

A Macroeconomic Impact Assessment of the 2007-2013 EU Cohesion Policy in Tuscany

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Motivations

- ▶ Provide an ex-post comprehensive economic assessment of the 2007-2013 EU CP based on monitoring data.
- ▶ Develop a comparative regional economic policy analysis based on a single-region perspective.
- ▶ Assess the short-run and medium-run effects of the actual and alternatives Cohesion Policy scenarios.

Structural Funds, payments

- ▶ ROP-ERDF, ROP-ESF, EAFRD, EMFF programmes.
- ▶ 1.7 billions of euros, 1.8% of the 2013 Tuscan GDP.
- ▶ The 41% of certified payments (730 Mlns) are represented by ROP-ERDF financial resources.
- ▶ Most of the financial resources were actually disbursed in the middle of the contraction phase of the regional (and national) economy.
- ▶ Annual payments represent a share of Tuscan GDP ranging between 0.1% (2008) and 0.5% (2011), average 0.3%.

▶ Funds

The Analytical Model

- ▶ In order to perform our analysis we apply the Remi-IRPET model.
- ▶ Structural, multi-sectoral, I-O based, CGE.
- ▶ Encompasses New Economic Geography linkages, endogenizing intermediate inputs, labour productivity.
- ▶ Accessibility, transport and commuting costs play a major role.

▶ Remi-IRPET

Ex-post estimation strategy

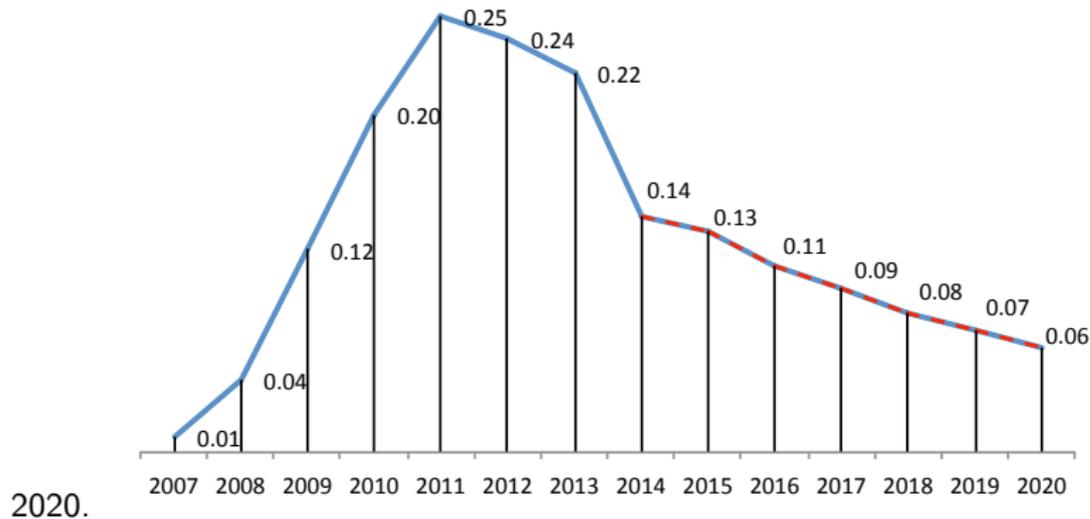
- ▶ We design a counterfactual scenario based on the hypothesis that none of the EU-CP measures have been implemented in 2007-2013.
- ▶ The analytical model's baseline already encompasses the actual impact of the EU-CP.
- ▶ We have simulated the counterfactual dynamics of the regional economy. This is supposed to deliver a negative impact with respect to the baseline scenario.
- ▶ This impact is the differential simulated effect of the EU-CP.

The Counterfactual Scenario. Policy outcomes and model's policy variables.

