

ZEW



EVALUATIONEN DER EU-KOHÄSIONSPOLITIK – ZU GUT UM WAHR ZU SEIN?

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TAGUNG JAHRBUCH DER ÖFFENTLICHEN FINANZEN, LEIPZIG //
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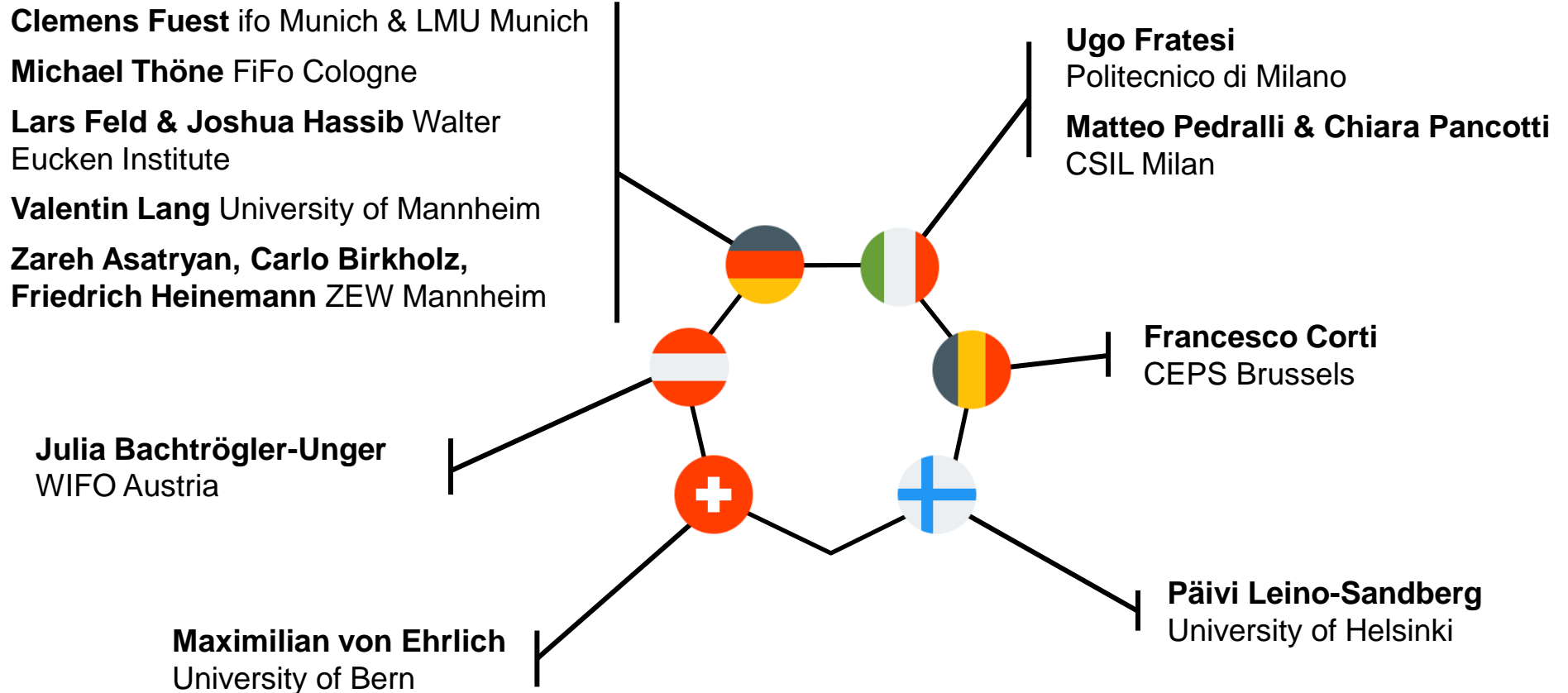


The Future of EU Cohesion

Final report of the research project: "Ausrichtung der europäischen Strukturpolitik in der nächsten Förderperiode 2028-2034 aus finanzpolitischer Sicht" commissioned by the German Federal Ministry of Finance

