SCHOOL OF ECONOMICS AND MANAGEMENT

The effect of the European structural and investment funds on regional financial interest

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Abstract

This paper examines what effect the European structural and investment funds have on financial interest in EU regions for the period 2006 to 2014. The aim of the paper is to fill the gap in research into the EU funds' success at attracting financial interest in the form of private investment to EU regions. The paper uses a fixed effects model with region level panel data to estimate the effect of all funds combined and each fund separately. Contrary to most other papers, which investigate the effects on FDI related investments, this paper uses merger and acquisition research to identify determinants of private investor decisions. The advantage of this paper's approach is that the model can control for the underlying determinants of investor decisions. But the disadvantage is that it requires detailed and sometimes unavailable data. The paper finds mixed effects from the EU funds on financial interest in the EU regions. The regional fund and rural fund show positive results for both rich and poor, the social fund shows a possibly negative effect for both rich and poor, and the cohesion fund shows inconclusive results.

Keywords: European Union, EU, European structural and investment funds, Cohesion policy, EU regional policy, M&A, Merger and acquisition, Foreign direct investment, Private investments, European regional development fund, European social fund, European agricultural fund for rural development, Cohesion fund

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1. Introduction

[Parts of this section is from my previous paper (Cederholm, 2019), with edits.]

The European structural and investment funds were created to foster cohesion among the EU member states and regions (European Commission, 2019a). The funds have been especially focused on regional development of poor regions by, among other things, investing in local infrastructure as well as small and medium size enterprises in the regions (European Parliament, 2019). An argument for the use of the funds in fostering development of the poorer regions is that the funds would lead to a spin-off effect where private investments get attracted to the regions and in turn increase the development further. From the European financial funding period of 2000 to 2006 and the most recent funding period 2014 to 2020 there has been an increased emphasis put on the importance of private investments and private co-investments in regional projects (European Commission, 1999a; European Commission, 1999b; European Commission, 2015; DE Regio Evaluation 2016).

While private investments are considered an integral part of the EU regions' long-term economic development, there has been little research done on the European structural and investment funds' success at attracting private investments or, more broadly, increase the investors' interest in the regions. The closest research on the effects of the EU funds would be the research done by Dall'ebra and Le Gallo (2008) focusing on how the EU funds affect countries' economic growth where private investments are only used as a link in the mechanism without being closely investigated. Most of the research either focuses solely on the EU funds' effect on economic growth and convergence without mentioning private investments, or it looks more broadly as to what the determinants of FDI flows are.

The literature on the EU funds' effect on economic growth and convergence is summarized by Ederveen et al. (2002). In their overview they find that research has found positive, negative or no effect depending on which models are used and that it is still not possible to determine which is correct. To properly analyse the field, they divide the research into three groups; case studies, simulation models and econometric models. They also note that one of the largest obstacles to both their own and previous research is a lack of econometric evidence.

The case studies investigate individual projects which have been funded by the EU funds and are more similar to evaluations of the programs rather than studies of mechanisms, see for example Huggins (1998). Huggins investigates how effective the EU funds' road building project were on long-term growth in South Wales. Another study done by Dignan (1995) uses a wide range of case studies of the EU funds to analyse the effect of the European regional development fund. Dignan concludes that the fund was ineffective because it was too uncoordinated and might not have invested in the right projects.

As opposed to the case studies, studies using simulation models are instead based on the theoretical framework from convergence theory which expect different economies' economic growth to converge. One such paper is the paper by Dall'erba and Le Gallo (2008) in which the authors find that the EU funds have a mixed effect on regional convergence, where some regions showing signs of convergence while others do not.

Among the econometric studies one study is of particular interest for this paper. The paper is written by Garcia-Milà and McGuire (2001) who investigates how the cohesion policy have affected regional economic growth in Spain. They argue that Spain needs private investments to sustain economic growth over time but find no evidence that the EU funds stimulate private investments in the Spanish regions.

The papers that look at determinants of FDI investments are generally one out of two types of papers. The first type investigates whether public investments cause a crowding-in or crowding-out effect private investments. The second type of papers look at determinants of FDI flows, cantered on standard macroeconomic variables which are also used when investigating growth papers. It is worth noting here that the EU funds follow a principle called the additionality principle. It states that investments from the funds must not crowd-out public or equivalent expenditures made by a member state in the regions (European Commission, n.d.). This principle seems to have been part of the EU funds instructions and strategy since at least the 2000 to 2006 financial period (European Commission, 2001).

The research on public investments' crowding-in and crowding-out effects on private investments have found that there are some crowding-in effects on private investments when public investments go to infrastructure but some crowding-out effects from public consumption (Argimón, Gonzáles-Páramo & Roláng, 1997). These findings are complemented by Laopodis (2001) who finds that the effects depend on which European country you look at. In Spain higher public consumption leads to lower private investment while higher capital spending has a small positive effect on investment. On the other hand, in other countries he finds that higher public expenditure leads to an increase in private investments.

Two papers investigating FDI flows are papers by Sharma and Bandara (2010) as well as Walsh and Yu (2010). Both of them identify determinants to FDI flows. Sharma and Bandara look at what determine outward FDI flows in Australia where they find that market size, open trade, similar language and culture are the most significant determinants. Walsh and Yu investigate FDI inflows to the primary, secondary and tertiary sectors, they find that some determinants which can seem insignificant when not dividing the economy into sectors are significant when only studying one of the three sectors.

There is a lot of research which is closely linked to this paper's focus. However, there is currently no research directly investigating the EU funds' effect on regional private investments. This is somewhat surprising since the funds handle hundreds of billions of Euro in investments and, as has been explained in the beginning of the introduction, it is an explicit goal of the funds to attract private investment to the regions. Instead of finding what determinants has been found significant for FDI flows on a macro level this paper will look at what country or regional factors a private investor looks at when deciding on an investment. This approach seems intuitively sound since the private investments after all are determined based on investor decisions.

This paper will investigate the effect of the European structural and investment funds on private investors' financial interest in EU regions. Using determinants of private investor decisions as controls and regional data on merger and acquisition deals as proxy for financial interest.

The structure of this paper will be as follows. Section 2 gives a background to the European structural and investment policy and the cohesion policy. Section 3 gives and overview of previous research into private investor decisions using research into M&A investment decisions. Section 4 explains and reviews the data as well as specifying the empirical model. Section 5 presents the results and analyses them. Section 6 presents the conclusion of the paper and possible future research.

1.1 The European structural and investment funds

[This section is largely the section from my previous paper (Cederholm, 2019), with some additions]

There are currently five European structural and investment funds; European regional and development fund, European social fund, Cohesion fund, European agricultural fund for rural development and the European maritime and fisheries fund. The European structural and investment funds mainly focus on five areas; research and innovation, digital technologies, supporting the low-carbon economy, sustainable management of natural resources as well as small and medium businesses. Each of the five funds has their own area of responsibility, some of the areas overlap but they each have their own main focus (European Commission, 2019a).

The European regional development fund was created 1975 and was the first fund to be created. The fund was created to balance development between the different regions in the European Union. In 1988 the European Union started an overarching cohesion policy which integrated a large range of projects into the European structural funds, as with the regional development fund the purpose was to balance development between countries and regions (European Commission, 2019a).

In the period of 1993 to 1999 the structural funds began to resemble what the fund looks like today. In 1993, through the Maastricht Treaty the Cohesion fund, an extension of the cohesion policy, was created. The purpose of the Cohesion fund was to focus on developing the poorest countries of the EU. The same year projects relating to fishery started to get funding by the structural funds and with the implementation of the cohesion policy, employment related projects begun to receive funding. During this period the budget for the structural and cohesion funds were doubled to a third of the total EU budget (European Commission, 2019a).

For the two project periods 2000 to 2006 and 2007 to 2013 the focus of the structural funds and cohesion policy changed, the “Lisbon Strategy” year 2000 set the priorities of the cohesion policy on growth, jobs and innovation. Later, in the period 2007 to 2013 the European Union earmarked 30% of the funding for environmental infrastructure and for projects to combat climate change (European Commission, 2019a).

During the current period, 2014 to 2020, the focus is at large the same as the two first periods of the 21th century but with the addition of a focus on what is called the urban dimension and social inclusion which is an integration project for cities and support of marginalised communities (European Commission, 2019b).

The EU’s investment policy is mainly focused on regional policy to balance and develop the different regions in the EU. The funding is mainly going through the European regional

development fund, with the rest going through the remaining four funds (European Commission, 2019c).

Regional policy and the investment plan are meant to balance regional development and increase solidarity between the regions and countries. The expectation is that the financial impact is not to be solely through the European structural and investment funds but also to increase public funding and private funding in the regions. Private investments are thought to increase because the public funding and investments are thought to create investor confidence (European Commission, 2019c).

Following this paragraph is a short explanation of each of the funds included in the European structural and investment funds. The funds are individually, the European regional development fund, the European social fund, the European agricultural fund for rural development, the Cohesion fund and the European maritime and fisheries fund.

European regional development fund

The European regional development fund is focused on four so called “thematic concentration” areas; Innovation and research, the digital agenda, support for small and medium enterprises and the low carbon economy. The allocation of funding between these goals depend on how developed a region is, for example a poorer region does not have to ear mark as much of the funding for the low carbon economy as more developed regions European Commission, 2019d). The budget for the financial period of 2014 to 2020 is set to 278 billion Euro (European Commission, 2020a).

European social fund

The European social fund funds job training programs such as vocational training and the adaptability of workers (European Commission, 2019e). All of the projects are co-financed by private investors to a degree of 50% to 85%. As with the regional development fund the degree of private investments required vary from region to region based on the wealth of the region. A richer region needs to have a higher degree of private co-financing (European Commission, 2019f). The budget for the financial period of 2014 to 2020 is set to 121 billion Euro (European Commission, 2020b)

European agricultural fund for rural development

The European agricultural and rural development fund is used to subsidise agricultural project and rural development projects such as food chain organisations or promoting rural inclusion. Money are partially ear marked for each country and partially available for individual projects applying for funding (European Commission, 2019g). The budget for the financial period of 2014 to 2020 is set to 150 billion Euro (European Commission, 2020c)

Cohesion fund

The cohesion fund is only available for the poorer countries in the EU. For the financial period of 2014 to 2020, countries with less than 90% of the EU average GNI per capita is eligible to receive funding from the cohesion fund (European Commission, 2019h). The budget for the financial period of 2014 to 2020 is set to 75 billion Euro (European Commission, 2020d)

European maritime and fisheries fund

The European maritime & fisheries fund is a somewhat special fund among the European structural and investment funds. It is focused on implementing the European fisheries regulation and helping fishermen to transition to sustainable fishing (European Commission, 2020e). Hence, it is does not necessarily follow the same "thematic concentration" areas as the other European structural and investment funds. The budget for the financial period of 2014 to 2020 is set to 8 billion Euro (European Commission, 2020f)

2. Theory

Merger and acquisitions, M&A, are a type of FDI where companies merge with or acquire other companies. This paper uses M&A as a proxy for private investors' financial interest in a region. M&A are done by investors and are hence, based on investor decisions. The determinants of M&A are found by investigating what an investor looks at when selecting a target for M&A investments. The research into determinants of M&A investor decisions can be divided into three groups; firm-level, such as Harzing (2002); industry-level, such as Liu and Zou (2008); and country-level, such as Benzing (1991). This paper will focus on the country-level information due to the availability of data for country-level determinants.

The research on country-level information are extensive and have been summarized by Xie, Reddy and Liang (2017). In their review they find seven subgroups: (1) Macroeconomic and financial markets environment; (2) Institutional and regulatory environment; (3) Political environment and corruption; (4) Tax and the taxation environment; (5) Accounting standards and valuation guidelines; (6) Cultural environment; and (7) Geography environment.

2.1 Macroeconomic and financial markets environment

The macroeconomic and financial markets environment determinants to M&A deals are, to some extent, overlapping the other categories. The reason for this is that policies, markets and institutions can affect the macroeconomic and financial markets. The distinction between the macroeconomic and institutional environment is hence blurry. But they could be separated by considering whether or not the institutional environment directly affects the macroeconomic or financial markets environment.

Within the literature there is several interesting findings which can be applied fairly directly as determinants of M&A. The availability of finance and credits, property protection, contract enforcement, outside investor and minority investor protection, stock market valuation and size, interest rates, employment and inflation.

Availability of finance, through banks or stock markets is essential for companies to operate and expand. A better financial system makes it easier for investors to invest in a country's companies and increases the M&A investments in a country (Hermes & Lenskin, 2000). But it is not only the stock market size and accessibility which is important. The stock market valuation also affects M&A investments in a country. A country with a high stock market valuation tend to attract more M&A investments compared to countries with lower stock market valuations (Uddin & Boateng, 2011). At the same time a temporary shock to a country's stock market valuation is

also increasing the M&A investments into a country. But this is only true if the shock is not a global wide shock or the shock is limited to specific industries. For the M&A investments to increase there has to be someone with the liquidity to make an investment (Shleifer & Vishny, 2003; Harford, 2005).

Other than availability of finance, macroeconomic policy coupled with institutional and regulatory framework has been found to influence M&A investments. The underlying mechanism of macroeconomic policies effect on financial development and economic growth goes through contract enforcement and information disclosure and availability. In a paper by Beck, Demirgüç-Kunt & Levine (2001) the authors investigate this mechanism using differences in institution and legal heritage of former British, French, German and Scandinavian colonies to compare financial development and how it has led to economic growth. The French heritage is characterised by weaker property rights, shareholder and debt holder protection which seem to have led to less developed stock markets and banks. The German heritage is characterised by stronger property protection, accounting systems, outside and minority investor rights and contract enforcement. Which seems to have led to a more developed banking system. It can hence be summarized that stronger property protection, accounting systems, outside and minority investor rights and contract enforcement seem to have an effect on the banking system and through that the investments.

In addition to previously mentioned variables interest rates, unemployment, inflation and trade barriers have been found to influence FDI and M&A investments. Since 1950 interest rates have been found to have a negative relationship with merger activities and unemployment a positive relationship (Benzing, 1991). Inflation has been found to influence M&A investments where a low inflation attracts inward investments and a higher inflation increases outwards M&A investments (Uddin & Boateng, 2011). The degree of trade barriers has also been found to have a negative effect on M&A investments. However, this seem to mostly affect investments into companies which are not in the same industry as the acquiror (Hijzen, Görg & Manchin, 2008).

2.2 Institutional and regulatory environment

Some institutional and regulatory environment determinants, such as property rights protection and minority investor protection, have already been covered in the previous section. But in addition to those already covered there are some determinants of M&A investments which are not directly affecting the macroeconomic or financial market environment. The research looks at two types of institutional determinants. The formal and the informal rules which shape the institutional framework. The formal rules are regulation and the informal rules are normative (Dutta, Malhotra & Zhu, 2016).

The research into formal and informal rules in relation to M&A investment is quite extensive. The research has found that a higher degree of obstructive regulation attracts acquisitions, since it is the easiest way to get access to a market (Meyer et al., 2014). But non-obstructive regulation which still ensures a safe business environment does also attract acquisitions as well as more general M&A investments, especially from countries with flexible labour regulations (Jory & Ngo, 2011). It has also been found that the relative institutional distance between two countries

affects M&A investments (Dutta, Malhotra & Zhu, 2016). The institutional distance leads to increased costs due to the issue of acquiring reliable good information (Ngo & Susnjara, 2016).

2.3 The political environment and corruption

The political stability and the country's laws ability to protect investors from arbitrary political decisions is an important determinant for attracting foreign investment (Beck, Demirgüç-Kunt & Levine, 2001; Collins et al., 2009; Conybeare & Kim, 2010; Holburn & Zelner, 2010). But the investor's aversion to political instability is relative. An investor in a more politically risky home country is more likely to invest in another politically risky country compared to an investor from a politically stable country (Datta, Musteen & Basuil, 2015).

While corruption has been found to have a negative effect on inward FDI flows (Cuervi-Czurra, 2006). It has also been found that countries with institutions of poor quality attract more FDI through M&A if they have higher level of corruption (Singh, 2012). The reason for this might be that the corruption makes it possible to get through an overly complex bureaucratic system or other significant inefficiencies.

2.4 Tax and taxation

There are two important aspects of tax to take into account when considering what effect it has on M&A. One is the level of taxation of a country and the other is how the taxation system of a country synergize with another. The effect of the level of taxation on M&A is different depending on which tax it is and what the effective tax rate is after tax credits (Scholes & Wolfson, 1990; Ang, 2008; Herger, Kotsogiannis & McCorriston, 2016). At the same time, it is not only the absolute level that matters but also the relative level between the two countries of the M&A deal (Hebous, Ruf & Weichenrieder, 2011). The tax synergy is especially important due to the risk of double taxation in a M&A investment (Becker & Fuest, 2010).

2.5 Accounting standards and valuation guidelines

The valuation of a company, above current share price, is affected by the possible synergy effects the acquiror company can receive from the deal (Baker, Pan & Wurgler, 2009). As well as a range of country specific effects (Xie, Reddy & Liang, 2017), manager cognitive specific effects (Malhotra Zhu & Reus, 2015), the level of investor protection (Martynova & Renneboog, 2008), and prior deals made by other investors from the same home country in the same target country (Gonzalez, Vasconcellos & Kish, 1998). It has also been found that countries that have adopted the 2015 international financial reporting standards guidelines, IFRS, receive more cross-border investments compared to those who have not (Louis & Urcan, 2012).

2.6 Cultural environment

Cultural distance between the home and target country have an especially large impact on what type of investment is conducted. Distance in this context refers to for example hierarchy structures, trust, individualism and language familiarity. When there is a large difference between home and target country it is more common to have a shared ownership instead of a buy up (Xie, Reddy & Liang, 2017). However, the distance is not symmetric between countries. The bidder

country's familiarity with the target country is highly significant as a determinant of FDI flows (Lim, Makhija & Shenkar, 2016). This would suggest that both distance and familiarity between two countries are relevant to determine the impact of cultural differences on M&A.

2.7 Geographic environment

Geographic distance affects the costs of M&A deals due to the increased transaction cost from a greater distance (Rose, 2000; Dutta, Saadi & Zhu, 2013). But the cost from geographic distance is also strongly correlated with cultural and political distance, called multidimensional distance (Di Guardo, Marrocu & Paci, 2016). When considering cases where the geographic distance is small but the cultural distance is large M&A deals tend to choose shared ownership while in the case of large geographical distance but low cultural distance, the M&A deals tend to be full ownership (Malhotra, 2012). The distinction between shared and full ownership could be important since, logically, a shared ownership, compared to full ownership, would lead to a smaller transaction. This would in turn mean that when investigating only the volume of FDI transactions or deal transactions this effect risks skewing results depending on what FDI is used as a measure of. For example, if FDI transactions between two countries is used as a measure of a country's success in reforming the economy, the effect might be underestimated since a large number of deals conducted could be shared ownership instead of full ownership.

2.8 Summary of theory

There is a broad range of research on determinants of M&A investments by investors. The decisions are based on information at three levels, firm-level, industry-level, and country-level. In this section the focus has been on country-level research focused on cross-border M&A. More specifically on the research which have found specific determinants which can be used when analysing M&A investments empirically. The determinants and the paper(s) from which they are based can be found in table 1 below.

Table 1: Determinants of M&A investor decisions

Determinants	Group	Suggested by
Country real GDP growth	Macro	Uddin & Boateng (2011)
Regional real GDP growth	Macro	Uddin & Boateng (2011)
Employment	Macro	Benzing (1991)
Inflation	Macro	Uddin & Boateng (2011)
Degree of trade barriers	Macro	Hijzen, Görg & Manchin (2008)
Availability of finance	Finance	Hermes & Lensink (2000)
Stock market size	Finance	Hermes & Lensink (2000)
Degree of legal contract enforcement	Finance/Institutions	Beck, Demirgüç-Kunt & Levine (2001)
Degree of minority shareholder protection	Finance/Institutions	Beck, Demirgüç-Kunt & Levine (2001)
Degree of property protection	Finance/Institutions	Beck, Demirgüç-Kunt & Levine (2001)
Institutional distance between countries	Institutions	Zu & Shenkar (2002); Diktova, Rap Sahib & van Witteloostuijn (2010); Dutta, Malhotra & Zhu (2016)
Political stability of target country	Political	Conybeare & Kim (2010)
Relative political stability between home and target country	Political	Datta, Musteen & Basuil (2015)
Tax rates, various.	Tax	Hebous, Ruf & Weichenrieder (2011)
Adherence to 2015 international financial reporting standards guideline	Tax	Louis & Urcan, 2012
Level of corruption	Corruption	Cuervi-Czurra (2006)
Corruption as a mean to administrative efficiency	Corruption	Singh (2012)
Home country experience of deals in target country	Accounting	Gonzalez, Vasconcellos & Kish (1998)
Stock market valuation, to determine temporary shock leading to mergers	Valuation	Shleifer & Vinshy (2003); Harford (2005); Uddin & Boateng (2011)
Relative cultural difference between home and target country	Culture	Lim, Makhija & Shenkar (2016)
Geographical distance between home and target country	Geographic	Dutta, Saadi & Zhu (2013)

3. Data, Descriptive statistics and Model

3.1 Data

The data set is comprised of data on M&A deals, EU fund pay-outs on regional level, and control variables for regional and country level. The data is yearly on European NUTS 2 regions. NUTS 2, nomenclature of territorial units for statistics, is a system for dividing up territory in the EU and UK for statistical data collection and analysis. There are several levels of territorial units, where level 1 is the largest and 3 is the smallest (Eurostat, 2020). For the purpose of this paper the data on deals has been aggregated from micro level, the EU fund payments were provided by the European Commission and already aggregated on yearly NUTS 2 level, the regional control variables where also on yearly NUTS 2 level and the country level controls on yearly country level. In this section, each category of variables will be discussed in detail.

In the data the European maritime and fisheries fund is not included since it is not available through the detailed regional data set used in this paper. There are also some countries which are not included in the data because they do not have any coverage in the deals data. These countries are Estonia, Latvia, Lithuania, Spain and Ireland. A more detailed account of the data coverage will be given in the descriptive statistics section.

Data sources

The independent variable, deals, is retrieved from Bureau van Dijk's Zephyr data base on financial company data. The data base has information on mergers and acquisitions, IPO, private equity and venture capital deals. The data included in this paper's data set uses data on completed merger and acquisitions, M&A, linked to the European nuts 2 regions by post codes provided by Eurostat[1]. Data from the Zephyr data base is used in this paper because there is no better source with regional investment data available.

The EU fund data is retrieved from the "European Commission – DG Regional policy". It is a complete dataset of payments from all the European Structural and Investment Funds from 1994 and is regularly updated. The data is available on nuts 2 regions. The data set includes a modelling of expenditure year since the year of pay-outs are not necessarily the year the money is going to be used. This modelled variable is what is used in this paper.

The regional controls data used in this paper is found in the QoG EQI Data, gathered by Charron, Lapuente and Annoni (2019). The QoG EQI Data is yearly data on European nuts 2 regions and includes a wide variety of variables on, among others, economics, labour, education, institutions and infrastructure. While there are a wide range of variables, most variables do not cover more than a few years and some mostly cover the richer regions. The variables used in this paper have been selected by balancing variable precision against the number of years and regions covered. The best selection of years for this balance was determined to be from 2006 to 2014. Balancing for regions were not as hard since most variables either had barely any poorer regions covered or had a decent amount covered.

[1] Eurostat provides correspondence tables of post codes to nuts 3 codes for the EU member states and UK, available at: https://ec.europa.eu/eurostat/web/nuts/correspondence-tables/postcodes-and-nuts [Accessed 10 January 2020]

The country control variables are retrieved from a couple of sources. Some are provided by the World Bank's Doing Business data base which gathers data, which can be used to indicate how easy it is to do business in a country. They provide a wide range of variables such as, time needed to pay taxes, ease of registering property and how hard it is to get electricity. Each category, for example availability of electricity, is measured as an index which is based on a couple of variables recording aspects relevant to determine availability of electricity. The other sources for the country control variables are Eurostat, World Bank, OECD and Pen World Tables.

Data Processing

Since the data from the Zephyr data base is not exported in a format meant for data analysis, a major issue has been to match postcodes with nuts 2 regions. When initially matching the postcodes 44 percent of all deals could not be matched. To improve the data, the unmatched postcodes had to be "repaired" since some countries have a relatively higher degree of unmatched post codes compared to others. A detailed table can be seen in appendix A, table A1.

From figure 1 in the descriptive statistics section, which shows which regions are covered in the data. And figure 2, which shows the wealth level of the EU regions, we can see that there seem to be a correlation between region wealth level and coverage in the data. It seems like unmatched postcodes could be correlated to the wealth of regions, especially in poorer countries. Hence, cleaning the data is particularly important in this paper to make sure the data and post codes are as complete as possible. The rest of this section is an explanation of what has been done with the deals data, EU payments data and control data will follow.

When exporting the deals data from the Zephyr data base the data is not formatted for data analysis. The exported data has several issues which need be resolved before the data can be used. The first group of issues arise because the data is not exported in a format meant for data analysis. The second issue is that a large percentage of all deals cannot immediately have their post codes linked to regions. The third issue lies in differences in region codes between the deals data and the rest of the data. The third issue is not an issue which lies in the deals data but an issue which appears because the data need to be compiled with other data.

Initially the exported deals data consist of around 450'000 deals but since not all deals have all necessary information, country, post code and date of completion, some are removed from the data. There are also deals which have multiple post codes, for these the deal value has been split up between the postcodes, and post codes which are not located in an EU country has been removed. The issues here seem to be of a more random nature, and we do not expect the removal of this data to cause any severe biases. From this point onwards, each postcode is considered to be a unique observation even though some of them were originally part of the same deal. The total number of observations at this point is 341'609.

To combine the deals data with the EU payments and control data, the deal data needs to be aggregated on year and nuts 2 level. To aggregate on nuts 2 level, postcodes are linked to nuts 2 regions. When first linking the postcodes to nuts regions, 14.7 percent of the observations could not be linked to a nuts region. After a lot of manual work, the number of unmatched postcodes were reduced to 8.4 percent. The remaining 8,4 percent unmatched postcodes were removed from the data.

The final adjustment that has been done to the data is changing old French nuts 2 codes in the EU payments data and the regional control data to the new nuts 2 codes. This made is possible to link the French observations between the data sets. This is important since all French regions would otherwise have been excluded from the analysis.

