

The IER Seminar in Empirical Economics

We would like to invite you all for the kickoff IER seminar series in empirical economics that will be held at the library of the Institute of Economics on June 8, 2010 at 2:00 PM.

The speaker is **Marek Radvansky**, the head of the department of economic modeling of the institute, on:

Modeling the Impact of Postponed Implementation of EU Structural Funds: The Case of Slovakia.

The abstract of the paper has been included in this e-mail. Please, confirm your possible participation by June 6th 2010 to Soňa Slobodníková at sona.slobodnikova@savba.sk

We are very much looking forward to see you all at the seminar.

Kind regards

Marek Radvansky and Menbere Workie Tiruneh

Abstract

1. Rationale & objective

The financial allocation of EU structural funds for current programming period 2007-2013 has been set in 2007. The present financial framework is providing substantial amount of financial resources, which are being implemented in period 2007-2015 (n+2 rule). The new member states are among countries with substantial structural support from the EU. The evaluation of possible effects of this support on national economy was predominantly estimated by the HERMIN model. These cumulative effects were expressed by cumulative multiplier enumerated under even funds implementation. Although the previous experience with structural support implementation (2004 – 2006) created the necessary experience for the present programming period, the implementation of structural funds in the present (actual) financial perspective is lagging behind not only in Slovakia but also in other new EU member states. This lagging behind is leading to increasing implementation of funds in later period (2010-2015) and will with high likelihood impede its overall effectiveness. The aim of the seminar is to compare possible impact of even implementation as well as the impact of postponed implementation of structural funds using the HERMIN model. This will be illustrated on case of Slovakia.

2. Modelling approach.

The structural HERMIN model designed by J. Bradley has been used for ex-ante evaluation of Slovak NSRF (National Strategic Reference Framework). This model represents a simplified version of complex multisectoral HERMES model, originally designed by European Commission in early 1980 for international comparison of structural funds effects on the national economy. The simplification which is present in the HERMIN model allows the use this model in countries with lack of statistical data (such as new member states). This model is consisting from 4 main sectors (manufacturing, agriculture, market and non-market services) and contains both supply and demand side of economy. Model was used to evaluation NSRF effects for example in Czech Republic, Romania, Slovenia and other countries.

3. Studied country.

The seminar is focused on the estimation of above-mentioned effects in the case of Slovakia. However, the problems with the implementation of the ongoing Structural support are being observed also in other countries similar to Slovakia (mainly V4 countries). The methodology presented in this paper will provide basic framework for the estimation of the structural funds effects on growth, employment as well as other macroeconomic indicators in other similar countries. The amount of financial resources allocated in the Slovak NSRF is approximately 11,3 billion € (nearly 18% of Slovak GDP in 2006), which represents a substantial financial assistance.

4. Preliminary or expected results.

The estimation of the HERMIN model adjusted for Slovak conditions shows differences in scenarios resulting from implementation delays. These delays could cause significant losses (more than 2% of GDP) in cumulative effects of NSRF funds in selected period (2007-15) in comparison with even implementation. A delay also dramatically increases risks of ineffectiveness in the implementation of structural funds. The possibility that the country will not be able to spend its financial allocation has to be taken into account as one of the preliminary results.