

# Impact of European Cohesion Policy on regional growth:

## *Time is money ?*

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### **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.

*Keywords:* Regional economic growth; European Cohesion Policy; absorption capacity; regression discontinuity design.

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