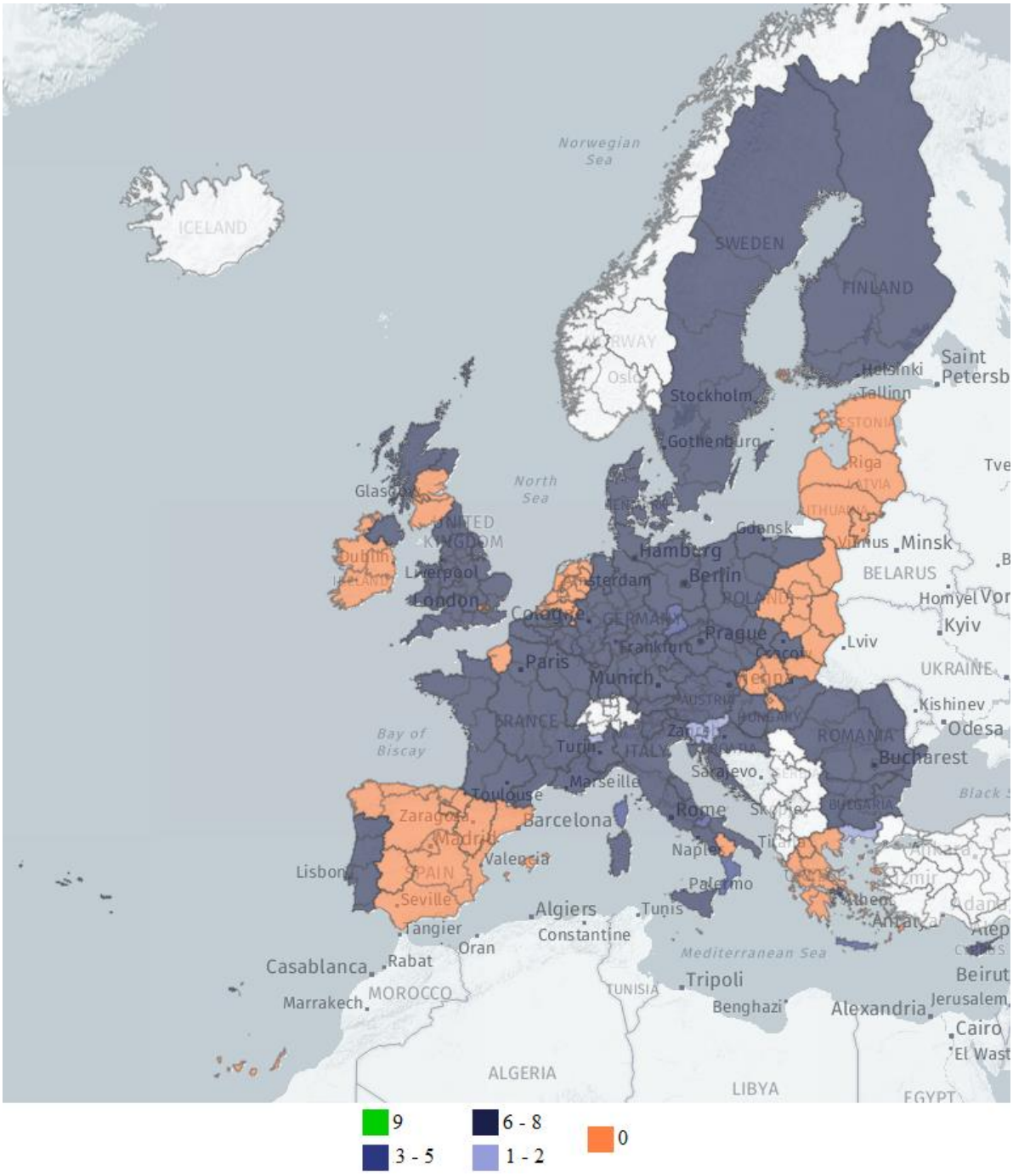
When aggregating the deals data, each observation was counted as a deal and the total number of deals were summed up for each year and nuts 2 region to create a variable, number of deals. No more adjustments were made to the data.

3.2 Descriptive statistics

The data in this paper does not cover all regions in the EU, and there is a difference in the number of years covered among the regions which are covered. In figure 1 below, we can see the degree of coverage by region. The condition for a region to be considered having data coverage for a year is to have data on all variables included in the empirical model which will be presented in the section model specification.

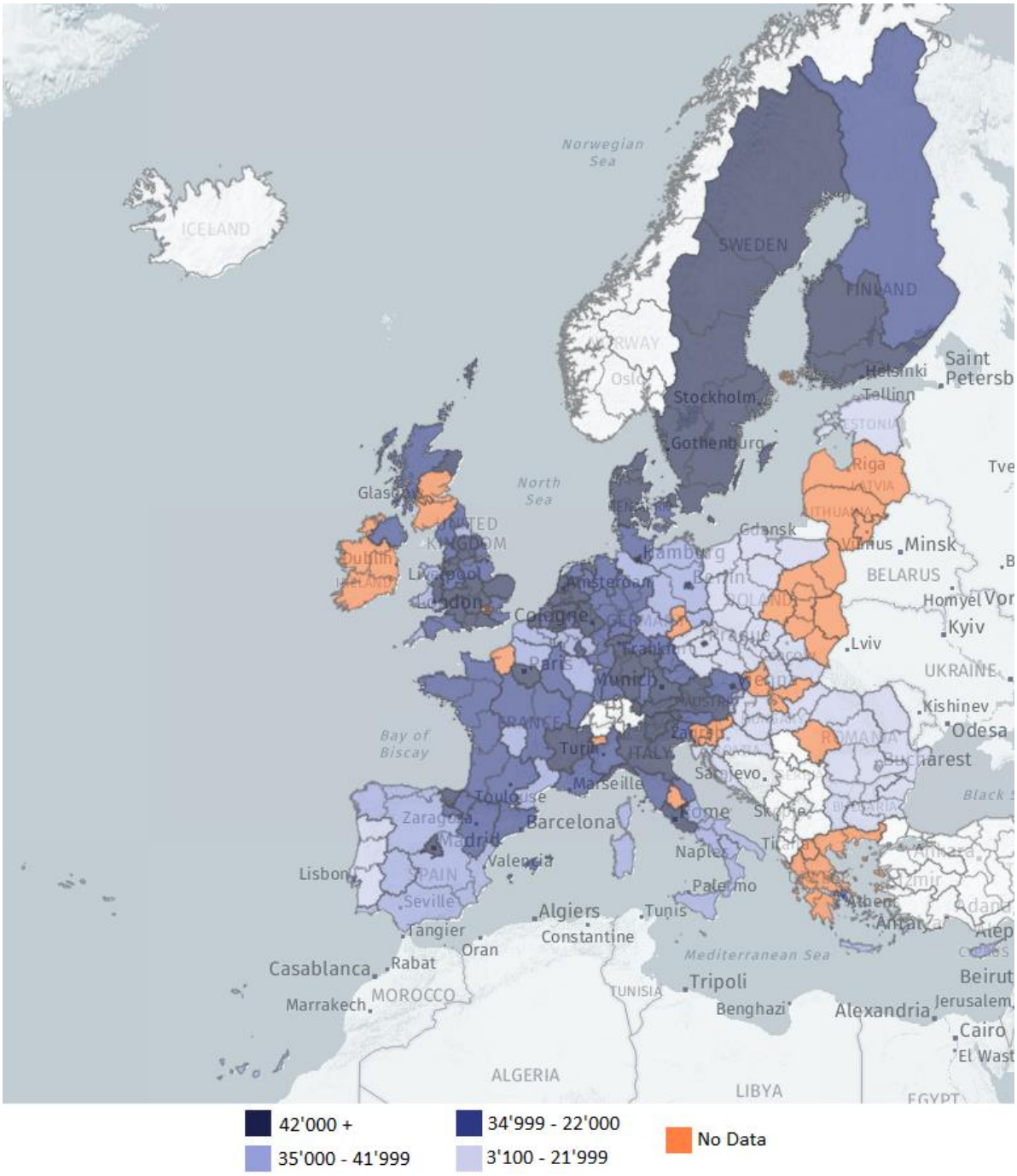
From figure 1, we can see that the regions which have any coverage tend to have a high degree of coverage of 6 to 8 years with a few regions having smaller coverage. No region has a perfect coverage of 9 years, which is full coverage. The regions which are not covered are regions which are eligible for the Cohesion fund and are hence considered the poorer countries in the EU. See table xx for a full complete list of countries eligible for funding from the European cohesion fund. This skewed data coverage could pose a problem when analysing the total population since the results might be biased towards the richer countries.

Figure 1: Colorized map of degree of data coverage



The European structural and investment funds which is directed according to the European Cohesion policy is aimed at creating economic and social cohesion between the European regions. Looking at the map below of regional GDP per capita we can see how the economic development looks between the regions.

Figure 2: Colorized map of Regional GDP per capita for year 2007



An additional map of the wealth groups can be found in appendix A, figure A1

Looking at the map, the wealth distribution between regions seem to follow a west-east and north-south divide. The west-east divide is also correlated with countries' time of ascension, since the eastern countries are the newest members to the EU. A table of EU member states by ascension date can be found in appendix A, table A2. When comparing the map to table 2, showing the member states eligible for the Cohesion Fund, we can see that almost all regions in the countries eligible for the Cohesion Fund are also among the poorer regions. From the map we can also see that most of the regions which are not covered in the data are regions in the poorer countries such as Poland, Greece, Slovenia, Hungary, Latvia and Lithuania. Other regions not

covered include a region in southern Italy, central London, Scotland and all of Ireland. It is evident that most of the regions which are not covered in the data are either in relatively poorer countries, or in regions which would be expected to be poorer within the countries.

Table 2: Beneficiaries of the European cohesion fund

	Period		
Country	2000-2006	2007-2013	2014-2020
Bulgaria	x	x	x
Croatia	x	x	x
Cyprus	x	x	x
Czech Republic	x	x	x
Estonia	x	x	x
Greece	x	x	x
Hungary	x	x	x
Ireland	x	x	De facto
Latvia	x	x	x
Lithuania	x	x	x
Malta	x	x	x
Poland	x	x	x
Portugal	x	x	x
Romania	x	x	x
Slovakia	x	x	x
Slovenia	x	x	x
Spain	x	x	De facto

De facto refers to countries which are not officially on the lists of beneficiaries of the Cohesion fund in the beginning of the period but still received payments from the fund.

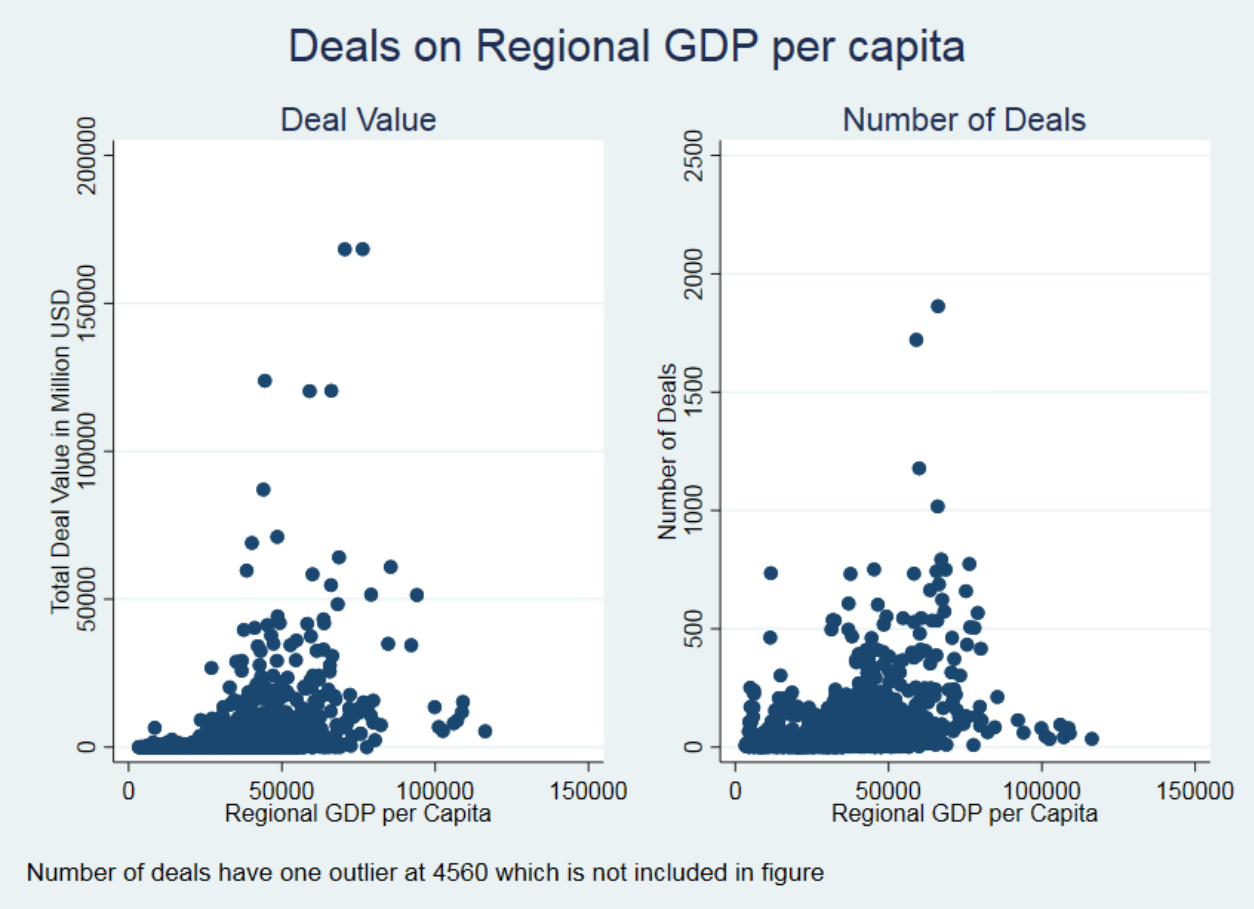
Deal value and number of deals

The paper uses two measurements of financial interest, deal value and number of deals. Deal value can account for the differences in size of investments but might not manage to adequately cover the poorer regions since they might not have as good reporting or different market structures. One such case could be that fewer of the deals in the poorer regions are in listed companies which means that the deal amount is not public information and hence the size of the deal cannot be measured. But even though the value of a deal is not available the information that a deal has been made is known. It is also possible that the data gathering in poorer regions is worse and hence, the deal value is reported less often as the exact value require more detailed information compared to simply noting that a deal took place. Since there is no regulation stating that deals must be reported to the Zephyr database the data is subject to these limitations.

Number of deals on the other hand require less detailed information and does not require the deal value. This could mean that number of deals is a more reliable measurement, especially when comparing rich and poor countries and at least to some degree when comparing rich and poor

regions. From table A4 in the appendix, we can see that there are large differences between countries when it comes to how many deals have a deal value. Contrary to what we would expect the poor countries tend to have more of their deals with value. One explanation for this could be that M&A investments to poorer countries would go to known companies to a higher degree compared to the richer countries. However, the table does not show the differences between regions.

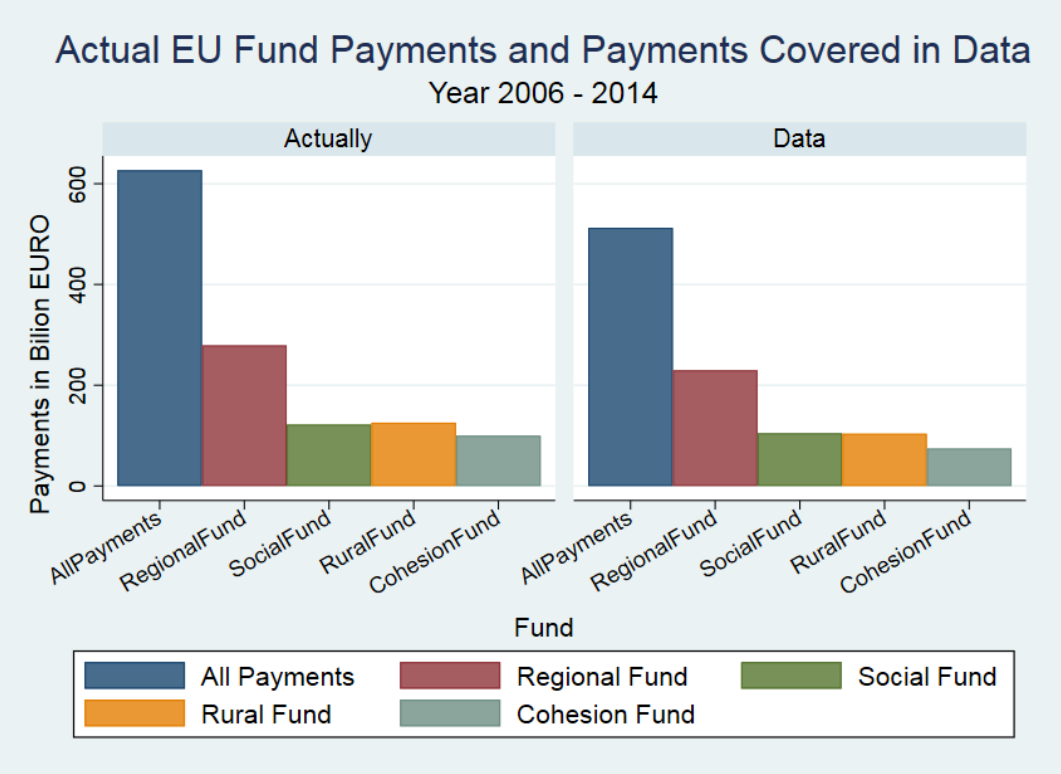
Figure 3: Deal value and number of deals against regional GDP per capita



Looking at figure 3, we can see that there is a clear correlation between deal value and regional GDP per capita as well as number of deals and regional GDP per capita. The wealthier counties tend to have more M&A investments both in value and numbers. Note that the figure displaying number of deals has one outlier observation at 4560 deals which were excluded in the figure.

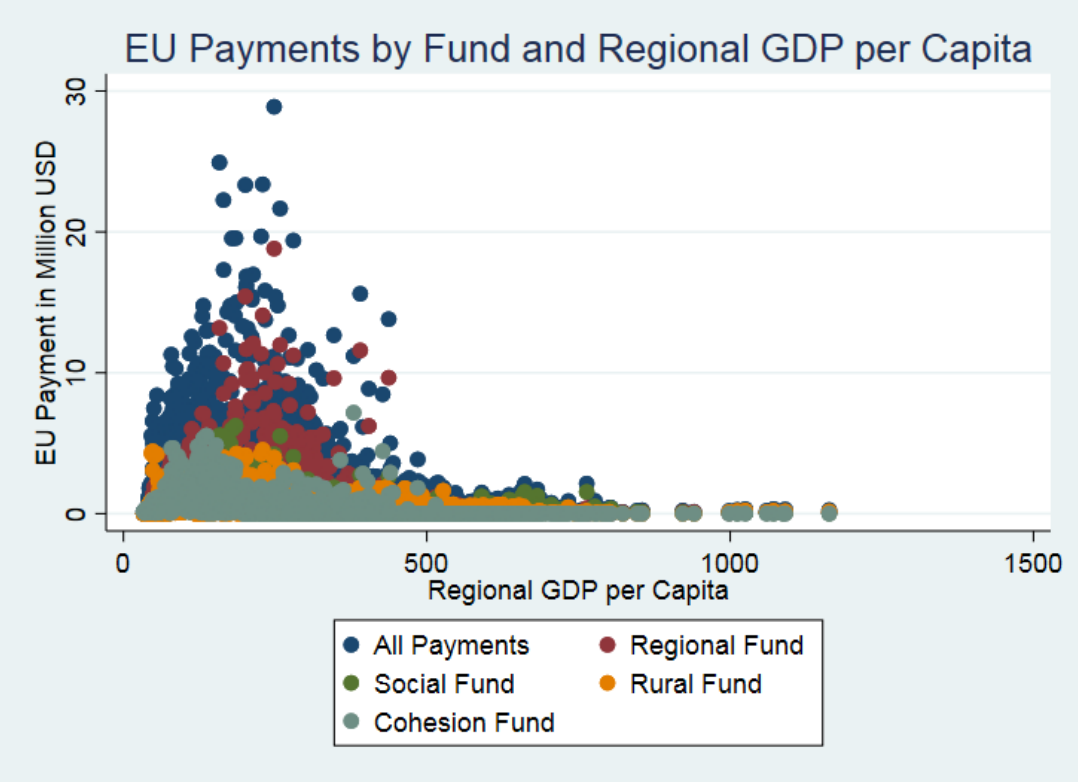
We can also see that there is a slight tendency of the poorer region having higher values relative to the richer regions for number of deals compared to deal value. It is not large difference but there is a potential risk of biased results if only deal value is used in the analysis of the EU funds' effects on private investors' financial interest in EU regions.

Figure 4: Actual EU fund payments and payments covered in data



Since there are several regions which are not covered in the data due to them not having any deal data, we can see a discrepancy between the actual amount of EU fund pay-out and the amount of pay-out in the data. Because of the skewed data coverage of the EU regions there is a risk of the EU fund data also being skewed, with some funds having a much larger proportion compared to the others. From figure 4 above, we can see that the Cohesion fund, which only the poorer countries are eligible for, is only about two thirds of the relative size in the data compared to actual payments. We can also see that the regional fund seems to be relatively smaller while the social fund and rural fund are larger. This will pose a potential bias when analysing the sum of all funds together instead of each fund on its own.

Figure 5: EU payments by fund and regional GDP per capita



As described in the section of the background of the European structural and investment fund, the purpose of the European structural and investment funds is to help support growth in the poorer regions to increase economic equality in the EU. From figure 5 above we can see that this paper's data confirms this pattern. It is important to emphasize that the data do show this since several of the poorer regions have not been covered in the data and this could theoretically risk biasing the data.

Wealth Groups

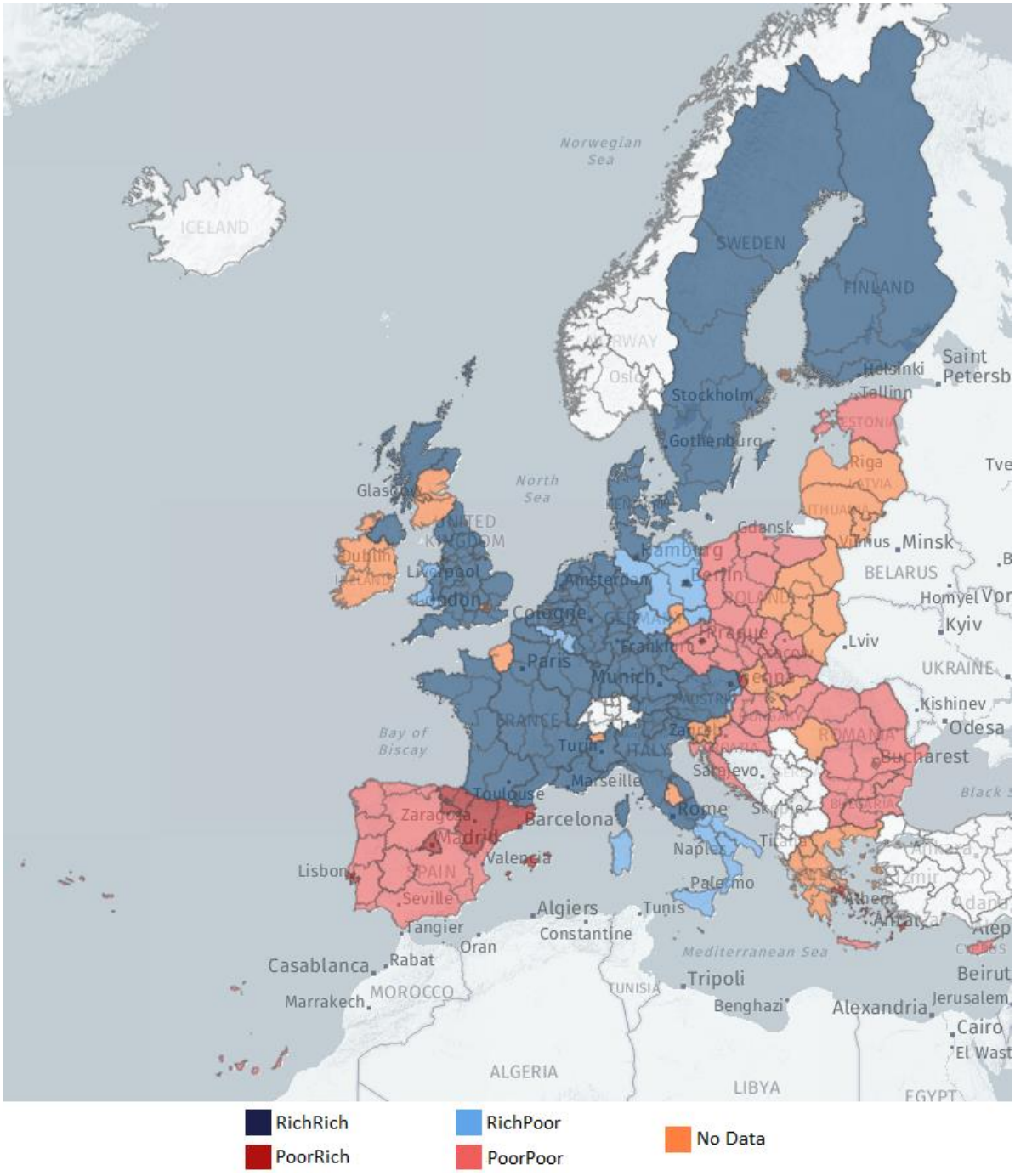
There are differences in how much EU funding countries and regions receive based how wealthy they are. The differences are based on the goals of the different funds with for example the Cohesion fund directed on a country level and the Regional fund directed to regions. Since there are differences between where the funds are directed it becomes interesting to look at different subgroups of regions.

In this paper the regions have been divided into four subgroups; RichRich, RichPoor, PoorRich and PoorPoor, where each group is defined as (country wealth then region wealth). The groups explained one by one:

- RichRich – Rich region in a rich country
- RichPoor – Poor region in a rich country
- PoorRich – Rich region in a poor country
- PoorPoor – Poor region in a poor country

Each country's wealth level is comparable to other country wealth levels and is determined by whether the country is receiving payments from the Cohesion fund, countries eligible for funding from the Cohesion fund can be seen in table 2. Each region's wealth level is determined by whether the region is above or below the EU average GDP on a year by year basis.

