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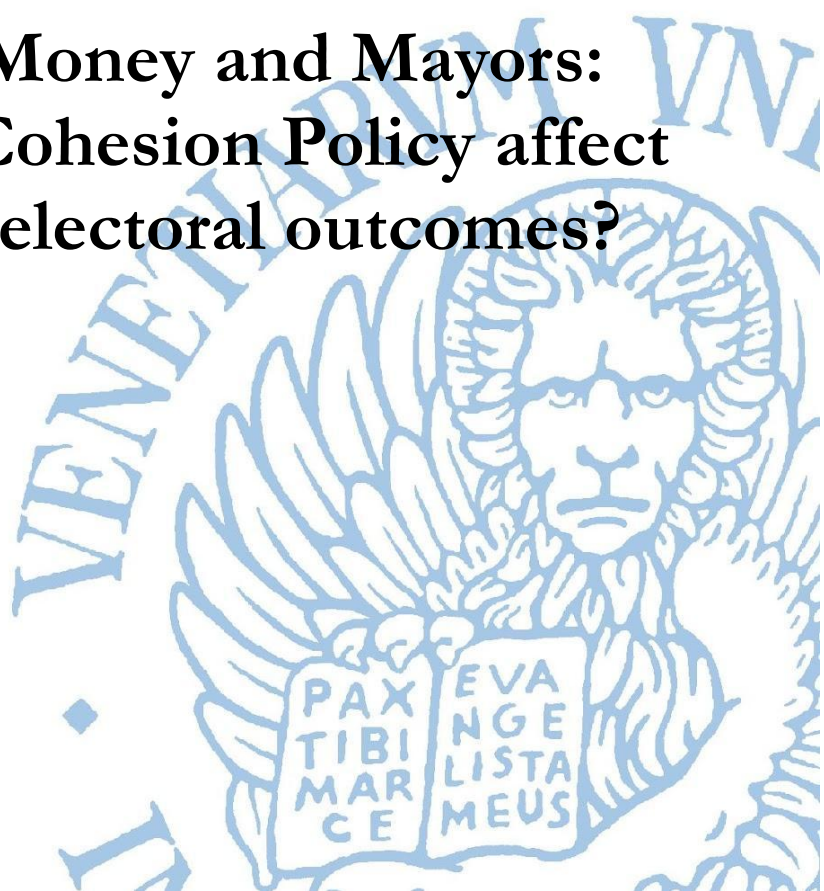
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EU Money and Mayors:

Does Cohesion Policy affect local electoral outcomes?

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Abstract

The EU Cohesion Policy, with its ability to influence the socio-economic trajectories of European regions and cities, also has the potential to shape the political preferences of citizens. While some evidence exists regarding the impact of EU funds on national electoral outcomes, their role for local elections remains largely unexplored, overlooking the inherently territorial nature of Cohesion Policy and the pivotal role played by local policymakers in its activation and implementation. This study leverages detailed administrative data on European development projects to investigate the impact of EU funds on the political support for local incumbent politicians in Italy. It studies the relationship between the inflow of European funds and the probability of re-election for Italian mayors, considering different project types that reflect the mayors' ability to attract European funds. The results reveal that Cohesion Policy plays a critical role in shaping local voting behaviours. Larger and more visible projects significantly increase the chances of mayoral re-election. Moreover, local contexts characterised by faster growth, where EU projects effectively improve municipal public services, witness the greatest electoral gains for incumbents. These results underscore the importance of the design, visibility, and effectiveness of local development projects in determining the political impact of EU redistributive policies.

Keywords: EU Cohesion Policy, incumbent re-election, political preferences, redistribution, local voting behaviour

JEL code: D72; I38 H7; R58

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1. Introduction

The redistribution of public resources through place-based policies is generally motivated by equity or efficiency goals (von Ehrlich & Overman, 2020). However, when redistributive programmes feature a discretionary design, they may not just have economic but also *political* motivations and consequences. As such, they may affect the electoral support for the policy-makers responsible for managing the financial resources (Dixit & Londregan, 1996; Roberson, 2008). The EU Cohesion Policy, the largest trans-national place-based policy intervention worldwide, is no exception in this regard. By allocating large amounts of funds to poorer European territories, its main objective is to reduce inter-regional economic disparities. Yet, given its size, targets, and design, it is expected to influence the daily life of citizens and may consequently affect their political views as well (Begg, 2008). The policy has long been identified as a tool for fostering a stronger sense of European identity in recipient areas (Dellmuth & Chalmers, 2018) and there is growing evidence demonstrating that European structural funds are capable of shaping voting preferences, by mitigating anti-EU sentiments and populism (Becker et al., 2017; Fidrmuc et al., 2019; Crescenzi et al., 2020; Rodríguez-Pose & Dijkstra, 2021; Borin et al., 2021; Albanese et al., 2022).

However, all existing contributions on the link between Cohesion Policy and electoral outcomes focus on national electoral events, overlooking two fundamental aspects. First, due to the territorial nature of the policy, the highest visibility of EU development projects is at the *local*, not national, level. Second, due to its strong bottom-up approach, the role of local policy-makers is crucial in determining the amount of EU investment and their effective implementation. Under the reformed Cohesion Policy, the number of EU approved projects and their overall value are not only determined by pre-existing socio-economic conditions, but also by a series of local political factors, including the capacity and quality of local politicians (Barca, 2009; Barca et al., 2012; Camagni & Capello, 2015; Iammarino et al., 2019). The amount of resources attracted and their effective use are among the elements voters may consider when deciding whether to confirm local policy-makers in power.

This paper studies the local electoral returns induced by the activation and completion of EU Cohesion Policy projects. It focuses on the case of Italy, one of the countries most financed though EU structural funds, investigating whether the likelihood of Italian municipal mayors to be confirmed in power is influenced by the amount of EU funds attracted and the number of EU projects completed during their time at the head of municipalities.

EU funds may affect local political views if there is a relationship of 'reciprocity' between voters and incumbent mayor – voters electorally remunerate the mayor for the mere attraction of the funds and the implementation of the policy. In addition, voters may remunerate the good performance of the policy, i.e. the improvements it brings in terms of local economic conditions – this may occur even if these improvements are exogenous to the activity of the mayor.

Italy represents the ideal setting where to test our research question. The Italian institutional context favours voting 'reciprocity', given that since the 1990s Italian mayors and the city council – often the direct beneficiaries and managers of EU development projects – are directly elected by municipal citizens for a five-year term. Moreover, while no clear consensus exists in the literature on the effectiveness of EU regional policy (e.g. Mohl & Hagen, 2010; Becker et al., 2010, 2013; Pellegrini et al., 2013; Crescenzi & Giua, 2020; Di Cataldo et al., 2022), empirical studies focusing on the Italian case have illustrated how EU regional policy has been able to foster economic growth, improve labour market conditions, and partially offset the negative consequences of the financial crisis in the country (Aiello & Pupo, 2009; Ciani & de Blasio, 2015; Giua, 2017; Coppola et al., 2020).

By combining geolocalised information on EU Cohesion Policy projects implemented in Italy with data on municipal electoral outcomes and members of local governments, we construct a local-legislature-level dataset for the 2007-2020 period. With that, we estimate a linear probability model testing for a relationship between EU funds and local voting preferences. We demonstrate that mayors attracting higher proportions of EU funds are associated with higher chances of re-election, a result in line with the idea that voters targeted by the redistributive policies tend to electorally reward incumbent mayors for the activation/implementation of such policies – i.e. Cohesion Policy displays support-buying effects. However, this relationship is only visible under certain conditions. The visibility and the magnitude of EU projects both play a crucial role in shaping local voting behaviours.

Our empirical analysis investigates some of the channels potentially driving the observed electoral response. We consider two aspects as possible mediators of the systematic relationship between EU funds and local electoral outcomes: the thematic objective of EU projects and the improvements in living conditions witnessed by citizens during a mayoral term in office. Our results show that voters are more likely to support mayors attracting EU funds intended to improve local public services. In addition, the relationship between EU funds and pro-incumbent voting is stronger in local contexts characterised by higher economic growth.

The rest of this paper is organised as follows. Section 2 illustrates the conceptual framework and literature, section 3 presents the data and descriptive statistics, section 4 reports the research design and model, section 5 reports the empirical findings, section 6 concludes.

2. Conceptual framework and background

2.1 Redistributive policies and voting outcomes

While public programmes redistributing resources across regions and individuals are usually intended to improve equity or efficiency, redistributive choices may be motivated by political reasons as well (Dixit &

Londregan, 1996). If they feature a discretionary rather than a formula-driven design, redistributive programmes can be exploited by incumbent politicians to increase their political support (Roberson, 2008). Clearly, this may apply to different kinds of regional development programmes, including EU Cohesion Policy.[1]

The idea that the application of regional redistributive policy can be electorally profitable for its promoters is in line with at least two arguments, partially interconnected, coming from the retrospective voting literature (Brender, 2003; Nannicini et al., 2013; Drago et al., 2014). The first is that of 'pork barrel', building on models of redistributive politics examining the strategic allocation of the budgets across voters and regions (Cox & McCubbins, 1986; Grossman & Helpman, 1996). This research strand highlights how government officials try to enhance their chances of being confirmed in power by targeting specific interest groups. A set of theoretical contributions demonstrate that voters obtaining benefits from government officials are more likely to support them in the future, because they learn something about the incumbent's stance toward them (Pierson, 1996; Cox, 2010; Maskin & Tirole, 2019).

This suggests the existence of a reciprocity and support-buying effect of redistributive policies. This argument finds support in a vast body of empirical evidence, which encompasses not only individually-targeted transfers[2] but also intergovernmental resource allocations. Notably, Rodríguez-Pose et al. (2016) identify a strong and positive correlation between support for the incumbent party and the level of public investment across regions. Huet-Vaugh (2019) study the impact of the American Recovery and Reinvestment Act (ARRA) road spending plan on electoral outcomes in the USA, revealing a significant increase in votes for the Democratic Party, which championed the infrastructure project. Maystadt and Salihu (2019) demonstrate that the incumbent president in Nigeria used transfers to the States as a means to bolster political support. Other studies show how voters' support to incumbent politicians allocating resources to places hit by major disasters tends to increase (Bechtel & Hainmueller, 2011; Imami et al., 2023).

However, whether voters reward the politicians who activate the targeted policies or those completing the projects is still unclear (Zucco, 2013). We contribute to answering this question and verify whether voters reward local policy-makers responsible for *activating/initiating* European projects, those *receiving* EU funds, or those *completing* the projects.

