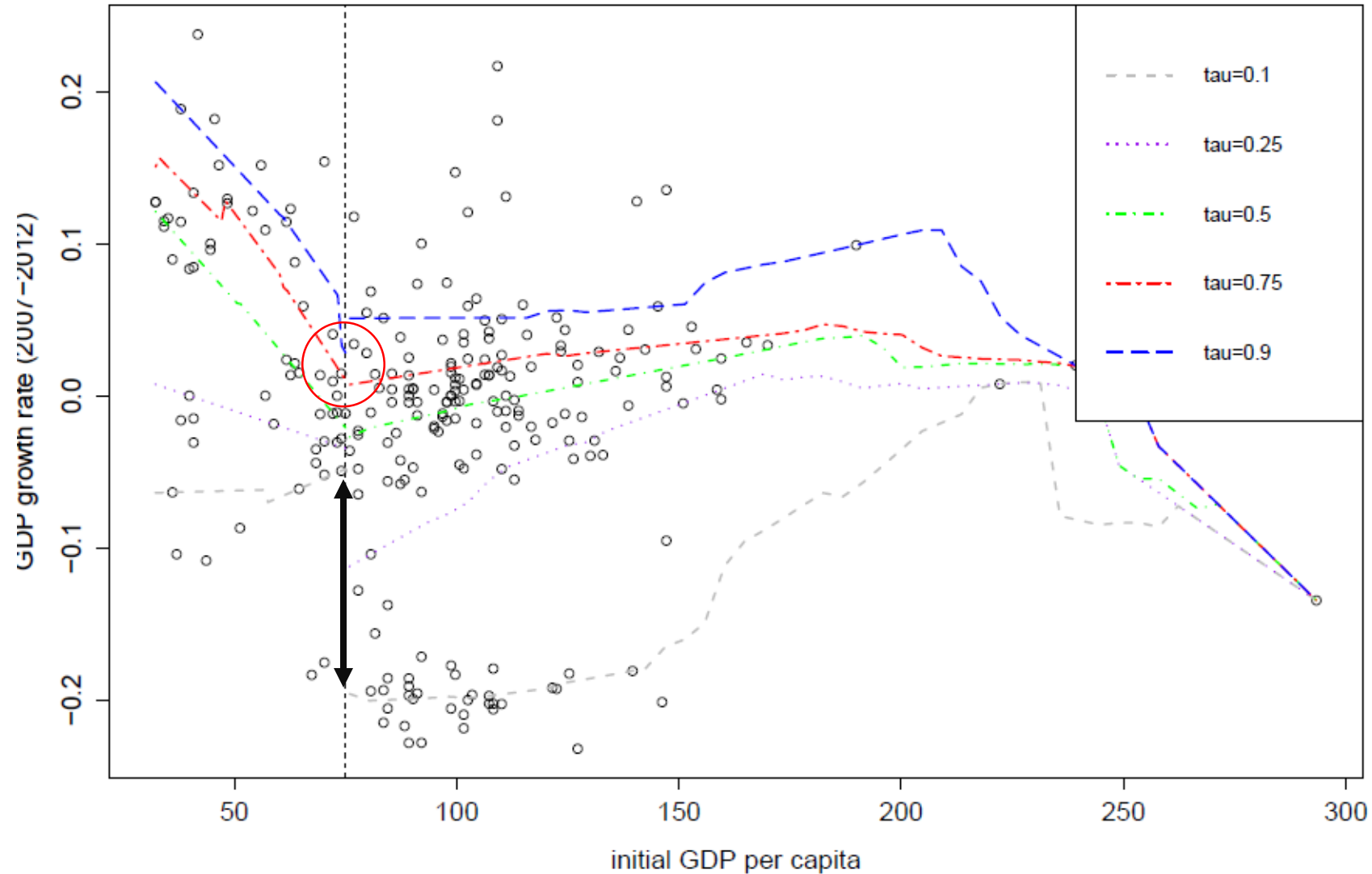
Abruzzi trends since  
it's keep O1 status

Observed Abruzzi  
(without O1)