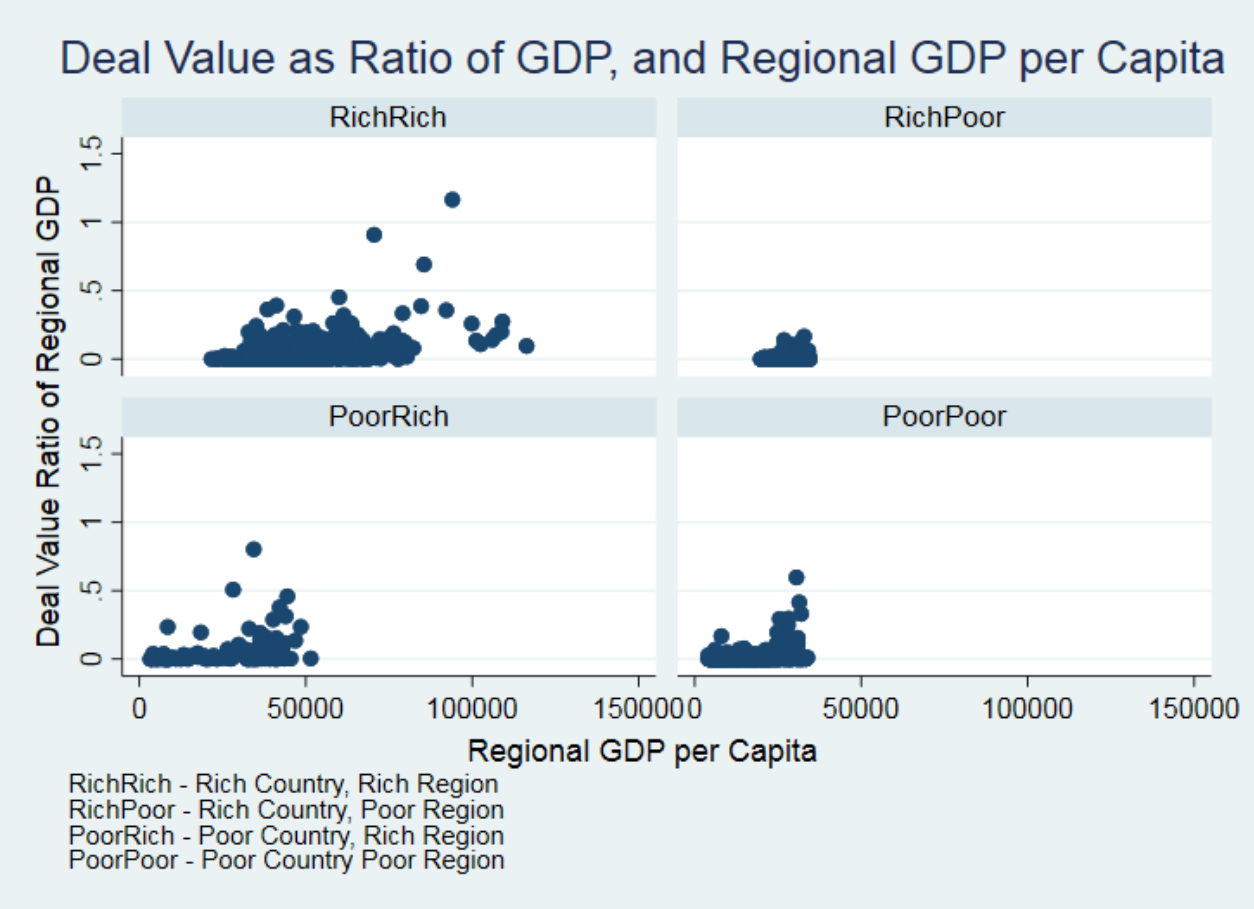
Figure 6: Colorized map of regions by wealth groups for year 2007



An additional map of the wealth groups can be found in appendix A, figure A2

Above you can see a colorized map showing the regions by wealth group. The blue regions are the rich countries and the red are the poor countries. A darker blue or red means that the region is rich, and a lighter colour means that the region is poor. The regions' wealth levels are directly comparable as explained above and depend only on whether the region is above or below the average EU GDP. This means that a dark blue region is not necessarily richer than a dark red even though the blue region's country is richer. Too determine if a region is richer or poorer it is possible to look at the colorized map of the regions based on regional GDP per capita.

Figure 7: Deal value as ratio of GDP plotted against and regional GDP per capita by wealth group



From figure 7 we can see that each wealth group's deal value controlled for GDP size plotted against regional GDP we can see that there is correlation in each individual group between deal value and region wealth. However, when looking at figure A3 in appendix A which shows number deals instead of deal value there is not as obvious correlation in the PoorPoor regions.

Table 3: Average Wealth Placement for Countries and Regions by Country

	(1) Number of Regions	(2) Rich Country	(3) Poor Country	(4) Rich Region	(5) Poor Region
Austria	9	9	0	8.222	0.778
Belgium	11	11	0	7.889	3.111
Bulgaria	6	0	6	0.667	5.333
Croatia	2	0	2	0.222	1.778
Cyprus	1	0	1	0.333	0.667
Czech Republic	8	0	8	1.778	6.222
Denmark	5	5	0	5	0
Estonia	1	0	1	0.111	0.889
Finland	4	4	0	4	0
France	22	22	0	15.68	6.317
Germany	38	38	0	31.97	6.028
Greece	12	0	12	10.19	1.810
Hungary	8	0	8	2.694	5.306
Italy	21	21	0	13.32	7.685
Lithuania	2	0	2	2	0
Luxembourg	1	1	0	1	0
Malta	1	0	1	0.111	0.889
Netherlands	12	12	0	11.67	0.333
Poland	17	0	17	8.000	9.000
Portugal	7	0	7	1.125	5.875
Romania	8	0	8	0.903	7.097
Slovakia	4	0	4	1.389	2.611
Slovenia	2	0	2	1.778	0.222
Spain	19	0	19	6.111	12.89
Sweden	8	8	0	8	0
United Kingdom	42	42	0	28.22	13.78
Total	271	173	98	172.4	98.62
N	271	271	271	271	271

Discuss the lack of observations for some groups. This would also give a good argument for looking at subsample of rich countries and at poor countries as well as rich regions and poor regions since the sample size would be big enough to analyse. Because of how the wealth groups are constructed the countries are directly comparable and the regions are directly comparable to comparing rich and poor for both is possible.

3.3 Model

This paper uses a fixed effects panel data model with a two-period lag on the dependent, EU funds, and control variables. Deal value and number of deals are used as a proxy for private financial interest. Table 3 below show all variables used in the model. For a detailed table of the variables used in this paper, how they were constructed and where they were retrieved from, see appendix A, table A3.

Table 4: Variables used in the model

Variable	Description	Lags
Dependent Variables		
Deal Value	The value of all deals in a region and year in million USD, cpi adjusted	None
Number of Deals	The number of all deals in a region and year	None
Explanatory Variables		
All Payments	The sum of all the EU funds' payments in million USD, cpi adjusted	2
Regional Fund	Payments from the European regional development fund in million USD, cpi adjusted	2
Social Fund	Payments from the European social fund in million USD, cpi adjusted	2
Rural Fund	Payments from the European agricultural fund for rural development in million USD, cpi adjusted	2
Cohesion Fund	Payments from the Cohesion fund in million USD, cpi adjusted	2
Control Variables		
Fund control variable	Every fund (not including the all payments) have a control which is the sum of all funds except for itself. This control cancels out substitution effects by the funds	2
Country GDP	Country GDP in million USD, cpi adjusted	None
Regional GDP	Regional GDP in million USD, cpi adjusted	None
Country GDP per capita	Country GDP per capita in million USD, cpi adjusted	None
Regional GDP per capita	Regional GDP per capita in million USD, cpi adjusted	None
Country GDP growth	Country yearly GDP growth, million USD, cpi adjusted	2
Regional GDP growth	Regional yearly GDP growth, million USD, cpi adjusted	2
GetCredit	Index of availability of credits in a country	2
ContractEnforcing	Index of legal enforcement of contracts in a country	2
MinorityProtection	Index of minority shareholder protection in a country	2
RegProperty	Index of several factors for ease of owning properties, such as ease of registering and quality of land dispute solving	2
Regional employment	Regional employment for age group 15 to 64	2
BorderTrade	Index of ease of and cost of a country's border trade	2
PayTax	Index of administrative costs of tax in a country	2
TaxGDP	Tax as a percent of GDP in a country	2
Inflation	Yearly inflation in a country	2

All independent, EU funds, and control variables are lagged two years. The decision to lag two periods seem reasonable from a theoretical standpoint since it seems likely that an investor would look at historic data when considering investments. The reason the paper has not used more lags is that there are not enough observations to support additional lags. For example, in the empirical section there are two regressions which does not include any lags because there were to few observations to get reliable results.

The private financial interest is measured with both deal value as well as number of deals. While number of deals risk missing differences in size of deals, it catches all deals which does not have their deal value public. Each EU funds are both analysed together and separate. All of them have a two-year lag and they are controlled by the Fund control variable which control for a possible substitution effect between the funds.

All of the control variables are lagged two years. The country GDP and regional GDP are included to control for economic size and the country and regional GDP per capita are included to control for wealth as well as economic shocks. The rest of the controls are based on what previous research has found to be significant determinants of private investor decisions in M&A deals.

Fixed Effects and Heterogeneity

The theory indicates that there are several country specific determinants, such as culture and institutions which are significant for M&A investments. Considering that it is hard to find and construct reliable data on institutions and determinants and that this paper has only found and included a couple of these determinants in the model. A fixed effects model seems to be the most appropriate model. The choice of a fixed effects model for this data is also supported by a Housman test grouping the effects on nuts 2 regions which rejects the null of random effects model at a significance level of 0.1 percent for both deal value and deal number. While the grouping is done on nuts 2 regions and not countries for both the Hausman test and the model specification used in the paper it makes sense for this paper to use fixed effects on the regions instead of countries since that is the geographical analysis level and relevant to the purpose of the paper.

Considering that the theory supports country specific differences and this paper uses nuts 2 regions it makes sense to cluster the standard errors on nuts 2 regions. By plotting the ratio of deal value to GDP and deal number to GDP against countries we can see a graphical representation of the heterogeneity between countries. As can be seen from appendix A, figure A4, the variance between countries is substantial and at least merits clustering standard errors on countries. Since the paper is analysing the data on regional level and not on country level the clustering will instead be on nuts 2 regions.

Model specification

The model equations used in the paper is specified as.

$$Deal\ Value = \beta_0 + \beta_1 EUfund_{it} + \beta_2 X_{it} + \beta_3 FE_i + \varepsilon_{it} \quad (1)$$

$$Number\ of\ Deals = \beta_0 + \beta_1 EUfund_{it} + \beta_2 X_{it} + \beta_3 FE_i + \varepsilon_{it} \quad (2)$$

Where Deal Value is estimated in five separate regression, one for the total of all EU fund payments, one for the regional fund payments, one for the social fund payments, one for the rural fund payments and one for the Cohesion fund payments. EUfund represents one of the EU fund's payments, X are the control variables, FE is the nuts 2 regional fixed effects dummies and ε is the error term. The subscript i represents nuts 2 region and t represents year.

4. Empirical Results and Analysis

4.1 Baseline regressions

The two first tables are regressions on the entire population for both deal value and number of deals. The tables show the entire model with all variables and lags. The tables will be discussed separately as well as commonalities between them.

Table 5: Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	3.007*				
L1.	-1.594				
L2.	-0.818				
Regional Fund					
--.		-0.958			
L1.		0.744			
L2.		-7.477*			
Social Fund					
--.			10.929		
L1.			-1.675		
L2.			-5.646		

Rural Fund					
--.				7.294	
L1.				-20.350	
L2.				28.758*	
Cohesion Fund					
--.					2.527
L1.					-0.283
L2.					-1.337
Fund Controls					
--.		5.409	1.490	1.257	3.188*
L.		-2.276	-1.170	-0.099	-1.836
L2.		6.345	0.220	-5.114**	-0.712
Country GDP	0.003	0.003	0.003	0.001	0.003
Regional GDP	0.491*	0.498*	0.490*	0.501*	0.491*
Country GDP per capita	-0.576	-0.534	-0.590	-0.553	-0.579
Regional GDP per capita	-0.284	-0.309	-0.276	-0.227	-0.284
Country GDP growth					
--.	3.063	23.221	9.560	22.146	3.370
L1.	108.392	119.630	109.736	164.818	107.259
L2.	92.750	111.199*	92.575	188.295**	93.190
Regional GDP growth					
--.	-81.822*	-79.146*	-81.054*	-87.407**	-82.059*
L1.	-79.124*	-76.184*	-78.761*	-83.408*	-79.010*
L2.	-90.607**	-88.459**	-90.647**	-116.946***	-91.309**
GetCredit					
--.	-82.699	-96.345	-96.231	-87.920	-82.717
L1.	83.282	94.077	87.391	50.283	84.588
L2.	120.876**	114.282**	121.173**	129.707**	119.788**

ContractEnforcing					
--.	246.173	273.489	243.807	291.884*	244.749
L1.	32.790	-16.986	32.722	53.227	30.310
L2.	37.735	49.422	50.934	1.686	40.644
MinorityProtection					
--.	423.821	395.899	428.980	439.129	419.110
L1.	-269.980	-302.742	-253.925	-286.641	-264.376
L2.	-268.651	-239.571	-272.017	-267.109	-269.251
RegProperty					
--.	-114.712	-107.432	-100.627	-95.758	-111.709
L1.	-45.765	-40.246	-51.475	-52.892	-45.970
L2.	-28.889	-30.885	-33.178	-32.621	-31.616
Regional employment					
--.	94.360	97.013	86.213	61.884	92.326
L1.	-118.164	-132.547	-112.711	-122.464	-117.212
L2.	-50.148	-56.806	-44.844	-73.080	-50.343
BorderTrade					
--.	97.072	38.601	104.879	-51.280	93.232
L1.	127.267	141.824	129.991	117.957	129.872
L2.	-121.482**	-111.483*	-118.670*	-100.235*	-120.426**
PayTax					
--.	39.259	34.708	25.627	14.575	38.801
L1.	0.399	13.250	16.946	50.104	1.044
L2.	50.848	42.785	37.270	38.289	48.157
TaxGDP					
--.	498.573*	436.856*	490.081*	420.036*	496.864*
L1.	370.738**	373.752**	393.688**	402.878**	382.177**
L2.	308.110	306.232	314.946	220.047	297.902
Inflation					
--.	-43.340	3.990	-43.303	4.962	-43.424

L1.	62.001	73.109	63.118	63.855	59.879
L2.	154.478	153.380	177.433*	215.690**	155.871
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	1,329	1,329	1,329	1,329	1,329
R-squared	0.318	0.323	0.320	0.330	0.318
Number of Regions	201	201	201	201	201

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In table 5 above we can see regressions on the deal value for the sum of all EU funds as well as each fund separately. The table does not show the standard errors. For a table with standard errors, look in appendix B, table B1. From the table we can see that we do find a positive effect of the sum of all EU funds and the social fund at a 10 percent significance level. On the regional fund, which is especially designed for regional growth, we see a negative effect at the 10 percent level.

Looking at the control variables we find that several controls are more significant at a higher lag. That does seem intuitive since an investment decision would be taken some time before the actual investment takes place and the decision would not only use current information but also historic information. Other variables, such as TaxGDP are only significant on the current period and one-year lag. This does also seem logical since an investor would be more interested in the most current tax rate rather than what the tax rate have been historically.

Table 6: Regression on number of deals for each EU fund.

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.024*				
L1.	0.020*				
L2.	0.021				
Regional Fund					
--.		0.059***			
L1.		0.013			
L2.		0.055**			
Social Fund					

--.			-0.023		
L1.			0.102*		
L2.			-0.070*		
Rural Fund					
--.				-0.025	
L1.				-0.004	
L2.				-0.030	
Cohesion Fund					
--.					0.010
L1.					-0.035
L2.					0.070
Fund Controls					
--.		-0.010	0.037*	0.034*	0.021*
L.		0.008	0.001	0.018	0.033*
L2.		-0.012	0.042	0.033	0.012
Country GDP	-0.000	-0.000	-0.000	-0.000	-0.000
Regional GDP	0.001***	0.001***	0.001***	0.001***	0.001***
Country GDP per capita	0.006**	0.006**	0.006**	0.006**	0.006**
Regional GDP per capita	-0.001	-0.001	-0.001	-0.001	-0.001
Country GDP growth					
--.	0.007	-0.178	0.063	-0.193	0.046
L1.	0.702	0.534	0.732	0.337	0.649
L2.	0.354	0.185	0.339	-0.012	0.239
Regional GDP growth					
--.	-0.488	-0.492	-0.505	-0.469	-0.445
L1.	-0.423	-0.401	-0.428	-0.388	-0.362
L2.	-0.131	-0.104	-0.116	-0.068	-0.034
	(0.321)	(0.332)	(0.317)	(0.313)	(0.297)
GetCredit					
--.	-0.417	-0.300	-0.440	-0.313	-0.486

L1.	-1.738**	-1.805**	-1.753**	-1.711**	-1.692**
L2.	-0.238	-0.166	-0.229	-0.191	-0.188
ContractEnforcing --.	-1.276*	-1.330*	-1.450**	-1.432**	-1.172*
L1.	-0.367	-0.087	-0.131	-0.242	-0.431
L2.	-2.101**	-2.282**	-2.202**	-1.971**	-2.198**
MinorityProtection --.	-3.226*	-2.906*	-3.326*	-3.173*	-3.094*
L1.	-0.593	-0.599	-0.476	-0.523	-0.938
L2.	1.262* (0.751)	0.988 (0.745)	1.304* (0.752)	0.999 (0.738)	1.322* (0.749)
RegProperty --.	-0.207	-0.357	-0.105	-0.317	-0.319
L1.	-1.098***	-1.102***	-1.137***	-1.132***	-1.042***
L2.	-1.005	-0.856	-1.091*	-1.014	-0.820
Regional employment --.	-0.411	-0.322	-0.487	-0.194	-0.272
L1.	-0.361	-0.323	-0.403	-0.408	-0.415
L2.	-3.546***	-3.558***	-3.396***	-3.651***	-3.475***
BorderTrade --.	3.123**	3.442**	3.145**	3.124**	3.334**
L1.	3.807***	3.548***	3.819***	3.983***	3.546***
L2.	-0.316	-0.422	-0.330	-0.290	-0.408
PayTax --.	1.036*	1.069*	0.981*	1.088*	1.023*
L1.	1.575**	1.490**	1.605**	1.346**	1.632**
L2.	-0.650	-0.528	-0.653	-0.620	-0.548
TaxGDP --.	2.392	2.691*	2.738	2.841	2.238
L1.	3.000	2.767	3.074	2.632	2.704

L2.	-7.517***	-7.558***	-7.528***	-7.653***	-7.113***
Inflation					
--.	-2.791	-3.040	-2.929	-2.853	-2.828
L1.	-1.511	-1.600	-1.412	-1.402	-1.485
L2.	0.330	0.138	0.232	0.298	0.040
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	1,329	1,329	1,329	1,329	1,329
R-squared	0.274	0.278	0.277	0.276	0.276
Number of Regions	201	201	201	201	201

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In table 6 we see regressions on number of deals for each of the EU funds. The table does not show the standard errors. For a table with standard errors, look in appendix B, table B2. Compared to the regressions on deal value, number of deals find more significant results. As was explained before this was expected since number of deals is more comparable between regional wealth levels.

The regression using all payments show a positive effect at 10 percent significance on both the current period and one-year lag. The regional fund also has a positive effect but on a significance level at 1 percent for the current period and 5 percent on a two-year lag. Both the results for all funds and the regional fund have positive effects on all periods which would mean that the long-term effect is even more significant than the single period effects. The long-term effect can be estimated by summing all coefficient values, and if the sum value is larger in the same direction, positive or negative, as the significant value then the significance is higher for the long-term effect. Finally, the social fund has mixed results where a one-year lag shows a positive significant effect on the 10 percent level while the two-year lag shows a negative significant effect at the 10 percent level. The long-term effect seems to have a neutral effect and no significance.

Looking at the control variables we see a similar pattern as we did in the regressions on deal value. The lagged variables tend to have a higher significance. One difference can be found in the TaxGDP variable which is mostly only significant at the two-lag period.

4.2 Subgroup analysis

While we find some significance on the total population there are large differences between the different regions. These differences could be economical, institutional, cultural or similar. Furthermore, it is not unlikely that the model is not able to fully control for these differences and therefore, it is interesting to look at subgroups and find common results between the subgroups. The subgroups analysed in this section will be the pre-defined wealth groups of RichRich, RickPoor, PoorRich and PoorPoor. Additional groups to these are country groups, rich and poor,

as well as region groups, rich and poor. Both the country groups and the region groups are based on the wealth groups.

Looking back at the section defining the wealth groups we can see that countries are directly comparable in wealth and regions are also comparable to each other in wealth. A rich region in a rich country is not necessarily richer than a rich region in a poor country. Because of this, it is possible to use the wealth groups to directly compare all rich regions to each other even if the regions are in countries with different wealth levels. While the country groups are dividing regions by country wealth it would, by the construction of the data, still allow for variation between regions. It is simply dividing regions into subgroups based on country wealth level.

Table 7: Summary Table of Subgroup Regressions on Deal Value

Subgroup	All Payments	Regional Fund	Social Fund	Rural Fund	Cohesion Fund	Obs.	Appendix B Table
Wealth Groups							
RichRich	32.2**	31.8*	-49**	57*	-	681	B3
	(13.98)	(31.79)	(21.97)	(33.85)			
RichPoor	0.449*	0.17	2.767**	-0.858	-	322	B4
	(0.229)	(0.248)	(0.87)	(3.38)			
PoorRich	-	-	-	-	-	13	-
PoorPoor	-0.393	-1.16**	1.272	8.17**	-0.605	264	B5
	(0.317)	(0.537)	(1.053)	(3.405)	(0.535)		
Country Groups							
Rich	-3.26**	-8.768*	-18.12**	53	-	1,003	B6
	(1.636)	(5.06)	(7.496)	(34.639)			
Poor	3.372	2.364	9.9	3.44	4.2*	322	B7
	(2.158)	(1.431)	(9.475)	(4.508)	(2.222)		
Region Groups							
Rich	33.9***	-32.6*	-52**	65*	-73	694	B8
	(11.451)	(18.353)	(21.858)	(38.723)	(49.75)		
Poor	-0.862**	0.62*	-2.19**	4.86**	-0.706	449	B9
	(0.344)	(0.362)	(0.945)	(2.083)	(0.747)		

The RichPoor regression is done without any lags due to too few observations.

In table 7 above, we see a summary table of the effects of the different EU funds on deal value by subgroups. The summary table displays the most significant lag for each EU fund regression. Looking at the wealth group regressions we see that it is not possible to run a regression for the PoorRich group, rich region in poor country, due to a lack of observations. On top of that there were not lags used in the regressions for the RichPoor group because there were too few

observations when lagging the variables. Comparing the wealth groups, we can see that all funds except for the Cohesion fund show a significant effect for two out of three groups. All of them have at least one coefficient at 5 percent significance but the social fund has two.

Among the wealth groups, the PoorPoor regions have negative significant results at the 5 percent level on the regional fund while the RichPoor regions does not have significant results. The RichRich region have a positive significant result at the 10 percent level. This means that the regional fund seems to be effective for already rich regions while the poor regions do not benefit from the fund. The social fund on the other hand, show a significant strong negative effect for the RichRich regions while the poor regions in rich countries has a significant positive effect. From these results it would seem that the social fund has a positive effect on poor regions while a negative effect on rich regions. The rural fund has positive coefficients for both the rich and the poor regions.

When instead looking specifically at the region groups we have more significant effects. We can see that there are more observations for the poor regions which should help strengthen the reliability of the results. For these groups the regional fund is now showing positive coefficients for the poor regions while negative for the rich, opposite to the wealth groups. The social fund is negative for both rich and poor and the rural fund is still positive for both. The sum of all payments shows a negative effect for poor regions while positive effect for rich regions. The Cohesion fund is still not significant which could be explained by the regions eligible being split up between the rich and poor group and hence giving to small a sample.

Finally, the country groups show a negative significant effect from both the regional and the social funds for the rich similar to the rich region group. The poor country group only show significance for the cohesion fund which show a positive significant effect at the 10 percent level. The poor country group is the group with the most observations which are also eligible for the cohesion fund which makes it the group which should show the best estimates for the cohesion fund.

In summary, the only clear patten can be seen between the groups is the negative effect of the social fund on the rich regions and the positive effect from the rural fund for both rich and poor regions. The regional fund on the other hand is sometimes positive and sometimes negative for both poor and rich regions.

Table 8: Summary Table of Subgroup Regressions on Number of Deals

Subgroup	All Payments	Regional Fund	Social Fund	Rural Fund	Cohesion Fund	Obs.	Appendix B Table
Wealth Groups							
RichRich	0.112*	0.224*	-0.114	0.133	-	681	B10
	(0.59)	(0.122)	(0.199)	(0.144)			
RichPoor	0.011**	0.008**	0.037**	-0.023	-	322	B11
	(0.003)	(0.004)	(0.016)	(0.030)			
PoorRich	-	-	-	-	-	13	-
PoorPoor	0.035*	0.106**	0.181	-0.071	0.036	264	B12
	(0.02)	(0.425)	(0.117)	(0.072)	(0.053)		
Country Groups							
Rich	0.019**	0.03**	-0.12**	0.102	-	1,003	B13
	(0.009)	(0.012)	(0.048)	(0.105)			
Poor	0.037	0.146	-0.163	0.048	-0.058	322	B14
	(0.028)	(0.04)	(0.1)	(0.093)	(0.046)		
Region Groups							
Rich	0.093	0.124*	0.137	0.138	-0.818**	694	B15
	(0.058)	(0.074)	(0.157)	(0.127)	(0.335)		
Poor	0.019	0.041**	-0.166**	-0.156	0.058	449	B16
	(0.018)	(0.178)	(0.073)	(0.117)	(0.067)		

The RichPoor regression is done without any lags due to too few observations.

In table 8 above we see a summary table of the effects of the different EU funds on number of deals by subgroups. The summary table displays the most significant lag for each EU fund regression. Contrary to the scattered effects of the regional fund in the deal value regressions, we can see that the regional fund seems to have a significant positive effect on both the rich and poor regions over both the wealth groups and the regions groups. The social fund on the other hand still shows over all negative effects for the rich and poor regions. The cohesion fund does not show a significant effect for the poor country group as in the deal value table. But there is a significant negative effect at the 5 percent level on the rich regions in the region group. The reliability of the result here can however be questioned as it is uncertain how many regions are eligible to receive funding from the cohesion fund in this group.

