

# Does organized crime attract EU funding? Evidence from Sicilian Mafia<sup>ϕ</sup>

*Marlene Thomas*<sup>1</sup>

Nova School of Business and Economics

*João Pereira dos Santos*<sup>2</sup>

Nova School of Business and Economics

*José Tavares*<sup>3</sup>

Nova School of Business and Economics and  
Centre for Economic Policy Research (CEPR)

## Abstract

This study analyzes the impact of Sicilian Mafia on the allocation of EU funding. We focus on EU subsidies directed to the universe of Sicilian municipalities between 2007 and 2019. Current Mafia activity is proxied by confiscated real estate assets from organized crime and instrumented with *i*) geographical shifters of land value, and *ii*) the historical roots of Mafia in the end of the 19th century. We find that the presence of Mafia increments the amount of EU funds and the number of EU projects assigned to municipalities. These results are consistent across different types of investments and robust to different tests. Our findings suggest local institutions and the specific context where they operate matter for how place-based policies are allocated.

**Keywords:** EU Funds, Organized Crime, Public Funds Misappropriation, Sicily

**JELs:** K4, O17, R12

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<sup>1</sup> Nova School of Business and Economics, Universidade Nova de Lisboa, Campus de Carcavelos, Rua da Holanda 1, 2775-405 Carcavelos, Portugal. Email: [marlenethomas@outlook.it](mailto:marlenethomas@outlook.it).

<sup>2</sup> Nova School of Business and Economics, Universidade Nova de Lisboa, Campus de Carcavelos, Rua da Holanda 1, 2775-405 Carcavelos, Portugal. Email: [joao.santos@novasbe.pt](mailto:joao.santos@novasbe.pt). João Pereira dos Santos gratefully acknowledges financial support by FCT – Fundação para a Ciência e Tecnologia - PD/BD/128121/2016.

<sup>3</sup> Nova School of Business and Economics, Universidade Nova de Lisboa, Campus de Carcavelos, Rua da Holanda 1, 2775-405 Carcavelos, Portugal, and Centre for Economic Policy Research (CEPR), London, U.K. Email: [jtavares@novasbe.pt](mailto:jtavares@novasbe.pt).