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“ Cohesion policies effectiveness of EU regions on well-being”

This paper is aimed at assessing the effects at the NUTS 2 level of the European Regional Policy (in the programming period 2000-2006) on a composite indicator of well-being based on nine progress dimensions (Income and distribution, Jobs, Housing, Education, Health, Environment, Safety, Civic engagement, Access to services) combined by means of the Principal Component Analysis. The econometric approach involves the use of a non-parametric Regression Discontinuity Design technique to a uniquely-disaggregated Cohesion Policy dataset. The statistical units are the NUTS 2 regions of the European Union with 15 member states (EU15). The analysis considers two time intervals of the outcome variable in order to capture the different time-variant effects of the policy (2000-2010 and 2000-2013) and aims to identify a discontinuity between the regions eligible for the Objective 1 of the Cohesion Policy and the other regions in terms of well-being growth, looking at both the regions that are close to the threshold (with similar characteristics) and those regions lying away from the cut-off point (more dissimilar). Moreover, the analysis investigates the sources of the growth differential between the two groups of regions using the Blinder-Oaxaca decomposition. The goals of the research can be summed up into four main points. First, the research aims to define a composite measure of well-being for the European NUTS 2 by means of the Principal Component Analysis. Second, the above mentioned well-being indicator is the outcome variable used to assess the impacts of the European Cohesion Policy, applying a non-experimental method for comparing the performance of different groups of observations: the Regression Discontinuity Design. The third and the fourth steps aspire to analyse deeply the determinants and the nature of the growth differentials between the two groups of regions. In the fourth step, the attention moves to the identification of the discontinuity away from the cut-off, following the approach of Angrist and Rokkanen (2013).