Summarizing both the findings from the deal value and the number of deals, we can see a tendency of the regional fund having a positive effect on both rich and poor regions. The deal value results are evenly distributed between significant positive and negative effects of the poor and rich regions, depending on which subgroup is analysed. On the other hand, the number of deals show only positive results for all regions.

The social fund on the other hand seem to have an overall significant negative effect on both rich and poor regions when summarizing both deal value and number of deals. The rural fund only has significant results when looking at deal value, and for those regressions the fund has a positive effect for both rich and poor regions. The cohesion fund shows a significant negative effect at the 5 percent level when looking at number of deals but a positive effect at the 10 percent level when looking at deal value. But the regression for the deal value is done on a larger sample which should strengthen the reliability on those results. On the other hand, the descriptive statistics show that number of deals seem to be more representative of the relative size between the economic size of the countries and might be less negatively biased towards the poorer regions.

4.3 Robustness check

A potential weakness in the data would come from a time shock which the fixed effects model is not capable of handling. Hopefully this shock could be controlled for by the control variables such as GDP or GDP growth. However, there is always a risk of the variables being unable to adjust for such a shock.

When running a regression on both deals and number of deals on all payments for the entire population we do find a structural break in the data at year 2011 at a significance level on the 5 and 1 percent level. A table of this regression can be found in appendix C, table C1.

To investigate whether or not this time shock has significantly impacted the results we run a regression on both deal value and number of deals on all payments for the entire population for the years 2006 to 2010. The results show that the new regressions have less significance and some changes in coefficients. However, the change is small, and it mostly seems like the effects change between the lagged periods. It is likely that there is some effect on the model, but the effect does not seem to be very large.

5. Conclusion

The European structural and investment funds are managed according to the European cohesion policy which goal is economic and social cohesion among the European regions. To achieve the cohesion goals the EU funds have a goal of attracting private investments. This paper investigates the effect of the European structural and investment funds on financial interest in the EU regions. By making use of the research on what investor base their investment decisions on the paper constructs a model to investigates the mechanism of private investments from the M&A investors' perspective

Financial interest is measured by M&A deal value and number of deals. While deal value can measure differences in size of investments it requires more detailed information which might not always be available for poorer regions. On the other hand, number of deals require less detailed information and hence should give more reliable results when looking at the entire population.

The paper finds that, when looking at number of deals, we can see a positive long-term effect on financial interest from the sum of all EU funds and the regional fund on the entire population. When looking at subgroups there are some common results between the subgroups. The regional

fund shows a positive effect for both rich and poor regions. The rural fund shows partially positive effects on regions and the social fund shows a negative effect for both the rich and poor regions. Finally, the cohesion fund shows mixed results and are inconclusive.

Since this paper looks at regional level data, and the regional fund is especially focused towards regional development and the regional fund is the single largest fund. The positive results of the regional fund could be considered the most important indication of the funds being successful in attracting financial interest from private investors. It is also interesting to see that the social fund, which has large degree of private co-investments as a requirement, show a negative effect on financial interest. However, considering the paper uses M&A deals the immediate effect of co-investments would not appear in the deals data since M&A deals are not capturing co-investments in projects such as job training programs. On the other hand, we can see that these job training programs does not seem to give any long-term benefits. The inconclusive results from the cohesion fund could be a sign of the fund not being successful in attracting private investment, but it could also be a matter of too few observations from the regions eligible for cohesion funding.

For further research it would be interesting to expand the model with more determinants of investor decisions. This would require access to detailed data hopefully to some extent on region level. It would also be interesting to include greenfield investments with M&A deals since greenfield investments arguably would be better at capturing the success of EU fund at attracting private investments. This paper did not include greenfield investments since the data was not available. Greenfield investments can be found in Financial Times' fDi Markets database.

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Appendix

Appendix A

Table A1: Distribution of Unmatched Post Codes by Country

	Before	Before	After	After	Change
Country	Obs.	Ratio	Obs.	Ratio	Percent
Austria	165	0.0636	148	0.0571	10.2%
Belgium	28	0.00440	4	0.000629	85.7%
Bulgaria	4426	0.510	4426	0.510	0%
Cyprus	354	0.226	322	0.205	9.3%
Czech Republic	194	0.0354	194	0.0354	0%
Germany	1015	0.0344	838	0.0284	17.4%
Denmark	177	0.0256	98	0.0142	44.5%
Estonia	95	0.0386	95	0.0386	0%
Greece	193	0.0849	115	0.0506	40.4%
Spain	35	0.00150	32	0.00137	8.7%
Finland	1461	0.109	1436	0.107	1.8%
France	4500	0.132	4500	0.132	0%
Croatia	14	0.0141	14	0.0141	0%
Hungary	95	0.0444	36	0.0168	62.2%
Ireland	1973	0.576	1973	0.576	0%
Italy	217	0.0113	216	0.0113	0%
Lithuania	101	0.0858	84	0.0714	16.8%
Luxembourg	688	0.458	112	0.0746	83.7%
Latvia	1159	0.978	1159	0.978	0%
Malta	170	0.794	38	0.178	77.6%
Netherlands	20715	0.972	1065	0.0500	94.9%
Poland	532	0.0271	509	0.0259	4.4%
Portugal	690	0.209	487	0.147	29.7%
Romania	763	0.182	757	0.180	1.1%
Sweden	1295	0.0599	828	0.0383	36.1%
Slovenia	30	0.0420	25	0.0350	16.7%
Slovakia	93	0.171	93	0.171	0%
United Kingdom	8970	0.0865	8970	0.0865	0%
Total	50148	0.147	28574	0.0836	43.1%
N	341609	341609	341609	341609	N.A

The “Before” columns refer to before manually editing post codes to link them to nuts 2 codes. Ratio refers to how many of the total observations by country have not had their post codes linked to a nuts 2 region.

Table A2: Member State Accession Date

Year of Accession	Countries
1957	Belgium
	France
	Germany
	Italy
	Luxemburg
	Netherlands
1973	Denmark
	Ireland
	United Kingdom
1981	Greece
1986	Spain
	Portugal
1995	Austria
	Finland
	Sweden
2004 and 2007	Cyprus
	Czech Republic
	Estonia
	Hungary
	Latvia
	Lithuania
	Malta
	Poland
	Slovakia
	Slovenia
2013	Bulgaria
	Romania
	Croatia

European Commission (2020)g

Figure A1: Colorized map of Regional GDP per capita for year 2013

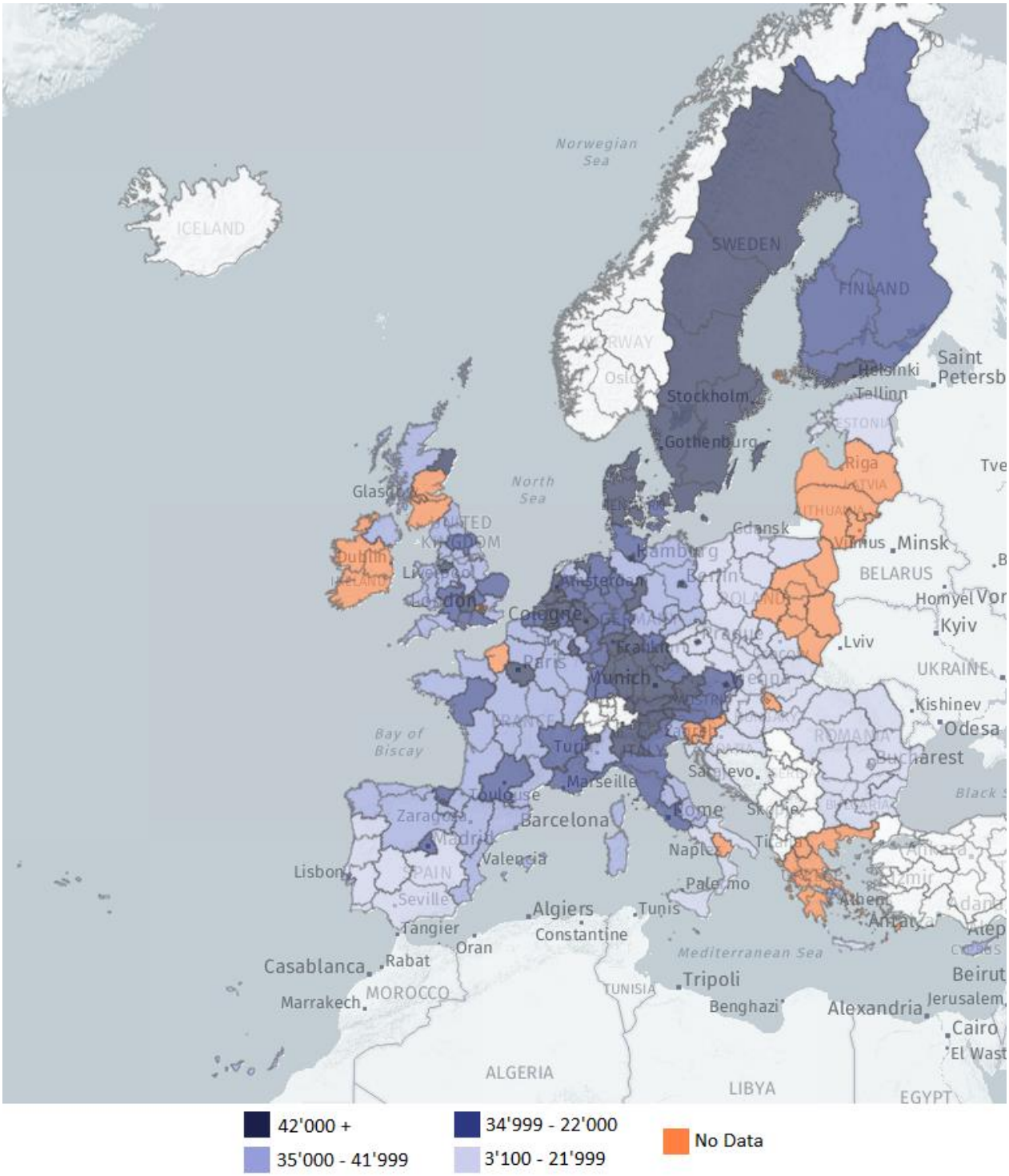

Figure A2: Colorized map of regions by wealth groups for year 2013

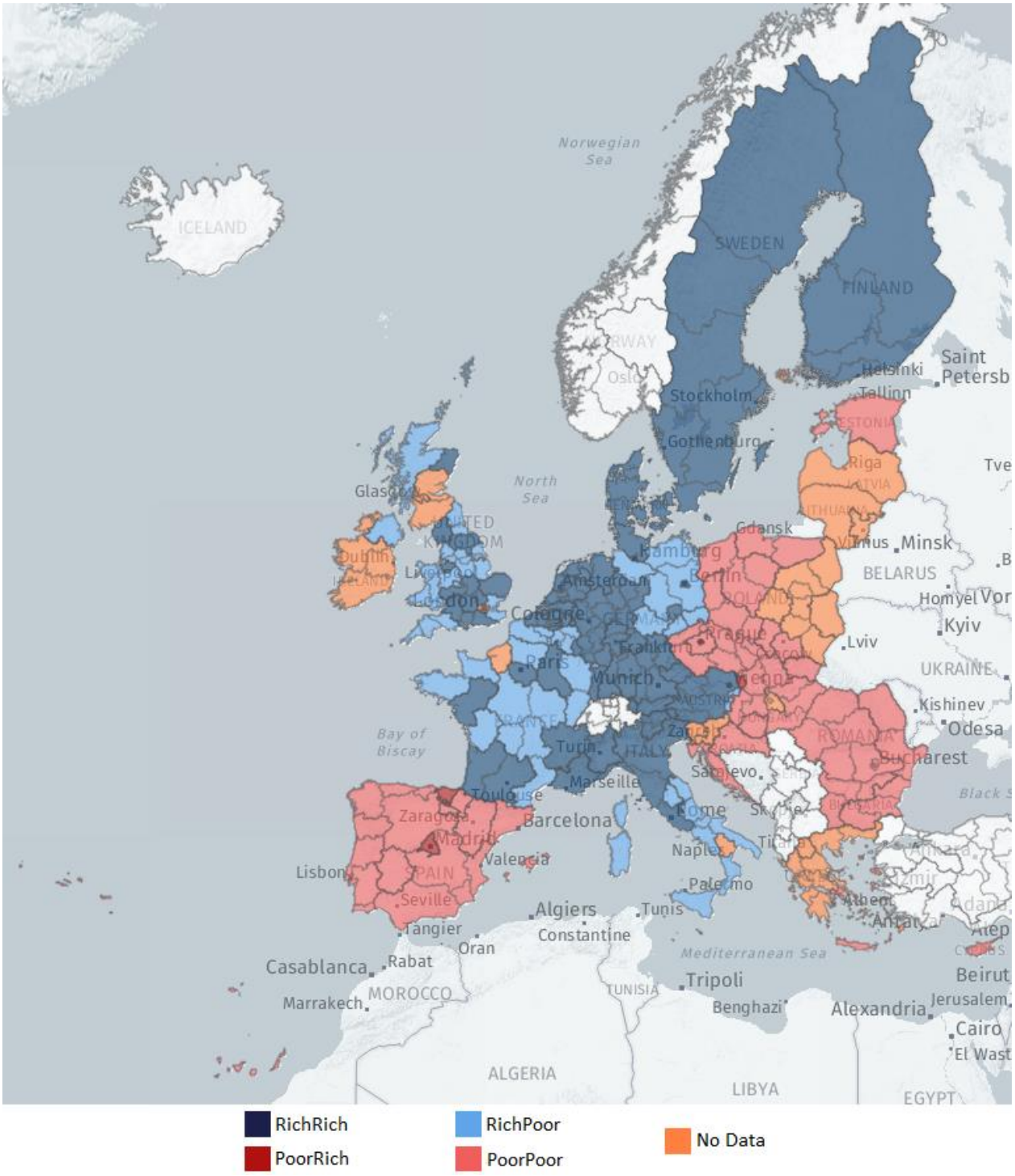

Figure A3: Number of deals as ratio of GDP plotted against and regional GDP per capita by wealth group

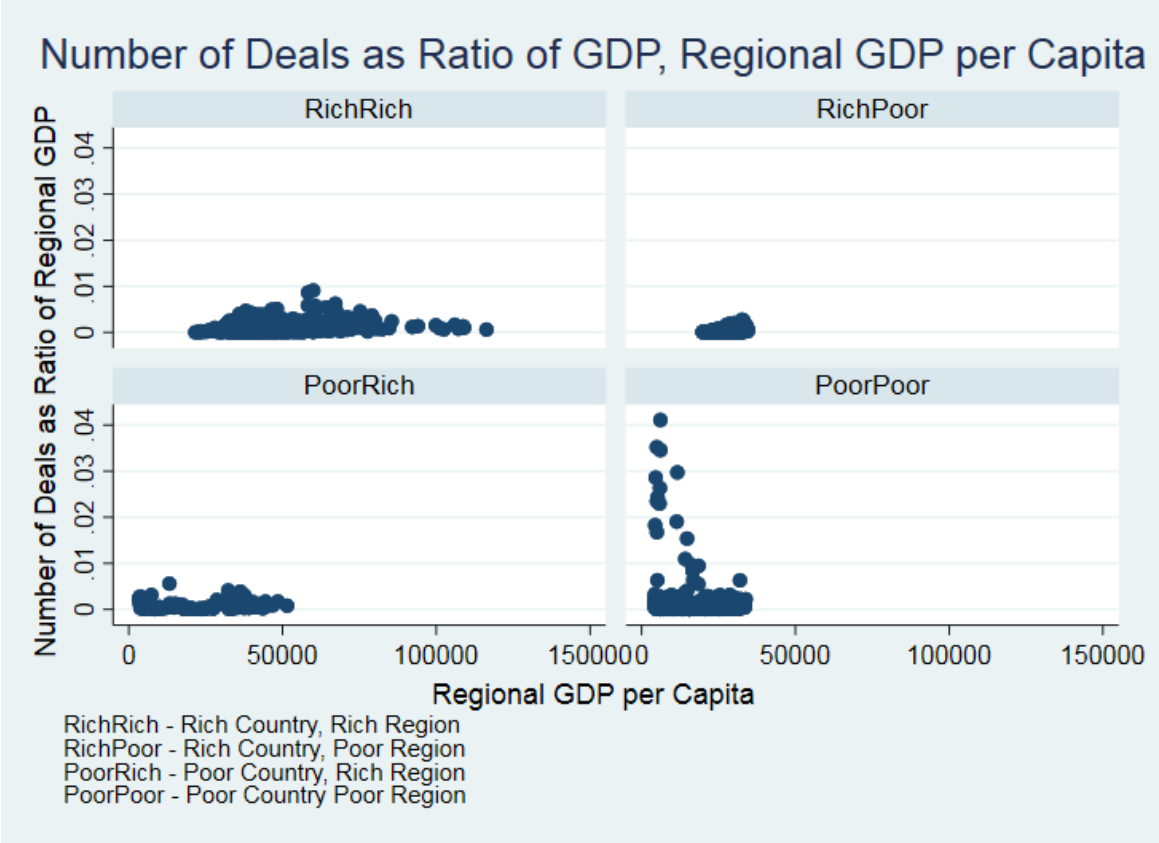

Table A3: Extended variable table with description and sources

Variable	Explanation	Source	Methodology
Variables used for construction of model variables			
cpi2010	Country consumer Price Index (2010 = 100)	World Bank (2019)	Country consumer price index using the Laspeyres formula. Data are period averages.
UScpi2010	US Consumer Price Index (2010 = 100)	World Bank (2019)	Country consumer price index using the Laspeyres formula. Data are period averages.
C_pop	Country population in millions	Feenstra, Robert C., Robert Inklaar and Marcel P. Timmer (2015)	
L_pop	Regional population in millions	QoG Regional Data (2016)	

ExchangeRate	US foreign exchange rates for each country	OECD (2019)a	Each country's exchange rate to USD, yearly averages
Model variables			
Deal Value	M&A deal value in millions USD	Zephyr (2019)	Deal value in million USD, adjusted with Uscpi 2010
Number of Deals	Number of M&A deals	Zephyr (2019)	Each deal counted as one deal, some deals can be counted as multiple deals if they have several post codes
All payments	Sum of EU fund payments in millions USD	European Commission - DG Regional Policy (2019)	The sum of all the payments from the EU funds. Payments converted from Euro to USD using ExchangeRate variable, cpi adjusted using UScpi2010
Regional Fund	Payments from the regional fund in millions USD	European Commission - DG Regional Policy (2019)	Payments converted from Euro to USD using ExchangeRate variable, cpi adjusted using UScpi2010
Social Fund	Payments from the social fund in millions USD	European Commission - DG Regional Policy (2019)	Payments converted from Euro to USD using ExchangeRate variable, cpi adjusted using UScpi2010
Agricultural Fund	Payments from the agricultural fund in millions USD	European Commission - DG Regional Policy (2019)	Payments converted from Euro to USD using ExchangeRate variable, cpi adjusted using UScpi2010
Cohesion Fund	Payments from the cohesion fund in millions USD	European Commission - DG Regional Policy (2019)	Payments converted from Euro to USD using ExchangeRate variable, cpi adjusted using UScpi2010
Fund Controls	One control variable for each EU fund	European Commission - DG Regional Policy (2019)	Four variables, one for each of the single funds. It is calculated by subtracting the fund it is used to control for from the All payments variables
Country GDP	GDP for each country in millions USD	OECD (2019)b	Converted to USD using ExchangeRate variable and adjusted using UScpi2010
Regional GDP	GDP for each region in millions USD	QoG Regional Data (2016)	Converted to USD using ExchangeRate variable and adjusted using UScpi2010
Country GDP per capita	GDP per capity for each country in millions USD		Country GDP variable divided by C_pop variable

Regional GDP per capita	GDP per capity for each region in millions USD		Regional GDP variable divided by L_pop variable
Country GDP growth	Yearly GDP grwoth for each country in percent		Country GDP variable growth by year
Regional GDP growth	Yearly GDP growth for each region in percent		Regional GDP variable growth by year
GetCredit	Index of availability of credits in a country	World Bank (2020)	A range of indicators determining availability of credits in a country
ContractEnforcing	Index of legal enforcement of contracts in a country	World Bank (2020)	A range of indicators determining degree of legal enforcement in a country
MinorityProtection	Index of minority shareholder protection in a country	World Bank (2020)	A range of indicators determining degree of protection for minority shareholders in a country
RegProperty	Index of several factors for ease of owning properties, such as ease of registering and quality of land dispute solving	World Bank (2020)	A range of indicators determining how easy it is to own property in a country
BorderTrade	Index of ease of and cost of a country's border trade	World Bank (2020)	A range of indicators determining the degree and cost of a country's border trade
PayTax	Index of administrative costs of tax in a country	World Bank (2020)	A range of indicators determining administrative and cost burden from country tax
Regional employment	Regional employment for age group 15 to 64	QoG Regional Data (2016)	
TaxGDP	Tax percent of country GDP	European Commission - DG Taxation (2020)	Total taxes paid as a percent of a country's GDP
Inflation	Country yearly inflation	European Commission - DG Taxation (2020)	Constructed from the cpi2010 variable

Figure A4: Heterogeneity of deal value and number of deals between countries

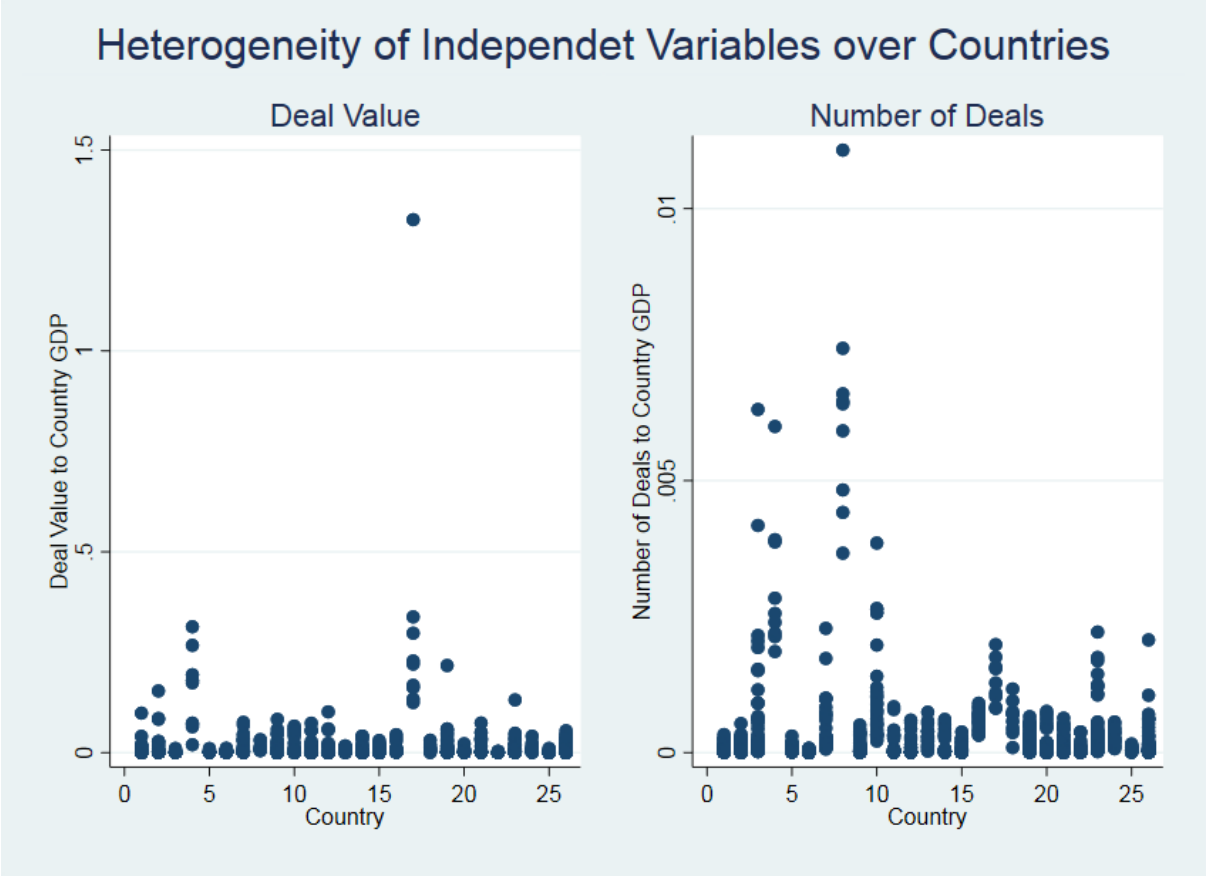

Table A4: Percent of Deals with Assigned Deal Value by Country

	(1) Number of Deals	(2) Obs. With Deal Value	(3) Percent Deals With Value
Austria	2413	1439	60%
Belgium	6236	2722	44%
Bulgaria	4076	2807	69%
Cyprus	983	223	23%
Czech Republic	5214	4552	87%
Germany	28241	11995	42%
Denmark	6716	3516	52%
Estonia	2315	1861	80%
Spain	22447	13205	59%
Finland	11806	7725	65%
France	28784	10634	37%
Greece	1954	462	24%
Croatia	950	466	49%
Hungary	2005	943	47%
Ireland	2	1	50%
Italy	18223	7185	39%
Lithuania	1063	550	52%
Luxembourg	1241	260	21%
Malta	132	39	30%
Netherlands	19900	9908	50%
Poland	18435	8509	46%
Portugal	2687	994	37%
Romania	2097	363	17%
Sweden	20367	7543	37%
Slovenia	655	294	45%
Slovakia	431	305	71%
United Kingdom	92072	30447	33%
Total	301445	128948	43%
N	301445	128948	N.A

Column 1 shows the total number of observations, deals. Column 2 shows the number of observations with an available deal value. Column 3 show how many percent of all observations have a deal value.

