

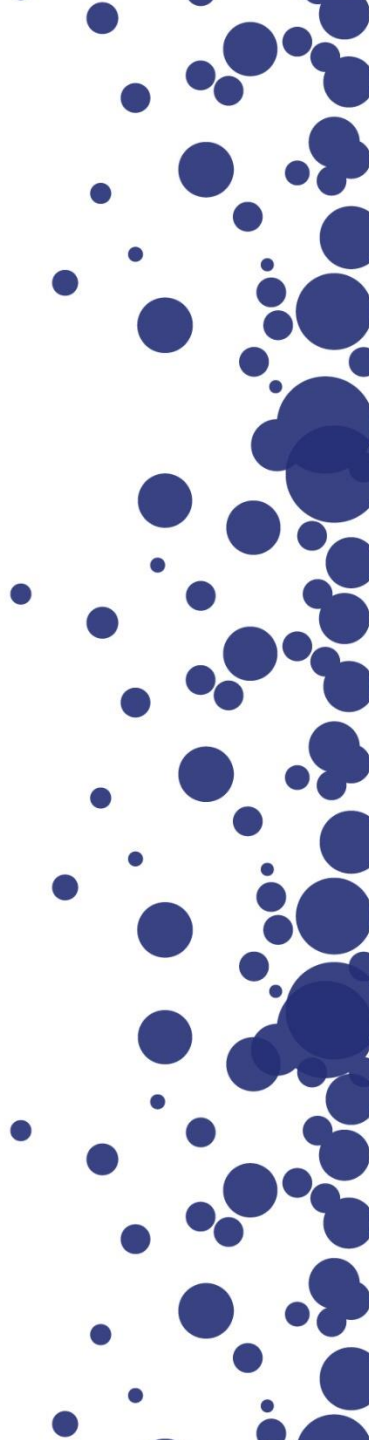


PERCEIVE

Perception and Evaluation of Regional
and Cohesion Policies by Europeans and
Identification with the Values of Europe



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Synergy or trade-off? Cohesion and Rural Development policies

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Overview

- Analyses the interaction between regional Cohesion Policy and rural, development and agricultural policies of the EU.
 1. To what extent do regions suffering from structural disadvantages attract more cohesion and rural policy funding?
 2. Is there a significant synergy (or trade off) between cohesion and rural policies?
 3. To what extent do synergies coincide with the most structurally disadvantaged regions?
- Results identify the funding that work successfully in tandem and those that, when mixed in the same location, have a detrimental impact.
- Help to shape the future strategy of CP and RP funding.

Methodology

- 244 NUTS 2 level regions across Europe (except Germany).
- Cohesion Policy: 2007–2013 ERDF and Cohesion Fund expenditure (12 subcategories).
- Rural Policy: FADN (10 subcategories), estimated to match NUTS2.
- Regional characteristics index (GDP pps, here).
- Linear regression *a la* Crescenzi et al. (2015), country level fixed effects.

$$\mathbf{CP_exp}_i = \alpha + \mu + \beta X_char_i + \gamma \mathbf{RP_exp}_i + \varepsilon_i \quad (1)$$

$$\mathbf{RP_exp}_i = \alpha + \mu + \beta X_char_i + \gamma \mathbf{CP_exp}_i + \varepsilon_i \quad (2)$$

$$\mathbf{CP_exp}_i = \alpha + \mu + \beta X_char_i + \gamma \mathbf{RP_exp}_i + \delta(\mathbf{X_char}_i \cdot \mathbf{RP_exp}_i) + \varepsilon_i \quad (3)$$

$$\mathbf{RP_exp}_i = \alpha + \mu + \beta X_char_i + \gamma \mathbf{CP_exp}_i + \delta(\mathbf{X_char}_i \cdot \mathbf{CP_exp}_i) + \varepsilon_i \quad (4)$$

Results

1. To what extent do regions suffering from structural disadvantages attract more cohesion and rural policy funding?

Funding does indeed flow to areas most in need of support:

- The regional index (and GDP pps per inhabitant) has a significant negative impact on cohesion policy and rural policy.

Most sensitive Cohesion policies:

- Business Support, Research & Technology, Social infrastructure expenditure most sensitive to flooding towards regions of structural disadvantage.

Most sensitive Rural policies:

- Total support for rural development SE624 (via Environmental subsidies SE621 only) and Decoupled payments SE630 (via Single Farm payment SE631 only) most sensitive to flooding towards regions of structural disadvantage.
- Structural disadvantage has **no** impact on attracting Subsidies on investments (SE406).

Results

2. Is there a significant synergy (or trade off) between cohesion and rural policies?

- Statistical significant and sign are robust across the estimations (when estimating the impact of rural policy on cohesion policy and the reverse).

Synergies between:

Business support \Leftrightarrow Subsidies dairying SE616
Research and Technology \Leftrightarrow Other subsidies SE699
Social infrastructure \Leftrightarrow Subsidies dairying SE616
Transport infrastructure \Leftrightarrow Subsidies dairying SE616
Other \Leftrightarrow Other crops subsidies SE613

Trade offs between:

Human resources \Leftrightarrow Single Farm payment SE631
IT infrastructure and services \Leftrightarrow Compensatory payments SE611
Social infrastructure \Leftrightarrow Other subsidies SE699
Urban and rural regeneration \Leftrightarrow Subsidies on investments SE406
Other \Leftrightarrow Additional aid SE640

Results

3. To what extent do synergies coincide with the most structural disadvantaged regions?

- Estimates from equation (3) show that structurally disadvantaged regions do **not** attract expenditure synergies between Total Rural policy expenditure and Total Cohesion policy.
- However, there are '**pro-cohesion policies**' sub categories: Environment and natural resources, Social infrastructure, Transport infrastructure polices.
- From equation (4), results how that structurally disadvantaged regions do **not** attract expenditure synergies between Total Rural policy expenditure and Total Cohesion policy.
- Nor is there evidence found within disaggregation.

