



Territorial Futures

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Impact of European Cohesion Policy on regional growth: When time isn't money

Benoit Dicharry, University of Strasbourg (F)

Abstract

This paper contributes to the literature discussing the effects of the Structural and Cohesion Funds (EU funds) on GDP growth by revealing the causal impact of regional absorption's speed. The analysis is conducted using a regression discontinuity design approach with heterogeneous treatment on NUTS-2 regions during the period 2000-2016. The main result of this paper is that a faster absorption, especially in the Mediterranean regions, is associated with worse economic outcomes of the Objective 1 treatment. These estimation results are robust to changes in specifications, sample compositions and outcome variables. Our results imply that the incentives provided by the European Commission to fasten absorption have a counter-productive impact in Objective 1 regions which constitute the core recipient regions of the Cohesion Policy.