Appendix B

Table B1: Entire Population – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	3.007*				
	(1.697)				
L1.	-1.594				
	(1.767)				
L2.	-0.818				
	(1.385)				
Regional Fund					
--.		-0.958			
		(2.319)			
L1.		0.744			
		(1.156)			
L2.		-7.477*			
		(3.859)			
Social Fund					
--.			10.929		
			(7.645)		
L1.			-1.675		
			(5.218)		
L2.			-5.646		
			(4.723)		
Rural Fund					
--.				7.294	
				(8.602)	
L1.				-20.350	
				(14.817)	
L2.				28.758*	
				(17.011)	
Cohesion Fund					
--.					2.527
					(3.675)
L1.					-0.283
					(3.330)
L2.					-1.337
					(3.265)
Fund Controls					
--.		5.409	1.490	1.257	3.188*
		(4.421)	(1.247)	(1.403)	(1.788)
L.		-2.276	-1.170	-0.099	-1.836
		(3.084)	(1.478)	(1.188)	(2.199)

L2.		6.345	0.220	-5.114**	-0.712
		(4.467)	(1.654)	(2.587)	(1.712)
Country GDP	0.003	0.003	0.003	0.001	0.003
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Regional GDP	0.491*	0.498*	0.490*	0.501*	0.491*
	(0.281)	(0.282)	(0.280)	(0.279)	(0.282)
Country GDP per capita	-0.576	-0.534	-0.590	-0.553	-0.579
	(0.459)	(0.452)	(0.462)	(0.444)	(0.459)
Regional GDP per capita	-0.284	-0.309	-0.276	-0.227	-0.284
	(0.492)	(0.500)	(0.496)	(0.459)	(0.490)
Country GDP growth					
--.	3.063	23.221	9.560	22.146	3.370
	(162.576)	(157.122)	(162.200)	(151.860)	(163.754)
L1.	108.392	119.630	109.736	164.818	107.259
	(110.350)	(107.916)	(110.960)	(101.079)	(108.033)
L2.	92.750	111.199*	92.575	188.295**	93.190
	(64.244)	(64.802)	(64.046)	(79.501)	(62.316)
Regional GD growth					
--.	-81.822*	-79.146*	-81.054*	-87.407**	-82.059*
	(43.479)	(42.940)	(43.657)	(42.727)	(43.912)
L1.	-79.124*	-76.184*	-78.761*	-83.408*	-79.010*
	(46.156)	(45.800)	(46.059)	(45.863)	(46.321)
L2.	-90.607**	-88.459**	-90.647**	-116.946***	-91.309**
	(36.223)	(36.641)	(35.912)	(44.150)	(38.293)
GetCredit					
--.	-82.699	-96.345	-96.231	-87.920	-82.717
	(58.688)	(59.881)	(58.902)	(59.704)	(57.700)
L1.	83.282	94.077	87.391	50.283	84.588
	(60.993)	(60.789)	(60.775)	(65.527)	(64.125)
L2.	120.876**	114.282**	121.173**	129.707**	119.788**
	(59.459)	(54.641)	(60.047)	(64.215)	(57.494)
ContractEnforcing					
--.	246.173	273.489	243.807	291.884*	244.749
	(161.471)	(170.495)	(160.621)	(175.867)	(157.016)
L1.	32.790	-16.986	32.722	53.227	30.310
	(75.956)	(86.322)	(78.018)	(76.605)	(76.799)
L2.	37.735	49.422	50.934	1.686	40.644
	(191.980)	(198.365)	(196.233)	(177.650)	(196.254)
MinorityProtection					
--.	423.821	395.899	428.980	439.129	419.110
	(379.392)	(356.985)	(379.463)	(385.324)	(374.429)
L1.	-269.980	-302.742	-253.925	-286.641	-264.376
	(349.682)	(351.445)	(345.771)	(357.929)	(352.882)
L2.	-268.651	-239.571	-272.017	-267.109	-269.251
	(228.517)	(221.214)	(230.579)	(218.051)	(230.172)
RegProperty					
--.	-114.712	-107.432	-100.627	-95.758	-111.709
	(100.400)	(93.984)	(96.183)	(89.287)	(94.828)
L1.	-45.765	-40.246	-51.475	-52.892	-45.970
	(37.378)	(37.066)	(39.374)	(37.567)	(38.187)

L2.	-28.889	-30.885	-33.178	-32.621	-31.616
	(66.059)	(72.751)	(67.316)	(66.139)	(69.459)
Regional employment					
--.	94.360	97.013	86.213	61.884	92.326
	(103.284)	(102.563)	(98.572)	(92.011)	(99.843)
L1.	-118.164	-132.547	-112.711	-122.464	-117.212
	(89.822)	(92.122)	(89.153)	(87.676)	(89.876)
L2.	-50.148	-56.806	-44.844	-73.080	-50.343
	(104.772)	(105.755)	(103.114)	(110.868)	(107.172)
BorderTrade					
--.	97.072	38.601	104.879	-51.280	93.232
	(172.477)	(203.523)	(179.611)	(225.122)	(178.848)
L1.	127.267	141.824	129.991	117.957	129.872
	(101.050)	(113.115)	(101.307)	(94.252)	(111.991)
L2.	-121.482**	-111.483*	-118.670*	-100.235*	-120.426**
	(59.918)	(57.197)	(62.690)	(53.828)	(58.163)
PayTax					
--.	39.259	34.708	25.627	14.575	38.801
	(64.011)	(61.711)	(60.455)	(55.065)	(64.852)
L1.	0.399	13.250	16.946	50.104	1.044
	(45.396)	(43.167)	(43.799)	(43.991)	(46.746)
L2.	50.848	42.785	37.270	38.289	48.157
	(45.100)	(43.720)	(43.234)	(41.764)	(44.270)
TaxGDP					
--.	498.573*	436.856*	490.081*	420.036*	496.864*
	(281.353)	(250.737)	(270.050)	(253.196)	(291.965)
L1.	370.738**	373.752**	393.688**	402.878**	382.177**
	(161.319)	(165.539)	(164.517)	(173.954)	(172.748)
L2.	308.110	306.232	314.946	220.047	297.902
	(253.059)	(255.961)	(255.714)	(219.612)	(237.730)
Inflation					
--.	-43.340	3.990	-43.303	4.962	-43.424
	(185.975)	(188.907)	(186.805)	(188.726)	(184.498)
L1.	62.001	73.109	63.118	63.855	59.879
	(124.277)	(121.224)	(124.072)	(129.370)	(126.445)
L2.	154.478	153.380	177.433*	215.690**	155.871
	(97.201)	(98.775)	(98.958)	(104.189)	(102.344)
Clustered SE			Yes	Yes	Yes
Observations	1,329	1,329	1,329	1,329	1,329
R-squared	0.318	0.323	0.320	0.330	0.318
Number of Regions	201	201	201	201	201

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B2: Entire Population - Regression on number of deals for each EU fund

	(1)	(2)	(3)	(4)	(5)
Number of Deals	All	Regional	Social	Rural	Cohesion

	Payments	Fund	Fund	Fund	Fund
All Payments					
--.	0.024*				
	(0.014)				
L1.	0.020*				
	(0.011)				
L2.	0.021				
	(0.018)				
Regional Fund					
--.		0.059***			
		(0.021)			
L1.		0.013			
		(0.018)			
L2.		0.055**			
		(0.024)			
Social Fund					
--.			-0.023		
			(0.043)		
L1.			0.102*		
			(0.057)		
L2.			-0.070*		
			(0.039)		
Rural Fund					
--.				-0.025	
				(0.067)	
L1.				-0.004	
				(0.063)	
L2.				-0.030	
				(0.043)	
Cohesion Fund					
--.					0.010
					(0.070)
L1.					-0.035
					(0.060)
L2.					0.070
					(0.074)
Fund Controls					
--.		-0.010	0.037*	0.034*	0.021*
		(0.028)	(0.022)	(0.018)	(0.011)
L.		0.008	0.001	0.018	0.033*
		(0.018)	(0.016)	(0.014)	(0.017)
L2.		-0.012	0.042	0.033	0.012
		(0.027)	(0.027)	(0.021)	(0.013)
Country GDP	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)

Regional GDP	0.001***	0.001***	0.001***	0.001***	0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Country GDP per capita	0.006**	0.006**	0.006**	0.006**	0.006**
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Regional GDP per capita	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Country GDP growth					
--.	0.007	-0.178	0.063	-0.193	0.046
	(0.690)	(0.698)	(0.713)	(0.675)	(0.679)
L1.	0.702	0.534	0.732	0.337	0.649
	(0.662)	(0.677)	(0.673)	(0.635)	(0.619)
L2.	0.354	0.185	0.339	-0.012	0.239
	(0.766)	(0.784)	(0.758)	(0.733)	(0.728)
Regional GD growth					
--.	-0.488	-0.492	-0.505	-0.469	-0.445
	(0.392)	(0.394)	(0.395)	(0.389)	(0.408)
L1.	-0.423	-0.401	-0.428	-0.388	-0.362
	(0.360)	(0.365)	(0.360)	(0.353)	(0.375)
L2.	-0.131	-0.104	-0.116	-0.068	-0.034
	(0.321)	(0.332)	(0.317)	(0.313)	(0.297)
GetCredit					
--.	-0.417	-0.300	-0.440	-0.313	-0.486
	(0.549)	(0.539)	(0.558)	(0.551)	(0.536)
L1.	-1.738**	-1.805**	-1.753**	-1.711**	-1.692**
	(0.867)	(0.878)	(0.869)	(0.865)	(0.857)
L2.	-0.238	-0.166	-0.229	-0.191	-0.188
	(0.337)	(0.336)	(0.342)	(0.352)	(0.347)
ContractEnforcing					
--.	-1.276*	-1.330*	-1.450**	-1.432**	-1.172*
	(0.691)	(0.690)	(0.704)	(0.680)	(0.681)
L1.	-0.367	-0.087	-0.131	-0.242	-0.431
	(1.075)	(1.132)	(1.115)	(1.068)	(1.169)
L2.	-2.101**	-2.282**	-2.202**	-1.971**	-2.198**
	(0.949)	(0.929)	(0.988)	(0.922)	(0.963)
MinorityProtection					
--.	-3.226*	-2.906*	-3.326*	-3.173*	-3.094*
	(1.717)	(1.674)	(1.714)	(1.727)	(1.707)
L1.	-0.593	-0.599	-0.476	-0.523	-0.938
	(0.948)	(0.971)	(0.925)	(0.931)	(1.038)
L2.	1.262*	0.988	1.304*	0.999	1.322*
	(0.751)	(0.745)	(0.752)	(0.738)	(0.749)
RegProperty					
--.	-0.207	-0.357	-0.105	-0.317	-0.319
	(0.444)	(0.440)	(0.433)	(0.442)	(0.465)
L1.	-1.098***	-1.102***	-1.137***	-1.132***	-1.042***
	(0.344)	(0.343)	(0.349)	(0.347)	(0.364)
L2.	-1.005	-0.856	-1.091*	-1.014	-0.820
	(0.613)	(0.621)	(0.638)	(0.617)	(0.614)
Regional employment					
--.	-0.411	-0.322	-0.487	-0.194	-0.272
	(0.867)	(0.866)	(0.878)	(0.855)	(0.815)

L1.	-0.361	-0.323	-0.403	-0.408	-0.415
	(0.643)	(0.652)	(0.642)	(0.632)	(0.666)
L2.	-3.546***	-3.558***	-3.396***	-3.651***	-3.475***
	(1.227)	(1.233)	(1.184)	(1.241)	(1.227)
BorderTrade					
--.	3.123**	3.442**	3.145**	3.124**	3.334**
	(1.476)	(1.480)	(1.417)	(1.426)	(1.594)
L1.	3.807***	3.548***	3.819***	3.983***	3.546***
	(0.976)	(0.971)	(0.987)	(0.995)	(1.003)
L2.	-0.316	-0.422	-0.330	-0.290	-0.408
	(0.465)	(0.459)	(0.455)	(0.472)	(0.458)
PayTax					
--.	1.036*	1.069*	0.981*	1.088*	1.023*
	(0.587)	(0.591)	(0.593)	(0.586)	(0.578)
L1.	1.575**	1.490**	1.605**	1.346**	1.632**
	(0.647)	(0.659)	(0.663)	(0.674)	(0.644)
L2.	-0.650	-0.528	-0.653	-0.620	-0.548
	(0.595)	(0.617)	(0.599)	(0.595)	(0.643)
TaxGDP					
--.	2.392	2.691*	2.738	2.841	2.238
	(1.641)	(1.624)	(1.705)	(1.733)	(1.862)
L1.	3.000	2.767	3.074	2.632	2.704
	(2.181)	(2.172)	(2.173)	(2.104)	(1.845)
L2.	-7.517***	-7.558***	-7.528***	-7.653***	-7.113***
	(2.850)	(2.805)	(2.849)	(2.881)	(2.555)
Inflation					
--.	-2.791	-3.040	-2.929	-2.853	-2.828
	(1.849)	(1.840)	(1.896)	(1.843)	(1.751)
L1.	-1.511	-1.600	-1.412	-1.402	-1.485
	(1.184)	(1.184)	(1.145)	(1.150)	(1.052)
L2.	0.330	0.138	0.232	0.298	0.040
	(0.912)	(0.890)	(0.894)	(0.931)	(0.909)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	1,329	1,329	1,329	1,329	1,329
R-squared	0.274	0.278	0.277	0.276	0.276
Number of Regions	201	201	201	201	201

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B3: Wealth Group RichRich – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	32.200**				
	(13.987)				
L1.	-17.169				
	(16.719)				
L2.	16.797				
	(16.216)				
Regional Fund					
--.		-6.163			
		(19.884)			
L1.		31.785*			
		(17.583)			
L2.		-53.942*			
		(32.293)			
Social Fund					
--.			12.719		
			(24.157)		
L1.			-48.971**		
			(21.972)		
L2.			-36.265		
			(29.697)		
Rural Fund					
--.				57.111*	
				(33.849)	
L1.				-1.963	
				(45.867)	
L2.				65.695	
				(40.759)	
Cohesion Fund					
--.					-
L1.					0.000
					(0.000)
L2.					0.000
					(0.000)
Fund Controls					
--.		49.705*	35.652**	3.211	32.200**
		(26.170)	(17.627)	(11.676)	(13.987)
L.		-45.356	0.393	1.774	-17.169
		(28.668)	(19.758)	(13.557)	(16.719)
L2.		38.587	32.301	-39.112*	16.797
		(25.525)	(24.319)	(21.280)	(16.216)

Country GDP	0.002	0.002	-0.000	-0.004	0.002
	(0.006)	(0.006)	(0.007)	(0.007)	(0.006)
Regional GDP	0.565*	0.575*	0.591**	0.600**	0.565*
	(0.297)	(0.294)	(0.297)	(0.294)	(0.297)
Country GDP per capita	0.240	0.103	0.325	0.329	0.240
	(0.692)	(0.684)	(0.715)	(0.654)	(0.692)
Regional GDP per capita	-0.002	-0.005	0.084	0.060	-0.002
	(0.598)	(0.599)	(0.573)	(0.554)	(0.598)
Country GDP growth					
--.	-497.575	-431.426	-479.663	-432.610	-497.575
	(375.049)	(353.639)	(389.073)	(344.038)	(375.049)
L1.	-115.623	-44.309	-140.264	-81.392	-115.623
	(212.042)	(195.720)	(224.792)	(202.165)	(212.042)
L2.	-2.825	123.203	14.312	131.889	-2.825
	(167.378)	(168.175)	(168.754)	(180.677)	(167.378)
Regional GD growth					
--.	-143.109	-142.949	-191.850	-152.011	-143.109
	(120.658)	(122.953)	(128.244)	(118.853)	(120.658)
L1.	-100.950	-91.025	-121.039	-106.808	-100.950
	(106.008)	(106.861)	(110.431)	(103.688)	(106.008)
L2.	-240.376**	-262.997**	-218.722**	-236.619**	-240.376**
	(106.093)	(107.168)	(93.177)	(98.538)	(106.093)
GetCredit	-337.690	-441.791	-164.951	-324.023	-337.690
--.	(376.456)	(399.952)	(346.537)	(380.648)	(376.456)
	0.381	-61.764	81.166	-0.554	0.381
L1.	(374.268)	(386.615)	(369.517)	(376.401)	(374.268)
	254.720*	282.151**	244.774	218.829	254.720*
L2.	(145.054)	(141.459)	(155.999)	(153.173)	(145.054)
ContractEnforcing	540.605	523.440	579.157	495.971	540.605
--.	(354.310)	(326.833)	(381.659)	(345.659)	(354.310)
	-432.887	-468.033	-585.503	-549.943	-432.887
L1.	(347.619)	(363.917)	(353.366)	(399.669)	(347.619)
	300.232	320.737	134.886	-47.335	300.232
L2.	(404.518)	(387.115)	(359.619)	(305.070)	(404.518)
MinorityProtection	-0.041	337.866	-110.217	83.381	-0.041
--.	(576.546)	(678.074)	(518.646)	(574.460)	(576.546)
	191.845	-49.151	181.321	175.170	191.845
L1.	(334.081)	(331.548)	(346.884)	(319.162)	(334.081)
	-240.396	-200.413	-194.041	-96.271	-240.396
L2.	(242.251)	(241.914)	(224.440)	(225.639)	(242.251)
RegProperty	-287.643*	-279.629*	-277.706*	-209.341	-287.643*
--.	(170.777)	(163.990)	(160.845)	(157.119)	(170.777)
	-201.666	-231.961	-262.374	-226.099	-201.666
L1.	(147.537)	(150.936)	(162.130)	(153.362)	(147.537)
	-98.949	-36.423	-153.965	-239.670	-98.949
L2.	(141.112)	(134.504)	(177.919)	(190.270)	(141.112)

Regional employment	446.548	457.093	398.262	435.361	446.548
--.	(348.781)	(345.063)	(311.597)	(321.139)	(348.781)
	-484.537	-456.029	-380.936	-347.527	-484.537
L1.	(298.858)	(289.587)	(273.308)	(282.880)	(298.858)
	-681.399	-733.031	-636.359	-610.615	-681.399
L2.	(440.382)	(447.931)	(392.655)	(392.373)	(440.382)
BorderTrade	-206.276	-193.698	184.484	-119.405	-206.276
--.	(533.309)	(552.325)	(536.848)	(543.831)	(533.309)
	391.306	180.642	423.238	582.169	391.306
L1.	(335.299)	(328.909)	(353.550)	(375.569)	(335.299)
	45.104	85.841	-114.683	-4.491	45.104
L2.	(227.856)	(235.715)	(217.251)	(215.810)	(227.856)
PayTax	196.544	119.144	166.938	118.597	196.544
--.	(152.476)	(158.836)	(152.788)	(143.483)	(152.476)
	-321.895	-166.383	-331.183	-260.434	-321.895
L1.	(235.129)	(236.919)	(224.296)	(224.446)	(235.129)
	301.433*	174.168	264.824	139.440	301.433*
L2.	(173.880)	(171.651)	(173.807)	(178.107)	(173.880)
TaxGDP	457.765	393.121	775.329	765.287	457.765
--.	(529.412)	(536.399)	(556.944)	(550.595)	(529.412)
	339.955	513.671	428.507	627.688	339.955
L1.	(434.349)	(457.632)	(477.828)	(500.261)	(434.349)
	701.205*	569.199	1,092.387**	812.073*	701.205*
L2.	(421.442)	(452.640)	(456.050)	(450.611)	(421.442)
Inflation	724.113	699.207	741.813	615.350	724.113
--.	(461.566)	(440.327)	(452.595)	(414.998)	(461.566)
	715.682	735.674	665.686	640.210	715.682
L1.	(614.055)	(607.788)	(593.116)	(606.302)	(614.055)
	1,674.251**	1,783.333**	1,362.332**	1,304.128***	1,674.251**
L2.	(837.696)	(853.615)	(657.503)	(649.874)	(837.696)
Clustered SE					
Observations	681	681	681	681	681
R-squared	0.403	0.415	0.415	0.427	0.403
Number of Regions	125	125	125	125	125

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B4: Wealth Group RichPoor – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
Total Payments	0.449*				
	(0.229)				
Regional Fund		0.170			
		(0.248)			
Social Fund			2.767***		
			(0.870)		
Rural Fund				-0.858	
				(3.377)	
Cohesion Fund					-
Fund Controls		1.593	-0.039	0.479**	0.449*
		(1.104)	(0.229)	(0.218)	(0.229)
Country GDP	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Regional GDP	0.012	0.011	0.013	0.013	0.012
	(0.015)	(0.016)	(0.016)	(0.017)	(0.015)
Country GDP per capita	0.090	0.094	0.086	0.084	0.090
	(0.087)	(0.086)	(0.087)	(0.088)	(0.087)
Regional GDP per capita	0.018	0.020	0.017	0.015	0.018
	(0.059)	(0.060)	(0.059)	(0.061)	(0.059)
Country GDP growth	-45.239	-42.648	-41.292	-45.793	-45.239
	(33.975)	(34.506)	(34.580)	(34.007)	(33.975)
Regional GD growth	19.843*	19.814*	19.489*	19.702*	19.843*
	(9.969)	(10.149)	(10.288)	(10.033)	(9.969)
GetCredit	21.884	26.432	19.355	16.407	21.884
	(44.450)	(43.613)	(41.325)	(49.780)	(44.450)
ContractEnforcing	1.627	8.769	1.703	-5.048	1.627
	(79.763)	(79.193)	(79.646)	(80.426)	(79.763)
MinorityProtection	-	-	-	-	-
RegProperty	9.972	10.256	10.128	9.780	9.972
	(34.285)	(34.429)	(34.388)	(34.417)	(34.285)
Regional employment	-12.612	-14.311	-12.580	-11.001	-12.612
	(36.090)	(36.260)	(35.864)	(37.002)	(36.090)
BorderTrade	72.610	67.952	81.312	81.133	72.610
	(61.599)	(61.556)	(62.340)	(65.160)	(61.599)
PayTax	70.036	70.846	74.433	71.369	70.036
	(53.854)	(54.513)	(54.575)	(52.785)	(53.854)
TaxGDP	-182.735**	-186.477**	-192.681**	-183.958**	-182.735**
	(82.380)	(83.981)	(83.135)	(81.260)	(82.380)

Inflation	8.419	-2.414	-0.133	14.524	8.419
	(53.668)	(56.495)	(55.059)	(56.410)	(53.668)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	322	322	322	322	322
R-squared	0.065	0.067	0.070	0.065	0.065
Number of Regions	64	64	64	64	64

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B5: Wealth Group PoorPoor – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.116				
	(0.228)				
L1.	0.291				
	(0.317)				
L2.	-0.393				
	(0.317)				
Regional Fund					
--.		0.443			
		(0.653)			
L1.		0.929			
		(0.632)			
L2.		-1.160**			
		(0.537)			
Social Fund					
--.			0.628		
			(1.383)		
L1.			1.272		
			(1.053)		
L2.			0.793		
			(0.879)		
Rural Fund					
--.				-3.082**	
				(1.212)	
L1.				8.173**	
				(3.405)	
L2.				-4.608**	
				(2.076)	
Cohesion Fund					
--.					-0.605
					(0.535)
L1.					-0.956
					(1.237)
L2.					1.072
					(1.404)
Fund Controls					
--.		-0.895*	-0.113	0.127	-0.229
		(0.478)	(0.339)	(0.223)	(0.504)
L.		0.367	0.419	0.357	1.692*
		(0.664)	(0.407)	(0.340)	(0.887)
L2.		-0.109	-0.677	-0.492	-1.212**
		(0.609)	(0.431)	(0.300)	(0.562)

Country GDP	-0.002	0.001	-0.003	0.005	0.001
	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)
Regional GDP	0.068	0.084**	0.082*	0.095*	0.062*
	(0.048)	(0.042)	(0.046)	(0.056)	(0.032)
Country GDP per capita	0.098	0.049	0.122	-0.038	0.091
	(0.196)	(0.196)	(0.198)	(0.221)	(0.197)
Regional GDP per capita	-0.046	-0.064	-0.065	-0.084	-0.035
	(0.095)	(0.084)	(0.090)	(0.094)	(0.084)
Country GDP growth					
--.	79.735	67.789	110.369*	113.613**	36.806
	(49.006)	(59.045)	(55.841)	(55.876)	(58.309)
L1.	83.138**	76.853*	96.203**	106.078***	61.844*
	(32.555)	(41.310)	(35.903)	(37.424)	(36.661)
L2.	34.811*	27.812	46.509**	42.481**	17.450
	(18.772)	(20.294)	(20.663)	(20.664)	(22.174)
Regional GD growth					
--.	-16.835	-15.387	-15.527	-11.994	-14.272
	(10.071)	(10.319)	(10.019)	(10.146)	(10.414)
L1.	-14.757**	-13.977*	-12.817**	-18.100***	-14.585**
	(6.202)	(7.155)	(5.982)	(6.551)	(6.911)
L2.	-10.212	-7.412	-10.966	-13.999*	-4.995
	(6.735)	(6.485)	(6.982)	(6.998)	(6.872)
GetCredit					
--.	21.547	14.804	22.103	16.191	5.478
	(13.490)	(13.884)	(13.929)	(13.920)	(16.283)
L1.	-11.604	-6.424	-20.780	-33.608	3.298
	(22.680)	(22.442)	(24.613)	(23.215)	(22.697)
L2.	39.540*	32.769	51.462**	48.591**	26.643
	(22.119)	(23.709)	(23.119)	(23.421)	(23.223)
ContractEnforcing					
--.	-4.651	-22.838	-14.470	-16.456	-21.706
	(19.070)	(28.085)	(23.199)	(19.939)	(22.520)
L1.	-6.674	-11.411	-22.848	-11.140	13.743
	(41.900)	(43.504)	(43.004)	(42.520)	(44.774)
L2.	-45.794	-66.331	-40.815	-87.935*	-58.934
	(41.890)	(41.172)	(44.440)	(48.209)	(44.193)
MinorityProtection					
--.	-85.803	-108.178	-120.801	-116.942	-99.985
	(70.224)	(83.872)	(83.715)	(75.387)	(75.762)
L1.	90.001***	83.613**	78.095**	78.579**	91.454***
	(29.327)	(33.078)	(31.142)	(33.190)	(28.961)
L2.	-170.187***	-165.513***	-176.256***	-170.411***	-160.360***
	(32.914)	(35.443)	(37.228)	(34.687)	(32.242)
RegProperty					
--.	49.131	47.272	60.487*	53.062	38.828
	(33.621)	(38.351)	(36.014)	(33.725)	(35.100)
L1.	6.951	2.464	12.051	9.047	-2.990
	(9.665)	(10.103)	(10.558)	(10.201)	(11.681)
L2.	-37.601	-25.088	-52.299*	-40.002	-13.831
	(26.231)	(29.618)	(29.486)	(27.003)	(31.719)