Mannheim, July 2024

A EUROPEAN NETWORK OF CP EXPERTS



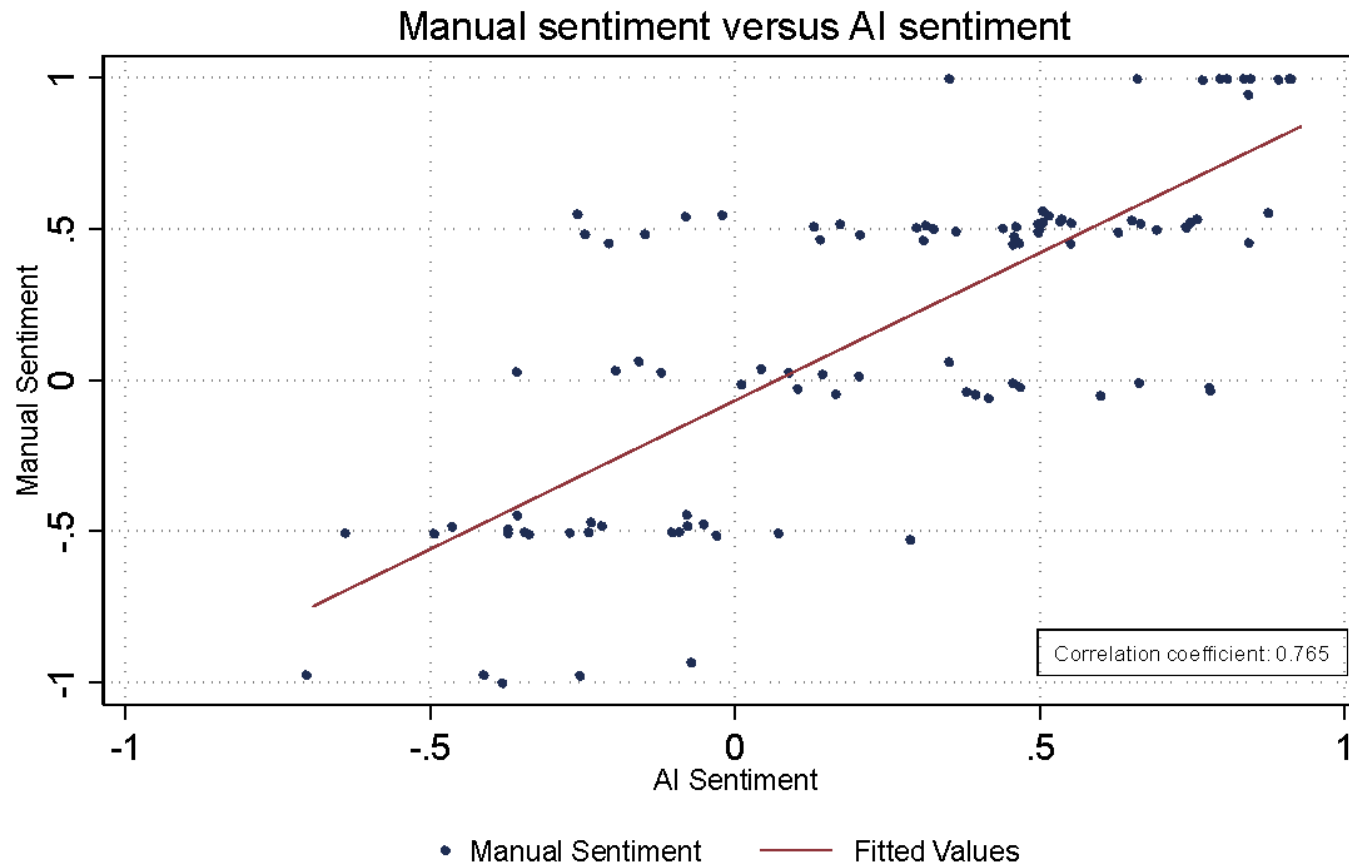
Asatryan, Zareh, Carlo Moana Birkholz and Friedrich Heinemann (2024), **Evidence-Based Policy or Beauty Contest? An LLM-Based Meta-Analysis of EU Cohesion Policy Evaluations**, ZEW Discussion Paper No. 24-037, Mannheim.

