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# The Role of Electoral Interests in the National Distribution of EU Covid-19 Funds

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## Abstract

Expectations are high regarding the impact of the extensive Covid-19 crisis support ‘Next Generation EU’. Mixed experiences from established EU distributive policies indicate, though, that ultimate policy outcomes largely depend on national implementation decisions. This article scrutinises vote-buying strategies according to which domestic governments exploit the largely autonomous national distribution of EU funds to target certain constituencies. To study national strategies, the analysis takes advantage of the extraordinary leeway given to domestic governments in distributing REACT-EU funds, part of Next Generation EU. The encompassing quantitative analysis covers a large sample of member states and committed funds. The regression results provide no support that national governments distribute REACT-EU funds to politically opportune regions. In a departure from most previous analyses focusing on specific member states, these findings suggest that vote buying is not the dominant strategy in the national implementation of all EU funds.

**Keywords:** Covid-19; EU funds; implementation; NGEU; vote buying

## Introduction

The Covid-19 pandemic and its economic and social effects have necessitated a quick and extensive policy response by the European Union (EU). In late 2020, following heated negotiations, the EU member states and institutions agreed on an unprecedented crisis instrument called ‘Next Generation EU’ (NGEU). This support includes €750bn of loans and grants to the member states, funds that have been in part financed through the issuance of EU debt (European Commission, 2020). Whilst the NGEU is defined as a temporary instrument, it could initiate a fundamental shift towards greater (re)distributive power for the EU institutions in the economic governance of the EU (Fabbrini, 2022; Ladi and Tsarouhas, 2020). In fact, the current implementation of the NGEU already represents an extraordinary opportunity for the EU Commission to set transnational EU political priorities, including supporting regions lagging economically or those particularly affected by the Covid-19 pandemic (EU, 2020, recitals 24; EU, 2021, recitals 3). However, studies on established EU distributive policies, such as cohesion policy, raise concerns about an effective allocation to reach short- and long-term EU policy goals (Barone et al., 2016; Bloom and Petrova, 2013; Fazekas and King, 2019; Jovančević et al., 2015; Medve-Bálint, 2017). Media reports on cases of misappropriation, for example, in Hungary and Bulgaria are fuelling doubts about the correct distribution of EU funds, even amongst the general public (Makszimov, 2022; Scheppele and Mészáros, 2022).

Understanding the implementation phase of EU policies is crucial for explaining such diverging or inefficient policy outcomes (Knill, 2015, p. 372). However, whilst research on compliance with regulative EU directives abounds (Börzel, 2021; Falkner, 2005;

Knill, 2015), the practical implementation process of distributive EU regulations within member states is insufficiently understood (Blom-Hansen et al., 2022, p. 2; Treib, 2014, p. 31; Young and Roederer-Rynning, 2020, p. 60). Further empirical scrutiny is particularly needed regarding the impact of domestic politics on distributive decisions. Distributive policies are often characterised by a largely autonomous national distribution of EU funds; this entails immanent political opportunities for domestic policy-makers even within the legal framework. This speciality of distributive policies is not adequately covered in the previous implementation literature focusing on administrative capacity and willingness to comply legally.

The article examines the impact of domestic politics on the implementation of distributive EU policies, with a focus on vote-buying strategies. Pursuing such strategies, domestic governments distribute EU funds to targeted constituencies in order to improve the electoral performance of the governing parties (Dellmuth et al., 2017; Medve-Bálint, 2017; Papp, 2019). This analysis explores how national governments distribute the 'Recovery Assistance for Cohesion and the Territories of Europe' (REACT-EU), available within NGEU until 2023. The allocation of REACT-EU funds within 20 member states is tested with regression models for the targeting of core voters, swing voters or affiliated regional officeholders.

