

How do EU-15 countries benefit from the cohesion policy in the Visegrad Group?

Ex-post evaluation and forecast of the benefits to the EU-15 countries resulting from the implementation of the Cohesion Policy in the Visegrad Group countries

Key findings

The social and economic transformation in Czech Republic, Hungary, Poland and Slovakia can, to a large extent, be attributed to the outcomes of intervention funded under cohesion policy. According to simulations of the macroeconomic model, the impulse resulting from spending the structural funds and the Cohesion Fund accounts for ca. 25-30% of the real convergence of the GDP of the Visegrad Group countries with the EU average. Evaluation studies also confirm the tangible impact of the cohesion policy including improved innovativeness, positive developments on the labour market, higher transport accessibility, environmental protection as well as enhanced energy efficiency and security.

While supported with national public and private funding, the unprecedented scale of growth-related investments in the Visegrad Group countries would not have been possible without the contribution of the structural funds and the Cohesion Fund, which consist largely of contributions of the EU-15 member states. According the analysis presented in this report, these contributions are offset by a range of benefits which make the cohesion policy in its current form beneficial both to the recipients of support and to countries co-financing the interventions. Those benefits are available to the EU-15 through two main channels: economic benefits and other positive externalities.

Economic benefits can be broken down into three categories:

- indirect export benefits (EUR 76.9 billion), i.e. exports induced by the growth of aggregate demand in V4 countries resulting from cohesion policy intervention, excluding direct involvement of EU-15-based or EU-15-owned companies in implementation of projects;
- direct export benefits (EUR 11.7 billion), i.e. benefits derived from direct involvement of EU-15-based companies as contractors or suppliers in EU-funded projects in V4 countries;
- direct capital benefits (EUR 8.0 billion), i.e. benefits resulting from contracts awarded to local companies owned by majority capital from the EU-15.

A combination of indirect export benefits, direct export benefits and direct capital benefits leads to an estimation of the total economic benefits to the EU-15 from the implementation of the cohesion policy in the Visegrad Group in 2007-2015 at approx. EUR 97 billion. In that period, the EU-15 contributed ca. EUR 120 billion gross to the cohesion policy (EUR 110 billion in the case of net payers). Thus, the total economic benefits accounted for approximately 80% of the spending (82% for net payers).

The economic benefits to the EU-15 are augmented by a range of other positive externalities resulting from the outcomes of cohesion policy in V4 countries related to, among others, upgraded transport infrastructure, support for the enterprise sector, increased environmental protection as well as support for local universities and research institutes. All of these forms of cohesion policy intervention are beneficial not only for the direct recipients in V4, but also to a variety of citizens and institutions from EU-15 countries.