Heinemann, Friedrich, Zareh Asatryan, Julia Bachtrögler-Unger, Carlo Moana Birkholz, Francesco Corti, Maximilian von Ehrlich, Ugo Fratesi, Clemens Fuest, Valentin Lang und Martin Weber (2024), **Enhancing Objectivity and Decision Relevance: A Better Framework for Evaluating Cohesion Policies**, ZEW Discussion Paper Nr. 24-034, Mannheim.

CONTRAST BETWEEN NUANCED ACADEMIC INSIGHTS AND OFFICIAL DOCUMENTS

- **Academic Findings:** Complex and varied picture of CP's impact.
- **Largely Positive Official Presentations:** European institutions' reports, like the biannual Cohesion Reports, often portray CP in an almost exclusively bright light.
- **Lacking transparency on methodological limitations:** Model simulations on the impact of CP sold as if they could prove success. However, they can only demonstrate potential (under assumptions, which may not hold).
- **Overly Optimistic Picture May Bias Decision-Making:** Balanced and unbiased presentations, as well as an understanding of the limitations, uncertainties and assumptions in CP research and evaluation are crucial for making informed policy decisions.

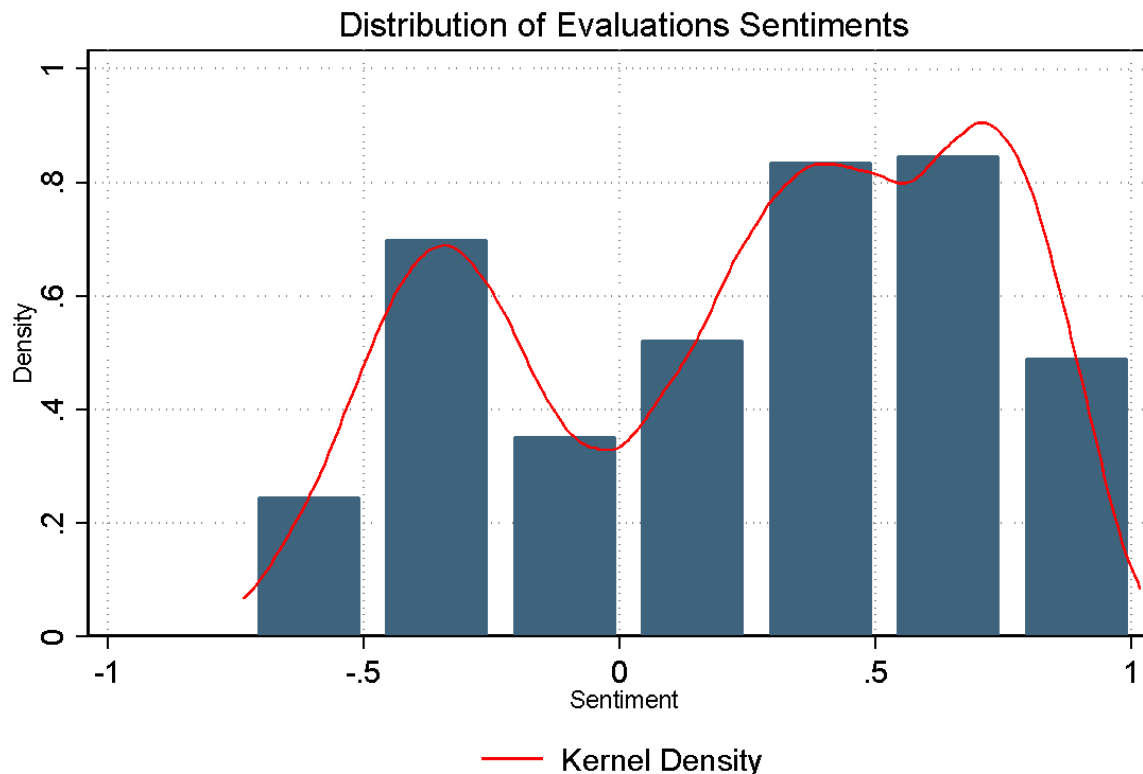
EVALUATION SCORES: AI VS HUMAN (SAMPLE)