The second argument suggesting that local development policies may affect electoral support for its promoters is that of 'economic voting', stating that any improvements in the economic and welfare conditions of citizens may lead to greater support for incumbent politicians. Fiscal performance and economic growth appear to enhance the electoral returns of incumbent politicians both at the national

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[1] Empirical studies investigating the extent to which other public funding programmes are allocated following a political rather than economic rationale include Milligan and Smart (2005), Cadot et al. (2006), and Luca and Rodríguez-Pose (2015).

[2] Manacorda et al., (2011); Pop-Eleches et al., (2012); De La O, (2013); Labonne, (2013).

(Brender & Drazen, 2008) and at the local level (Brender, 2003). In a study focused on the economic geography of British elections, Pattie and Johnston (2008) show that the incumbent party in power, regardless of its ideology, tends to garner more support when economic conditions are improving. Similarly, Luca (2022) highlights that support for incumbent politicians is higher in regions where sub-national growth trajectories have been positively influenced by the central government's efforts to boost the construction sector and expand public employment. Citizens seem to reward incumbent politicians even when improvements in economic conditions result from external, exogenous factors (Bagués & Esteve-Volart, 2016).

In line with these two arguments, two related and possibly complementary interpretations may justify the relationship between EU Cohesion Policy and incumbent mayor re-election.

H1: Reciprocity and support-buying effect of the policy.

Voters of the targeted municipalities recognise that the attraction of EU funds towards them is due to the activity of the local government, and in response to that they support the incumbent mayor in the next electoral round.

H2: Economic voting.

EU funds improve economic and living conditions in the recipient municipalities, leading to stronger support for the incumbent mayors.

Two key intuitions behind these two hypotheses should be highlighted. In the case of H1, the visibility and the awareness of the policy matter. H1 is not rejected if voters recognise the ability and the effort of policy-makers in attracting EU funds and reward them in the following electoral round, but only if they are aware of EU projects. H2 is not rejected if voters are willing to reward local politicians for any improvement in their own economic and living conditions.

2.2 EU Cohesion Policy and voting outcomes

A recent and growing literature strand has studied whether EU Cohesion Policy has the capacity to influence the voting behaviour of citizens. Some of these works have exploited the Referendum on Brexit, testing whether EU funds have contributed to mitigate Euroscepticism in the UK. Results on this context have been mixed, as Becker et al. (2017) find no significant correlation between proportion of European funds and share of Leave votes, while Fidrmuc et al. (2017) identify a small but significant relationship. Crescenzi et al. (2020) reconcile this evidence by claiming that EU funds have mitigated Euroscepticism in the UK, but only when they have brought about tangible local labour market improvements. This result appears in line with evidence from continental Europe and other European countries, reporting that European aid can reduce political support for Eurosceptic (Borin et al., 2021; Rodríguez-Pose & Dijkstra, 2021) and populist

parties (Albanese et al., 2022), especially if they go hand-in-hand with better economic conditions (Bachtrögler et al., 2018). In sum, these contributions demonstrate that Eurosceptic political parties are electorally punished in regions benefiting from Cohesion Policy.

We argue that similar dynamics may be visible when it comes to local elections. The main goal of Cohesion Policy is to enhance local economic opportunities in disadvantaged territories, supporting job creation, business competitiveness, and sustainable development. In influencing the daily life of citizens, it may affect their voting behaviour through an 'economic voting' effect.

Furthermore, the place-based nature of Cohesion Policy incentivises the activism of local politicians and the participation of local stakeholders, making EU projects more visible and citizens more aware of the policy (European Commission, 2014). Differently from other redistributive policies, EU Cohesion Policy is based on both a formula-driven and a discretionary design. The formula-driven design implies that recipient regions are divided into three groups exclusively determined by their GDP conditions – the 'less developed' regions with a GDP per capita below the 75% of the EU average receive most of the funds, while the 'transition' and 'more developed' regions obtain significantly less.[3]

The place-based nature of the policy makes its design discretionary as well. EU Cohesion Policy operates through multilevel dialogue among many different stakeholders and levels of government. In practical terms, all EU citizens (e.g. individuals, researchers, companies, and public bodies such as municipalities and regions) can apply for EU funding by presenting their projects, with managing authorities (mainly regional and national governments) establishing which projects are approved and financed.[4] This procedure, intended to make sure that the selection of European projects is merit-oriented, encourages a strong dialogue between the members of society and local policy-makers. Voters may therefore be 'grateful' to local politicians for their role in the attraction of financial resources, electorally rewarding them through a 'reciprocity' effect.

2.3 Italy as a testing ground

We claim that Italy represents an ideal laboratory for testing the local political effects of EU Cohesion Policy. To begin with, EU funds play a crucial role in Italy, because of the long-standing economic divide

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[3] To give a quantitative idea, for the programming period 2014-2020 less developed regions obtained €180 per head per year while transition regions and more developed regions obtained respectively €66 and €22 per capita yearly. The main recipient regions in Italy are Calabria, Campania, Apulia, Sicily, and Basilicata, that received €22.2 billion during 2014-2020. The transition regions, Sardinia, Molise, and Abruzzo obtained €1.3 billion during the same period, while the more developed regions, Piedmont, Lombardy, Liguria, Veneto, Bolzano, Trento, Friuli-Venezia-Giulia, Emilia-Romagna, Tuscany, Marche, Umbria, and Lazio obtained €7.6 billion. Overall, Italy received €29 billion during the 2007-2013 programming period and €32.3 billion during the 2014-2020 programming period.

[4] For additional details on the process of project selection: https://ec.europa.eu/info/funding-tenders/how-apply/eligibility-who-can-get-funding_en

between the more economically advanced North and the lagging South (Polverari, 2013) and even more so after the 2008 financial crisis which led to a drastic reduction of Italian regional policy (Viesti 2011). Many studies have demonstrated that European funds have influenced socio-economic conditions in the country. They seem to have contributed to inter-regional convergence (Aiello & Pupo, 2009; Coppola et al., 2020) and employment growth (Giua, 2017), and they have partially offset the negative consequences of the economic crisis (Ciani & de Blasio, 2015).

In addition, Italy appears as an interesting context due to its institutional structure. Since the approval of law 81/1993, Italian mayors are directly elected for five-year terms and are subject to two-term limits. Mayors in large municipalities over 15,000 inhabitants are elected by runoff electoral system, while mayors in smaller municipalities are elected by first-past-the-post.[5] Therefore, voters in Italy directly choose the candidate they prefer.

Mayors are responsible for several important issues such as the management of public utilities (garbage ad sewage collection, local roads, water), public housing, transportation, local police, nursey schools, and the care of elderly people. They also have the right to assign and dismiss the city council. Furthermore, mayors play a strategic role in attracting and implementing European projects. The city council, led by the mayors, acts as an actuator, programmer, creator, or direct beneficiary for roundly half of the total amount of EU money invested in Italy.

3. Data

In order to perform the empirical analysis, we rely on three sources of data. The first, Opencoesione, reports information on EU Cohesion Policy projects in Italy; the second, the Italian Ministry of Interior, provides statistics on Italian municipal elections; the third, the Italian Census, adds socio-economic, demographic, and geographic information on Italian municipalities. We discuss each of them below.

3.1 EU Cohesion Policy funds

The Opencoesione database includes detailed information on funding allocations and paid resources to each beneficiary of all projects fully or partially funded by the EU Cohesion Policy in Italy from the programming period 2007-2013 onward. For each financed project, this rich database reports its thematic objective, its geolocation, their timeline (starting date, ending date, dates of payments), the amount of

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[5] In municipalities with less than 15,000 inhabitants, the winning candidate receives a majority bonus equal to at least two-thirds of the city council. In a municipality with over 15,000 inhabitants, if none of the candidates reaches the absolute majority a second dual ballot is called, and the winner obtains a majority bonus of 60% of the seats in the council.

resources provided directly by the EU and co-financed by national or local authorities as well as by the private sector.

We focus on the 2007-2013 and 2014-2020 programming periods, for which we have retrieved information on 1,544,571 projects in total. The project duration is quite heterogeneous, ranging from less than 1 to up to 13 years (0.7 years on average). The variability is mainly due to the fact that the starting date of the project does not necessarily coincide with the moment all European funds are disbursed, as these are usually provided through different tranches of payments. The number of phases of each project varies, depending on its objective. Phases are fewer in cases of projects devoted to the purchase of goods or services, while they are higher in the case of projects dedicated to public works.[6]

We collapse data on EU payments at the municipal level. Most of the projects are assigned to municipalities or to components of municipalities (e.g. firms or individuals). When projects involve many municipalities, we equally split the project amount among all municipalities involved.

3.2 Italian municipal elections

Information on Italian local elections is extracted from two sources of the Italian Ministry of Interior: the Historical Archive of Elections (*Archivio storico delle Elezioni*) and the Registry of local and regional Aministrators (*Anagrafe degli Amministratori locali e regionali*).

The former reports the results of all the Italian electoral competitions at the local, regional, and national level.[7] For each municipal election, we observe the number of votes received and the seats obtained by each candidate, as well as the number of electors and the turnout in each municipal election. To complete the database, we also compute the turnout and the winner vote margin. This database also allows us to identify which legislature has been suspended or dissolved.

The latter provides information on mayors, such as their level of education, birthplace, and previous jobs. We regroup the mayors' education and previous jobs in order to have three categories for education (low, middle, and high) and four categories for the job types[8] (armed forces, low, medium and high skilled jobs).

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[6] In the case of public work projects, the process develops in the following phases: feasibility study, preliminary design, final design, executive design, tender award, contract signing, execution of works and testing. In the case of purchase of goods or services, the process develops in the following phases: tender award, contract stipulation, and supply execution. Finally, in the case of projects providing loans to individuals or companies, the process has the following phases: tender award, granting of the loan, and investment execution.

[7] This database does not provide information on municipal elections for Sicily, Trentino Alto Adige, Friuli Venezia Giulia, and Valle d'Aosta.

[8] We define the four job categories following the International Standard Classification of Occupations (ISCO) https://ilostat.ilo.org/resources/concepts-and-definitions/classification-occupation/

This very detailed data allows us to include in our analysis all the controls generally applied in the literature on incumbent advantage (Lee, 2001, 2008; Ferreira & Gyurko, 2009; De Benedetto & De Paola, 2016).

3.3 Socio-economic, demographic, and geographic controls

The 2001Census by the Italian National Institute of Statistics (ISTAT) provides data on all the socio-economic and demographic controls of our analysis. We have selected the 2001 Census because it is the latest Census before the beginning of our sample period (2007-2020). We collect information on labour market conditions (unemployment, youth unemployment, and employment rates), demographic structure (population density, resident immigrants, dependence rates, dimension of families), level of human capital (rates of non-fulfilment of compulsory schooling, rate of fulfilment of high school, resident university students). The Italian National Institute of Statistics also reports information about the geographic features of Italian municipalities: altimetric zone, and distance from the administrative centre.