Summary

- Results show no significant relationship between aggregated (total) expenditure from cohesion and rural policy.
- Nonetheless, disaggregating policy measures and taking into account structural place-based characteristics, some evidence of synergy in focusing on more disadvantaged territories arises between policy categories.
- Opens interesting questions about the peculiar policy mix generating such a positive synergy and to what extent eventually the virtuous paradigm can be extended to other policy realms.
- Place-based development is already part of cohesion, rural and urban policies but so far each of them has not been well linked to the other policies. **Improving the integration** between them can be achieved by cooperation in designing policy programmes, so that the planned measures ensure maximization of synergies and create additional value.
- Structurally disadvantaged regions attract expenditure synergies between, therefore, providing evidence to support the presence of ‘pro-cohesion’ policies that exert a cumulative impact by focussing on structurally disadvantaged regions. Thus, **careful coordination between policies would increase the possibility of cumulative impacts of EU funds.**

Table 1: Cohesion Policy expenditure descriptions

Policy for programming period	Description
2007 – 2013	
Energy	Financial support energy policies with particular regard to renewable energy
Environment and natural resources	Financial support to environment related infrastructure
Human resources	Financial support to human capital formation
IT infrastructure and services	Financial support to IT infrastructures
Research and Technology	Financial support to R&D activities
Social infrastructure	Financial support to the development of social infrastructures
Technical assistance	Financial support to help stakeholders implement Commission-funded programmes and projects.
Tourism & Culture	Financial support for the Tourism and Culture sector
Transport infrastructure	Financial support for transportation infrastructures
Urban and rural regeneration	Financial support for urban and rural regeneration policies

Table 2: Rural Policy expenditure descriptions

Policy for programming period 2007 – 2013	Description
Subsidies on investments (SE406)	Subsidies on investments. Total payments = SE406 + SE605.
Total subsidies (not investments) (SE605)	Subsidies on current operations linked to production (not investments). Comprised of SE610-SE699.
Subsidies on crops (SE610)	All farm subsidies on crops, including compensatory payments and set-aside premiums.
<i>Compensatory payments/area payments (SE611)</i>	<i>Amounts paid to producers of cereals, oilseeds and protein crops and energy crops. Part of SE610.</i>
<i>Set aside premiums (SE612)</i>	<i>Amount of premiums received by COP producers obliged to set aside land. Part of SE610.</i>
<i>Other crops subsidies (SE613)</i>	<i>All other farm subsidies on field, horticultural and permanent crops. Part of SE610.</i>
Subsidies on livestock (SE615)	All farm subsidies on livestock and livestock products.
<i>Subsidies dairying (SE616)</i>	<i>In addition to dairy premium, includes subsidies on dairy products. Part of SE615.</i>
<i>Subsidies other cattle (SE617)</i>	<i>All farm subsidies for cattle other than dairy cows in production. Part of SE615.</i>
<i>Subsidies sheep & goats (SE618)</i>	<i>In addition to ewe (and goat) premiums, includes subsidies on sheep/goat milk products. Part of SE615.</i>
<i>Other livestock subsidies (SE619)</i>	<i>Other farm subsidies on other livestock products. Part of SE615.</i>
Total support for rural development (SE624)	Includes environmental subsidies, LFA subsidies, and other Rural Development payments.
<i>Environmental subsidies (SE621)</i>	<i>Including part of the measures of the article 69 Regulation 1782/2003. Part of SE624.</i>
<i>LFA subsidies (SE622)</i>	<i>Less favoured area subsidies. Part of SE624.</i>
<i>Other rural development payments (SE623)</i>	<i>Support to help farmers adapt to standards, to use advisory services, improve quality of products, training, afforestation and ecological stability of forests. Part of SE624.</i>
Subsidies on intermediate consumption (SE625)	All farm subsidies on intermediate consumption. Excludes subsidies on wages, rent, taxes and interest.
Subsidies on external factors (SE626)	Subsidies on wages, rent and interests.
Decoupled payments (SE630)	Single farm payment and single area payment scheme, including additional aid.
<i>Single Farm payment (SE631)</i>	<i>Part of SE630.</i>
<i>Single Area payment (SE632)</i>	<i>Scheme only for new member states, not chosen by Malta and Slovenia. Part of SE630.</i>
Additional aid (SE640)	Amount resulting from the application of modulation to the first EUR 5000 or less of direct payments.
Support Art.68 (SE650)	Broad ranging specific support. Amongst other things, this includes subsidies to improve quality and marketing of agricultural products, animal welfare standards, and insurance premiums.
Other subsidies (SE699)	Other subsidies received. Including also grants and subsidies for disasters or extraordinary subsidies (agrimonetary compensation, etc.).

Table 3: Structural disadvantage variables

Variable	Description
ra1	% territory in predominantly rural regions
ra4	% population in predominantly rural regions
ra10	% employment in predominantly rural regions
se1	Population density hab/km ²
se4	% people aged 15-64
se6	Old-age dependency ratio (pop 65+ y.o. / pop 15-64 y.o.) per 100
se28	Long-term unemployment (% total unemployment)
sect2	Share of employment in primary sector (Branch A) % of total employment
sect28	Share of employment in food industry (% total employment)
div1	% Famers (holders) with other gainful activity
div15	Net migration (Total pop change-Natural pop change/Average annual pop) per 1000
div17	% adults (25-64) with medium or high educational attainment

‘Rural Development in the EU – Statistical and Economic Information Report – 2013’

https://ec.europa.eu/agriculture/statistics/rural-development/2013_en