Notes: The correlation is conducted for 132 observations. The AI sentiment variable is calculated as the average of 50 runs with temperature 1. The manual sentiment was converted from text to numeric as follows: Highly positive= 1.0; Positive= 0.5; Neutral= 0.0; Negative= -0.5; Highly Negative= -1.0

CP EVALUATIONS IN MEMBER STATES: POSITIVE TONES IN CLOSED AND OLIGOPOLISTIC MARKETS

SENTIMENT: INDEX -1 (VERY NEGATIVE) TO +1 (VERY POSITIVE)

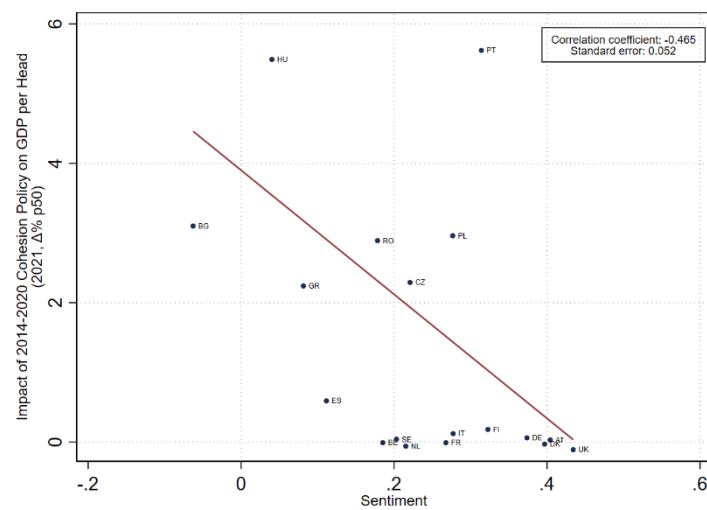
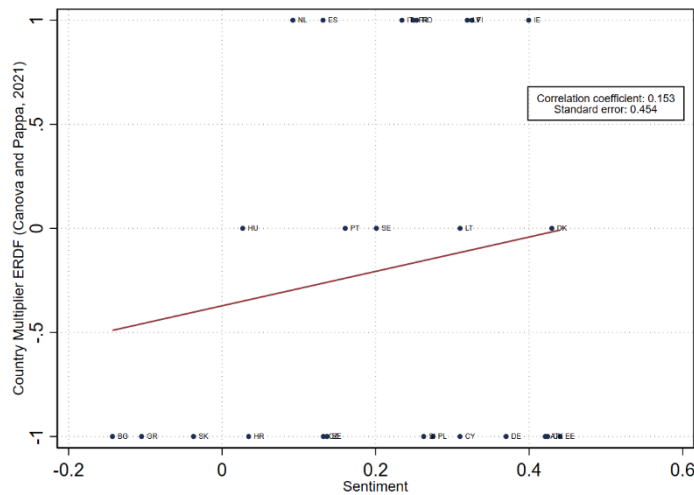
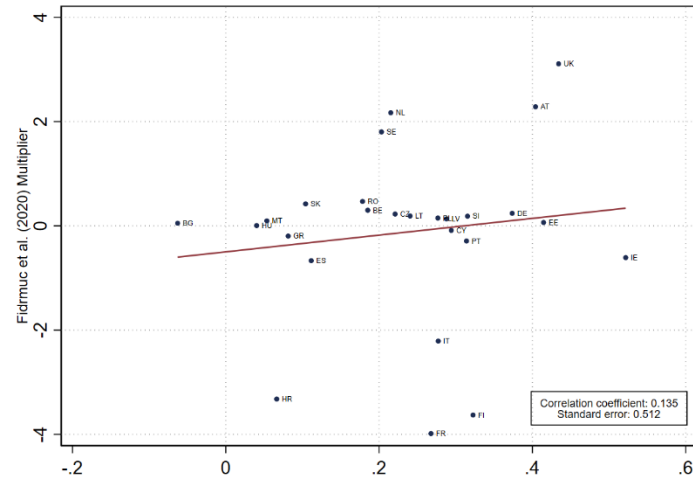
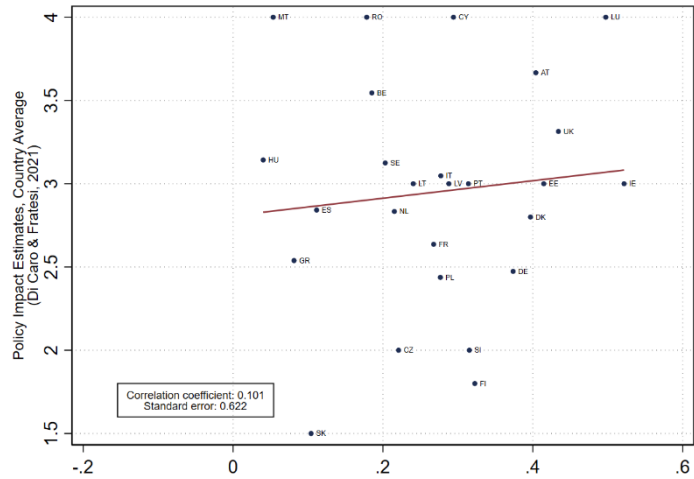