The contribution of this article is threefold. First, the case of REACT-EU offers almost laboratory conditions to study the national implementation of EU policies: Domestic governments are provided with exceptional autonomy in the allocation across regions compared to other NGEU parts and regular cohesion funds. Therefore, REACT-EU offers a unique opportunity to disentangle and study the potential effects of domestic politics. Second, to attain a thorough empirical picture, this quantitative analysis covers both committed funds and a broader range of member states and vote-buying models than previous studies. Finally, the regression results indicate that vote-buying strategies of national governments do not explain the distribution of REACT-EU funds within countries. Instead, regional socio-economic characteristics appear important for the allocation decisions. Contrary to most previous study results, these findings suggest that the targeting of electorally opportune regions cannot primarily explain the implementation of the investigated EU funds. This result underlines the relevance of cross-country analyses to identify EU-wide patterns. The results of this study are relevant beyond the scope of REACT-EU, particularly with regard to other ongoing EU crisis programmes, such as the EU Solidarity Fund, but also for the design of future distributive instruments. Political strategies beyond vote buying need to be considered to comprehend the national implementation of all distributive EU policies, including short-term crisis instruments. The lessons learned from this analysis are also of interest to the study of other policy areas and multi-level government systems.

In the next section, the debates on the implementation of distributive EU policies and vote-buying strategies are reviewed. Section I proceeds with a presentation of the case of REACT-EU and the derived hypotheses. The empirical strategy is explained in Section II, followed by a presentation of the results in Section III. The article concludes by discussing in Section IV the findings and their implications for future research on the implementation of distributive EU policies.

## I. Theoretical Framework and Hypotheses

### *Explaining the Implementation of Distributive EU Policies*

To explain poor results of implementation and non-compliance, much of the existing research on both regulative and distributive policies stresses the importance of administrative capacity and the configuration of domestic institutions, such as the governmental and administrative decentralisation level (Baudner and Bull, 2013; Charron, 2016; Mendez and Bachtler, 2017; Milio, 2007). However, distributive policies are special because of their often largely autonomous allocation by domestic authorities, long-term policy objectives and broad policy formulation (Bachtler et al., 2017, p. 15; Blom-Hansen, 2005). These features allow varying implementation results even within legal compliance (Knill, 2015, pp. 383, 384; Thomann and Zhelyazkova, 2017). The distribution of EU funds appears also politically attractive: benefits are widely recognised by the public, yet the political costs are negligible. Contrary to regulatory policies, the financial burden of distributive policies is perceived as rather diffuse during the implementation stage, and the potential for political conflict is low (Börzel, 2021, pp. 147, 148). Hence, political preferences regarding national implementation concern fine-tuned distributive decisions rather than wilful (non-)compliance as discussed for regulative EU policies.

Some scholars assume that policy-makers follow economic principles, such as efficiency, redistribution and equality, when having funds at their disposal (Kemmerling and Stephan 2015, p. 231). In this vein, some studies observe that national governments prioritise socioeconomically lagging regions when deciding upon the allocation of EU cohesion funds (Bouvet and Dall'erba, 2010, p. 523; Dellmuth and Stoffel, 2012, p. 427). By contrast, other studies conclude that domestic policy-makers use discretion in the distribution of means in order mainly to pursue their own interests, for instance, personal gain or political ambition (Dellmuth et al., 2017; Surubaru, 2017). For instance, Surubaru (2017) observes political clientelism in the implementation process of EU structural funds in Bulgaria and Romania. The selection of projects there is undermined by conflicts of interest and fraud for the benefit of politically affiliated firms and NGOs as well as relatives and close friends.

Whereas such outright misuse of funds bears the risk of EU intervention and prosecution for domestic politicians, more subtle, electorally driven tactics are often covered by a vague legal mandate (Blom-Hansen, 2005, p. 636). Particular to distributive policies, the largely autonomous national allocation of attractive benefits opens opportunities for pork-barrel strategies: assuming that public expenditures positively affect voting decisions, rational policy-makers are expected to favour strategically selected constituencies (Dellmuth and Stoffel, 2012, p. 417). Such so-called vote-buying strategies have been initially identified in the United States and then in many other countries in recent decades (Ansolabehere and Snyder, 2006; Dahlberg and Johansson, 2002; Fourniaies and Mutlu-Eren, 2015; Glaurdić and Vuković, 2017; Grossman, 1994). Several studies show that domestic governments in some states distribute also EU cohesion funds to targeted constituencies (Dellmuth et al., 2017; Medve-Bálint, 2017; Papp, 2019). However, the current state of research lacks comprehensive analyses that cover both the major part of EU member states and different vote-buying models. In addition, cross-country studies

are missing that explore the more prone actual commitments besides the initial allocations of EU funds. This hampers a reliable assessment of the impact of vote-buying strategies on the implementation of distributive EU policies.