4. Research design

4.1 EU funds variables

To estimate whether Cohesion Policy influences the likelihood of re-election of mayors, we exploit information on the timeline of each European project and create three variables, exploiting two different project dates: the moment is which payment starts flowing (begin) and the moment in which it ends (completion). The start of EU projects is captured by the variable *started_projects*, grouping EU payments received for all projects beginning in a given legislature and still ongoing when the legislature ends. It is reasonable to assume that, in many cases, the incumbent local government played a relevant role in their attraction, particularly if funds are directly disbursed to the local government (and not to e.g. a private citizen, or a firm). The second variable, *ended_projects*, considers only EU payments for projects completed in a given legislature. A portion of these funds is exogenous to the role played by the incumbent mayor, and dependent on previous legislatures. These two variables capture the ability of local governments to attract or complete EU projects, as well as two moments of high visibility of the policy. The third variable, *all_projects*, considers all EU money flowing to a given municipality in a given legislature. Figure A1 in Appendix A provides a clarifying example on the definition of three different EU funds variables.

All three variables are constructed as:

$$EU\ funds_{jrt} = \ln\left(\frac{\sum_{i=0}^{n} € EU\ projects_{jrt} + 1}{pop_{jrt}}\right)$$

The logarithm the total amount of money for all EU projects (from 0 to *n*) attracted in municipality *j*, region r, during a legislature that began in year *t* plus 1, divided by municipal population. We correct the formula by adding one to the value of EU funds received before taking logarithm, to avoid losing legislatures receiving no EU funds (23.3%).[9]

All three variables demonstrate a high degree of correlation among themselves. As shown in Table 1, the correlation coefficients between *all_projects* and *started_projects*, as well as with *ended_projects*, are 0.914 and 0.931, respectively. Furthermore, our three measures of EU funds exhibit a strong and significant correlation with the co-financing provided by Italian authorities and the private sector, which on average contributes to one-third of the EU investments.

Table 1: EU funds variables and lags - correlation matrix

	Started_projects	Ended_projects	Cofinancing	Lag_All_projects	Lag_Started_projects	Lag_Ended_projects
All_projects	0.914	0.931	0.431	0.629	0.586	0.563
Started_projects		0.881	0.383	0.537	0.496	0.493
Ended_projects	0.881		0.381	0.593	0.556	0.533

Note: the table reports a correlation matrix between all EU funds measures. The first three columns show the correlation among our three measures of EU funds while the other four columns show their correlation with the past inflow of EU investment and with the co-financing paid by the Italian authorities and the private sector.

Given the policy's place-based structure, a path-dependence dynamic in the inflow of EU funds is likely. The quality of the local public bureaucracy, as well as the activism of local stakeholders, plays a pivotal role in determining the inflow of EU funds, and these factors do not necessarily change between different legislatures. Consistent with the territorial nature of the policy, our evidence indicates that the total amount of EU investments received in one legislative term is correlated with the amount received in the previous term.

4.2 Descriptive Statistics

Combining our three main sources of data, we construct a database at the legislature level, selecting only the legislatures in which the mayor runs for the second electoral round during the 2007-2020 period. Selected in this way, our sample includes 6923 municipalities in total, 4230 of them observed once, 2630 of them twice, and 63 of them more than twice. The number of times a municipality appears in the dataset depends on electoral specificities (e.g. cases of city council suspension or dissolution) as well as the timing

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[9] An alternative strategy to this, i.e. taking Inverse Hyperbolic Sine (IHS) value, of EU funds produces results that are equivalent to those shown in the paper.

of local elections[10]. Our sample consists mainly of legislatures that started in 2009 (28.66%) or in 2014 (30.90%).

Figure 2: Municipalities in sample and outcome variable

Municipalities with running incumbent
- not re-elected
- re-elected
- not in sample
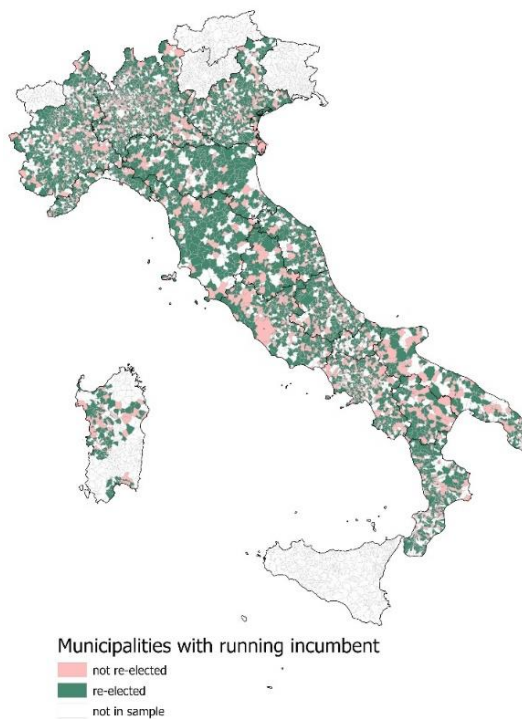
Note: the figure illustrates the electoral result obtained by each incumbent mayor in the sample municipalities (for municipalities appearing more than once in our dataset, the electoral result of the first legislature in sample is shown).

Figure 2 reports the electoral results obtained by the running incumbent mayor in each municipality. The variable describing the electoral outcome of each incumbent mayor running for re-election and illustrated in the figure is the dependent variable of our analysis, labeled $victory_{ijrt}$, a dummy taking value one if the incumbent mayor is re-elected, and zero otherwise. As visible in the figure, our sample is composed of legislatures distributed across all Italian regions with the exception of Sicily, Trentino-Alto-Adige, Friuli-Venezia-Giulia, and Valle d'Aosta, whose electoral data are not provided by the Historical Archive of Elections. The map reports legislatures ending up with the re-election of the mayor in green and those in which she is defeated in pink. In line with De Benedetto & De Paola (2016), the data show a clear incumbent advantage - mayors are more likely to be confirmed in power than their challengers to win the elections.

Figure 3 illustrates the distribution of EU Cohesion Policy investments across Italian municipalities and the differences among our three categories of funds. As expected, municipalities in regions classified as 'less developed' over our sample period (Basilicata, Calabria, Campania, Apulia) are those receiving the

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[10] The year in which mayoral elections are done varies by municipality, depending on when a given local legislature ends. Elections are done every five years if legislatures end 'naturally', while they are anticipated if local legislatures are terminated earlier due to e.g. mayoral resignation, or dissolution of the local government.

majority of funding, even when we consider only legislatures with a running incumbent. Campania and Basilicata are those receiving the larger per capita total amount of funding, €1199 and €1597 respectively.

Descriptive statistics of the variables used are reported in Appendix Table B2.

Figure 3 – EU funds per capita per local legislature in sample municipalities

All_projects   *Started_projects*   *Ended_projects*

EU funds per capita - current & past legislature

- ≤€100
- ≤€1000
- >€1000

EU funds per capita - current legislature

- ≤€100
- ≤€1000
- >€1000

EU funds per capita - completed within legislature

- ≤€100
- ≤€1000
- >€1000
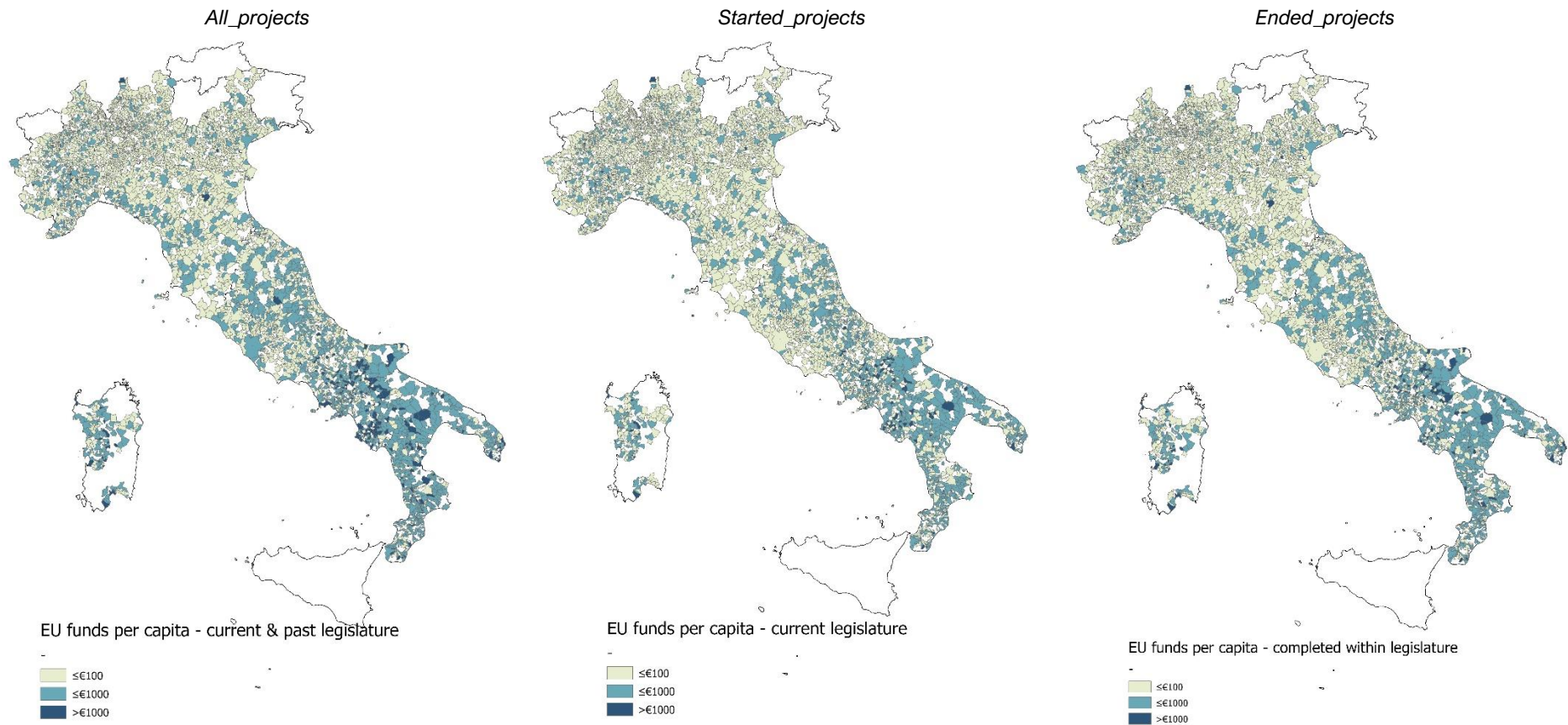
Note: EU funds per capita per municipality per local legislature over the 2007-2020 period. White regions/municipalities are not in sample.