Regional employment					
--.	-7.884	-0.890	-13.306	-6.332	0.935
	(18.632)	(18.620)	(19.070)	(17.365)	(21.275)
L1.	9.690	3.033	14.223	11.155	2.913
	(23.138)	(24.192)	(24.183)	(22.351)	(26.159)
L2.	-0.427	-4.442	-0.861	-4.877	-4.152
	(19.555)	(19.494)	(19.708)	(19.230)	(20.238)
BorderTrade					
--.	275.227**	284.259**	254.039*	267.479**	262.764**
	(128.756)	(130.440)	(137.359)	(127.085)	(125.985)
L1.	-197.144	-231.051	-262.648	-213.029	-215.186
	(200.493)	(211.748)	(216.872)	(197.947)	(177.425)
L2.	-21.397	-28.452	-27.003	18.531	-28.950
	(35.846)	(35.600)	(38.111)	(33.147)	(38.892)
PayTax					
--.	-21.901	-27.228	-28.214	-20.655	-26.772
	(29.784)	(31.585)	(30.972)	(29.273)	(26.569)
L1.	-23.009	-22.844	-31.828*	-33.958*	-25.530
	(17.008)	(17.046)	(18.961)	(18.431)	(16.861)
L2.	-0.767	12.056	7.992	17.671	15.102
	(9.511)	(11.361)	(11.410)	(13.577)	(13.688)
TaxGDP					
--.	80.727	69.997	97.193	68.985	72.694
	(86.193)	(88.382)	(90.535)	(87.346)	(80.976)
L1.	92.932*	116.362**	97.969*	87.046	134.417***
	(53.906)	(50.625)	(54.513)	(52.077)	(47.279)
L2.	-30.115	-54.285	-55.271	-2.067	-11.071
	(45.320)	(50.646)	(51.916)	(50.837)	(53.897)
Inflation					
--.	-41.982	-31.086	-58.957	-7.900	-40.907
	(29.869)	(36.180)	(38.392)	(36.392)	(32.717)
L1.	-10.423	-2.863	-17.220	23.672	6.302
	(43.502)	(40.886)	(42.634)	(45.191)	(47.204)
L2.	6.822	-2.265	9.980	22.903	-20.931
	(32.237)	(28.170)	(33.271)	(34.178)	(27.916)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	264	264	264	264	264
R-squared	0.335	0.360	0.345	0.364	0.377
Number of Regions	48	48	48	48	48

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B6: Country Group Rich – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	3.093				
	(2.357)				
L1.	-3.263**				
	(1.636)				
L2.	0.030				
	(2.259)				
Regional Fund					
--.		-2.056			
		(3.532)			
L1.		1.106			
		(2.086)			
L2.		-8.768*			
		(5.061)			
Social Fund					
--.			7.153		
			(9.898)		
L1.			-18.120**		
			(7.496)		
L2.			-19.645*		
			(11.093)		
Rural Fund					
--.				10.289	
				(13.590)	
L1.				7.421	
				(27.084)	
L2.				53.814	
				(34.639)	
Cohesion Fund					
--.					-
L1.					0.000
					(0.000)
L2.					0.000
					(0.000)
Fund Controls					
--.		12.798	3.626	-0.798	3.093
		(8.883)	(2.790)	(2.327)	(2.357)
L.		-11.500	1.651	0.401	-3.263**
		(8.721)	(2.117)	(2.403)	(1.636)
L2.		17.298	3.058	-8.019*	0.030
		(13.862)	(4.006)	(4.770)	(2.259)

Country GDP	0.002	0.001	0.002	-0.003	0.002
	(0.005)	(0.005)	(0.005)	(0.006)	(0.005)
Regional GDP	0.531*	0.535*	0.540*	0.552*	0.531*
	(0.297)	(0.294)	(0.297)	(0.291)	(0.297)
Country GDP per capita	-0.209	-0.229	-0.143	-0.089	-0.209
	(0.619)	(0.622)	(0.618)	(0.595)	(0.619)
Regional GDP per capita	-0.076	-0.122	-0.037	-0.070	-0.076
	(0.533)	(0.552)	(0.529)	(0.522)	(0.533)
Country GDP growth					
--.	-216.850	-190.631	-234.009	-170.008	-216.850
	(294.577)	(276.452)	(303.725)	(261.727)	(294.577)
L1.	39.927	91.134	6.447	120.500	39.927
	(167.612)	(145.222)	(176.999)	(128.464)	(167.612)
L2.	40.703	104.601	24.598	154.644	40.703
	(104.502)	(101.565)	(104.993)	(121.723)	(104.502)
Regional GD growth					
--.	-88.572	-69.066	-113.237	-80.421	-88.572
	(86.752)	(92.875)	(90.246)	(91.426)	(86.752)
L1.	-82.104	-70.242	-90.343	-75.419	-82.104
	(78.716)	(81.934)	(80.666)	(82.252)	(78.716)
L2.	-156.475**	-170.524**	-147.546**	-172.648**	-156.475**
	(74.772)	(75.845)	(71.418)	(74.745)	(74.772)
GetCredit					
--.	-395.367	-434.059	-301.632	-391.947	-395.367
	(342.673)	(362.640)	(319.342)	(359.522)	(342.673)
L1.	-5.094	-55.050	38.992	-97.236	-5.094
	(291.881)	(314.202)	(288.373)	(346.109)	(291.881)
L2.	140.163	137.940	157.257	88.594	140.163
	(115.977)	(118.092)	(113.156)	(130.746)	(115.977)
ContractEnforcing					
--.	426.003	453.989	397.311	543.510	426.003
	(319.002)	(334.430)	(313.422)	(373.550)	(319.002)
L1.	-305.851	-318.968	-376.835	-413.255	-305.851
	(264.840)	(276.205)	(271.481)	(293.522)	(264.840)
L2.	334.423	300.804	323.072	105.155	334.423
	(274.565)	(249.888)	(269.796)	(189.358)	(274.565)
MinorityProtection					
--.	59.652	161.611	37.169	148.258	59.652
	(494.207)	(535.276)	(489.321)	(529.012)	(494.207)
L1.	-36.553	-22.346	-47.307	72.658	-36.553
	(283.310)	(274.277)	(282.934)	(283.781)	(283.310)
L2.	-189.812	-160.871	-192.605	-111.062	-189.812
	(227.746)	(225.394)	(224.971)	(213.131)	(227.746)
RegProperty					
--.	-192.420	-178.505	-184.112	-136.164	-192.420
	(139.251)	(132.192)	(134.254)	(121.607)	(139.251)
L1.	-96.144	-102.519	-133.371	-136.510	-96.144
	(101.766)	(102.767)	(105.978)	(107.712)	(101.766)
L2.	41.022	50.692	3.856	-28.967	41.022
	(79.770)	(79.767)	(84.700)	(92.853)	(79.770)

Regional employment					
--.	103.666	116.299	88.393	79.126	103.666
	(132.003)	(135.198)	(125.321)	(119.919)	(132.003)
L1.	-155.209	-159.776	-145.730	-148.953	-155.209
	(127.677)	(128.299)	(125.128)	(127.830)	(127.677)
L2.	-269.907	-283.930	-255.006	-283.304	-269.907
	(212.458)	(218.877)	(204.662)	(210.703)	(212.458)
BorderTrade					
--.	-158.015	-270.400	6.828	-438.627	-158.015
	(348.337)	(427.772)	(325.302)	(529.402)	(348.337)
L1.	308.118	274.049	329.533	464.646	308.118
	(252.161)	(253.558)	(261.965)	(285.603)	(252.161)
L2.	-26.698	24.458	-76.584	69.813	-26.698
	(154.261)	(182.733)	(148.460)	(210.075)	(154.261)
PayTax					
--.	280.103*	256.099*	238.071*	249.243*	280.103*
	(149.208)	(150.247)	(142.918)	(143.696)	(149.208)
L1.	-233.643	-160.262	-217.194	-154.001	-233.643
	(186.920)	(188.338)	(184.200)	(187.569)	(186.920)
L2.	211.673	144.864	191.830	35.767	211.673
	(149.229)	(144.642)	(147.433)	(155.134)	(149.229)
TaxGDP					
--.	-10.217	-90.756	142.657	202.286	-10.217
	(327.472)	(330.437)	(330.452)	(337.576)	(327.472)
L1.	198.053	330.890	268.134	448.156	198.053
	(302.284)	(288.760)	(317.899)	(305.136)	(302.284)
L2.	374.233	356.145	556.139*	464.684	374.233
	(297.998)	(298.012)	(306.081)	(315.435)	(297.998)
Inflation					
--.	438.782	509.174	441.470	507.784	438.782
	(304.866)	(330.950)	(295.693)	(331.142)	(304.866)
L1.	533.498	520.710	512.364	426.290	533.498
	(421.957)	(426.226)	(411.928)	(432.048)	(421.957)
L2.	1,066.599***	1,167.022**	968.857**	984.713**	1,066.599**
	(515.668)	(550.615)	(467.985)	(479.319)	(515.668)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	1,003	1,003	1,003	1,003	1,003
R-squared	0.358	0.363	0.363	0.378	0.358
Number of Regions	149	149	149	149	149

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B7: Country Group Poor – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	3.372				
	(2.158)				
L1.	1.261				
	(0.900)				
L2.	0.627				
	(1.067)				
Regional Fund					
--.		3.925			
		(2.422)			
L1.		2.364			
		(1.431)			
L2.		-1.914			
		(1.972)			
Social Fund					
--.			9.997		
			(9.475)		
L1.			2.953		
			(4.163)		
L2.			0.667		
			(3.330)		
Rural Fund					
--.				-0.271	
				(2.369)	
L1.				3.438	
				(4.508)	
L2.				0.656	
				(3.625)	
Cohesion Fund					
--.					-1.484
					(1.293)
L1.					0.368
					(2.538)
L2.					4.198*
					(2.222)
Fund Controls					
--.		1.137	2.009*	3.608	3.913
		(2.025)	(1.041)	(2.261)	(3.371)
L.		1.968	1.212	1.166	3.809**
		(1.353)	(0.971)	(0.946)	(1.830)
L2.		2.050	0.297	0.519	-1.360

		(1.597)	(1.152)	(1.074)	(1.493)
Country GDP	-0.009	-0.002	-0.013	-0.010	0.001
	(0.013)	(0.015)	(0.016)	(0.014)	(0.014)
Regional GDP	0.170***	0.188**	0.164***	0.171**	0.172***
	(0.063)	(0.075)	(0.051)	(0.065)	(0.063)
Country GDP per capita	-0.392	-0.591	-0.205	-0.379	-0.656
	(0.613)	(0.700)	(0.515)	(0.626)	(0.719)
Regional GDP per capita	-0.539**	-0.547**	-0.561**	-0.546**	-0.524**
	(0.257)	(0.265)	(0.239)	(0.260)	(0.244)
Country GDP growth					
--.	435.172*	429.571*	421.597*	430.785*	400.461*
	(233.482)	(246.405)	(215.146)	(232.251)	(231.499)
L1.	218.509*	228.706*	207.051**	224.307*	209.956*
	(114.933)	(124.596)	(97.889)	(119.233)	(116.488)
L2.	137.262	124.120	141.518	134.369	113.144
	(113.254)	(110.891)	(119.414)	(113.944)	(102.067)
Regional GD growth					
--.	0.420	-3.014	12.820	2.574	7.526
	(23.575)	(22.201)	(25.166)	(23.398)	(24.397)
L1.	-38.334	-40.717	-33.199	-41.513	-29.239
	(23.634)	(25.119)	(21.375)	(25.115)	(19.685)
L2.	-50.279	-40.881	-49.523	-50.403	-28.447
	(39.952)	(36.476)	(39.771)	(40.452)	(32.862)
GetCredit					
--.	43.157	47.742	16.535	40.095	36.658
	(57.758)	(55.523)	(51.546)	(58.133)	(60.202)
L1.	-46.256	-25.567	-41.729	-43.828	-6.397
	(47.943)	(48.252)	(53.743)	(47.331)	(43.473)
L2.	85.411	66.995	92.992	80.879	67.121
	(66.560)	(60.201)	(70.564)	(65.297)	(54.788)
ContractEnforcing					
--.	229.981	189.919	222.739	226.677	178.675
	(201.626)	(184.140)	(237.564)	(201.052)	(178.067)
L1.	25.894	-8.581	48.950	33.271	17.335
	(102.340)	(117.571)	(102.438)	(100.870)	(126.556)
L2.	-338.691**	-382.770**	-281.960**	-351.640**	-374.840***
	(152.443)	(153.708)	(114.695)	(156.659)	(136.941)
MinorityProtection					
--.	322.331*	288.624	319.633	324.362	276.298
	(191.965)	(204.828)	(221.555)	(200.955)	(200.873)
L1.	-668.824	-692.902	-654.415	-665.586	-694.082
	(582.091)	(586.587)	(565.364)	(583.529)	(582.255)
L2.	216.534	203.015	241.425	213.994	195.055
	(331.202)	(319.601)	(349.614)	(334.352)	(308.402)
RegProperty					
--.	44.176	59.677	49.919	44.311	58.780
	(45.611)	(41.094)	(53.187)	(45.238)	(39.978)
L1.	63.428	62.054	58.708	61.553	55.462
	(92.042)	(91.468)	(94.238)	(91.521)	(95.923)

L2.	-211.600*	-194.065*	-217.534**	-210.681*	-173.590
	(105.518)	(109.304)	(106.997)	(106.105)	(104.690)
Regional employment					
--.	23.622	45.862	9.651	30.018	49.194
	(62.963)	(71.123)	(65.460)	(66.858)	(71.463)
L1.	-192.247	-213.572	-181.773	-203.545	-197.096
	(122.022)	(132.761)	(120.991)	(131.054)	(126.121)
L2.	121.325	111.051	128.019	115.594	111.902
	(119.492)	(117.802)	(120.254)	(119.483)	(120.739)
BorderTrade					
--.	-301.912	-217.738	-438.909	-316.407	-164.057
	(243.358)	(252.295)	(344.886)	(243.292)	(207.773)
L1.	136.682	103.118	170.036	150.086	98.066
	(127.054)	(116.551)	(149.429)	(123.714)	(117.149)
L2.	168.990*	170.769*	170.190**	172.389*	148.339
	(87.805)	(97.838)	(84.670)	(88.778)	(96.168)
PayTax					
--.	-38.148	-47.984	-44.151	-38.315	-60.877
	(35.159)	(36.787)	(33.894)	(38.648)	(39.160)
L1.	30.974	42.494	33.090	30.696	42.415
	(40.517)	(43.621)	(36.564)	(46.233)	(47.333)
L2.	6.209	10.828	4.584	7.755	30.126
	(28.802)	(26.865)	(25.027)	(28.928)	(26.542)
TaxGDP					
--.	112.134	31.541	117.439	88.299	68.599
	(138.917)	(118.592)	(139.802)	(138.133)	(122.184)
L1.	-5.012	57.733	15.697	-29.628	160.868
	(111.408)	(112.040)	(119.372)	(113.499)	(137.910)
L2.	-209.162	-294.396*	-176.857	-224.700	-241.997
	(149.389)	(175.687)	(129.169)	(155.152)	(195.410)
Inflation					
--.	-202.937	-198.237	-203.754	-185.331	-216.721
	(151.245)	(162.516)	(135.574)	(150.095)	(162.369)
L1.	181.940*	180.644*	172.817**	197.878*	151.881**
	(94.923)	(95.002)	(85.648)	(100.416)	(74.550)
L2.	183.572	160.469	208.455	206.802	114.999
	(125.621)	(113.564)	(130.391)	(137.798)	(116.251)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	322	322	322	322	322
R-squared	0.433	0.441	0.444	0.434	0.452
Number of Regions	52	52	52	52	52

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B8: Region Group Rich – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	33.893***				
	(11.451)				
L1.	-23.030				
	(17.937)				
L2.	14.014				
	(11.342)				
Regional Fund					
--.		-5.335			
		(17.650)			
L1.		23.529*			
		(13.483)			
L2.		-32.646*			
		(18.353)			
Social Fund					
--.			2.516		
			(21.962)		
L1.			-52.468**		
			(21.858)		
L2.			-31.753		
			(27.043)		
Rural Fund					
--.				55.744	
				(33.871)	
L1.				0.970	
				(46.647)	
L2.				64.661*	
				(38.723)	
Cohesion Fund					
--.					53.335
					(67.778)
L1.					-73.122
					(49.750)
L2.					-7.283
					(37.932)
Fund Controls					
--.		44.802*	37.956***	8.483	32.653***
		(24.222)	(14.257)	(9.674)	(10.547)
L.		-41.150*	-14.158	0.246	-24.209
		(24.150)	(22.160)	(9.271)	(20.166)
L2.		40.539	25.116	-20.919	17.376
		(24.836)	(19.293)	(12.944)	(12.839)

Country GDP	0.004	0.001	0.003	-0.005	0.003
	(0.004)	(0.005)	(0.005)	(0.007)	(0.005)
Regional GDP	0.540*	0.547*	0.566*	0.568*	0.539*
	(0.293)	(0.289)	(0.295)	(0.289)	(0.293)
Country GDP per capita	0.132	-0.007	0.142	0.186	0.133
	(0.647)	(0.654)	(0.667)	(0.588)	(0.659)
Regional GDP per capita	-0.013	0.000	0.057	0.071	-0.016
	(0.575)	(0.566)	(0.560)	(0.529)	(0.579)
Country GDP growth					
--.	-489.055	-395.863	-489.377	-380.104	-495.326
	(332.356)	(295.833)	(358.571)	(282.764)	(359.270)
L1.	-125.110	23.514	-147.425	-16.531	-89.600
	(198.985)	(173.851)	(211.440)	(175.355)	(196.899)
L2.	40.967	178.580	52.196	214.768	58.632
	(157.100)	(164.067)	(158.913)	(186.694)	(157.687)
Regional GD growth					
--.	-138.941	-122.049	-181.467	-131.196	-126.683
	(103.856)	(107.332)	(116.330)	(105.001)	(106.558)
L1.	-94.225	-76.089	-117.117	-81.537	-86.287
	(89.071)	(92.120)	(97.868)	(89.537)	(91.349)
L2.	-226.405**	-252.912**	-207.484**	-240.404**	-229.941**
	(97.353)	(102.497)	(86.668)	(96.598)	(99.081)
GetCredit					
--.	-296.041	-501.233	-123.933	-458.718	-331.574
	(309.130)	(374.883)	(271.122)	(382.763)	(311.637)
L1.	66.127	-162.541	144.802	-151.285	-9.311
	(276.236)	(346.252)	(273.509)	(360.850)	(305.343)
L2.	217.070	193.311	213.233	83.201	199.858
	(133.079)	(138.404)	(137.648)	(168.717)	(137.649)
ContractEnforcing					
--.	465.722	509.895	455.259	460.991	488.761
	(327.964)	(310.888)	(347.034)	(320.879)	(339.926)
L1.	-447.167	-425.949	-549.368	-527.800	-442.854
	(349.004)	(355.969)	(346.668)	(410.487)	(354.426)
L2.	364.597	367.909	218.511	85.962	368.839
	(416.933)	(399.381)	(369.050)	(318.641)	(417.322)
MinorityProtection					
--.	-75.357	385.778	-166.233	150.874	7.634
	(517.770)	(672.032)	(481.839)	(581.473)	(548.937)
L1.	328.321	52.288	370.627	308.327	340.187
	(324.259)	(324.806)	(336.354)	(306.843)	(353.788)
L2.	-161.220	-108.135	-115.575	8.344	-160.449
	(227.551)	(230.280)	(210.551)	(222.002)	(237.119)
RegProperty					
--.	-223.241	-176.674	-225.306	-95.758	-210.317
	(185.969)	(157.930)	(173.414)	(150.110)	(174.544)
L1.	-193.474	-212.715	-261.279*	-163.409	-196.618
	(125.983)	(129.463)	(143.394)	(135.357)	(146.734)
L2.	-69.814	71.651	-125.447	-65.897	-33.452
	(157.731)	(134.681)	(179.653)	(169.064)	(148.386)

Regional employment					
--.	404.297	372.748	404.645	364.006	384.660
	(329.777)	(317.587)	(313.690)	(297.814)	(334.052)
L1.	-475.817	-391.580	-424.788	-269.549	-455.569
	(300.676)	(280.737)	(284.900)	(277.527)	(303.713)
L2.	-584.073	-600.205	-564.524	-461.469	-580.424
	(397.803)	(392.325)	(362.230)	(337.852)	(408.354)
BorderTrade					
--.	76.031	-120.200	419.594	-31.013	1.051
	(449.958)	(515.400)	(462.288)	(518.051)	(464.957)
L1.	294.010	29.986	296.420	343.099	237.408
	(322.185)	(310.261)	(327.307)	(344.939)	(314.913)
L2.	-52.899	74.652	-192.764	-0.948	-8.809
	(171.747)	(207.540)	(171.036)	(197.075)	(193.266)
PayTax					
--.	155.629	183.322	142.857	170.882	181.527
	(116.883)	(121.164)	(119.238)	(123.564)	(120.452)
L1.	-239.309	-89.260	-280.138*	-120.072	-218.878
	(165.346)	(161.093)	(165.391)	(164.793)	(171.432)
L2.	315.283**	160.275	285.921**	145.384	290.766*
	(134.914)	(118.361)	(134.639)	(127.469)	(153.582)
TaxGDP					
--.	209.452	3.613	590.931	30.089	111.931
	(508.966)	(472.639)	(524.628)	(495.461)	(527.453)
L1.	588.025	653.265	737.205	807.836	585.258
	(469.700)	(482.804)	(509.475)	(528.605)	(498.090)
L2.	919.552**	629.772	1,274.096**	824.292*	886.348**
	(447.908)	(409.085)	(506.462)	(427.126)	(447.208)
Inflation					
--.	857.586*	848.668**	918.346*	787.149*	900.339*
	(456.201)	(426.115)	(484.656)	(399.493)	(492.646)
L1.	623.962	620.100	623.818	525.002	601.905
	(561.066)	(555.148)	(555.639)	(561.584)	(563.554)
L2.	1,365.096*	1,642.805**	1,089.188*	1,264.070**	1,475.053**
	(703.443)	(774.402)	(565.853)	(619.624)	(722.822)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	694	694	694	694	694
R-squared	0.393	0.405	0.403	0.415	0.394
Number of Regions	128	128	128	128	128

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B9: Region Group Poor – Regression on deal value for each EU fund

Deal Value	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.245				
	(0.237)				
L1.	-0.054				
	(0.385)				
L2.	-0.862**				
	(0.344)				
Regional Fund					
--.		0.620*			
		(0.362)			
L1.		-0.210			
		(0.529)			
L2.		-0.658			
		(0.483)			
Social Fund					
--.			2.027		
			(1.379)		
L1.			0.050		
			(1.107)		
L2.			-2.161**		
			(0.945)		
Rural Fund					
--.				-2.909**	
				(1.272)	
L1.				4.876**	
				(2.083)	
L2.				-3.087**	
				(1.421)	
Cohesion Fund					
--.					-0.706
					(0.747)
L1.					0.345
					(1.196)
L2.					-0.249
					(1.277)
Fund Controls					
--.		-0.286	0.080	0.451	0.418
		(0.475)	(0.310)	(0.305)	(0.324)
L.		0.196	0.007	-0.167	0.003
		(0.593)	(0.345)	(0.415)	(0.575)
L2.		-1.292**	-0.412	-0.828**	-0.955**
		(0.636)	(0.339)	(0.361)	(0.394)

Country GDP	0.001	0.001	0.001	0.000	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Regional GDP	0.049*	0.054*	0.049*	0.065**	0.053*
	(0.027)	(0.028)	(0.027)	(0.029)	(0.027)
Country GDP per capita	-0.163	-0.172	-0.157	-0.150	-0.176
	(0.126)	(0.126)	(0.123)	(0.125)	(0.126)
Regional GDP per capita	0.104	0.090	0.128	0.090	0.104
	(0.108)	(0.110)	(0.118)	(0.108)	(0.106)
Country GDP growth					
--.	67.470**	69.861**	67.300*	59.773*	73.132**
	(33.322)	(33.905)	(35.302)	(32.485)	(34.746)
L1.	77.409***	79.219***	80.638***	86.107***	76.480***
	(26.784)	(27.658)	(28.134)	(28.100)	(26.861)
L2.	41.418*	40.057*	43.688*	36.383	38.020
	(22.700)	(23.044)	(23.866)	(22.841)	(23.193)
Regional GD growth					
--.	-19.123	-18.532	-23.285	-18.031	-21.938
	(13.564)	(13.372)	(14.450)	(13.792)	(13.332)
L1.	-27.977***	-28.378***	-29.610***	-33.076***	-28.486***
	(9.907)	(10.191)	(10.155)	(10.204)	(9.508)
L2.	-15.079**	-15.119*	-16.245**	-15.661**	-13.716*
	(7.566)	(7.817)	(7.628)	(7.547)	(7.773)
GetCredit					
--.	-12.729	-12.907	-15.382	-16.708	-14.683
	(16.327)	(16.076)	(16.620)	(16.885)	(16.446)
L1.	17.671	18.740	15.926	19.126	21.901*
	(11.532)	(11.733)	(11.652)	(11.836)	(12.049)
L2.	29.938*	28.749*	33.011*	27.182	28.695*
	(16.751)	(16.778)	(17.843)	(16.670)	(16.426)
ContractEnforcing					
--.	11.250	4.692	21.820	4.407	7.686
	(27.226)	(27.564)	(29.260)	(27.687)	(28.048)
L1.	11.915	14.453	15.242	21.517	8.419
	(30.712)	(29.713)	(30.166)	(30.913)	(30.478)
L2.	7.847	-2.804	24.114	-10.884	4.855
	(47.266)	(50.729)	(53.911)	(48.228)	(47.115)
MinorityProtection					
--.	-111.440*	-127.248*	-83.814	-119.276**	-162.352**
	(56.330)	(67.180)	(58.244)	(57.890)	(65.365)
L1.	113.552***	112.876***	121.868***	112.930***	107.150***
	(28.966)	(29.247)	(26.660)	(29.907)	(31.329)
L2.	-137.438***	-138.596***	-139.359***	-131.717***	-134.774***
	(43.552)	(42.647)	(41.824)	(41.760)	(42.665)
RegProperty					
--.	28.089	29.928	32.166	27.523	29.671
	(22.097)	(22.675)	(23.272)	(22.066)	(21.988)
L1.	0.263	-0.140	1.372	-1.294	2.204
	(9.393)	(9.273)	(9.652)	(9.511)	(9.270)
L2.	-6.873	-6.438	-5.794	-4.472	-4.726
	(10.996)	(12.441)	(12.562)	(11.191)	(12.282)