### *Vote-Buying Strategies and the Distribution of EU Funds*

In previous studies, various vote-buying models are employed to trace the electorally motivated distribution of EU funds by domestic governments. All models share the assumption that rational parties will invest in those constituencies where the return in the form of obtained votes is most favourable (Dellmuth and Stoffel, 2012, p. 417). However, from this premise, scholars draw different conclusions as to which voter groups and districts are favoured by governments. Initially based on the US system, the core-voter model assumes that risk-averse parties promise welfare to constituencies with already high electoral support to mobilise and secure their vote (Ansolabehere and Snyder, 2006; Cox and McCubbins, 1986; Kauder et al., 2016). The swing-voter model, on the contrary, supposes that parties invest in those voter groups with no definite ideological bond and who might change their vote because of expected personal welfare gains (Dixit and Londregan, 1998; Lindbeck and Weibull, 1987). Applied to the regional allocation, this model assumes that parties are expected to invest primarily in constituencies facing a tight electoral race and with a potentially large number of undecided voters (Dahlberg and Johansson, 2002, p. 7; Kemmerling and Stephan, 2015, p. 230). Available studies on EU distributive policy find support for both models: national and regional governments disproportionately allocate, for example, European Structural and Investment Funds (ESIF) to regions that are strongholds of the respective governmental parties or showed tight electoral races (Banaszewska and Bischoff, 2017; Bloom and Petrova, 2013; Bodenstein and Kemmerling, 2012; Dellmuth et al., 2017; Dotti, 2016; Medve-Bálint, 2017; Veiga, 2012). A third discussed vote-buying model could apply to those EU member states with strong regional governments. National governments can favour those regions with incumbents of the same party to facilitate credit claims and boost the reputation of critical regional allies (Baskaran and Hessami, 2017, p. 76; Dellmuth et al., 2017, p. 280; Glaudić and Vuković, 2017; Grossman, 1994). However, when tested again on ESIF means, the relevance of partisan congruence across domestic governmental levels for the allocation of EU funds remains controversial (Dellmuth et al., 2017; Medve-Bálint, 2017; Veiga, 2012).

Building on these main models, some studies explore if the use of vote-buying strategies is moderated by local characteristics, such as the regional turnout (Glaudić and Vuković, 2017; Nichter, 2008; Schraff, 2014). In this vein, a study that examines the distribution of ESIF in Germany finds support that governments favour particularly those strongholds with already high electoral mobility (Schraff, 2014). This finding is again attributed to risk-averse governments that avoid allocating funds not only to regions with many opposition or swing voters but also to those of their electoral strongholds where only small vote gains in absolute terms are to be expected (Schraff, 2014, pp. 279, 280).

The empirical results indicate that electoral interests can even outweigh the factors of administrative capacity or EU policy objectives when explaining the domestic implementation of EU distributive policy (Medve-Bálint, 2017). However, most previous studies examining vote-buying strategies with EU funds are limited to a subset of one or two

member states (Banaszewska and Bischoff, 2017; Bloom and Petrova, 2013; Dellmuth et al., 2017; Dellmuth and Stoffel, 2012; Medve-Bálint, 2017; Veiga, 2012), whilst several countries, including Romania and Croatia, have not yet been included in any sample. This hampers the generalisation of previous results to all EU countries. In the same vein, the dominant approach of focusing on one or at most two vote-buying models interferes with a reliable comparison amongst all models, and it thus remains difficult to assess their relative importance.

