

## Appendix B

**Table B1.** Assignment of regions into control and treatment groups and treatment intensity

Fund / expenditure category	Number of regions in		Funding intensity in treatment group over policy intervention (2000–2006) period Funding-to-GDP ratio (%)		
	Control group	Treatment group	Min.	Average	Max.
All funds and all expenditure categories	244	1007	0.000157	0.50429	13.506
1. ERDF Objective 1 <sup>1,2</sup> (all expenditure categories)	837	414	0.0000165	0.8266	12.376
<i>1.1. Productive environment</i>	838	413	0.0000165	0.26806	2.7806
<i>1.2. Human resources</i>	1025	226	0.0000977	0.026831	0.40655
<i>1.3. Basic infrastructure</i>	843	408	0.00035604	0.53847	9.6107
<i>1.4. Miscellaneous</i>	884	367	0.000000269	0.015715	0.24877
2. ERDF Objective 2 <sup>1,3</sup> (all expenditure categories)	712	539	0.00007	0.078011	0.42617
<i>2.1. Productive environment</i>	714	537	0.0000143	0.050923	0.33620
<i>2.2. Human resources</i>	1051	200	0.000000321	0.0045651	0.033262
<i>2.3. Basic infrastructure</i>	772	479	0.0000189	0.026861	0.29975
<i>2.4. Miscellaneous</i>	803	448	0.00000803	0.0020597	0.042162
3. Cohesion fund <sup>4</sup> (all expenditure categories)	1006	245	0.010217	0.44076	2.7355
<i>3.1. Productive environment</i>					
<i>3.2. Human resources</i>					
<i>3.3. Basic infrastructure</i>	1006	245	0.0072947	0.43704	2.7355
<i>3.4. Miscellaneous</i>	1131	120	0.0000962	0.0075874	0.13914
4. ERDF Urban <sup>5</sup> (all expenditure categories)	1171	80	0.0000057	0.014437	0.12237
<i>4.1. Productive environment</i>	1185	66	0.00000499	0.0030871	0.025497
<i>4.2. Human resources</i>	1181	70	0.00000206	0.0024767	0.013445
<i>4.3. Basic infrastructure</i>	1175	76	0.00019551	0.0092983	0.10953
<i>4.4. Miscellaneous</i>	1178	73	0.00000364	0.00097517	0.0067776
5. ERDF INTERREG IIIA <sup>6</sup> (all expenditure categories)	829	422	0.00075	0.03416	0.80787
<i>5.1. Productive environment</i>	829	422	0.00041239	0.012210	0.52220
<i>5.2. Human resources</i>	841	410	0.0000462	0.0023949	0.039610
<i>5.3. Basic infrastructure</i>	829	422	0.0000792	0.016747	0.29187
<i>5.4. Miscellaneous</i>	830	421	0.00000637	0.0028850	0.044615
Productive environment (all funds ERDF+CF)	246	1005	0.00010066	0.14268	2.7806
Human resources (all funds ERDF+CF)	540	711	0.00000044	0.011437	0.40655
Basic infrastructure (all funds ERDF+CF)	285	966	0.0000286	0.35964	10.740
Miscellaneous (all funds ERDF+CF)	326	925	0.000000269	0.0096069	0.25676

<sup>1</sup>ERDF during 2000–2006 was intended to help eliminate the main regional imbalances in the EU; therefore, it should have contributed reducing the gap between the regions of various development levels and the least-favoured regions and islands, including rural areas. ERDF should have contributed to social and economic regeneration of cities and urban neighbourhoods in crisis under the EU initiatives as well as to financing cross-border, transnational and interregional cooperation.

<sup>2</sup>The aims of ERDF Objective 1 were to solve the problems in regions: to increase the level of investments, to decrease the unemployment rate, to decrease the lack of services for business and

individuals and to improve poor basic infrastructure. Objective 1 was the main priority of the EU cohesion policy. The EU worked according to the Treaty of Rome to “promote harmonious development” and aims particularly to “narrow the gap between the development levels of the various regions”. This is why 69.7% of the SF were planned to be allocated to Objective 1, including 4.3% for transitional support (i.e. a total of EUR 135.9 billion) and were allocated for the development of lagging regions (Council regulation: general provisions on the Structural Funds, 1999).

