THE RHOMOLO EX-ANTE IMPACT ASSESSMENT OF 2021-2027 COHESION POLICY

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- The European cohesion policy aims to strengthen economic, social and territorial cohesion, and to correct imbalances between countries and regions.
- The 2021-2027 cohesion policy differs from the previously implemented programmes due to its stronger focus on the green and digital transitions.
- The RHOMOLO model has been used to assess the expected impact of the 2021-2027 programmes on the European economies at the European Union (EU), Member State, and NUTS-2 region levels.
- The simulations suggest that the policy interventions would increase the EU GDP by 0.5% by the end of the implementation period compared to a no-cohesion policy scenario, with sizeable increases in employment.
- The structural effects of the programmes imply that the GDP gains will be persistent over time, and equal to 0.3% in 2050.
- The policy will help the less developed regions to catch up with the more developed ones, while also promoting growth for the EU as a whole.

1. Introduction

The European cohesion policy has a relatively long history as one of the main investment policies of the EU, and in the 2014-2020 it was the second largest item in the budget after the Common Agricultural Policy (CAP).

The policy will continue to play a crucial role in the future, implementing a third of the EU's long-term budget under the 2021-2027 multiannual financial framework. The €378 billion of EU support is expected to result in a total of €545 billion worth of investment once national co-financing is included.

The policy mainly targets the less developed regions of the EU: 70% of the European Regional Development Fund (ERDF) and the European Social Fund Plus (ESF+) will be allocated to them, and the Cohesion Fund (CF) will support exclusively 15 Member States for environmental and trans-European network projects.

Ex-ante impact assessments of the type presented here are an important step in the policy making process. The spatial dynamic general equilibrium model RHOMOLO was developed by the JRC in collaboration with the Directorate-General for Regional and Urban Policy (DG REGIO) with the purpose of evaluating the macroeconomic impact of cohesion policy at the NUTS-2 regional level.

This Policy Insight summarises the main results obtained with the RHOMOLO V4 model on the expected impact of the 2021-2027 cohesion policy programmes. The modelling strategy adopted in this impact assessment follows closely the one illustrated by Crucitti et al. (2022) for an analysis of the 2014-2020 cohesion policy programmes. The data used in this analysis are presented by García Rodríguez et al. (2023).

The policy impact of this research

The results summarised in this Policy Insight are featured in the European Commission's Staff Working Document on the 2021-2027 cohesion policy programme "Cohesion 2021-2027: forging an even stronger Union - Report on the outcome of 2021-2027 cohesion policy programming" (European Commission, 2023).

2. Results

Table 1 shows the impact on EU GDP (in % change from a no-cohesion policy scenario) and employment (both in % change and in thousands of people) for selected years according to the RHOMOLO simulations. The table also reports the multiplier, which can be interpreted as the number of euros of GDP created for each euro invested in the policy (or the impact per euro spent on the policy).

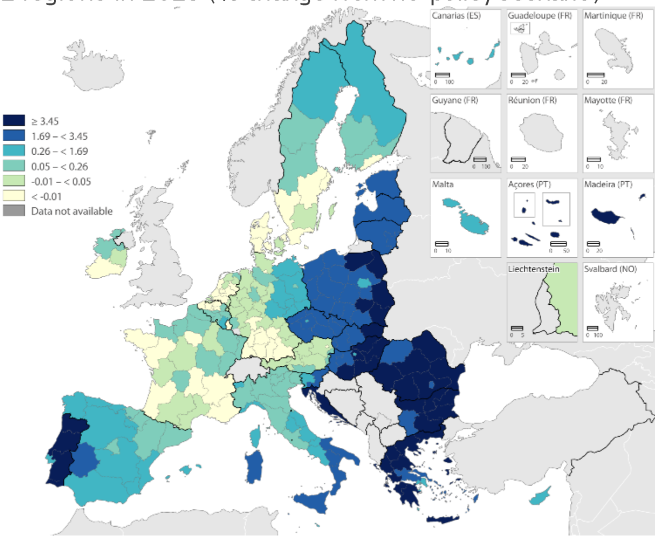
Table 1. 2021-2027 cohesion policy impact on selected macroeconomic variables and years (EU level)

	2025	2030	2040	2050
GDP (% change)	0.28	0.46	0.38	0.29
GDP multiplier	0.52	0.98	2.37	3.46
Employment (% change)	0.48	0.37	0.33	0.26
Employment (change in thousands of people)	994	766	683	538

Source: RHOMOLO.

The policy is capable of generating a significant positive economic impact on the EU's economies, eventually (by 2050) generating more than 3 euros of GDP for each euro invested. Figure 1 below shows that the policy will also reduce regional disparities, by producing most of its impact in the less developed regions of the EU (the map reports the results for 2029, at the peak of the impact on EU GDP).

Figure 1. 2021-2027 cohesion policy GDP impact in NUTS-2 regions in 2029 (% change from no-policy scenario)



Source: RHOMOLO.

3. Conclusions

The adoption of the 2021-2027 cohesion policy programmes confirmed that the policy remains the main long-term investment instrument of the EU. The modelling results presented here show that the policy programmes will promote interregional economic convergence, while at the same time ensuring GDP and employment gains for the whole EU.

How to cite:

Christou, T., Crucitti, F., García-Rodríguez, A., Lazarou, N.J., Monfort, P., and Salotti, S. (2022). The RHOMOLO ex-ante impact assessment of 2021-2027 cohesion policy. Territorial Development Insights Series, JRC133844, European Commission.

Read more

Crucitti, F., Lazarou, N.J., Monfort, P., and Salotti, S. (2022). The RHOMOLO impact assessment of the 2014-2020 cohesion policy in the EU regions. JRC Working Papers on Territorial Modelling and Analysis No. 01/2022, JRC128208.

European Commission (2023). Cohesion 2021-2027: forging an even stronger Union – Report on the outcome of 2021-2027 cohesion policy programming. SWD(2023) 134 final. Brussels, 28.4.2023.

García Rodríguez, A., Lazarou, N.J., Mandras, G., Salotti, S., Thissen, M., and Kalvelagen, E. (2023). A NUTS-2 European Union interregional system of Social Accounting Matrices for the year 2017: The RHOMOLO V4 dataset. JRC Working Papers on Territorial Modelling and Analysis No. 01/2023, European Commission, JRC132883.

RHOMOLO

Dynamic Spatial CGE Model for EU regions

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