4.3 Estimating equation

In order to investigate the role of EU funds for the probability of re-election of incumbent mayors in Italy, we estimate the following linear probability model:

$$victory_{ijrt} = \theta\ EU\ funds_{jrt} + M'_{ijrt}\beta_1 + L'_{jrt}\beta_2 + X'_{jr}\beta_3 + C'_{jrt}\beta_4 + \alpha_r + \eta_t + \varepsilon_{ijrt} \quad (1)$$

where $victory_{ijrt}$ is a dummy variable taking value one in case mayor i is re-elected at the elections held in municipality j, region r, year t, and zero otherwise. $EU\ funds_{jrt}$ refers to the three categories of EU funds (*all_projects, started_projects, ended_projects*) discussed above, computed as the log of the total per capita funds attracted in municipality j during the legislature that started in year t.

The model includes a rich set of control variables, to minimise endogeneity concerns. M_{ijrt} is a vector of explanatory variables controlling for basic mayors' characteristics: gender, age, birthplace. We also include two proxies for the mayor's ability (Besley et al., 2011): previous job and educational attainment, and a proxy for the mayor's charisma, vote margin. L_{jrt} controls for legislature features: legislature's duration, turnout, electoral system. The M_{ijrt} and L_{jrt} control sets are chosen following the literature on incumbent advantage (Lee, 2008; De Benedetto & De Paola, 2016). X_{jr} includes socio-economic, demographic, and geographic controls at municipality-level: unemployment rate, population density, share of foreigners, altimetric zone. Vector C_{jrt} adds a control for co-financing funds received by municipality j in legislature t, paid by national and local Italian authorities as well as the private sector. The same vector also includes the amount of EU investments obtained in the previous legislature, controlling for path-dependency of EU funds and for the ability of the municipality to obtain EU aid.

We complete our model by including regional fixed effect, α_r, to compare more homogeneous municipalities within the same region, and year of election fixed effects, η_t, to account for specific shocks affecting all legislatures started in the same electoral year. Error terms ε_{ijrt} are clustered at the municipal level.

We consider robustness estimates adopting different estimation methods and model specifications in section 5.3.

5. Main results

5.1 Baseline estimates

The results of model 1 are reported in Table 1, displaying the coefficients of all different treatment variables on EU funds. Columns 1-3 report the results without the inclusion of C_{jrt} controls on co-financing and EU funds obtained in the previous legislature, added to the estimates in the specifications in columns 4-6. The number of observations reduces significantly when C_{jrt} controls are included in the model, because we lose all legislatures for which the previous period corresponds fully or partly to pre-sample period (EU funds can only be geolocalised from 2007). The same results reporting all coefficients of control variables are shown in Table C1 in the Appendix.

Table 2: Cohesion Policy and pro-incumbent voting

	(1)	(2)	(3)	(4)	(5)	(6)
All_projects	0.00152 (0.00385)			0.00365 (0.00621)		
Started_projects		0.00952** (0.00381)			0.0116* (0.00617)	
Ended_projects			0.00140 (0.00359)			0.00349 (0.00565)
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓
Observations	4643	4643	4643	2392	2392	2392
R-squared	0.105	0.106	0.105	0.102	0.104	0.102

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. Columns 1-3 do not include C_{jrt} controls, related to co-financing and EU Cohesion Policy in the previous legislature. Columns 4-6 include the full set of controls. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature.

Looking at our main variables of interest, the sum of all EU projects (*All_projects*) and the sum of all projects completed during the legislature (*Ended_projects*) return positive but insignificant coefficients, suggesting that they do not directly affect re-election chances of mayors. Differently, *Started_projects*, referring to all projects beginning during the legislature, displays a positive and significant coefficient.

Based on the estimates from column 5, we find that a 1% increase in funds for new projects translates into a 1% increase in the likelihood of incumbent politicians being re-elected and retaining their role.

This result is in line with the idea that EU Cohesion Policy can influence local electoral outcomes. We find evidence of a reciprocity and support-buying effect of EU funds – voters reward mayors capable of starting European projects. *Started_projects* captures one of the highest moments of visibility of the policy, the moments in which projects are launched. These results may indicate that mayors capable of advertising their success in terms of attraction of new resources can boost their chances of re-election.

If we look at the coefficients of C_{jrt} controls in Table C1, it is interesting to note that we do not find evidence of any effect of EU funds on electoral choices that lasts across legislatures and involve different mayors, as all lagged EU funds variables display insignificant coefficients. This provides additional evidence that EU funds and the electoral success of the incumbent local governments are related. Newly-started EU projects within a given legislature influence electoral chances of re-election only for the incumbent, not the previous, municipal administration. Finally, co-financing National funds are unrelated to local voting outcomes, possibly due to their moderate size relative to EU funding.

5.2   Amount of funds

While the results displayed in Table 2 indicate a positive link between newly-started EU projects and local re-election probability of mayors, a possibility is that the relationship between Cohesion Policy projects and local electoral preferences materialises even more clearly when the *amount* of attracted/spent funds during a legislature is particularly high, making the presence of EU projects and their potential benefits more evident to citizens. The awareness of EU Cohesion Policy is greater where EU investments are larger (Eurobarometer, 2019) and areas more strongly targeted by redistributive policies tend to display stronger support for incumbent politicians (Bechtel & Hainmueller, 2011; Huet-Vaugh, 2019). Hence, we test for the possibility that the relationship between EU funds and local voting is non-linear, hypothesising that a larger the amount of EU financial resources flowing to a municipality corresponds to a higher effect on local voting preferences.

We test for this in three different ways. To begin with, we exploit the design of the policy, which awards a much higher amount of funds to less developed Italian regions and municipalities. Therefore, we sub-divide the full sample of municipalities into two subsamples: legislatures of municipalities located in less developed regions (Campania, Calabria, Apulia, Sardinia, and Basilicata), and legislatures of municipalities in all other Italian regions, so-called 'transition' or 'competitiveness'. Table 3 reports the results.

16

Interestingly, the positive relationship between EU funds and a mayor's votes at the next elections is visible for all three categories of 'treatment' variables in municipalities located in less developed regions (Table 3, Panel A), while it completely disappears in all other regions (Table 3, Panel B). On average, in less developed regions the likelihood of an Italian mayor retaining her position increases by 5%, 6%, and 3%, respectively, when our three measures of EU funds (*All_projects*, *Started_projects*, and *Endend_projects*) increase by 1%.

Table 3: More and less developed regions

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Less developed regions						
All_projects	0.0190*			0.0514***		
	(0.0109)			(0.0174)		
Started_projects		0.0401***			0.0595***	
		(0.00956)			(0.0151)	
Ended_projects			0.00562			0.0294*
			(0.00855)			(0.0150)
Observations	1,177	1,177	1,177	560	560	560
R-squared	0.095	0.109	0.093	0.134	0.151	0.125
Panel B: Transition / competitiveness regions						
All_projects	-0.00311			-0.00444		
	(0.00402)			(0.00637)		
Started_projects		-0.00008			-0.00137	
		(0.00403)			(0.00656)	
Ended_projects			-0.000627			-0.00177
			(0.00388)			(0.00608)
Observations	3,465	3,465	3,465	1832	1832	1832
R-squared	0.118	0.118	0.118	0.104	0.104	0.104
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. Panel A focuses on the sample of municipalities from Convergence regions (Basilicata, Calabria, Campania, Apulia) while Panel B considers all other regions. Columns 1-3 do not control for EU funds in previous legislatures, columns 4-6 include C_{jrt} controls for lagged EU funding and national co-financing. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature.

These results may be driven by the fact that higher amounts of EU funds increase re-election chances, but it may also be due to some specificities of less developed regions. To verify whether the amount of money truly makes a difference, we perform two further tests. The first one interacts each 'treatment' variable with itself, creating quadratic terms of EU funds. This allows to investigate for a non-linear relationship between our explanatory variables of interest and the outcome. The results, shown in Table C2 in the Appendix, report a positive significant quadratic term in almost all specifications and different EU funds categories. In some cases, the linear term appears negative significant, which may reflect the presence of an 'U-shaped' relationship between the amount of EU funds attracted / projects completed and pro-incumbent votes. While attracting very low amount of EU funds produce no or even negative effects on the electoral chances of incumbent mayors, high amounts are clearly related with a higher chance of success at the next elections.

As a final test for the role of the amount of EU funds, we run our baseline model by splitting the samples of legislatures along the amount of each typology of EU project received, exploiting different thresholds: the 50th percentile, the 75th percentile, and the 90th percentile. As shown in Table C3, EU Cohesion Policy projects are related with local electoral outcomes only when the magnitude of attracted funds is sufficiently high – above the median value at least. Conversely, below-median amounts of funds produce no effect.

5.3   Robustness checks

To test for the robustness of these results we perform a number of additional estimates. To begin with, we replicate our analysis using a different estimator. While our baseline model is estimated as linear probability with OLS, the assumption of linearity is a strong one for a binary dependent variable, given that it allows for estimated probability values below 0 and over 1. We reproduce the estimates with Probit and Logit estimators. We also re-estimate the model as an OLS changing the dependent variable and using the vote margin at the following elections as an outcome.[11] The results are reported in Table C4 in the Appendix. We sub-divide the table in two panels, one referring to the full sample of legislatures across Italy, and one referring to municipalities in less developed regions, those receiving higher amounts of EU funds and displaying the strongest effect on the outcome of interest. In all cases, the estimates confirm our previous findings.

Next, we replicate the linear probability estimates by augmenting the set of fixed effects. Specifically, we include the interaction between election year and region dummies, *region×election year*. This set of

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[11] In these estimates, *Vote margin* remains a control included in that model, given that it refers to the vote margin of the mayor at the previous elections, i.e. those that led to the election of the mayor. In other words, in this specification *Vote margin* acts essentially as a lagged dependent variable.

interacted fixed effects accounts for distinctive and time-varying political and institutional patterns within regions. For example, this accounts for any regional policy introduced during the analysed period. We also include a set of *province* fixed effects in the estimation. While our preference in the baseline model goes to regional fixed effects relative to province fixed effects, due to the higher number of observations within region than within province and the fact that many municipalities are not represented in our analysis, we report the results estimated within province, allowing the comparison of more similar municipalities. Lastly, we estimate a specification with municipality fixed effects. This effectively converts our model into an (unbalanced) TWFE panel model estimated within-municipalities. Once again, this is not our preferred specification given that few municipalities are represented more than once in the dataset. The model including municipality and year fixed effects cannot include any time-invariant control, such as X_{jr} municipal characteristics. The results of all these specifications with fixed effects of different sorts are displayed in Appendix Table C5, reporting the full sample in Panel A and the sample of less developed regions in Panel B. The results are remarkably robust to any changes in specification, with all coefficients of EU funds variables remaining positive and statistically significant with all sets of fixed effects included.