Notes: Number of observations: 2259. The sentiment variable is calculated as the average of 50 runs with temperature 1.

Evaluation markets are closed and oligopolistic.

- From 2,517 authors only 3.3% active in more than one Member State.
- Market share of top-three author clusters in Member States is 75%.

CP EVALUATION VS ECON LIT VS COM FINDINGS



Notes: Sources for the Cohesion Policy impact measures are: Top-left: Di Caro und Fratesi (2022); top-right: Fidrmuc et al. (2019); bottom-left: Canova und Pappa (2021); bottom-right: Crucitti et al. (2022).

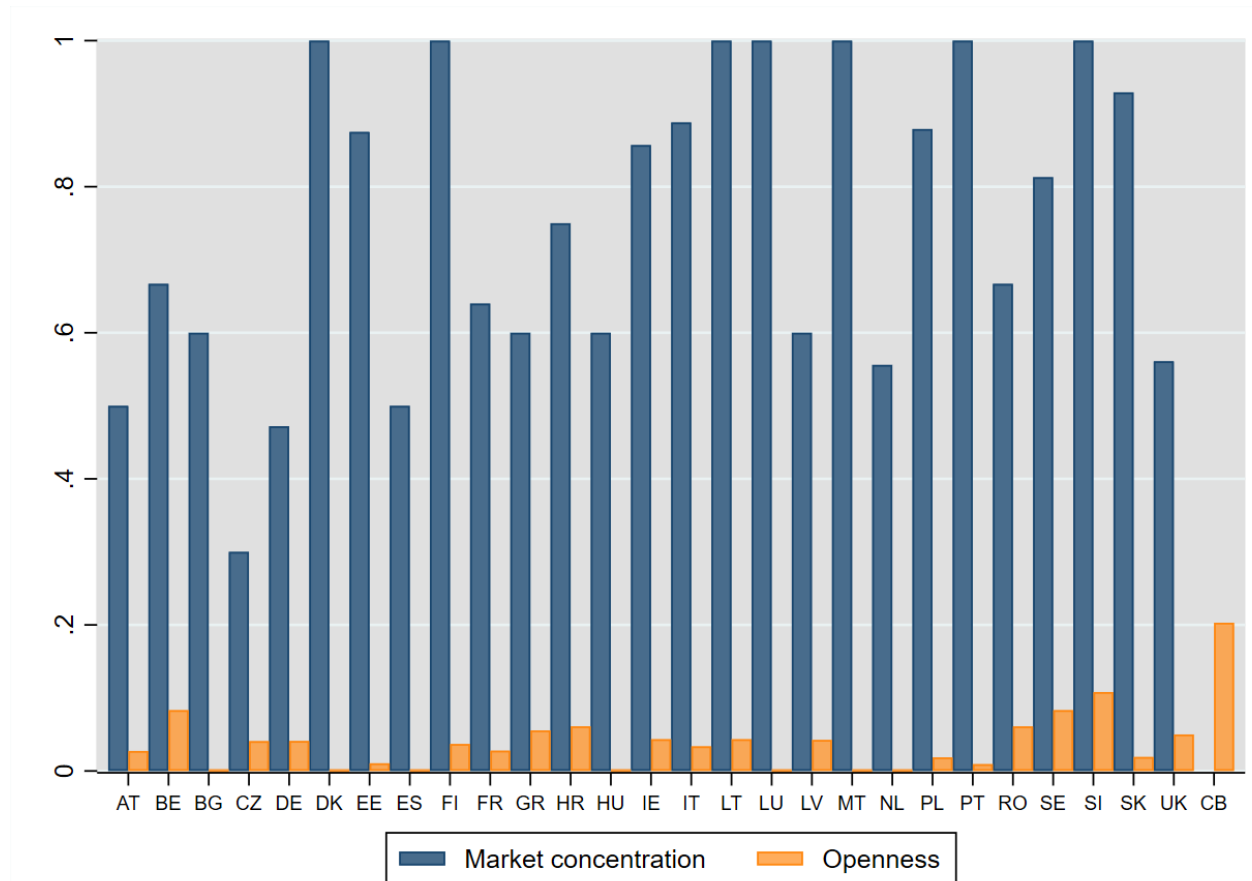
EXPLAINING THE VARIATION (R2)

