



The Macroeconomic Effects of Structural and Cohesion Funds

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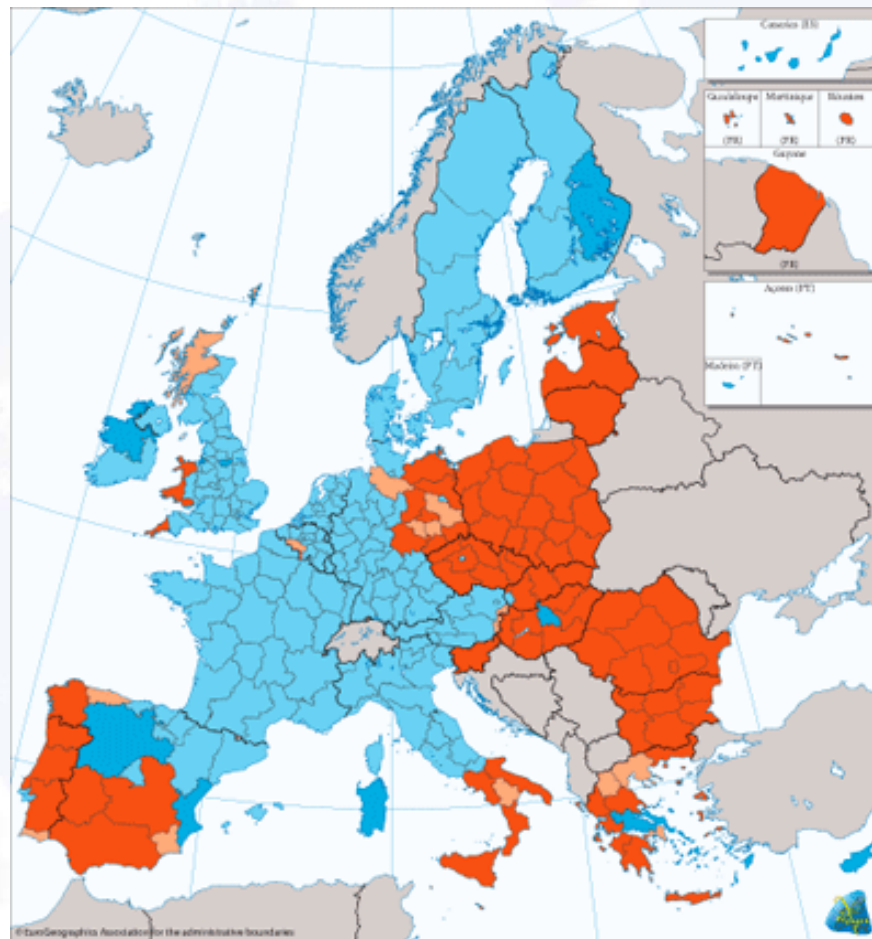
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The significance of SCF