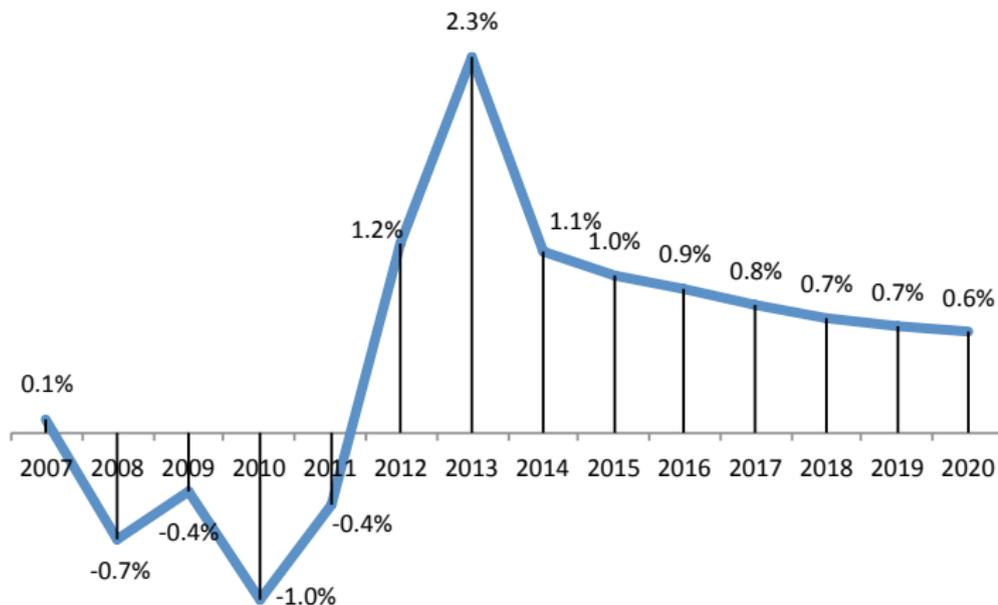
1. Policy outcomes exclusively affecting the short-term dynamics of the regional economy.s:
 - ▶ Investment expenditure, Capital cost, Final expenditure.
2. Policy outcomes affecting both the short and the medium-run (structural):
 - ▶ Innovation in SMEs (increase in R&D expenditure, increase in final demand for beneficiaries firms due to innovative products development)
 - ▶ Human capital accumulation, occupational training and employability (a short-term increase (2007-2013) in final demand addressed to the Education sector and in the number of occupational trainees; a medium-term increase (2014-2020) in labour productivity.)
 - ▶ Policies aimed at increasing the level of intra-regional and inter-regional accessibility (reduction in intra-regional and inter-regional transport and commuting costs associated with the infrastructural investments.)

Results. Regional GDP

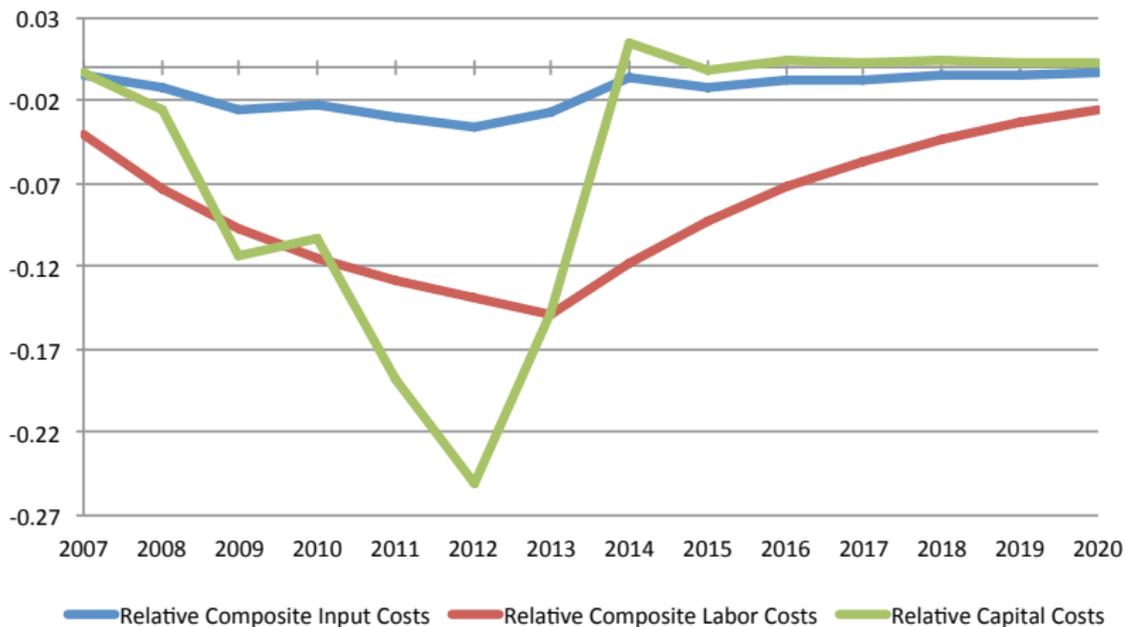
0.15% average annual increase in GDP. 0.1% average impact for the period 2014-