Regional employment					
--.	8.646	8.206	6.079	10.575	10.600
	(26.798)	(27.304)	(27.219)	(26.682)	(28.739)
L1.	53.283	54.033	57.574	49.499	52.651
	(52.546)	(52.899)	(53.690)	(52.382)	(53.505)
L2.	-1.425	-0.617	-4.171	-6.496	0.946
	(33.335)	(32.972)	(33.532)	(33.419)	(33.425)
BorderTrade					
--.	126.494	126.561	138.899	132.176	129.988
	(105.950)	(106.622)	(108.663)	(109.768)	(104.314)
L1.	-17.811	-18.441	-35.215	-14.133	-22.732
	(86.718)	(88.112)	(90.295)	(86.297)	(87.734)
L2.	23.061	23.253	27.446	28.301	19.481
	(39.343)	(40.915)	(40.116)	(38.327)	(39.532)
PayTax					
--.	-7.423	-6.017	-16.933	-6.708	-6.139
	(12.620)	(13.124)	(14.710)	(12.853)	(12.762)
L1.	6.900	6.702	7.247	3.532	7.928
	(14.428)	(14.717)	(14.337)	(14.878)	(14.948)
L2.	-12.539	-9.539	-21.280*	-6.989	-10.034
	(10.408)	(10.709)	(11.494)	(12.057)	(11.402)
TaxGDP					
--.	74.061	69.075	75.765	52.234	64.519
	(51.649)	(55.055)	(50.269)	(51.891)	(51.688)
L1.	112.967**	114.178**	131.381***	102.798**	132.072**
	(45.996)	(46.975)	(48.958)	(45.919)	(50.301)
L2.	8.885	-2.330	10.125	15.373	2.396
	(35.585)	(37.662)	(34.484)	(37.979)	(39.294)
Inflation					
--.	-32.340	-35.895	-33.786	-20.414	-30.988
	(28.831)	(30.166)	(32.469)	(30.479)	(28.912)
L1.	-3.281	2.027	-12.221	16.972	0.200
	(36.856)	(37.611)	(39.848)	(37.985)	(36.796)
L2.	1.041	3.817	1.087	18.174	-4.721
	(29.950)	(29.281)	(28.477)	(31.784)	(31.144)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	449	449	449	449	449
R-squared	0.150	0.152	0.158	0.157	0.154
Number of Regions	100	100	100	100	100

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B10: Wealth Group RichRich – Regression on number of deals for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.112*				
	(0.059)				
L1.	0.068				
	(0.121)				
L2.	0.037				
	(0.063)				
Regional Fund					
--.		0.224*			
		(0.122)			
L1.		0.107			
		(0.079)			
L2.		0.171			
		(0.148)			
Social Fund					
--.			-0.058		
			(0.191)		
L1.			-0.114		
			(0.199)		
L2.			-0.054		
			(0.119)		
Rural Fund					
--.				0.133	
				(0.144)	
L1.				0.082	
				(0.333)	
L2.				0.016	
				(0.072)	
Cohesion Fund					
--.					-
L1.					0.000
					(0.000)
L2.					0.000
					(0.000)
Fund Controls					
--.		0.070	0.164*	0.110*	0.112*
		(0.109)	(0.094)	(0.060)	(0.059)
L.		-0.055	0.147*	0.056	0.068
		(0.193)	(0.088)	(0.103)	(0.121)
L2.		-0.009	0.065	0.060	0.037
		(0.053)	(0.070)	(0.102)	(0.063)

Country GDP	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Regional GDP	0.001***	0.001***	0.001***	0.001***	0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Country GDP per capita	-0.006	-0.006	-0.006	-0.006	-0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Regional GDP per capita	-0.004**	-0.004**	-0.004**	-0.004**	-0.004**
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Country GDP growth					
--.	2.095	2.076	2.325	2.106	2.095
	(2.381)	(2.362)	(2.433)	(2.391)	(2.381)
L1.	5.421**	5.425**	5.562**	5.445**	5.421**
	(2.433)	(2.457)	(2.473)	(2.446)	(2.433)
L2.	0.475	0.299	0.592	0.464	0.475
	(1.016)	(1.072)	(1.020)	(1.057)	(1.016)
Regional GD growth					
--.	0.671	0.628	0.482	0.650	0.671
	(0.675)	(0.679)	(0.657)	(0.720)	(0.675)
L1.	-0.198	-0.183	-0.318	-0.225	-0.198
	(0.713)	(0.718)	(0.711)	(0.772)	(0.713)
L2.	-1.085**	-1.012**	-1.064**	-1.102**	-1.085**
	(0.464)	(0.464)	(0.473)	(0.500)	(0.464)
GetCredit					
--.	0.337	0.528	1.171	0.447	0.337
	(1.562)	(1.553)	(1.633)	(1.813)	(1.562)
L1.	1.798	1.921	2.268	1.887	1.798
	(2.244)	(2.250)	(2.295)	(2.384)	(2.244)
L2.	1.313	1.355	1.340	1.359	1.313
	(1.212)	(1.249)	(1.200)	(1.207)	(1.212)
ContractEnforcing					
--.	0.053	0.417	-0.096	-0.047	0.053
	(2.243)	(2.204)	(2.251)	(2.092)	(2.243)
L1.	-11.648***	-11.204***	-12.522***	-11.811***	-11.648***
	(3.672)	(3.702)	(3.973)	(4.091)	(3.672)
L2.	2.530	2.792	2.282	2.693	2.530
	(1.915)	(1.983)	(1.932)	(1.886)	(1.915)
MinorityProtection					
--.	-2.607	-3.148	-3.104	-2.669	-2.607
	(2.489)	(2.542)	(2.703)	(2.527)	(2.489)
L1.	5.106*	5.051*	5.083*	5.127*	5.106*
	(2.654)	(2.756)	(2.763)	(2.629)	(2.654)
L2.	2.135**	1.922*	2.439**	2.171*	2.135**
	(1.066)	(1.092)	(1.210)	(1.199)	(1.066)
RegProperty					
--.	-0.210	-0.479	-0.371	-0.245	-0.210
	(1.103)	(1.039)	(1.092)	(1.096)	(1.103)
L1.	-1.288	-1.305	-1.447	-1.283	-1.288
	(0.926)	(0.953)	(1.034)	(0.974)	(0.926)
L2.	1.203	1.411	1.185	1.226	1.203
	(0.952)	(0.934)	(0.985)	(0.933)	(0.952)

Regional employment					
--.	-0.558	-0.748	-0.448	-0.489	-0.558
	(1.775)	(1.745)	(1.794)	(1.672)	(1.775)
L1.	0.284	0.236	0.521	0.224	0.284
	(1.660)	(1.635)	(1.607)	(1.624)	(1.660)
L2.	-1.924	-2.079	-1.873	-1.903	-1.924
	(1.675)	(1.647)	(1.608)	(1.674)	(1.675)
BorderTrade					
--.	-6.673**	-6.517**	-5.519*	-6.461**	-6.673**
	(2.888)	(3.033)	(2.919)	(2.750)	(2.888)
L1.	3.783*	3.114	3.494*	3.745*	3.783*
	(2.108)	(2.239)	(1.900)	(2.090)	(2.108)
L2.	0.888	0.725	0.327	0.807	0.888
	(1.226)	(1.274)	(1.188)	(1.354)	(1.226)
PayTax					
--.	7.895***	8.110***	7.976***	7.910***	7.895***
	(1.834)	(1.833)	(1.882)	(1.784)	(1.834)
L1.	0.068	0.004	-0.226	-0.026	0.068
	(1.930)	(1.978)	(2.034)	(2.060)	(1.930)
L2.	-6.353***	-6.214***	-6.379***	-6.209***	-6.353***
	(1.964)	(2.019)	(1.999)	(2.145)	(1.964)
TaxGDP					
--.	1.382	1.551	2.276	1.276	1.382
	(3.808)	(3.808)	(3.923)	(3.940)	(3.808)
L1.	8.522***	7.994**	9.416***	8.667**	8.522***
	(3.173)	(3.094)	(3.369)	(3.334)	(3.173)
L2.	2.332	2.641	3.989	2.596	2.332
	(5.169)	(5.343)	(5.311)	(5.651)	(5.169)
Inflation					
--.	3.564*	3.912*	3.879*	3.599*	3.564*
	(2.059)	(2.072)	(2.089)	(2.067)	(2.059)
L1.	0.398	0.354	0.580	0.449	0.398
	(1.935)	(1.975)	(1.960)	(1.917)	(1.935)
L2.	8.280***	8.395***	7.580***	8.323***	8.280***
	(2.190)	(2.196)	(2.220)	(2.335)	(2.190)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	681	681	681	681	681
R-squared	0.386	0.391	0.393	0.386	0.386
Number of Regions	125	125	125	125	125

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B11: Wealth Group RichPoor – Regression on number of deals for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
Total Payments	0.011***				
	(0.003)				
Regional Fund		0.008**			
		(0.004)			
Social Fund			0.037**		
			(0.016)		
Rural Fund				-0.023	
				(0.030)	
Cohesion Fund					-
Fund Controls		0.019	0.005	0.011***	0.011***
		(0.014)	(0.004)	(0.003)	(0.003)
Country GDP	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Regional GDP	0.000*	0.000*	0.000*	0.000**	0.000*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Country GDP per capita	0.000	0.000	0.000	-0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Regional GDP per capita	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Country GDP growth	0.168	0.187	0.212	0.153	0.168
	(0.351)	(0.352)	(0.348)	(0.350)	(0.351)
Regional GD growth	-0.222*	-0.222*	-0.226*	-0.225*	-0.222*
	(0.122)	(0.123)	(0.122)	(0.121)	(0.122)
GetCredit	0.257	0.292	0.229	0.116	0.257
	(0.419)	(0.407)	(0.386)	(0.459)	(0.419)
ContractEnforcing	-0.958	-0.903	-0.957	-1.130*	-0.958
	(0.625)	(0.630)	(0.618)	(0.631)	(0.625)
MinorityProtection	-	-	-	-	-
RegProperty	0.023	0.025	0.024	0.018	0.023
	(0.189)	(0.192)	(0.193)	(0.186)	(0.189)
Regional employment	-0.307	-0.320	-0.307	-0.266	-0.307
	(0.355)	(0.360)	(0.348)	(0.368)	(0.355)

BorderTrade	3.530***	3.494***	3.627***	3.749***	3.530***
	(0.727)	(0.739)	(0.733)	(0.773)	(0.727)
PayTax	0.575	0.582	0.625*	0.610*	0.575
	(0.365)	(0.370)	(0.370)	(0.358)	(0.365)
TaxGDP	-1.722**	-1.750**	-1.833**	-1.753**	-1.722**
	(0.732)	(0.746)	(0.754)	(0.729)	(0.732)
Inflation	-0.690	-0.773*	-0.787*	-0.533	-0.690
	(0.448)	(0.458)	(0.454)	(0.460)	(0.448)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	322	322	322	322	322
R-squared	0.183	0.184	0.189	0.186	0.183
Number of Regions	64	64	64	64	64

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B12: Wealth Group PoorPoor – Regression on number of deals for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.029				
	(0.026)				
L1.	0.035*				
	(0.020)				
L2.	0.020				
	(0.035)				
Regional Fund					
--.		0.106**			
		(0.042)			
L1.		0.001			
		(0.032)			
L2.		0.096*			
		(0.052)			
Social Fund					
--.			-0.133		
			(0.111)		
L1.			0.181		
			(0.117)		
L2.			-0.093		
			(0.111)		
Rural Fund					
--.				-0.071	
				(0.072)	
L1.				0.212	
				(0.292)	
L2.				-0.180	
				(0.201)	
Cohesion Fund					
--.					0.036
					(0.053)
L1.					0.017
					(0.051)
L2.					0.065
					(0.149)
Fund Controls					
--.		-0.005	0.068	0.038	0.017
		(0.041)	(0.051)	(0.026)	(0.023)
L.		0.048	0.003	0.038*	0.055
		(0.038)	(0.037)	(0.022)	(0.045)
L2.		-0.031	0.042	0.037	-0.001
		(0.039)	(0.069)	(0.040)	(0.031)

Country GDP	0.002	0.002	0.002*	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Regional GDP	0.006***	0.007***	0.007***	0.006**	0.006***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Country GDP per capita	-0.050**	-0.047*	-0.052**	-0.054*	-0.052*
	(0.023)	(0.026)	(0.023)	(0.027)	(0.028)
Regional GDP per capita	0.007	0.002	0.004	0.005	0.008
	(0.009)	(0.010)	(0.009)	(0.010)	(0.008)
Country GDP growth					
--.	8.733*	8.725*	8.088	10.332**	8.091*
	(4.521)	(5.095)	(5.023)	(5.003)	(4.602)
L1.	12.569**	13.397*	13.797**	12.847*	12.081**
	(6.123)	(6.817)	(6.434)	(6.421)	(5.410)
L2.	6.786*	6.798	6.617*	6.738*	6.353*
	(3.776)	(4.076)	(3.478)	(3.827)	(3.245)
Regional GD growth					
--.	-6.105***	-5.712***	-6.129***	-5.780***	-6.151***
	(2.055)	(2.093)	(2.077)	(1.900)	(2.228)
L1.	-4.361**	-4.255**	-4.624**	-4.339**	-4.434**
	(1.856)	(1.904)	(2.026)	(1.856)	(2.047)
L2.	-4.286	-4.407	-4.461*	-4.366	-4.199*
	(2.621)	(2.722)	(2.634)	(2.682)	(2.502)
GetCredit					
--.	10.143***	10.145***	9.865***	9.810***	9.832***
	(3.553)	(3.694)	(3.355)	(3.417)	(3.188)
L1.	-10.652*	-11.002*	-10.683**	-11.546*	-10.386*
	(5.517)	(5.701)	(5.087)	(5.918)	(5.207)
L2.	3.361	3.747	3.536	3.988	3.101
	(2.488)	(2.675)	(2.282)	(2.624)	(2.169)
ContractEnforcing					
--.	9.894**	9.205**	7.400**	9.066**	9.531***
	(3.718)	(3.680)	(3.531)	(3.554)	(3.300)
L1.	-9.065	-8.624	-9.024*	-9.370	-8.846
	(5.904)	(6.366)	(5.065)	(5.922)	(5.936)
L2.	-19.901*	-20.743*	-21.153*	-21.118*	-20.183*
	(10.978)	(11.132)	(11.134)	(12.131)	(11.436)
MinorityProtection					
--.	-5.748	-6.150	-7.068	-8.723	-6.432
	(5.879)	(6.004)	(6.938)	(6.757)	(6.317)
L1.	-5.317	-5.887	-5.927	-6.141	-5.250
	(4.969)	(5.258)	(4.816)	(5.375)	(4.876)
L2.	-5.642	-6.143	-6.417	-5.950	-5.481
	(3.737)	(3.934)	(4.222)	(3.648)	(3.636)
RegProperty					
--.	1.675	1.972	2.379	1.822	1.469
	(2.006)	(2.002)	(2.134)	(2.044)	(2.164)
L1.	4.423*	4.427*	4.191*	4.497*	4.229*
	(2.392)	(2.575)	(2.176)	(2.440)	(2.154)
L2.	-6.303*	-6.951*	-6.583*	-6.854**	-5.816**
	(3.234)	(3.486)	(3.321)	(3.384)	(2.885)

Regional employment					
--.	-3.832	-3.602	-3.787	-3.299	-3.521
	(4.101)	(4.253)	(3.980)	(4.134)	(3.718)
L1.	3.866	3.769	3.424	3.824	3.642*
	(2.414)	(2.480)	(2.251)	(2.379)	(2.165)
L2.	-5.212	-5.087	-4.696	-5.133	-5.187
	(3.426)	(3.338)	(3.242)	(3.482)	(3.349)
BorderTrade					
--.	64.427**	65.692**	67.659**	62.299**	64.281**
	(24.252)	(24.766)	(26.347)	(23.396)	(24.390)
L1.	6.008	0.901	-1.166	4.811	6.854
	(16.839)	(16.187)	(16.962)	(16.853)	(15.421)
L2.	16.103**	16.334**	16.264**	17.894**	16.348**
	(6.299)	(6.560)	(6.195)	(7.017)	(6.794)
PayTax					
--.	0.603	-0.096	-0.282	0.693	0.686
	(2.412)	(2.324)	(2.639)	(2.399)	(2.244)
L1.	-1.479	-1.766	-1.571	-2.244	-1.465
	(1.740)	(1.632)	(1.487)	(1.984)	(1.696)
L2.	-0.750	-0.178	-0.189	0.131	-0.621
	(1.389)	(1.401)	(1.451)	(1.917)	(1.533)
TaxGDP					
--.	3.583	5.637	5.952	5.239	3.423
	(6.522)	(6.197)	(6.903)	(6.772)	(6.456)
L1.	21.828***	21.615***	21.934***	21.470***	22.413**
	(7.578)	(7.354)	(7.744)	(7.404)	(8.551)
L2.	1.349	0.643	1.091	3.099	2.230
	(3.458)	(3.325)	(4.047)	(4.515)	(4.832)
Inflation					
--.	-2.083	-3.671	-5.028	-1.071	-1.493
	(4.534)	(4.659)	(5.544)	(4.270)	(3.579)
L1.	0.437	0.650	1.275	1.840	0.986
	(2.710)	(2.483)	(2.783)	(3.309)	(3.191)
L2.	-0.839	-0.242	-1.338	-0.732	-1.399
	(2.504)	(2.643)	(2.382)	(2.402)	(2.773)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	264	264	264	264	264
R-squared	0.684	0.688	0.689	0.687	0.685
Number of Regions	48	48	48	48	48

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 13: Country Group Rich – Regression on deal value for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.019**				
	(0.009)				
L1.	0.001				
	(0.012)				
L2.	-0.019*				
	(0.010)				
Regional Fund					
--.		0.009			
		(0.016)			
L1.		0.030**			
		(0.012)			
L2.		-0.006			
		(0.016)			
Social Fund					
--.			0.040		
			(0.081)		
L1.			-0.101*		
			(0.060)		
L2.			-0.119**		
			(0.048)		
Rural Fund					
--.				0.102	
				(0.105)	
L1.				-0.024	
				(0.142)	
L2.				-0.007	
				(0.055)	
Cohesion Fund					
--.					-
L1.					0.000
					(0.000)
L2.					0.000
					(0.000)
Fund Controls					
--.		0.079*	0.023	0.013	0.019**
		(0.043)	(0.019)	(0.011)	(0.009)
L.		-0.071	0.033**	0.008	0.001
		(0.058)	(0.013)	(0.015)	(0.012)
L2.		-0.071**	-0.005	-0.023*	-0.019*
		(0.032)	(0.012)	(0.014)	(0.010)

Country GDP	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Regional GDP	0.001***	0.001***	0.001***	0.001***	0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Country GDP per capita	-0.006	-0.006	-0.006	-0.006	-0.006
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Regional GDP per capita	-0.003**	-0.003**	-0.003**	-0.003**	-0.003**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Country GDP growth					
--.	2.531	2.432	2.436	2.574	2.531
	(1.856)	(1.833)	(1.840)	(1.857)	(1.856)
L1.	3.655**	3.517**	3.474**	3.783**	3.655**
	(1.607)	(1.583)	(1.613)	(1.614)	(1.607)
L2.	0.327	0.246	0.238	0.469	0.327
	(0.620)	(0.597)	(0.619)	(0.640)	(0.620)
Regional GD growth					
--.	0.335	0.251	0.192	0.307	0.335
	(0.442)	(0.460)	(0.455)	(0.488)	(0.442)
L1.	-0.288	-0.310	-0.337	-0.318	-0.288
	(0.458)	(0.468)	(0.471)	(0.509)	(0.458)
L2.	-0.797**	-0.772**	-0.748**	-0.841**	-0.797**
	(0.311)	(0.302)	(0.301)	(0.343)	(0.311)
GetCredit					
--.	0.047	0.369	0.611	0.175	0.047
	(1.247)	(1.268)	(1.291)	(1.432)	(1.247)
L1.	1.322	1.610	1.602	1.455	1.322
	(1.677)	(1.714)	(1.740)	(1.891)	(1.677)
L2.	-0.038	0.209	0.080	0.081	-0.038
	(0.787)	(0.810)	(0.811)	(0.808)	(0.787)
ContractEnforcing					
--.	-1.715	-2.037	-1.895	-1.745	-1.715
	(1.354)	(1.341)	(1.367)	(1.305)	(1.354)
L1.	-7.491***	-7.587***	-7.915***	-7.680**	-7.491***
	(2.800)	(2.793)	(2.873)	(2.967)	(2.800)
L2.	0.840	1.251	0.794	0.882	0.840
	(1.180)	(1.183)	(1.199)	(1.128)	(1.180)
MinorityProtection					
--.	-2.649	-2.735	-2.776	-2.813	-2.649
	(2.121)	(2.147)	(2.244)	(2.341)	(2.121)
L1.	5.962***	5.699***	5.889***	6.033***	5.962***
	(1.784)	(1.774)	(1.801)	(1.814)	(1.784)
L2.	2.192**	2.141**	2.183**	2.370**	2.192**
	(0.920)	(0.923)	(0.946)	(0.993)	(0.920)
RegProperty					
--.	0.701	0.636	0.738	0.683	0.701
	(0.788)	(0.780)	(0.796)	(0.793)	(0.788)
L1.	-1.390*	-1.467*	-1.607**	-1.380*	-1.390*
	(0.756)	(0.771)	(0.799)	(0.786)	(0.756)
L2.	0.556	0.483	0.374	0.462	0.556
	(0.635)	(0.593)	(0.626)	(0.570)	(0.635)

Regional employment					
--.	0.164	0.152	0.091	0.157	0.164
	(0.607)	(0.611)	(0.623)	(0.599)	(0.607)
L1.	0.290	0.295	0.338	0.256	0.290
	(0.669)	(0.669)	(0.655)	(0.668)	(0.669)
L2.	-1.343*	-1.298	-1.253	-1.364*	-1.343*
	(0.790)	(0.795)	(0.780)	(0.794)	(0.790)
BorderTrade					
--.	-3.415*	-2.255	-2.430	-3.183	-3.415*
	(1.967)	(1.962)	(1.923)	(1.975)	(1.967)
L1.	3.554**	3.244**	3.599**	3.571**	3.554**
	(1.458)	(1.420)	(1.381)	(1.431)	(1.458)
L2.	-0.009	-0.361	-0.314	-0.141	-0.009
	(0.934)	(0.994)	(0.972)	(1.125)	(0.934)
PayTax					
--.	6.998***	6.769***	6.768***	6.982***	6.998***
	(1.607)	(1.574)	(1.629)	(1.578)	(1.607)
L1.	0.276	0.413	0.367	0.264	0.276
	(1.296)	(1.320)	(1.352)	(1.372)	(1.296)
L2.	-5.613***	-5.394***	-5.732***	-5.471***	-5.613***
	(1.798)	(1.839)	(1.789)	(1.919)	(1.798)
TaxGDP					
--.	1.823	1.768	2.675	1.732	1.823
	(2.901)	(2.920)	(3.027)	(2.942)	(2.901)
L1.	6.857***	7.144***	7.304***	7.370***	6.857***
	(2.383)	(2.355)	(2.434)	(2.558)	(2.383)
L2.	1.853	2.563	2.954	2.372	1.853
	(2.314)	(2.502)	(2.594)	(2.815)	(2.314)
Inflation					
--.	2.184	2.157	2.262	2.236	2.184
	(1.397)	(1.429)	(1.430)	(1.406)	(1.397)
L1.	3.623**	3.540**	3.558**	3.494**	3.623**
	(1.520)	(1.540)	(1.531)	(1.498)	(1.520)
L2.	5.728***	5.641***	5.218***	5.647***	5.728***
	(1.508)	(1.510)	(1.561)	(1.557)	(1.508)
Clustered SE					
Observations	1,003	1,003	1,003	1,003	1,003
R-squared	0.317	0.322	0.323	0.318	0.317
Number of Regions	149	149	149	149	149

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B14: Country Group Poor – Regression on deal value for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.017				
	(0.016)				
L1.	0.007				
	(0.021)				
L2.	0.037				
	(0.028)				
Regional Fund					
--.		0.146***			
		(0.040)			
L1.		0.012			
		(0.033)			
L2.		0.129***			
		(0.036)			
Social Fund					
--.			-0.163		
			(0.099)		
L1.			0.052		
			(0.073)		
L2.			-0.052		
			(0.077)		
Rural Fund					
--.				0.048	
				(0.093)	
L1.				-0.051	
				(0.113)	
L2.				-0.025	
				(0.098)	
Cohesion Fund					
--.					-0.058
					(0.046)
L1.					0.005
					(0.049)
L2.					0.064
					(0.066)
Fund Controls					
--.		-0.083**	0.064*	0.023	0.031
		(0.036)	(0.033)	(0.018)	(0.022)
L.		-0.014	-0.012	0.010	0.032
		(0.036)	(0.024)	(0.022)	(0.045)
L2.		-0.010	0.063	0.054*	0.020
		(0.031)	(0.038)	(0.032)	(0.037)

