

Table S3. SAPARD/IPARD grant scheme(s) descriptive statistics by firm characteristics

	Grants	Amount	Mean	SD	Min.	Max.
Firm size						
Micro	56	14,450,059	258,037	201,779	22,236	1,088,466
Small	36	16,311,443	453,096	418,643	27,630	1,512,949
Medium	17	12,940,009	761,177	498,932	158,257	1,535,175
Large	5	3,861,198	772,239	693,723	82,518	1,519,609
Firm sector						
Agriculture	83	26,821,551	323,151	319,333	22,236	1,512,949
Food manufacturing	27	19,106,472	707,647	467,342	166,359	1,535,175
Beverage manufacturing	4	1,634,686	408,672	667,234	27,630	1,404,172
Firm region						
Zagreb	16	6,039,850	377,491	208,589	81,881	853,494
Western Croatia	8	5,351,342	668,918	583,002	22,236	1,515,263
Eastern Croatia	37	13,407,785	362,373	364,660	28,604	1,535,175
Central Croatia	38	12,517,125	329,398	333,289	27,630	1,519,609
Southern Croatia	15	10,246,607	683,107	564,562	43,934	1,517,082
Firm trade orientation						
Domestic only	57	103,771,985	1,820,561	1,417,973	164,992	8,076,420
Importer only	14	46,719,813	3,337,130	2,929,622	687,501	10,632,029
Exporter only	10	40,840,937	4,084,094	3,536,899	747,837	11,243,250
Exporter and importer	33	161,582,564	4,896,442	3,813,440	205,018	11,391,000
TOTAL	114	47,562,709	417,217			

All monetary variables are expressed in EUR. 1 EUR ~ 7.42 Croatian kuna (HRK).

1 **Table S6.** Results of the Probit model

Variable ^[a]	Estimated coefficients	SE	Marginal effects ^[b]	SE
Firm age	-0.031**	(0.014)	-0.001**	(0.000)
Firm age (squared)	0.000	(0.000)	0.000	(0.000)
(ln) Labor	0.317	(0.418)	0.006	(0.008)
(ln) Real average wage	-0.259***	(0.051)	-0.005***	(0.001)
(ln) Real capital	0.228***	(0.039)	0.004***	(0.001)
(ln) Real cash reserves	0.055***	(0.018)	0.001***	(0.000)
(ln) Debt ratio	0.019	(0.079)	0.000	(0.001)
(ln) Real liabilities towards banks	0.026***	(0.010)	0.000***	(0.000)
(ln) Real value added	-0.530	(0.395)	-0.010	(0.007)
(ln) Real turnover	0.018	(0.025)	0.000	(0.000)
(ln) Labor productivity	0.082	(0.433)	0.002	(0.008)
(ln) TFP	0.317**	(0.127)	0.006**	(0.002)
N		12,032		
McFadden pseudo R ²		0.309		

2 ^[a] In this model, we also control for effects of years, ownership, region, sector, size, and trade exposure.3 However, for the sake of brevity and presentation purposes, these results are available on request. ^[b] These are4 average marginal effects. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$, two-sided p -values.