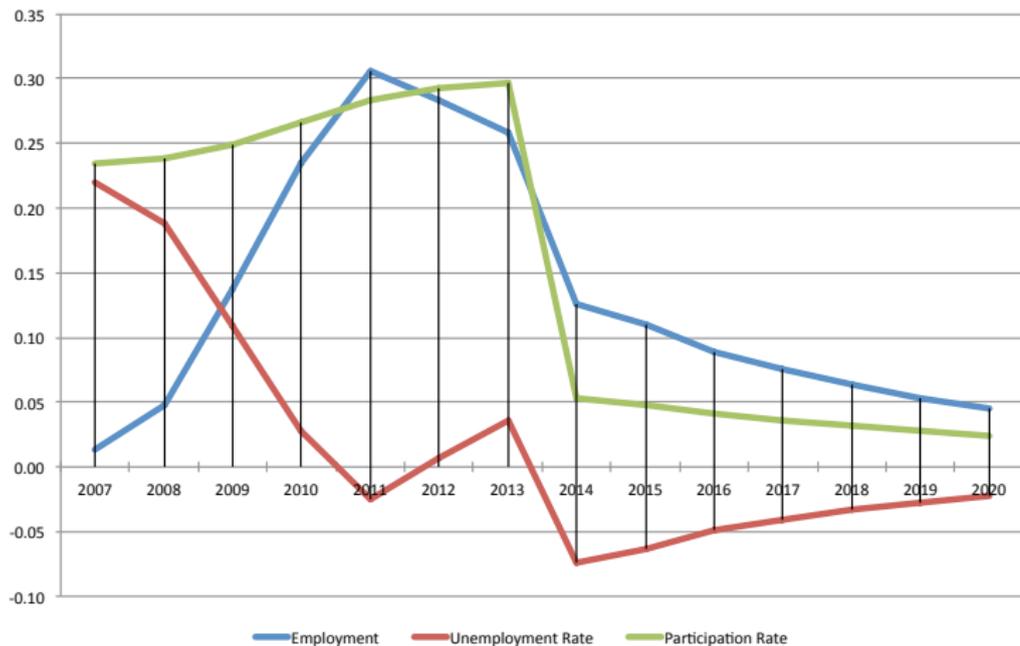
Results. Trade and competitiveness



Results. Competitiveness



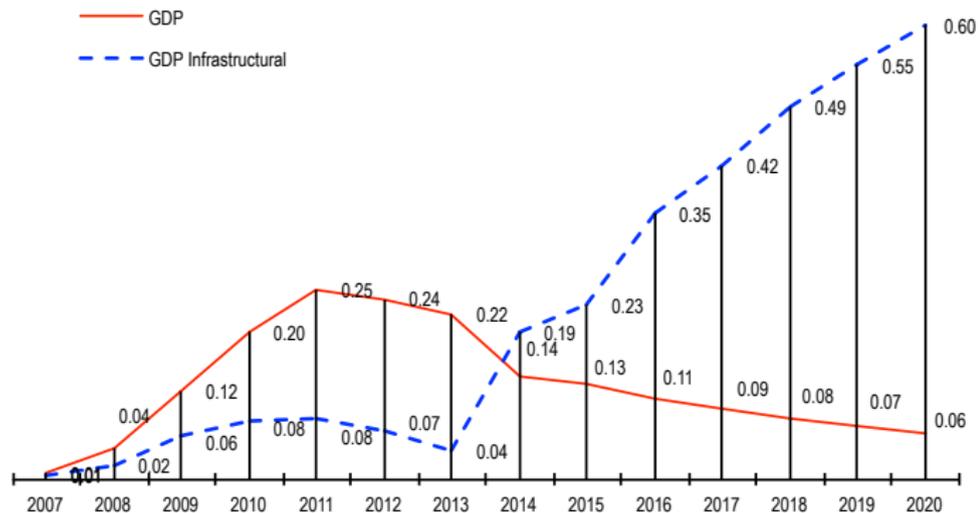
Results. Labour Market



Alternative Policy scenario

- ▶ The Remi-IRPET model allows us to specify different alternative policy mixes, in order to provide a comparative analysis of the actual EU-CP impact.
- ▶ Here, we have only sketched an alternative scenario based on infrastructural expenditure (the amount of EU-CP financial resources are supposed as exclusively directed to infrastructural investments).
- ▶ The infrastructural investments are effective in reducing inward, outward and intra-regional transport and commuting costs by the 1% (per year).

Aa simple alternative policy scenario vs EU-CP



Conclusions

- ▶ Strictly positive effects of the EU-CP both in the short and medium-run.
- ▶ Supply-driven growth effect also in the short-run.
- ▶ EU-CP better performs in the short-run as compared to a financially equivalent infrastructural policy. Infrastructural policy better performs if successful in decreasing transport and commuting costs at least by 0.5%.
- ▶ Scope for further detailing the design of the counterfactual scenario, based on ex-post microeconometrics evaluations of implemented policies or on more detailed monitoring data.
- ▶ Scope for further extending the comparative analysis by evaluating the hypothetical impact on Tuscan economy of policy mixes implemented by comparable European regions.

Payments by Fund