As a third robustness test, we restrict our sample considering exclusively EU projects where the municipal City Council is reported by Opencoesione as an actuator, programmer, creator, or direct beneficiary of European funds. In quantitative terms, the amount for this type of funds corresponds to around €54 per capita per legislature, vis-à-vis €91 per capita per legislature if we consider all sorts of projects. Although imposing this restriction reduces the magnitude of our three categories of EU funds, in this kind of projects the municipal government's role has surely been key, both in terms of attraction and in terms of implementation. Hence, if voters truly reward the local administration for their efforts in managing EU projects, a higher proportion of this specific type of projects should translate into a higher popularity of incumbent administrators. The results, reported in Table C6, confirm that a higher amount of money for projects directly managed by the City Council corresponds to higher chances for that Council to be confirmed in power. The magnitude of coefficients is lower relative to the estimates shown in the previous section, possibly due to the fact that citizens value more the overall amount of EU funds than the fact that they see a clear role by the local government in the projects. After all, many projects whose beneficiaries are firms or individuals, and not the City Council, are part of broader development programmes established and promoted by local and regional authorities.

The last robustness test is intended to further minimise any endogenous factor jointly affecting incumbent voting and the attraction-implementation of European Cohesion Policy. For that, we rely on Coarsened Exact Matching, a methodology that reduces imbalances in covariance between treated and control units. The main intuition behind CEM is to temporarily coarsen each variable into meaningful groups, performing an exact match on these coarsened observations pre-treatment and then only retaining the uncoarsened values of the matched data (Ho et al., 2007; Iacus et al., 2011, 2012). As pre-

treatment covariates. The first set relates to the ability and the charisma of mayors, as both these factors may influence the mayors' chances of re-election and their capacity to attract EU funds. Ability and charisma are proxied by the mayors' education level and the vote margin. The second set of variables deals with the fact that EU development funds are not randomly distributed – poorer territories obtain most of the money. We account for this with a dummy variable indicating less developed regions. As CEM needs a bivariate treatment, we define as treated those legislatures receiving more than the 75th percentile values for each treatment. The results, presented in Table C7, confirm that a higher amount of funds beginning new European projects leads to greater chances of mayors' re-election.

6. Mediating factors

Having established that a relationship between the amount of EU funds received and the re-election probability of a mayor exists, this section explores two factors possible mediating the systematic relationship between EU funds and local electoral outcomes: the improvements in citizens' living conditions and the different thematic objectives of EU projects.

6.1 Local economic dynamism

First, we expect a higher role of EU Cohesion Policy as a determinant of local electoral outcomes in contexts where the inflows of EU funds are combined with greater improvements in citizens' living conditions. To capture varying local socio-economic conditions, we rely on a proxy of economic growth, computed as the percentage growth of per capita taxable income during the legislature. Information on municipal taxable income is provided yearly by the Italian Ministry of Economy and Finance, starting from 2008.[12]

First, we test the relationship between EU funds and income growth in Table C8 in the Appendix. A simple model controlling for regional characteristics reveals that legislatures receiving higher amount of EU funds are associated with higher growth of per capita taxable income. The relationship remains positive and becomes just insignificant when lagged EU funds are controlled for.

Hence, in our preferred specifications we test the mediating role of improved economic conditions without directly including the growth variable in the regression, as this is possibly related with the explanatory variables of interest. We split the full sample into three groups, depending on their level of

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[12] This measure of economic growth may be affected by phenomena such as tax evasion and tax avoidance. When we use an alternative measure of economic dynamism obtained as the percentage growth of per-capita taxable income from formal employment, only available from 2009, the results (available upon request) are confirmed.

income growth during the legislature. The results in Table 4 show that EU funds are positively related with re-election probability, but only in the sub-sample of legislatures characterised by substantial improvement in citizens' living conditions. For this group, a 1% increase in new or completed EU projects corresponds to a 3% increase in the likelihood of the incumbent mayor to be confirmed in power.

We corroborate these results by interacting all measures of EU funds with the indicator of economic growth during the legislature. In Table C9 in the Appendix, the interactions *started_projects × growth* and *ended_projects × growth* always display positive and significant coefficients, while *all_projects × growth* is positively related with re-election probability when lagged EU funds and co-financing are controlled for.

These findings confirm the intuition that the effectiveness of EU investments in shaping pro-incumbent voting depends on the economic performance of a local area. EU Cohesion Policy is capable of shaping local electoral outcomes only in contexts where the inflows of EU funds are combined with faster growth during the term in office of the mayor.

Table 4: Results by level of economic growth

	Low economic growth			Medium economic growth			High economic growth		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All_projects	0.00244 (0.0107)			-0.00707 (0.0120)			0.0239** (0.0117)		
Started_projects		0.00350 (0.0104)			-0.000789 (0.0118)			0.0307** (0.0121)	
Ended_projects			0.00509 (0.0101)			-0.0121 (0.0110)			0.0317*** (0.0115)
M_{ijrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓	✓	✓	✓
C_{jrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Observations	738	738	738	744	744	744	606	606	606
R-squared	0.184	0.184	0.184	0.124	0.124	0.125	0.135	0.137	0.139

Note: Clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. This table investigates whether three specific types of EU aids are effective in shaping local electoral outcomes based on three different economic growth levels. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature. Model 1-3 report result for low economic growth (values ranging from -0.22 to 0.06), , Model 4-6 for medium economic growth (0.06 to 0.09) and Model 7-9 for high economic growth (0.09 to 0.63).

6.2   Thematic objectives of EU funds

Next, we explore the possibility that different thematic objectives of EU funds may have different electoral returns (Dellmuth and Chalmers, 2018). Other works have studied the link between EU funds' areas of investment and socio-economic performance (Rodríguez-Pose & Fratesi, 2004, Sotiriou & Tsiapa, 2015; Di Cataldo & Monastiriotis, 2020), yet the evidence on whether expenditures in different thematic objectives of EU funds can influence electoral outcomes is limited.

Table 5: EU funds by thematic objective

	(1)	(2)	(3)	(4)	(5)	(6)
Panel: Full sample						
Services	0.00498**			0.0101***		
	(0.00242)			(0.00391)		
Business		0.00100			0.00292	
		(0.00238)			(0.00395)	
Infrastructure			0.00373*			0.00387
			(0.00200)			(0.00315)
Observations	4,643	4,643	4,643	2,392	2,392	2,392
R-squared	0.105	0.105	0.105	0.105	0.102	0.104
Panel B: Less developed regions						
Services	0.0106***			0.0168***		
	(0.00364)			(0.00559)		
Business		0.00174			0.00607	
		(0.00462)			(0.00809)	
Infrastructure			0.00395			0.0107**
			(0.00337)			(0.00500)
Observations	1,177	1,177	1,177	558	558	558
R-squared	0.099	0.092	0.093	0.130	0.119	0.128
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. This table shows how the different EU funds (devoted to service, business, and infrastructure) influence the re-election chances of the mayors. Panel A considers the full sample while Panel B focuses only on legislatures located in less-developed regions. Columns 1-3 do not control for C_{jrt}, columns 4-6 control for lagged EU funds and for co-financing.

To test for this, we exploit information on the objectives of each EU project. We define three categories of EU funds, measuring the amount of financial resources obtained for the improvement of public services (*Services_funds*), for the promotion of the competitiveness of businesses (*Business_funds*), and for the development of infrastructure (*Infrastructure_funds*).[13] We estimate our baseline model using these three measures of EU funds and report the results in Table 5. Panel A and panel B display the results for the full sample and for the less developed regions, respectively. The findings shows that the amount of money for projects intended to improve public services (*Service_funds*) is consistently related with higher probability of re-election. We can also observe a positive link between EU funds devoted to infrastructure promotion (*Infrastructure_funds*) and re-election (columns 3 and 4, Table 5), while EU funds dedicated to business promotion (*Business_funds)* report a positive but insignificant coefficient. In less developed regions, a 1% increase in *Service_funds* and *Infrastructure_funds* enhances the likelihood of incumbent mayors being confirmed in power in the next electoral round by 1.7% and 1%, respectively.

To validate these findings, we replicate the analysis looking only at EU payments for projects with different objectives *starting* in a given legislature. Table C10 in the Appendix reports the results. Again, EU investments in service provisions are linked with the likelihood of Italian mayors to be confirmed in power, as *Started_Services_projects* returns positive and significant coefficients across specifications.

The services and infrastructure sectors emerge as those where investment produces the highest electoral returns, in line with the idea that public expenditures in these areas are more easily associated by voters with the direct action of local authorities and with general improvements of living conditions.

7. Conclusions

The EU Cohesion Policy is expected to enhance public perception of the European Union. This should manifest in the voting behaviour of individuals, particularly when it comes to electorally reward politicians who are seen as responsible for the positive changes that Cohesion Policy can bring about. This work has analysed whether the EU funds play a role in rewarding political leaders at the local level, by verifying if municipalities that attract higher levels of EU funding are more likely to re-elect their incumbent mayors.

The results clearly show that voters electorally reward mayors who effectively initiate new European projects. This points to a 'support buying' effect of Cohesion Policy on mayoral elections. On average,

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[13] *Services_funds* includes all investments in cultural, tourism, and natural attractions; care services for the elderly and young; social inclusion; education. *Business_funds* considers projects dedicated to business support/competitiveness; R&D; employment and labour mobility. *Infrastructure_funds* refers to funding for energy efficiency; urban and rural regeneration; transport and infrastructure; public administration; digital agency.

a 1% increase in EU funds allocated to new projects launched during a mayor's tenure corresponds to a 1% rise in the likelihood of that mayor being re-elected in the subsequent election.

In addition, our analysis reveals that both the amount and the visibility of the EU money obtained are significant factors. The correlation between EU Cohesion Policy and local pro-incumbent voting is notably stronger in municipalities that receive greater amounts of funding. This link is particularly evident in less developed regions, where the policy is expected to yield the most visible results. In such contexts, a 1% increase in EU funding flowing to the municipality translates into a 5% increase in the likelihood of Italian mayors of retaining office. Consequently, these targeted local areas appear to 'reciprocate' the economic advantage assigned to their communities by the EU, and they show increased support for the local leaders who secure these subsidies.