# Exploring unobserved heterogeneity



# Exploring unobserved heterogeneity

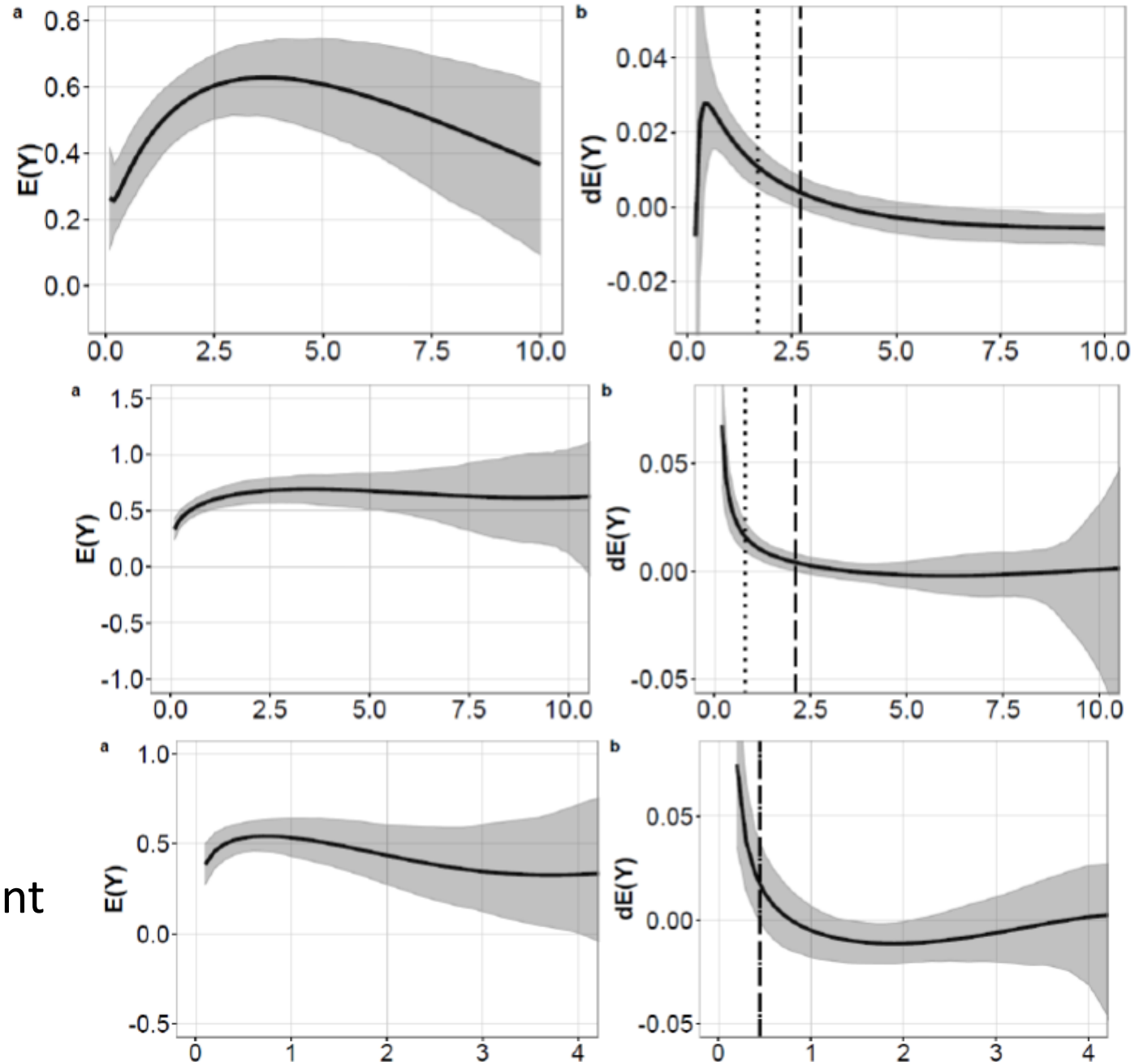


# Impact heterogeneity conditional to field of intervention

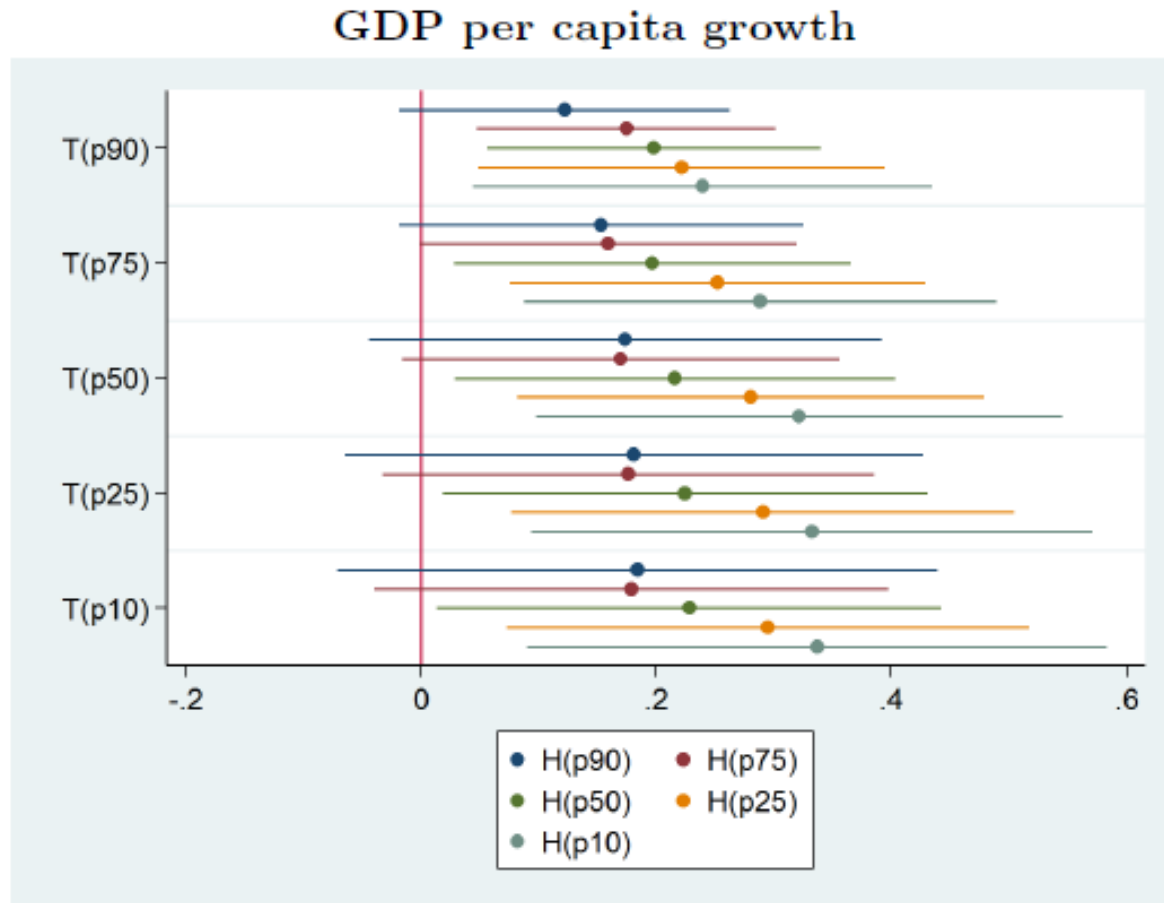
Returns to GDP growth are different respect to field of intervention

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 microeconomic 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:

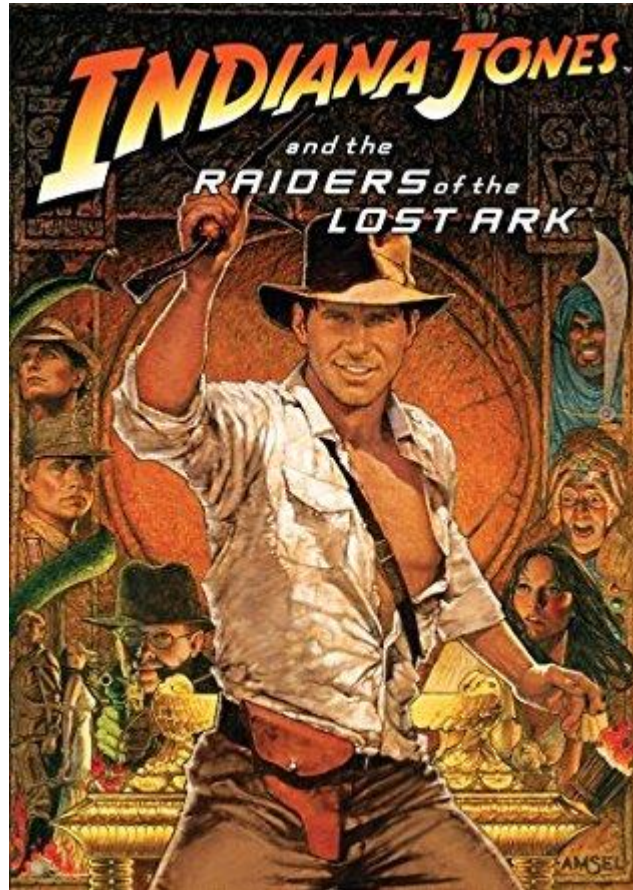
**How would beneficiaries of a program have fared in the absence of the program?**

- 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** (O1 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

[lionel.vedrine@inra.fr](mailto:lionel.vedrine@inra.fr)

[lionelvedrine.wordpress.com](http://lionelvedrine.wordpress.com)

 @lionelvedrine