	(1) avg_sent	(2) avg_sent	(3) avg_sent	(4) avg_sent	(5) avg_sent	(6) avg_sent	(7) avg_sent	(8) avg_sent	(9) avg_sent	(10) avg_sent	(11) avg_sent	(12) avg_sent
0.uni_du~y	0 (.)											
1.uni_du~y	0.0254 (0.59)											
R2	0.000	0.053	0.065	0.142	0.152	0.211	0.213	0.215	0.224	0.392	0.403	0.688
Adjusted~2	-0.000	0.041	0.050	0.074	0.083	0.145	0.143	0.143	0.152	0.190	0.176	0.301
N	2259	2259	2258	2227	2227	2227	2227	2227	2227	1945	1425	469

Notes. Column (1):University Affiliation, Col (2): Country Code, Column (3): Publication Year, Column (4): Country Code X Publication Year, Column (5): Fund Type, Column (6): Evaluation Type, Column (7): Thematic Objective, Column (8): Evaluation Method, Column (9): Programming Period, Column (10): Total Budget, Column (11): Evaluated Projects, Column (12): Author(s)/firm Team

- Little variation across dimensions, except for the country of the project
- Author fixed effects explain as much of the variation as everything else jointly
- Project fixed effects do not matter

CP EVALUATION MARKET: CONCENTRATED WITHIN AND FRAGMENTED ACROSS COUNTRIES



Notes: Market concentration is measured as the market share held by the largest 3 co-author teams within a country. Openness is given by each countries' share of authors who have contributed to at least one evaluation from another country. CB refers to cross-border and Interreg Europe programme evaluations.

THE IMPERFECTIONS OF THE (VERY DEVELOPED) CP EVALUATION SYSTEM

- Ambiguous objectives
- Methods: slow speed of progress and lacking clarity on methodological limits
- Limited use in decision making
- Lack of precision on “European Added Value”
 - Counterfactual needed
 - Don’t forget welfare costs of taxation
 - Biased search for unintended side-effects
- Lack of impartiality
 - Segmented and oligopolistic national markets
 - Contrasting messages from evaluations versus academic literature

FIVE GROUPS OF RECOMMENDATIONS ON BETTER CP EVALUATIONS

Tinbergen Rule (each objective needs one instrument) – refocused CP would help

Revise CPR: re-introduce ex-ante evaluations; „evaluate first“ principle „Charter for Evaluators“;

Incentivize a cross-border market for CP evaluations (e.g. tender conditions, cross-border peer review).

Integrate counterfactual methods and policy design; foster transparency on methodological limits

Establish a European Advisory Panel on CP

MUCH MORE TO READ IN THE FULL REPORT...

Download full report here: <https://www.zew.de/cohesionendreport2024>.