We explore two potential mediators in this relationship: improvements in citizens' living conditions and the thematic objectives of EU projects. Our findings suggest that citizens are more inclined to favour incumbent mayors in municipalities experiencing faster economic growth, a condition that may, in part, be attributed to the effective utilisation of Cohesion Policy funds. This indicates that the link between Cohesion Policy and local electoral outcomes may be driven by 'economic voting', where citizens cast their votes to reward local politicians for the economic improvements observed in their communities.

To ensure the robustness of our results, we have considered various potential confounding factors and performed multiple robustness checks, including interacted fixed effects, considering non-linear estimation methods, and adopting Coarsened Exact Matching to minimise endogeneity. Nonetheless, we acknowledge the possibility that some unobservable factors affecting both the chances of a mayor's re-election and the acquisition of EU funds may not have been accounted for in our study. While our sample size does not allow to tackle this source of endogeneity through a spatial RDD analysis as other studies did (e.g. Albanese et al., 2022), such an empirical approach may be adopted by future works with data from new cycles of EU Cohesion Policy. Furthermore, follow-up research could explore re-election prospects in other European countries, consider additional dimensions like the political affiliation of local politicians, investigate various electoral outcomes, and examine different mediating factors.

Having considered these limitations, our results still offer crucial insights for European policy-makers and the broader EU Cohesion Policy. Competent mayors who can successfully initiate European projects are indeed rewarded at the polls, but this hinges significantly on the design, visibility, and effectiveness of local EU development projects. Only larger, more visible projects that tangibly enhance the daily lives of citizens by improving public services and fostering economic conditions have the potential to significantly boost support for local policymakers responsible for project activation and implementation.

Hence, a key implication of our findings is that citizens are concerned about the capacity of EU projects to deliver on their promises and stimulate local economic growth. Voters are more likely to recognise

the importance of European funds when the impact is evident, and the achievements are well-publicised. This highlights the fundamental role played by competent and effective local governments for the functioning of European regional projects (Barca et al., 2012; Iammarino et al., 2019). It also underscores that a more successful Cohesion Policy, one that positively influences the socio-economic trajectory of local communities, will not only benefit the development prospects of these communities but also foster greater appreciation for the local promoters of these development projects, and potentially for the European Union as a whole.

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Appendix A: EU funds definitions

The figure reports three consecutive legislatures and three EU projects on a timeline. Legislature 1 is ruled by mayor 1 who runs for re-election in 2012, losing the elections. Legislature 2 is ruled by mayor 2 who runs for re-election in 2017, winning the elections. Project 1 and project 2 span two legislatures – project 1 starts in legislature 1 and ends in legislature 2, while project 2 starts in legislature 2 and ends in legislature 3. Projects 3 starts and ends in legislature 2.

Figure A1 – Classification of different kinds of EU projects in the analysis
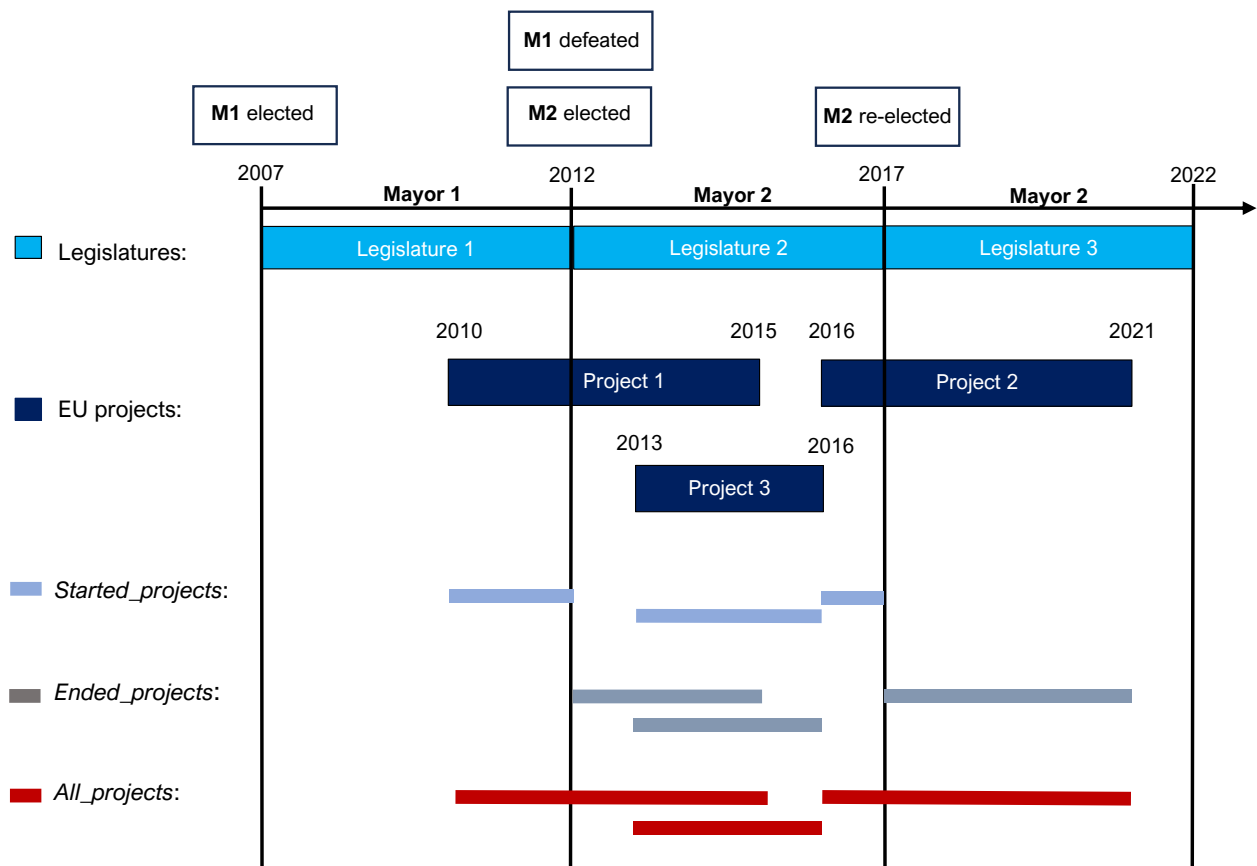
Note: the figure represents an example of electoral timeline of a municipality and disbursement of EU projects to illustrate how the three different EU funds variables are created. M1: mayor 1, M2: mayor 2.

The variables *started_projects* and *ended_projects* differ from zero when there is at least one European project respectively starting or ending in each legislature. Therefore, *started_projects* is equal to zero in legislature 3 while *ended_projects* is equal to zero in legislature 1. In legislature 1, *started_projects* considers only project 1 payments received by beneficiaries located in the municipality between 2010 and 2012, while in legislature 2 it sums up all payments obtained for project 3 and project 2 between

2016 and 2017. *Ended_projects* is zero in legislature 1, it sums up all payments for project 3 and those between 2012 and 2015 for project 1 in legislature 2, and it sums up payments for project 2 between 2017 and 2021 in legislature 3. Finally, *all_projects* sums up all payments received by EU funds beneficiaries of the municipalities in each legislature. It considers payment for project 1 between 2010 and 2012 in legislature 1, payment for all three projects between 2012 and 2017 in legislature 2, and all the remaining payments associated to project 2 in legislature 3.

Appendix B: variable definitions and descriptives statistics

Table B1: Variables definition and source

Variable	Description	Source
Panel A: Political variables		
Victory	Re-election of incumbent mayor (dummy variable). It is equal to one in case of re-election	Ministry of Interior
Gender	Indicator for male mayors (dummy variable) It is equal to one in case of male mayors	Ministry of Interior
Age	Indicator for mayors' age	Ministry of Interior
Education	Educational level of mayors (ordinal variable). We distinguish between low, middle, and high level of education.	Ministry of Interior
Previous job	Mayors' occupation before elected (ordinal variable). We distinguished between low, middle, high level of previous job and others (i.e., students, retired, armed force) in line with International Standard Classification of Occupations (ISCO)	Ministry of Interior
Turnout	Participation rate in the last municipal election. It ranges from 0 to 1.	Ministry of Interior
Suspension	Indicator for legislatures suspended (dummy variable). The city council is substituted by nominated commissioners before the next electoral round. Collusion of local politicians with organised crime, strong violation of the law might lead to the city council suspension.	Ministry of Interior
Dissolution	Indicator for legislatures dissolved (dummy variable). The city council is dissolved and novel elections are held. Absence of the political majority leads to city council dissolution	Ministry of Interior
Municipality birth	Indicator for the origin of the mayor (dummy variable). It is equal to one if the mayor is running in his/her municipality of birth.	Ministry of Interior
Province birth	Indicator for the origin of the mayor (dummy variable). It is equal to one if the mayor is running in his/her province of birth.	Ministry of Interior
Electoral system	Indicator for the electoral system (dummy variable). The dummy variable is equal to one in case of majoritarian electoral system	Ministry of Interior
Panel B: EU funds variables		
All_projects	Logarithm of the total amount of EU investments obtained across the legislature in per capita terms.	Opencoesione
Started_projects	Logarithm of the amount of EU payment received only for the projects began in the legislature in per capita terms	Opencoesione
Ended_projects	Logarithm of the amount of EU payment received only for the projects ended in the legislature in per capita terms	Opencoesione
Lag_all_projects	Logarithm of the total amount of EU investments obtained across the previous legislature in per capita terms.	Opencoesione
Lag_started_projects	Logarithm of the amount of EU payment received only for the projects began in the previous legislature in per capita terms	Opencoesione
Lag_ended_projects	Logarithm of the amount of EU payment received only for the projects ended in the previous legislature in per capita terms	Opencoesione
Cofinancing funds	Logarithm of the total amount of co-financing from the Italian State and the private sector in per capita terms	Opencoesione
Panel C: Socioeconomics and demographic variables		
Population density	Population density	Istat
Dependence index	Logarithm of dependence index	Istat
Family dimension	Average number of family members	Istat
Foreigners	Percentage of foreigners on 100 residents	Istat
Compulsory education	Index of non-achievement of compulsory school (15-52 years)	Istat
University students	Percentage of resident university students out of the total population	Istat
Unemployment	Unemployment index	Istat
Growth	Growth of the municipal per capita pre-taxable income from the previous legislature to the current one	Ministry of Economics
Employees growth	Growth of the employees per capita pre-taxable income measured from the previous legislature to the current one	Ministry of Economics