Besides, in all studies covering more than two countries, only the initial allocation across NUTS-1 or NUTS-2 regions is analysed (Bodenstein and Kemmerling, 2012; Bouvet and Dall'erba, 2010; Dellmuth, 2011; Dotti, 2016).<sup>1</sup> However, this allocation at the beginning of each funding period is negotiated with the EU Commission (Dellmuth, 2011, pp. 1018, 1019) and, thus, appears less prone to national vote-buying strategies than the subsequent, largely autonomous selection of individual projects by the domestic governments. Although much less marked, the EU Commission also affects the latter phase of project selection, during which it monitors the realisation of negotiated targets and softly asserts its interest, for example, through guidelines (Bachtler and Mendez, 2007, p. 557; Dellmuth et al., 2017, p. 278). Indeed, inconsistent results regarding some vote-buying models point to unaccounted factors, such as the influence of the EU Commission, that can blur national political strategies regarding the distribution of EU funds (Bauer, 2006, pp. 727–731). Overall, the current state of research lacks comprehensive analyses that reliably identify the national influence on the distribution of EU funds in a large number of member states and test them for all common vote-buying strategies.

### *REACT-EU as an Exceptional Test Case*

Given this difficulty of a possible, unaccounted influence of the EU Commission during the implementation process of many EU funds, the distribution of REACT-EU represents a unique opportunity to unambiguously analyse national political strategies. REACT-EU is part of the NGEU package and is spent based on the ESIF framework (European Commission, 2020). However, in order to ensure a rapid realisation, the Commission has waived many of its demands and already loose policy targets have been further relaxed (EU, 2020). Exceptionally, member states are not required to negotiate in advance the planned distribution across regions with different levels of economic prosperity. Instead, member states are expected without obligation to prioritise areas ‘most affected by the impact of the COVID-19 pandemic and (...) less developed regions’ (EU, 2020, recitals 24). With this high level of autonomy for domestic governments, REACT-EU serves as a kind of laboratory for applying and testing theoretical arguments regarding the impact of domestic politics on the implementation of EU distributive policies. Given the promising results but also empirical shortcomings of previous studies that explain the implementation of EU cohesion policy with vote-buying models, this article wants to answer the following research question: *Do ‘vote-buying’ strategies of national governments explain the regional allocation of the REACT-EU budget?* Addressing the previous incomplete model comparison, all prominently discussed models are tested:

<sup>1</sup>Nomenclature of Territorial Units for Statistics (NUTS) is a classification of statistical units within the EU.



*H1* The more core voters for a national government in a region, the larger the REACT-EU budget for the region.

*H2* The more swing voters in a region, the larger the REACT-EU budget for the region.

*H3* If the regional government is aligned with the national government, the region receives a larger REACT-EU budget.

## II. Research Design

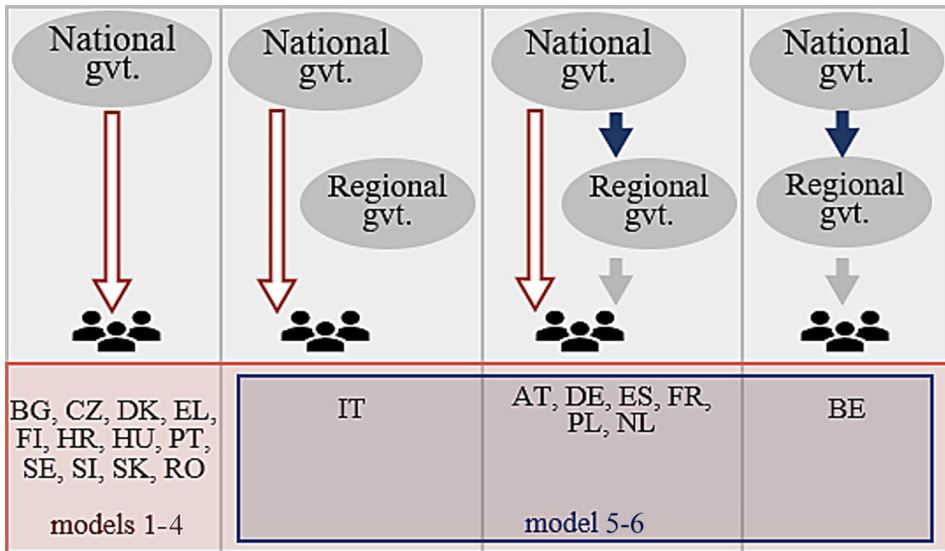
### *Institutional Framework and Case Selection*

REACT-EU encompasses a budget of 50.6 billion euros to be spent through an adapted ESIF framework between 2021 and the end of 2023 (EU, 2020, article 92b (2)). All REACT-EU funds assigned to the European Social Fund and the European Regional Development Fund are scrutinised in the analysis. The two funds are jointly analysed given the extended possibility of financial transfers between them and a common thematic REACT-EU objective (EU, 2020, article 92b (5, 9)).