<sup>3</sup>*The aims of ERDF Objective 2* were to renew all areas, which have structural difficulties: industrial, rural and urban or are dependent on fisheries. Usually this situation is in regions whose development level is close to the EU average, such regions face with different types of socio-economic difficulties, which include: the complicated evolution of industrial or service sectors; the crisis situations in urban areas; the declining traditional activities in rural areas; the difficulties affecting fisheries activity. All these difficulties are often the source of high unemployment level. Objective 2 was to contribute to the social and economic conversion of regions with structural difficulties other than those eligible for Objective 1. Eligibility was depended on the ceiling of population and on the set of specific criteria to each region. It was planned that 11.5% of the SF will be allocated to Objective 2, including 1.4% for transitional support (i.e. a total of EUR 22.5 billion) (Council Regulation: general provisions on the Structural Funds, 1999).

<sup>4</sup>*Cohesion Fund*. All the regions of Objective 1 of the EU Member States with a GDP of less than 90% of the EU average were supported by a special solidarity fund called Cohesion Fund (CF). It financed only the transport and environmental infrastructure projects, as well as technical support projects, including publicity and information campaigns. The CF financed projects only in some EU Member States in 2000–2004, it was namely Greece, Portugal, Ireland and Spain. The majority of their territory was covered by Objective 1. Only a few Objective 2 regions in Spain received assistance from the CF, which co-finances environmental protection and transport projects. Since 2004, new EU member states have been included: the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia. The CF was allocated to countries rather than to regions (Fratesi and Perucca, 2014). In the period between 2000 and 2006, total resources available for commitments for Ireland, Greece, Portugal and Spain were EUR 18 billion, and additional total resources available for commitments for Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia in the period from the date of accession to 2006 were EUR 7.6 billion (Council regulation: establishing a Cohesion Fund, 2006).

<sup>5</sup>*Urban* is the EU Initiative of the ERDF for sustainable development in the troubled urban districts for the period 2000–2006. The aim of Urban II was to promote the design and implementation of innovative development models for the social and economic regeneration of troubled urban areas. The programming documents during the period 2000–2006 of the regions eligible for priority Objectives 1 and 2 comprised integrated measures of social and economic development covering many urban areas. Through an integrated territorial approach, these measures should have contributed to the balanced development or conversion of the regions concerned. Furthermore, the measures financed under Objective 3 should also have strengthened social cohesion in the towns not covered by Objectives 1 and 2.

<sup>6</sup>*INTERREG III* is an EU initiative which aim was to stimulate interregional cooperation in the EU in 2000–2006. INTERREG III was the part of the ERDF. This phase of the INTERREG initiative was designed to strengthen social and economic cohesion across the EU, by fostering the balanced development of Europe through: (i) *cross-border cooperation* for developing cross-border social and economic centres through common development strategies; (ii) *transnational cooperation* by involving national, regional and local authorities to promote better integration within the EU by creating the large groups of European regions; and (iii) *interregional cooperation* by creating networks for improving the effectiveness of regional development policies and instruments through large-scale information exchange and sharing of experience.

Particular attention has been paid to the integration of remote regions, which share external borders with the candidate countries. INTERREG III was made from three priorities and had a total budget of EUR 4.875 billion.

The common objectives of all financial support expenditure categories: (i) productive environment – financing of assisting SMEs, RDTI and large businesses, of development telecommunications and the information society; (ii) human resources – financing of education and training, social inclusion decisions; (iii) basic infrastructure – financing of transport infrastructure, energy and the environment, partly reflecting the CF's support to the latter, environment and environmental expenditure in enterprises, social infrastructure (generalised information from Ex post evaluation of cohesion policy programmes 2000–2006, 2009).