Table B2 - Descriptive statistics: dependent variable and controls

Variable	Observations	Mean	Std. Dev.	Minimum	Maximum
Dependent variable (Ministry of the Interior)					
Victory	6923	0.775	0.417	0	1
EU funds variables (Opencoesione)					
All_projects	7061	3.27	2.41	0	9.51
Started_projects	7061	2.81	2.25	0	0.10
Ended_projects	7061	2.93	2.32	0	9.41
Cofinancing funds	7061	1.59	2.13	0	9.22
Lag_all_projects	3457	3.07	2.43	0	0.72
Lag_started_projects	3457	2.74	2.30	0	8.31
Lag_ended_projects	3457	2.80	2.35	0	8.68
Mayors' characteristics (Ministry of Interior)					
Gender	6923	0.87	0.34	0	1
Age	5702	48.26	10.11	19	86
Education	7065	1.31	0.69	0	2
Previous job	5614	2.48	0.65	0	3
Vote margin	6923	0.37	0.48	0	1
Province birth	6923	0.77	0.42	0	1
Municipality birth	6923	0.37	0.48	0	1
Legislatures' characteristics (Ministry of Interior)					
Suspension	7065	0.01	0.08	0	1
Dissolution	7065	0.03	0.17	0	1
Turnout	7046	0.73	0.10	0.04	0.99
Electoral system	7065	0.15	0.36	0	1
Socio-economic and demographic controls (Istat)					
Population density	7065	4.73	1.29	0.69	9.42
University students	6867	0.03	0.01	0	0.28
Compulsory education	7065	10.84	4.02	0	42
Unemployment	7065	9.78	8.29	0	51
Foreigners	7065	2.08	1.93	0	24
Family dimension	7065	2.52	0.32	1.26	3.7
Dependence index	7065	4.00	0.21	3.33	5.3

Table description. *All_projects* is associated with the highest average amount of EU funds (€91 per capita per local legislature) followed by *ended_projects* (€62 per capita per local legislature) and *started_projects* (€53 per capita per local legislature).

The variable *Vote margin* measures the difference between the votes obtained by the first two candidates, at the first electoral round, as a percentage of the totality of votes. It ranges from 0 to 100% and its average value is 34.6%. Compared to other European countries, Italy has a high level of electoral participation, even at the local level. On average, the turnout is equal to 73% with a standard deviation

of 9.8%. To verify the political stability and to account for cases of political corruption, we look at the legislatures' dissolutions and suspensions. Our sample contains 207 dissolution cases and 45 suspensions. We check the proportion of mayors elected in their province and municipality of birth. Most of the Italian mayors run in the same province of birth (76.8%) and less than half in the same city of birth (36.52%).

Appendix C: additional estimates

Table C1: Full specification displaying controls' coefficients

	(1)	(2)	(3)	(4)	(5)	(6)
Gender	0.0567***	0.0567***	0.0567***	0.0691***	0.0681***	0.0691***
	(0.0196)	(0.0196)	(0.0196)	(0.0258)	(0.0258)	(0.0258)
Age	-0.00705***	-0.00703***	-0.00705***	-0.00621***	-0.00621***	-0.00619***
	(0.000746)	(0.000745)	(0.000746)	(0.00103)	(0.00103)	(0.00103)
Vote margin	0.142***	0.142***	0.141***	0.146***	0.145***	0.146***
	(0.0203)	(0.0203)	(0.0203)	(0.0276)	(0.0275)	(0.0276)
Province birth	0.00578	0.00581	0.00574	0.00711	0.00813	0.00743
	(0.0159)	(0.0159)	(0.0159)	(0.0210)	(0.0210)	(0.0210)
Municipality birth	-0.0185	-0.0196	-0.0185	-0.0107	-0.0112	-0.0106
	(0.0153)	(0.0153)	(0.0153)	(0.0219)	(0.0219)	(0.0219)
Suspension	-0.415***	-0.403***	-0.415***	-0.423***	-0.410***	-0.422***
	(0.0768)	(0.0772)	(0.0767)	(0.114)	(0.113)	(0.113)
Dissolution	-0.330***	-0.320***	-0.330***	-0.306***	-0.291***	-0.306***
	(0.0428)	(0.0431)	(0.0427)	(0.0724)	(0.0729)	(0.0721)
Turnout	0.0617	0.0660	0.0613	0.108	0.101	0.105
	(0.0766)	(0.0762)	(0.0765)	(0.109)	(0.108)	(0.109)
Electoral system	-0.0565***	-0.0604***	-0.0564***	-0.0181	-0.0207	-0.0174
	(0.0199)	(0.0199)	(0.0199)	(0.0257)	(0.0258)	(0.0257)
Population density	-0.0177**	-0.0186**	-0.0178**	-0.0191*	-0.0194*	-0.0190*
	(0.00810)	(0.00810)	(0.00811)	(0.0108)	(0.0108)	(0.0108)
University students	0.742	0.658	0.744	0.626	0.532	0.656
	(0.844)	(0.843)	(0.843)	(1.216)	(1.218)	(1.218)
Compulsory education	0.00505***	0.00519***	0.00504***	0.00123	0.00132	0.00121
	(0.00189)	(0.00189)	(0.00189)	(0.00269)	(0.00269)	(0.00269)
Unemployment	-0.00124	-0.00117	-0.00125	-0.00156	-0.00157	-0.00160
	(0.00147)	(0.00146)	(0.00147)	(0.00219)	(0.00218)	(0.00218)
Foreigners	0.000494	0.000512	0.000496	0.00303	0.00329	0.00295
	(0.00343)	(0.00344)	(0.00343)	(0.00491)	(0.00494)	(0.00490)
Family dimension	-0.0460	-0.0422	-0.0464	0.0205	0.0280	0.0202
	(0.0377)	(0.0377)	(0.0377)	(0.0500)	(0.0500)	(0.0499)
Dependence index	-0.0823	-0.0772	-0.0825	-0.0458	-0.0347	-0.0459
	(0.0503)	(0.0503)	(0.0503)	(0.0689)	(0.0690)	(0.0690)
1.Middle education	0.00490	0.00456	0.00489	0.0166	0.0183	0.0167
	(0.0234)	(0.0233)	(0.0234)	(0.0332)	(0.0332)	(0.0332)
2.High education	-0.0269	-0.0273	-0.0269	-0.00983	-0.00825	-0.00986
	(0.0252)	(0.0251)	(0.0252)	(0.0357)	(0.0357)	(0.0357)
1.Low-skill job	-0.0331	-0.0312	-0.0330	-0.0236	-0.0212	-0.0235
	(0.0577)	(0.0578)	(0.0577)	(0.0779)	(0.0778)	(0.0778)
2.Medium-skill job	-0.0214	-0.0204	-0.0213	-0.00488	-0.00219	-0.00471
	(0.0467)	(0.0467)	(0.0466)	(0.0608)	(0.0606)	(0.0607)
3.High-skill job	-0.0167	-0.0157	-0.0166	8.78e-05	0.00312	0.000397
	(0.0468)	(0.0468)	(0.0468)	(0.0612)	(0.0610)	(0.0611)
2.Hills	0.00947	0.00984	0.00945	0.0290	0.0295	0.0289

	(1)	(2)	(3)	(4)	(5)	(6)
	(0.0204)	(0.0204)	(0.0204)	(0.0278)	(0.0278)	(0.0278)
3.Lowland	0.00947	0.00984	0.00945	0.0290	0.0295	0.0289
	(0.0204)	(0.0204)	(0.0204)	(0.0278)	(0.0278)	(0.0278)
All_projects	0.00152			0.00365		
	(0.00385)			(0.00621)		
Started_projects		0.00952**			0.0116*	
		(0.00381)			(0.00617)	
Ended_projects			0.00140			0.00349
			(0.00359)			(0.00565)
Lag All_projects				-0.000303		
				(0.00500)		
Lag Started_projects					-0.00508	
					(0.00479)	
Lag Ended_projects						-0.00186
						(0.00475)
Cofinancing funds				0.00410	0.00370	0.00404
				(0.00492)	(0.00493)	(0.00492)
Constant	1.501***	1.439***	1.504***	1.215***	1.125***	1.223***
	(.298)	(.297)	(.297)	(.414)	(.414)	(.413)
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓
Observations	4643	4643	4643	2392	2392	2392
R-squared	0.105	0.106	0.105	0.102	0.104	0.102

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. Models in columns 1-3 do not include C_{jrt} controls, related to co-financing and EU Cohesion Policy in the previous legislature. Models 4-6 include the full set of controls.

Table C2: Squared term of EU funds

	(1)	(2)	(3)	(4)	(5)	(6)
All_projects	-0.0413*** (0.0106)			-0.0308** (0.0151)		
All_projects²	0.00613*** (0.00146)			0.00513** (0.00215)		
Started_projects		-0.0368*** (0.0109)			-0.0224 (0.0155)	
Started_projects²		0.00727*** (0.00160)			0.00556** (0.00235)	
Ended_projects			-0.0297*** (0.0105)			-0.0193 (0.0149)
Ended_projects²			0.00479*** (0.00154)			0.00361 (0.00226)
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓
Observations	4,643	4,643	4,643	2392	2392	2392
R-squared	0.108	0.110	0.107	0.104	0.106	0.103

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. The models consider the quadratic effect of three treatments on pro-incumbent voting, including the squared term of each treatment. Models in columns 1-3 do not include C_{jrt} controls, related to co-financing and EU Cohesion Policy in the previous legislature. Models 4-6 include the full set of controls.

