IMPACT ASSESSMENT OF EUROPEAN COHESION POLICY: THEORETICAL AND EMPIRICAL ISSUES

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Abstract

The treaties of the European Union state that the EU “shall promote economic, social and territorial cohesion, and solidarity among Member States”, which implies that “the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions”. This is implemented with different objectives along programming periods, each of 7 years of length. Overall, the Structural Funds and the Cohesion Fund represent approximately one third of the European Union’s budget. This is the most closely scrutinized policy at regional level, due to relatively good data availability and its existence in similar forms since at least 1989, which allows for long-run analyses. A large number of academic papers have in fact been published in the last 15 years aiming to assess its economic impact, but there is still not a consensus as to whether and to what extent the policy has really been effective. This is due to theoretical and empirical issues arising when trying to empirically assess this policy. For this reason, this paper analyses the many issues which can arise when assessing the economic impact of European Cohesion Policy. Each issue will be discussed theoretically and the way in which the literature confronts it will be presented. Among the issues which are relevant and will be discussed are: on which variables the impact should be assessed, after how long, at what geographical scale, which disturbance factors are relevant, whether the impact should be confined to the region receiving funds, the interaction with other policies, how the impact changed in time, the possible existence of threshold effects, the overlapping of programming periods, the differentiated impact by regional characteristics (sectors, settlement structure, institutions, etc.), the changes in objectives in time, the interplay between eligibility, growth and political support.

Keywords: Structural Funds, Impact Assessment, Cohesion Policy, Regional Growth.

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