Table S8. Results of Rosenbaum bounds test for the initial model

Gamma^[a]	<i>t + 1</i>		<i>t + 2</i>		<i>t + 3</i>		<i>t + 4</i>		<i>t + 5</i>	
/Time	Sig+	Sig-								
Firm survival										
1.00	0.013	0.013	0.004	0.004	0.029	0.029	0.017	0.017	0.091	0.091
1.05	0.015	0.011	0.005	0.003	0.034	0.024	0.020	0.014	0.124	0.064
1.10	0.017	0.010	0.006	0.003	0.040	0.020	0.023	0.012	0.163	0.045
1.20	0.021	0.007	0.008	0.002	0.053	0.014	0.031	0.008	0.255	0.021
Total assets										
1.00	0.000	0.000	0.005	0.005	0.011	0.011	0.048	0.048	0.244	0.244
1.05	0.001	0.000	0.009	0.002	0.018	0.006	0.067	0.033	0.294	0.199
1.10	0.001	0.000	0.015	0.001	0.028	0.004	0.092	0.022	0.345	0.161
1.20	0.005	0.000	0.038	0.000	0.060	0.001	0.153	0.010	0.449	0.103
Turnover										
1.00	0.301	0.301	0.005	0.005	0.000	0.000	0.000	0.000	0.000	0.000
1.05	0.340	0.264	0.009	0.003	0.000	0.000	0.000	0.000	0.001	0.000
1.10	0.379	0.232	0.016	0.001	0.001	0.000	0.001	0.000	0.001	0.000
1.20	0.454	0.176	0.041	0.000	0.003	0.000	0.002	0.000	0.003	0.000
Value added										
1.00	0.025	0.025	0.083	0.083	0.000	0.000	0.005	0.005	0.002	0.002
1.05	0.035	0.017	0.101	0.068	0.000	0.000	0.008	0.002	0.004	0.001
1.10	0.048	0.012	0.120	0.055	0.001	0.000	0.014	0.001	0.007	0.001
1.20	0.081	0.006	0.163	0.036	0.003	0.000	0.035	0.000	0.017	0.000
Profit										
1.00	0.000	0.000	0.036	0.036	0.008	0.008	0.003	0.003	0.022	0.022
1.05	0.001	0.000	0.049	0.026	0.011	0.006	0.005	0.002	0.034	0.014
1.10	0.001	0.000	0.064	0.019	0.014	0.005	0.009	0.001	0.050	0.008
1.20	0.003	0.000	0.101	0.010	0.021	0.003	0.021	0.000	0.095	0.003
Employees										
1.00	0.000	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.009	0.009
1.05	0.001	0.000	0.002	0.000	0.001	0.000	0.002	0.001	0.014	0.006
1.10	0.002	0.000	0.003	0.000	0.002	0.000	0.003	0.000	0.020	0.004
1.20	0.006	0.000	0.009	0.000	0.006	0.000	0.007	0.000	0.036	0.002
Average wage										
1.00	0.114	0.114	0.664	0.664	0.224	0.224	0.330	0.330	0.560	0.560
1.05	0.136	0.094	0.580	0.740	0.294	0.163	0.263	0.402	0.494	0.625
1.10	0.160	0.078	0.497	0.803	0.370	0.117	0.207	0.475	0.430	0.683
1.20	0.211	0.053	0.345	0.894	0.524	0.056	0.122	0.610	0.318	0.781
Capital										
1.00	0.000	0.000	0.000	0.000	0.006	0.006	0.038	0.038	0.229	0.229
1.05	0.000	0.000	0.000	0.000	0.011	0.003	0.054	0.025	0.278	0.186
1.10	0.000	0.000	0.001	0.000	0.017	0.002	0.074	0.017	0.328	0.150
1.20	0.000	0.000	0.003	0.000	0.038	0.001	0.128	0.007	0.430	0.095
Bank loans										
1.00	0.576	0.576	0.066	0.066	0.442	0.442	0.403	0.403	0.399	0.399
1.05	0.618	0.533	0.041	0.100	0.355	0.532	0.328	0.482	0.334	0.467
1.10	0.657	0.491	0.025	0.143	0.279	0.616	0.262	0.558	0.276	0.533

1.20	0.725	0.415	0.009	0.252	0.161	0.758	0.160	0.692	0.182	0.653
Intermediate inputs										
1.00	0.001	0.001	0.000	0.000	0.001	0.001	0.001	0.001	0.022	0.022
1.05	0.001	0.000	0.000	0.000	0.001	0.000	0.001	0.000	0.031	0.015
1.10	0.003	0.000	0.000	0.000	0.002	0.000	0.002	0.000	0.043	0.010
1.20	0.009	0.000	0.001	0.000	0.007	0.000	0.005	0.000	0.072	0.005
TFP										
1.00	0.000	0.000	0.005	0.005	0.000	0.000	0.001	0.001	0.056	0.056
1.05	0.000	0.000	0.010	0.003	0.001	0.000	0.002	0.001	0.075	0.040
1.10	0.001	0.000	0.017	0.001	0.002	0.000	0.004	0.000	0.097	0.029
1.20	0.002	0.000	0.042	0.000	0.005	0.000	0.009	0.000	0.151	0.015
Labor productivity										
1.00	0.020	0.020	0.005	0.005	0.185	0.185	0.058	0.058	0.037	0.037
1.05	0.026	0.016	0.009	0.003	0.247	0.134	0.083	0.039	0.052	0.026
1.10	0.033	0.012	0.015	0.001	0.315	0.095	0.114	0.026	0.071	0.018
1.20	0.050	0.007	0.036	0.000	0.459	0.045	0.193	0.011	0.118	0.008
Debt ratio										
1.00	0.000	0.000	0.006	0.006	0.220	0.220	0.644	0.644	0.163	0.163
1.05	0.000	0.000	0.003	0.012	0.166	0.284	0.706	0.577	0.202	0.128
1.10	0.000	0.000	0.002	0.020	0.122	0.351	0.761	0.512	0.245	0.100
1.20	0.000	0.000	0.000	0.049	0.064	0.489	0.846	0.390	0.337	0.060
Z-score										
1.00	0.505	0.505	0.377	0.377	0.212	0.212	0.126	0.126	0.656	0.656
1.05	0.548	0.462	0.308	0.450	0.161	0.272	0.095	0.165	0.708	0.601
1.10	0.589	0.421	0.248	0.522	0.121	0.335	0.070	0.207	0.754	0.547
1.20	0.663	0.347	0.154	0.652	0.065	0.465	0.038	0.302	0.829	0.444

[a] Gamma is odds of differential assignment to treatment due to unobserved factors.