Table C3: Sample split using different percentiles of EU funds

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: 50th percentile		Above			Below	
All_projects	0.0354**			0.00122		
	(0.0148)			(0.0114)		
Started_projects		0.0215			-0.0140	
		(0.0134)			(0.0137)	
Ended_projects			0.0273*			0.00715
			(0.0139)			(0.0117)
Observations	1,360	1,340	1,360	1,030	1,050	1,030
R-squared	0.119	0.125	0.115	0.128	0.143	0.154
Panel B: 75th percentile		Above			Below	
All_projects	0.0453*			-0.00798		
	(0.0270)			(0.00750)		
Started_projects		0.0466*			0.00317	
		(0.0259)			(0.00811)	
Ended_projects			0.0407			-0.00345
			(0.0279)			(0.00761)
Observations	640	570	612	1,748	1,820	1,778
R-squared	0.104	0.147	0.125	0.122	0.118	0.122
Panel C: 90th percentile		Above			Below	
All_projects	0.102**			-0.00252		
	(0.0511)			(0.00685)		
Started_projects		0.133***			0.00656	
		(0.0491)			(0.00692)	
Ended_projects			0.0799			0.000957
			(0.0517)			(0.00636)
Observations	281	235	266	2,107	2,153	2,123
R-squared	0.186	0.261	0.215	0.112	0.111	0.109
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}	✓	✓	✓	✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** $p<0.01$, ** $p<0.05$, *$p<0.1$. Panel A: specifications 1-3 focus on the sample of legislatures receiving more than the 50th percentile value of each treatment. Specifications 4-6 focus on the sample of legislatures receiving less than the 50th percentile value of each treatment. Panel B: specifications 1-3 focus on the sample of legislatures receiving more than the 75th percentile value of each treatment. Specifications 4-6 focus on the sample of legislatures receiving less than the 75th percentile value of each treatment. Panel C: specifications 1-3 focus on the sample of legislatures receiving less than the 90th percentile value of each treatment. Specifications 4-6 focus on the sample of legislatures receiving more than the 90th percentile value of each treatment.

Table C4 Different model specifications – Probit, Logit, OLS

	Probit	Logit	OLS (Margin of Victory)	Probit	Logit	OLS (Margin of Victory)	Probit	Logit	OLS (Margin of Victory)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Panel A: Full sample									
All_projects	0.0112 (0.0234)	0.0193 (0.0420)	0.00703 (0.00614)						
Started_projects				0.0446* (0.0228)	0.0718* (0.0402)	0.0103* (0.00588)			
Ended_projects							0.0113 (0.0214)	0.0201 (0.0378)	0.00606 (0.00567)
Observations	2,389	2,389	2,387	2,389	2,389	2,387	2,389	2,389	2,387
R-squared			0.188			0.188			0.188
Panel B: Less developed regions									
All_projects	0.160*** (0.0524)	0.262*** (0.0888)	0.0460*** (0.0109)						
Started_projects				0.194*** (0.0453)	0.319*** (0.0796)	0.0479*** (0.0121)			
Ended_projects							0.0963** (0.0448)	0.160** (0.0763)	0.0308** (0.0123)
Observations	558	558	557	558	558	557	558	558	557
R-squared			0.153			0.170			0.144
M_{ijrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓	✓	✓	✓
C_{jrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. This table shows the relation between EU fundings on pro-incumbent voting considering different model estimations. Models in column 1,4,7 are estimated with probit, while models in columns 2,5,8 are estimated with logit. The dependent variable in these models is a dummy variable = 1 if mayor is elected at following elections, 0 otherwise. Models in columns 3,6,9 are estimated with OLS using the margin of victory/defeat of mayors as a dependent variable. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature.

Table C5: Additional fixed effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Panel A: full sample									
All_projects	0.00458 (0.00639)			0.00291 (0.00712)			0.0151 (0.0112)		
Started_projects		0.0126** (0.00635)			0.0131* (0.00676)			0.0318*** (0.00858)	
Ended_projects			0.00313 (0.00585)			0.00297 (0.00639)			0.0216** (0.00991)
Observations	2,370	2,370	2,370	2,367	2,367	2,367	1,548	1,548	1,548
R-squared	0.128	0.130	0.128	0.165	0.166	0.165	0.630	0.634	0.631
Panel B: less developed regions									
All_projects	0.0548*** (0.0173)			0.0457** (0.0199)			0.0330 (0.0239)		
Started_projects		0.0636*** (0.0154)			0.0623*** (0.0164)			0.0606*** (0.0165)	
Ended_projects			0.0304** (0.0149)			0.0261 (0.0162)			0.0354* (0.0204)
Observations	555	555	555	555	555	555	506	506	506
R-squared	0.162	0.180	0.151	0.180	0.199	0.171	0.595	0.613	0.596
M_{ijrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓			
C_{jrt}	✓	✓	✓	✓	✓	✓			
Election year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region × election year FE	✓	✓	✓	✓	✓	✓			
Province FE				✓	✓	✓			
Municipality FE							✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. The table investigates the effect of EU fundings on pro-incumbent voting controlling for specific region-year interacted fixed effects (columns 1-3) and for time-invariant province-specific characteristics (columns 4-6). Columns 7-9 estimate an (unbalanced) full panel model with municipality and year fixed effects, controlling for any time-invariant municipality characteristics, only for municipalities appearing more than once in the dataset. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature. Panel A: full sample of municipalities across all Italian regions in sample; panel B: municipalities in less developed regions.

Table C6: EU projects featuring an active role of the City-Council

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: full sample						
All_projects	0.00723			0.00865		
	(0.00441)			(0.00652)		
Started_projects		0.0137***			0.0150**	
		(0.00422)			(0.00636)	
Ended_projects			0.00555			0.00506
			(0.00394)			(0.00563)
Observations	3,017	3,017	3,017	1,646	1,646	1,646
R-squared	0.104	0.106	0.104	0.113	0.115	0.112
Panel B: less developed regions						
All_projects	0.0229**			0.0313**		
	(0.00962)			(0.0138)		
Started_projects		0.0255***			0.0209**	
		(0.00747)			(0.0101)	
Ended_projects			0.0114*			0.0116
			(0.00680)			(0.00957)
Observations	1,014	1,014	1,014	517	517	517
R-squared	0.098	0.105	0.096	0.131	0.129	0.124
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. This table studies the effect of EU fundings considering only EU projects for which the City Council was listed as the beneficiary. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature. Panel A: full sample of municipalities across all Italian regions in sample; panel B: municipalities in less developed regions.

Table C7: Coarsed Exact Matching

	(1)	(2)	(3)
Dummy_all_projects	0.0583**		
	(0.0289)		
Dummy_started_projects		0.0487*	
		(0.0261)	
Dummy_ended_projects			0.0263
			(0.0258)
M_{ijrt}	✓	✓	✓
L_{jrt}	✓	✓	✓
X_{jr}	✓	✓	✓
C_{jrt}	✓	✓	✓
Region FE	✓	✓	✓
Election year FE	✓	✓	✓
Observations	2,384	2,391	2,385
R-squared	0.104	0.103	0.102

Note: clustered standard errors at the municipal level in parenthesis. *** $p<0.01$, ** $p<0.05$, *$p<0.1$. This table investigates the relationship between EU funds and pro-incumbent voting relying on binary treatment. The three dummies are equal to one when the EU investment are larger than the 75th percentile. Sample created using CEM and balancing the main sources of endogeneity in the distribution of EU funds: the quality (proxied by education) and the popularity (proxied by margin of victory) of the mayor as well as whether the municipality is in less developed regions. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise.

<div align="center">**Table C8:** EU funds and income growth</div>

	(1)	(2)	(3)	(4)	(5)	(6)
			Growth			
All_projects	0.00103**			0.00114		
	(0.000409)			(0.000739)		
Started_projects		0.00109**			0.00109	
		(0.000450)			(0.000782)	
Ended_projects			0.000369			-0.000343
			(0.000442)			(0.000770)
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓
Observations	6,331	5,027	5,027	2,991	2,390	2,390
R-squared	0.101	0.098	0.097	0.108	0.101	0.100

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. Dependent variable: annual percentage growth in per capita taxable income measured from the beginning to the end of the legislature. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature. Columns 1-3 do not control for C_{jrt} , columns 4-6 control for lagged EU funds and for co-financing.

Table C9: Interaction term between EU funds and growth

	(1)	(2)	(3)	(4)	(5)	(6)
All_projects	-0.00625			-0.0127		
	(0.00596)			(0.00884)		
All_projects × Growth	0.0825			0.210***		
	(0.0558)			(0.0792)		
Started_projects		-0.00269			-0.0112	
		(0.00597)			(0.00928)	
Started_projects × Growth		0.122**			0.232***	
		(0.0567)			(0.0840)	
Ended_projects			-0.00685			-0.00881
			(0.00589)			(0.00894)
Ended_projects × Growth			0.103*			0.175**
			(0.0573)			(0.0863)
Growth	-0.0896	-0.196	-0.122	-0.468	-0.428	-0.259
	(0.230)	(0.239)	(0.230)	(0.298)	(0.296)	(0.286)
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jrt}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓
Observations	1940	1940	1940	452	452	452
R-squared	0.105	0.107	0.105	0.103	0.104	0.103

Note: Clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature. Growth: annual percentage growth in per capita taxable income measured from the beginning to the end of the legislature. Columns 1-3 do not control for C_{jrt} , columns 4-6 control for lagged EU funds and for co-financing.

Table C10: EU funds and thematic objectives

	(1)	(2)	(3)	(4)	(5)	(6)
Panel: Full sample						
Started_Services_projects	0.00500*			0.0106***		
	(0.00263)			(0.00402)		
Started_Business_projects		0.000458			0.00666	
		(0.00413)			(0.00504)	
Started_Infrastructure_projects			0.00640***			0.00465
			(0.00233)			(0.00395)
Observations	4,643	4,643	4,643	2,392	2,392	2,392
R-squared	0.105	0.104	0.105	0.104	0.100	0.101
Panel B: Less developed regions						
Started_Services_projects	0.0130***			0.0219***		
	(0.00379)			(0.00557)		
Started_Business_projects		0.00666			0.00295	
		(0.00504)			(0.00808)	
Started_Infrastructure_projects			0.00580			0.00779
			(0.00386)			(0.00602)
Observations	1,177	1,177	1,177	558	558	558
R-squared	0.101	0.093	0.094	0.139	0.117	0.122
M_{ijrt}	✓	✓	✓	✓	✓	✓
L_{jrt}	✓	✓	✓	✓	✓	✓
X_{jr}	✓	✓	✓	✓	✓	✓
C_{jrt}				✓	✓	✓
Region FE	✓	✓	✓	✓	✓	✓
Election year FE	✓	✓	✓	✓	✓	✓

Note: clustered standard errors at the municipal level in parenthesis. *** p<0.01, ** p<0.05, *p<0.1. This table shows how the different EU payments for project beginning in each legislature (devoted to service, business, and infrastructure) influence the re-election chances of the mayors. Panel A considers the full sample while Panel B focuses only on legislatures located in less-developed regions. Dependent variable: dummy variable = 1 if mayor is elected at following elections, 0 otherwise. *All_projects*: log per capita total amount of funds for projects initiated or completed during legislature; *Started_projects*: log per capita total amount of funds for projects initiated during legislature; *Ended_projects:* log per capita total amount of funds for projects completed during legislature. Columns 1-3 do not control for C_{jrt} , columns 4-6 control for lagged EU funds and for co-financing.