

The importance of the EU regional support programmes for firm performance: discussion

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What do they do ?

- Micro economic evaluation of the effect of EU regional support fundings on the economic performance of Latvian firms
- Methodology
 - Probit equation of selection in EU fundings
 - Propensity score matching between beneficiaries and non beneficiaries
 - dif & dif and heterogeneity in firm response to EU fundings
- Main results :
 - Benefiting from EU regional support programs increases TFP after 2 years
 - Especially for large firms and laggard firms
 - But results are not robust to matching procedure
 - No difference of Eu funded investments vs Privately funded investments on TFP growth

Some comments

- Matching procedure and EU funding Probit equation :
 - In the Probit equation, the authors partly control for peer-effects by controlling for past experience of labor force and management in the participation to EU regional support programs but this also reflect own past experience.
 - May want to allow for more peer and agglomeration effects :
 - Koren (2017) : peer-effects are important in selection to import markets in Hungary
 - Dhyne, Duprez (2017) : geography shapes the organization of local production networks
 - Control for the firm's location in the selection and the propensity score matching
 - Issue with own past experience in the matching procedure : focus on first time beneficiaries vs firms that never benefit ?

Some more comments

- Financial linkages between Latvian firms : you may not want to match financially linked firms
- More generally, you may want to focus on stand-alone firms
- Why are you losing so many observations in the probit equation when restricting the sample to the 2008-2012 period ?
- Is there an impact of benefiting from the EU regional support program during the crisis period on firm's LT survival ?
- Any information on potential local spillovers of the programs to non beneficiaries ? Are there projects associated to more than one firm ?

Regional convergence in the EU

- Seem to help catching-up between countries but less evidence of intra-country convergence

FIGURE 1 – Convergence in GDP per capita in Europe