Country GDP	0.002**	0.002**	0.002**	0.002**	0.002**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Regional GDP	0.005*	0.004*	0.005*	0.004	0.005*
	(0.003)	(0.002)	(0.003)	(0.003)	(0.002)
Country GDP per capita	-0.026	-0.034*	-0.031*	-0.027	-0.030*
	(0.016)	(0.017)	(0.018)	(0.017)	(0.016)
Regional GDP per capita	-0.006**	-0.005	-0.005*	-0.005*	-0.006**
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Country GDP growth					
--.	4.933*	3.226	4.937*	4.993*	4.462
	(2.730)	(2.592)	(2.569)	(2.901)	(2.838)
L1.	2.814	2.894	3.282	2.135	2.832
	(2.356)	(2.355)	(2.509)	(2.406)	(2.217)
L2.	3.657	2.953	3.393	3.301	3.444
	(2.195)	(2.159)	(2.053)	(2.243)	(2.098)
Regional GD growth					
--.	-2.235**	-1.883**	-2.440**	-2.256**	-2.108**
	(0.893)	(0.846)	(0.961)	(0.897)	(0.935)
L1.	-1.258	-1.127	-1.382	-1.138	-1.134
	(0.916)	(0.893)	(0.955)	(0.879)	(0.943)
L2.	-1.255	-1.246	-1.169	-1.144	-1.047
	(1.120)	(1.113)	(1.053)	(1.109)	(1.042)
GetCredit					
--.	1.634	2.219	2.087	1.611	1.605
	(1.532)	(1.463)	(1.591)	(1.560)	(1.457)
L1.	-6.151**	-5.786**	-5.919**	-6.159**	-5.716**
	(2.846)	(2.803)	(2.665)	(2.926)	(2.725)
L2.	-0.582	-0.730	-0.853*	-0.441	-0.782
	(0.438)	(0.518)	(0.500)	(0.419)	(0.472)
ContractEnforcing					
--.	2.934	2.917	2.263	2.810	2.396
	(2.225)	(2.346)	(2.045)	(2.230)	(2.129)
L1.	-4.434*	-3.405	-4.367*	-4.593	-4.521
	(2.630)	(2.601)	(2.518)	(2.752)	(2.719)
L2.	-7.773	-10.983	-9.045	-7.185	-8.418
	(6.615)	(6.900)	(7.118)	(6.789)	(6.557)
MinorityProtection					
--.	-10.591	-10.283	-11.040	-10.656	-11.159
	(6.912)	(6.545)	(7.212)	(7.159)	(6.782)
L1.	-0.504	-1.413	-0.560	-0.517	-0.898
	(1.685)	(1.754)	(1.711)	(1.695)	(1.779)
L2.	-0.452	-0.823	-1.165	-0.481	-0.640
	(1.560)	(1.537)	(1.717)	(1.758)	(1.612)
RegProperty					
--.	0.200	-0.844	0.351	0.119	0.299
	(1.228)	(1.239)	(1.195)	(1.280)	(1.153)
L1.	0.995	1.066	0.909	1.026	0.953
	(1.166)	(1.155)	(1.113)	(1.225)	(1.103)
L2.	-3.755**	-2.870	-3.629**	-3.819**	-3.281*
	(1.841)	(1.787)	(1.798)	(1.879)	(1.803)

Regional employment					
--.	-4.993	-3.917	-4.568	-4.572	-4.810
	(3.955)	(3.808)	(3.800)	(4.107)	(3.848)
L1.	1.492	1.103	0.961	1.410	1.538
	(1.352)	(1.380)	(1.312)	(1.422)	(1.348)
L2.	-1.496	-1.881	-1.285	-1.326	-1.644
	(1.945)	(1.965)	(1.956)	(2.115)	(1.886)
BorderTrade					
--.	27.906**	34.791***	32.243**	27.101**	29.955**
	(11.607)	(12.550)	(13.332)	(11.861)	(11.708)
L1.	9.309***	7.875**	7.883**	10.081***	8.582**
	(3.409)	(3.258)	(2.998)	(3.354)	(3.445)
L2.	3.695**	2.964*	3.501**	3.763**	3.435**
	(1.718)	(1.619)	(1.599)	(1.730)	(1.645)
PayTax					
--.	0.962	0.574	0.852	1.046	0.652
	(0.856)	(0.801)	(0.859)	(0.826)	(0.887)
L1.	-1.999**	-1.935*	-1.837*	-2.252**	-1.802*
	(0.982)	(1.022)	(0.966)	(1.035)	(1.061)
L2.	1.693	2.856**	1.762	1.698	2.033
	(1.318)	(1.314)	(1.339)	(1.364)	(1.318)
TaxGDP					
--.	8.539**	7.654**	8.952**	9.448**	7.846**
	(3.915)	(3.785)	(4.108)	(4.201)	(3.885)
L1.	14.857**	15.601**	14.579**	15.118**	16.948**
	(6.061)	(5.845)	(5.826)	(6.275)	(6.405)
L2.	-1.282	-2.223	-2.013	-0.478	-1.811
	(3.827)	(3.641)	(3.986)	(4.220)	(3.482)
Inflation					
--.	-1.952	-1.848	-2.524	-1.886	-2.255
	(1.750)	(1.616)	(1.966)	(1.940)	(1.546)
L1.	-2.068	-1.717	-1.650	-2.426	-2.465
	(1.808)	(1.724)	(1.835)	(1.881)	(1.867)
L2.	-3.987**	-2.941*	-4.469**	-4.610**	-4.608**
	(1.790)	(1.670)	(1.814)	(2.206)	(1.803)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	322	322	322	322	322
R-squared	0.580	0.598	0.586	0.583	0.583
Number of Regions	52	52	52	52	52

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table B15: Region Group Rich – Regression on number of deals for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.093				
	(0.058)				
L1.	0.075				
	(0.067)				
L2.	-0.012				
	(0.035)				
Regional Fund					
--.		0.091			
		(0.089)			
L1.		0.124*			
		(0.074)			
L2.		0.059			
		(0.069)			
Social Fund					
--.			-0.030		
			(0.183)		
L1.			-0.137		
			(0.159)		
L2.			-0.077		
			(0.110)		
Rural Fund					
--.				0.138	
				(0.127)	
L1.				0.075	
				(0.333)	
L2.				-0.010	
				(0.063)	
Cohesion Fund					
--.					0.028
					(0.470)
L1.					0.135
					(0.272)
L2.					-0.818**
					(0.335)
Fund Controls					
--.		0.106	0.112	0.084	0.114*
		(0.094)	(0.073)	(0.068)	(0.058)
L.		-0.093	0.145**	0.082	0.036
		(0.162)	(0.072)	(0.067)	(0.089)
L2.		-0.052	-0.008	-0.015	-0.008
		(0.052)	(0.048)	(0.055)	(0.042)

Country GDP	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Regional GDP	0.001***	0.001***	0.001***	0.001***	0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Country GDP per capita	-0.005	-0.006	-0.006	-0.005	-0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Regional GDP per capita	-0.004**	-0.004**	-0.003**	-0.004**	-0.004**
	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)
Country GDP growth					
--.	1.354	1.342	1.476	1.406	1.647
	(2.125)	(2.125)	(2.157)	(2.122)	(2.253)
L1.	4.449*	4.523*	4.451*	4.506*	4.710*
	(2.427)	(2.444)	(2.436)	(2.373)	(2.407)
L2.	0.191	0.177	0.215	0.263	0.478
	(0.962)	(1.000)	(0.959)	(0.967)	(0.986)
Regional GD growth					
--.	0.472	0.386	0.248	0.456	0.488
	(0.608)	(0.619)	(0.610)	(0.670)	(0.620)
L1.	-0.289	-0.326	-0.433	-0.307	-0.270
	(0.658)	(0.666)	(0.662)	(0.717)	(0.665)
L2.	-0.850*	-0.825*	-0.845*	-0.876*	-1.004**
	(0.469)	(0.451)	(0.469)	(0.496)	(0.454)
GetCredit					
--.	0.831	1.186	1.689	0.864	0.587
	(1.525)	(1.575)	(1.615)	(1.827)	(1.475)
L1.	2.445	2.683	2.915	2.494	2.105
	(2.086)	(2.133)	(2.162)	(2.236)	(2.143)
L2.	1.833	2.069	1.909	1.855	1.446
	(1.221)	(1.267)	(1.233)	(1.202)	(1.202)
ContractEnforcing					
--.	0.492	0.623	0.276	0.391	0.216
	(2.188)	(2.152)	(2.232)	(2.111)	(2.167)
L1.	-12.080***	-11.862***	-12.779***	-12.205***	-11.851***
	(3.497)	(3.478)	(3.737)	(3.881)	(3.507)
L2.	2.430	2.780	2.208	2.453	2.421
	(1.900)	(1.945)	(1.867)	(1.858)	(1.933)
MinorityProtection					
--.	-3.329	-3.178	-3.516	-3.397	-2.732
	(2.484)	(2.580)	(2.626)	(2.590)	(2.580)
L1.	4.282	3.996	4.192	4.300	4.848*
	(2.767)	(2.928)	(2.853)	(2.785)	(2.652)
L2.	2.018*	1.850*	2.127*	2.129*	1.952*
	(1.031)	(1.054)	(1.101)	(1.126)	(1.055)
RegProperty					
--.	-0.228	-0.511	-0.405	-0.221	-0.285
	(0.898)	(0.831)	(0.874)	(0.864)	(0.936)
L1.	-1.565**	-1.781**	-1.812**	-1.545**	-1.248
	(0.760)	(0.819)	(0.862)	(0.772)	(0.882)
L2.	1.212	1.304	1.157	1.176	1.187
	(0.917)	(0.921)	(0.961)	(0.916)	(0.910)

Regional employment					
--.	-0.174	-0.295	-0.045	-0.121	-0.435
	(1.719)	(1.703)	(1.751)	(1.632)	(1.773)
L1.	-0.412	-0.583	-0.260	-0.397	-0.024
	(1.541)	(1.527)	(1.498)	(1.512)	(1.524)
L2.	-2.381	-2.563	-2.479	-2.331	-2.237
	(1.577)	(1.561)	(1.533)	(1.579)	(1.623)
BorderTrade					
--.	-4.405	-3.475	-3.081	-4.260	-4.930*
	(2.845)	(2.978)	(2.810)	(2.756)	(2.730)
L1.	3.686*	2.919	3.384*	3.712*	3.602*
	(1.974)	(2.213)	(1.827)	(2.111)	(1.953)
L2.	-0.053	-0.374	-0.604	-0.117	0.168
	(0.985)	(1.055)	(0.985)	(1.118)	(0.956)
PayTax					
--.	7.342***	7.323***	7.356***	7.336***	7.414***
	(1.805)	(1.798)	(1.799)	(1.779)	(1.791)
L1.	-0.453	-0.420	-0.718	-0.480	-0.022
	(1.596)	(1.655)	(1.648)	(1.749)	(1.577)
L2.	-5.222***	-5.115***	-5.338***	-5.150***	-5.626***
	(1.592)	(1.641)	(1.574)	(1.703)	(1.617)
TaxGDP					
--.	2.767	3.522	4.192	2.667	1.691
	(3.624)	(3.769)	(3.878)	(3.607)	(3.848)
L1.	6.643**	6.743**	7.468**	6.904**	7.564**
	(3.269)	(3.053)	(3.372)	(3.375)	(3.033)
L2.	3.658	4.481	5.062	3.842	3.348
	(4.411)	(4.644)	(4.532)	(4.830)	(4.439)
Inflation					
--.	3.537*	3.819*	3.691*	3.475*	3.071
	(1.978)	(1.988)	(1.980)	(1.959)	(2.094)
L1.	1.014	1.008	1.317	0.987	0.750
	(2.013)	(2.073)	(2.054)	(1.981)	(2.041)
L2.	5.605**	5.660**	5.013*	5.560**	6.418***
	(2.674)	(2.620)	(2.676)	(2.727)	(2.215)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	694	694	694	694	694
R-squared	0.385	0.389	0.391	0.385	0.389
Number of Regions	128	128	128	128	128

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table B16: Region Group Poor – Regression on number of deals for each EU fund

Number of Deals	(1) All Payments	(2) Regional Fund	(3) Social Fund	(4) Rural Fund	(5) Cohesion Fund
All Payments					
--.	0.019				
	(0.018)				
L1.	0.021				
	(0.018)				
L2.	0.002				
	(0.014)				
Regional Fund					
--.		0.041**			
		(0.018)			
L1.		0.002			
		(0.023)			
L2.		0.015			
		(0.023)			
Social Fund					
--.			-0.166**		
			(0.073)		
L1.			0.189*		
			(0.097)		
L2.			-0.108		
			(0.067)		
Rural Fund					
--.				0.046	
				(0.081)	
L1.				-0.156	
				(0.117)	
L2.				0.003	
				(0.097)	
Cohesion Fund					
--.					0.058
					(0.067)
L1.					0.013
					(0.045)
L2.					0.067
					(0.108)
Fund Controls					
--.		-0.006	0.051*	0.021	0.012
		(0.037)	(0.029)	(0.019)	(0.013)
L.		0.058**	-0.008	0.022	0.026
		(0.028)	(0.023)	(0.020)	(0.023)
L2.		-0.025	0.015	0.009	-0.008
		(0.031)	(0.026)	(0.017)	(0.016)

Country GDP	-0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Regional GDP	0.003***	0.004***	0.004**	0.003**	0.003***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Country GDP per capita	0.002	0.001	-0.002	0.001	0.001
	(0.008)	(0.008)	(0.008)	(0.008)	(0.009)
Regional GDP per capita	0.005	0.004	0.004	0.006	0.006
	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Country GDP growth					
--.	1.209	1.634	1.630	1.422	1.090
	(1.095)	(1.219)	(1.164)	(1.104)	(1.107)
L1.	5.809**	6.174*	6.744**	5.202*	5.772**
	(2.883)	(3.113)	(3.228)	(2.858)	(2.804)
L2.	2.038	2.059	1.977	1.843	1.798*
	(1.233)	(1.358)	(1.203)	(1.223)	(1.026)
Regional GD growth					
--.	-5.089***	-5.058***	-5.150***	-5.199***	-5.307**
	(1.797)	(1.812)	(1.834)	(1.774)	(2.035)
L1.	-4.480**	-4.542**	-4.743**	-4.387**	-4.636**
	(1.850)	(1.881)	(1.942)	(1.847)	(2.018)
L2.	-2.874**	-2.907**	-2.989**	-2.826**	-2.857**
	(1.380)	(1.402)	(1.421)	(1.377)	(1.347)
GetCredit					
--.	4.015**	4.031**	4.114**	4.253**	4.046**
	(1.846)	(1.882)	(1.814)	(1.844)	(1.862)
L1.	-4.860**	-4.802**	-4.643**	-4.852**	-4.726**
	(1.998)	(2.005)	(1.917)	(2.002)	(1.869)
L2.	-0.740	-0.807	-0.692	-0.558	-0.696
	(0.561)	(0.573)	(0.587)	(0.564)	(0.549)
ContractEnforcing					
--.	4.123**	3.627**	2.403*	4.032**	3.932**
	(1.778)	(1.740)	(1.307)	(1.733)	(1.658)
L1.	-0.440	-0.396	0.198	-0.823	-0.596
	(1.154)	(1.338)	(1.005)	(1.189)	(1.268)
L2.	-12.291**	-12.913**	-14.204**	-12.078**	-12.334**
	(6.016)	(5.871)	(6.530)	(6.052)	(6.069)
MinorityProtection					
--.	-17.912***	-19.590***	-21.164***	-18.496***	-19.039**
	(6.408)	(7.046)	(7.346)	(6.676)	(7.663)
L1.	-0.989	-1.007	-1.582	-1.039	-1.174
	(2.516)	(2.560)	(2.514)	(2.503)	(2.769)
L2.	-0.843	-0.977	-1.306	-1.263	-0.919
	(1.229)	(1.214)	(1.274)	(1.177)	(1.267)
RegProperty					
--.	0.086	0.399	0.559	0.041	0.146
	(0.732)	(0.677)	(0.622)	(0.745)	(0.754)
L1.	1.425	1.429	1.295	1.509	1.448
	(1.001)	(1.039)	(0.939)	(1.009)	(1.025)
L2.	-4.202***	-4.422**	-4.515***	-4.254***	-4.255***
	(1.523)	(1.737)	(1.616)	(1.536)	(1.528)

Regional employment					
--.	-2.179	-2.332	-2.128	-1.903	-1.894
	(1.987)	(2.077)	(1.948)	(1.977)	(1.753)
L1.	-0.060	-0.066	-0.329	0.113	-0.312
	(1.199)	(1.235)	(1.157)	(1.230)	(1.242)
L2.	-3.540**	-3.422**	-3.032*	-3.437**	-3.431**
	(1.694)	(1.645)	(1.585)	(1.698)	(1.666)
BorderTrade					
--.	20.307***	20.469**	22.372***	19.755**	21.147**
	(7.703)	(7.933)	(8.467)	(7.599)	(8.499)
L1.	14.114**	13.887**	12.950**	14.995**	14.308**
	(6.320)	(6.190)	(5.647)	(6.413)	(6.403)
L2.	11.136***	11.229***	11.284***	11.325***	11.335**
	(4.184)	(4.180)	(4.169)	(4.238)	(4.328)
PayTax					
--.	2.827***	2.854***	2.937***	3.006***	2.852***
	(0.821)	(0.817)	(0.852)	(0.850)	(0.848)
L1.	0.263	0.267	0.318	0.111	0.177
	(0.819)	(0.838)	(0.847)	(0.827)	(0.793)
L2.	-0.178	-0.062	0.336	-0.307	-0.231
	(0.677)	(0.690)	(0.770)	(0.672)	(0.712)
TaxGDP					
--.	4.788**	4.365*	4.925**	6.161**	5.282**
	(2.390)	(2.444)	(2.279)	(2.372)	(2.495)
L1.	9.985***	10.325***	9.694***	9.954***	10.194**
	(3.717)	(3.916)	(3.625)	(3.690)	(3.910)
L2.	0.045	-0.835	-0.051	-0.209	0.736
	(1.946)	(1.940)	(1.943)	(2.086)	(2.557)
Inflation					
--.	-6.523**	-6.933**	-8.186**	-6.545**	-6.187**
	(2.789)	(2.843)	(3.245)	(2.875)	(2.528)
L1.	6.682**	7.037**	8.121**	6.387**	7.084**
	(3.027)	(2.975)	(3.438)	(3.051)	(3.463)
L2.	-0.868	-0.535	-0.837	-1.417	-1.193
	(1.761)	(1.840)	(1.824)	(1.724)	(1.629)
Clustered SE	Yes	Yes	Yes	Yes	Yes
Observations	449	449	449	449	449
R-squared	0.586	0.588	0.597	0.589	0.588
Number of Regions	100	100	100	100	100

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Appendix C

Table C1: Structural Break Test on Total Population

VARIABLES	(1) Deal Value	(2) Number of Deals
All Payments		
--.	3.050*	0.021*
	(1.670)	(0.012)
L1.	-2.458	0.014
	(1.886)	(0.011)
L2.	-0.023	0.025
	(1.327)	(0.018)
break07	-	-
break08	-2,286.552	-11.410
	(1,579.886)	(17.127)
break09	-1,240.447	8.195
	(1,318.802)	(14.932)
break10	-2,429.851	-26.448
	(1,744.632)	(17.539)
break11	-3,260.581**	-39.290***
	(1,402.161)	(11.648)
break12	-1,018.551	-14.286
	(851.779)	(10.380)
break13	-463.158	0.133
	(567.459)	(8.142)
Country GDP	-0.001	-0.000
	(0.003)	(0.000)
Regional GDP	0.490*	0.001***
	(0.280)	(0.000)
Country GDP per capita	-0.962	0.003
	(0.623)	(0.003)
Regional GDP per capita	-0.143	-0.001
	(0.470)	(0.001)
Country GDP growth		
--.	142.156	1.560
	(183.761)	(1.151)
L1.	140.862	0.254
	(100.935)	(0.687)
L2.	68.060	-0.160
	(73.006)	(0.478)
Regional GD growth		
--.	-114.605*	-0.961**
	(59.634)	(0.417)
L1.	-125.031**	-1.002*

	(61.077)	(0.526)
L2.	-126.873**	-0.877*
	(51.688)	(0.513)
GetCredit		
--.	-31.119	0.448
	(59.380)	(0.770)
L1.	56.366	-2.663**
	(58.650)	(1.051)
L2.	110.765*	-0.254
	(60.485)	(0.370)
ContractEnforcing		
--.	322.269	0.291
	(195.243)	(0.908)
L1.	-16.926	-0.961
	(103.762)	(1.392)
L2.	-69.622	-3.312***
	(203.903)	(1.170)
MinorityProtection		
--.	386.480	-2.901*
	(399.817)	(1.664)
L1.	-321.088	-0.682
	(378.370)	(0.912)
L2.	-354.060	-0.125
	(229.376)	(0.935)
RegProperty		
--.	-94.972	-0.178
	(93.717)	(0.453)
L1.	-52.613	-1.102***
	(43.367)	(0.366)
L2.	-63.277	-1.320**
	(65.780)	(0.603)
Regional employment		
--.	107.114	0.181
	(102.786)	(0.787)
L1.	-99.392	-0.652
	(97.638)	(0.642)
L2.	-9.295	-3.186***
	(100.942)	(1.164)
BorderTrade		
--.	-44.428	1.951
	(198.383)	(2.175)
L1.	169.000*	5.634***
	(97.367)	(1.288)
L2.	-69.342	0.046
	(43.708)	(0.596)
PayTax		
--.	16.359	1.122**
	(53.516)	(0.555)
L1.	11.807	1.232**
	(37.201)	(0.619)
L2.	-12.063	-1.277*

	(51.358)	(0.723)
TaxGDP		
--.	451.181	1.881
	(310.645)	(1.674)
L1.	149.768	-1.813
	(165.747)	(3.111)
L2.	236.608	-8.301***
	(248.149)	(2.514)
Inflation		
--.	146.273	1.166
	(184.772)	(2.030)
L1.	48.570	-2.263
	(154.511)	(1.597)
L2.	151.922	0.470
	(98.520)	(1.178)
Clustered SE	Yes	Yes
Observations	1,329	1,329
R-squared	0.326	0.301
Number of Regions	201	201

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table C2: Regression on deal value and number of deals for all payments for the entire population

	Baseline		Period 2006 - 2010	
	(1)	(2)	(3)	(4)
VARIABLES	Deal Value	Number of Deals	Deal Value	Number of Deals
All Payments				
--.	3.007*	0.024*	-3.768	-0.018
	(1.697)	(0.014)	(4.821)	(0.012)
L1.	-1.594	0.020*	-4.635	0.007
	(1.767)	(0.011)	(3.672)	(0.013)
L2.	-0.818	0.021	7.241	0.013
	(1.385)	(0.018)	(5.023)	(0.016)
Country GDP	0.003	-0.000	0.010	-0.000
	(0.004)	(0.000)	(0.040)	(0.000)
Regional GDP	0.491*	0.001***	0.812**	0.001***
	(0.281)	(0.000)	(0.337)	(0.000)
Country GDP per capita	-0.576	0.006**	1.425	0.006
	(0.459)	(0.002)	(1.973)	(0.009)
Regional GDP per capita	-0.284	-0.001	-0.324	-0.000
	(0.492)	(0.001)	(0.715)	(0.001)
Country GDP growth				
--.	3.063	0.007	-734.569	-0.491
	(162.576)	(0.690)	(693.241)	(3.056)
L1.	108.392	0.702	-262.765	1.127
	(110.350)	(0.662)	(347.240)	(0.919)
L2.	92.750	0.354	-318.163	-1.991
	(64.244)	(0.766)	(367.540)	(2.027)
Regional GD growth				
--.	-81.822*	-0.488	-161.917	0.265
	(43.479)	(0.392)	(182.516)	(0.658)
L1.	-79.124*	-0.423	-230.743	-0.284
	(46.156)	(0.360)	(162.900)	(0.466)
L2.	-90.607**	-0.131	-208.249*	0.255
	(36.223)	(0.321)	(110.347)	(0.431)
GetCredit				
--.	-82.699	-0.417	-485.807	-0.070
	(58.688)	(0.549)	(461.013)	(1.399)
L1.	83.282	-1.738**	-35.164	-4.658
	(60.993)	(0.867)	(1,059.349)	(4.393)
L2.	120.876**	-0.238	-189.861	1.382**
	(59.459)	(0.337)	(174.331)	(0.664)
ContractEnforcing				
--.	246.173	-1.276*	581.618	-9.353***
	(161.471)	(0.691)	(586.147)	(3.253)
L1.	32.790	-0.367	418.382	13.368
	(75.956)	(1.075)	(2,291.882)	(10.648)
L2.	37.735	-2.101**	31.482	-3.597

	(191.980)	(0.949)	(1,656.775)	(5.484)
MinorityProtection				
--.	423.821	-3.226*	-4,309.861***	-30.441***
	(379.392)	(1.717)	(1,146.188)	(7.907)
L1.	-269.980	-0.593	4,071.742*	-25.997**
	(349.682)	(0.948)	(2,357.208)	(12.493)
L2.	-268.651	1.262*	-225.654	2.594*
	(228.517)	(0.751)	(340.812)	(1.321)
RegProperty				
--.	-114.712	-0.207	-882.565	-4.075
	(100.400)	(0.444)	(1,142.485)	(4.710)
L1.	-45.765	-1.098***	-532.074	-3.453***
	(37.378)	(0.344)	(338.043)	(1.320)
L2.	-28.889	-1.005	-113.076	6.577**
	(66.059)	(0.613)	(774.736)	(3.079)
Regional employment				
--.	94.360	-0.411	41.086	0.537
	(103.284)	(0.867)	(221.425)	(0.730)
L1.	-118.164	-0.361	-542.505*	-0.253
	(89.822)	(0.643)	(292.867)	(0.779)
L2.	-50.148	-3.546***	-628.579	-1.887**
	(104.772)	(1.227)	(385.090)	(0.931)
BorderTrade				
--.	97.072	3.123**	1,999.332*	9.902
	(172.477)	(1.476)	(1,157.351)	(6.174)
L1.	127.267	3.807***	1,502.295	-15.130**
	(101.050)	(0.976)	(1,290.276)	(7.663)
L2.	-121.482**	-0.316	-404.715	-0.762
	(59.918)	(0.465)	(560.449)	(2.075)
PayTax				
--.	39.259	1.036*	52.574	-0.259
	(64.011)	(0.587)	(450.005)	(2.063)
L1.	0.399	1.575**	-971.853	13.824**
	(45.396)	(0.647)	(872.805)	(6.705)
L2.	50.848	-0.650	-198.213	1.296
	(45.100)	(0.595)	(321.167)	(1.493)
TaxGDP				
--.	498.573*	2.392	392.482	6.258
	(281.353)	(1.641)	(3,627.429)	(13.309)
L1.	370.738**	3.000	897.726	0.184
	(161.319)	(2.181)	(1,017.960)	(3.324)
L2.	308.110	-7.517***	1,115.857	7.109
	(253.059)	(2.850)	(1,013.750)	(5.369)
Inflation				
--.	-43.340	-2.791	212.907	-4.089
	(185.975)	(1.849)	(1,775.750)	(6.587)
L1.	62.001	-1.511	-262.953	-1.809
	(124.277)	(1.184)	(1,211.848)	(4.853)
L2.	154.478	0.330	447.618	-3.249
	(97.201)	(0.912)	(577.683)	(3.242)

Clustered SE	Yes	Yes	Yes	Yes
Observations	1,329	1,329	550	550
R-squared	0.318	0.274	0.554	0.422
Number of Regions	201	201	191	191

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Column 1 and 2 are the baseline regressions on deal value and number of deals using all payments for the entire population, time period 2006 to 2014. Column 3 and 4 are regressions where the time period has been cut off before the time shock year 2011