

European Structural Funds and sectoral growth. A disaggregated analysis
PRELIMINARY DRAFT – PLEASE DO NOT QUOTE WITHOUT AUTHORS' PERMISSION

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Abstract: In this paper we assess the impact of various types of cohesion policies on the economies of the 238 European NUTS2 regions for the 1995-2016 period. Unlike in most previous works, we assess the impact of the funds on four sectors (agriculture, industry, construction, services) through a multi-input multi-output transformation function, and we evaluate the funds' effects on the basis of a model of their regional allocation. More precisely, we estimate the policies' average partial effects through a control function approach incorporating the funds' allocation rules. Our evidence implies that European Structural Funds had a significant impact on various sectoral components of regional GDP per capita, with the Cohesion Fund and, especially, the ERDF taking the strongest role. Furthermore, the effectiveness of European Structural Funds has different strength over the sectors taken in consideration.

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Keywords: European Structural Funds, control function approach, sectoral development, multi-output multi-input transformation functions.