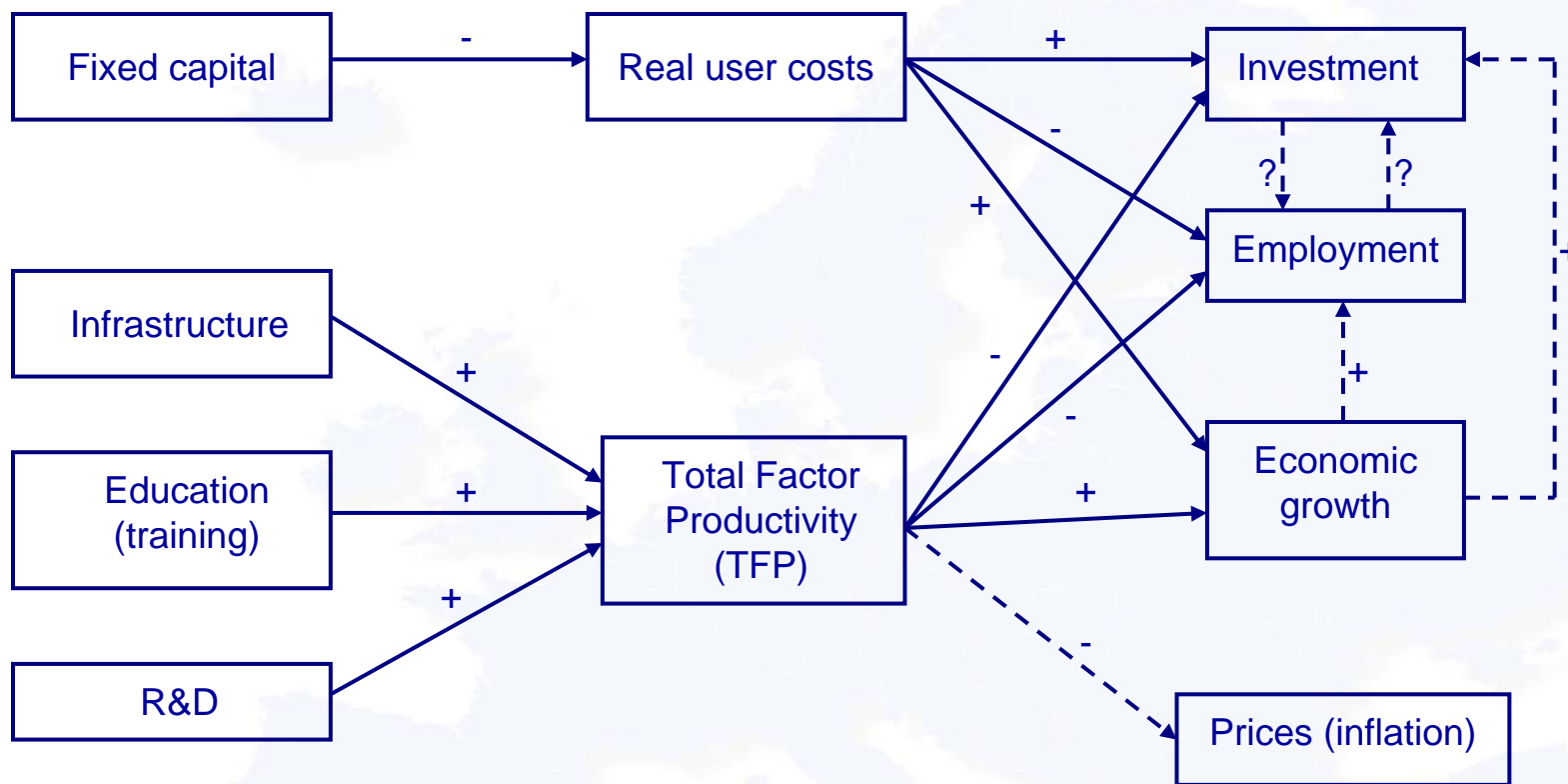
Regions

- 85 convergence regions (o/w 59 in EU8+2)
- 16 phasing-out regions
- 14 phasing-in regions (o/w 1 in EU8+2)
- 154 competitiveness regions (o/w 1 in EU8+2)





SCF: simplified macroeconomic impacts





Quantitative assessments

- **Models**
 - Mostly CGE models (ad hoc and/or calibrated parameters)
 - Assume (i) full absorption of funds; (ii) efficient use (allocation) of funds; (iii) no violation of additionality
 - Results indicate the potential impacts of funds
- **Econometric methods**
 - Based on past observations
 - No restrictive assumptions
 - Problems with the sufficiency/reliability of data
 - Results almost indicate a worst-case scenario



Results for EU8+2 in general

- **HERMIN (2005)**
 - Level of GDP at end-2013 ~10% higher than in the baseline
 - Gain in employment is at least 4% by end-2013 compared to bl.
 - Productivity growth varies widely between countries
- **QUEST II (2006)**
 - Level of GDP at end-2013 ~3% higher than in the baseline
 - No gain in employment over the period 2007-2013
 - Price level at end-2013 ~3% higher than in the baseline
 - Trade balance (as p.c. of GDP) ~1.5 pp worse than in the baseline



Hungary: difference from baseline

	Hermin	QUEST II	EcoRet
Level of GDP (end-2013)	+8.4%	-	+7.5%
Level of employment (end-2013)	+4.5%	-	+2.6%
Level of GFCF (end-2013)	+41.0%	-	+13.3%
C/A balance (annual average in p. c. of GDP; 2007-2013)	-3.0%	-	-



Thank you for your attention!

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