National and, in part, regional authorities are in charge of choosing the lines of funding and individual projects autonomously. To study the implementation strategies of national governments, two channels of distribution are observed, namely, the direct allocation of funds to projects by national governments (shown by red arrows in Figure 1) and the distribution of budget shares across regional governments (shown by blue arrows in Figure 1). For the period of observation until February 2023, almost 90% of all REACT-EU budget has been committed by national authorities or has been assigned to regions (European Commission, 2023a). To study the heterogeneity of spending across regions within member states, NUTS-2 regions are selected as units of analysis.

There are several reasons for choosing NUTS-2 units of analysis. First, the NUTS-2 level is politically relevant in a number of states, such as Denmark or Italy. Second, in practice, it often seems difficult for national policy-makers to realise a more fine-grained political targeting, particularly for REACT-EU, which has a short period of implementation and often a limited number of projects. Taking the example of Spain, all REACT-EU projects are established at the NUTS-2 level; thus, Spain would be excluded from any lower level of analysis. Similarly, all regional allocations (blue arrows in Figure 1) are distributed on the NUTS-2 level. Hence, especially in the case of REACT-EU, it can reasonably be assumed that vote buying is largely targeted at the NUTS-2 units. Besides, whilst disaggregated studies can select country-specific geographical boundaries, the NUTS-2 level appears as a sound uniform measurement for a comprehensive cross-country analysis. In this vein, the analysis on the NUTS-2 level aligns with all previous studies that investigate the allocation of EU funds in more than two countries (Bodenstein and Kemmerling, 2012; Bouvet and Dall'erba, 2010; Dellmuth, 2011; Dotti 2016). Only member states with at least two NUTS-2 regions are included in the

Figure 1: National REACT-EU Allocation Procedures in Member States With or Without Relevant Regional Governments (gvt.) on NUTS-1/2 Level. [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]



sample.<sup>2</sup> In total, 20 member states are examined regarding the impact of core and swing voters on the national allocation of funds (models 1–4). Potential alignment effects can be studied in eight member states with strong regional governments on NUTS-1 or NUTS-2 level (models 5-6).<sup>3</sup>

### Data and Variables

Regional allocations and committed project funds, the two presented channels of national distribution, are totalled for every NUTS-2 region and divided by the regional population.<sup>4</sup> Consequently, the dependent variable is the REACT-EU amount spent per capita (pc) in the respective unit of analysis. National authorities publish lists of selected projects with information on location and committed funds.<sup>5</sup> The latest versions provided until February 2023 are used. REACT-EU allocations to regional governments in the form of regional ‘operational programmes’ are reported by the European Commission (2023a).<sup>6</sup> Further developing previous study designs, the analysis covers both a comprehensive sample of member states and the funds committed. This approach implies that member

<sup>2</sup>Only for France, the NUTS-1 level is observed. Cyprus, Estonia, Latvia, Luxembourg and Malta, as well as French and Portuguese overseas departments (due to their special status), are excluded from the sample. No data is available for Ireland and Lithuania.

<sup>3</sup>The rank of regional governments is assessed according to the regional authority index (Hooghe et al. 2021).

<sup>4</sup>The regional budgets allocated at more aggregate levels were assigned evenly per capita across the corresponding NUTS-2 units.

<sup>5</sup>The dataset and further detailed information on all data sources and variables are made available online.

<sup>6</sup>The European Commission also provides data on the national and regional programme budgets of the regular 2014–2020 ESIF period.



states with a less transparent allocation of funds are intentionally also included in the sample. Consequently, to build up a data set as broad and complete as possible, much effort has been devoted to data collection, including contacting managing authorities. Nevertheless, the share of observed committed funds varies across countries. However, no geographic clusters are discernible, and there are no indications that the unobserved part is systematically different from the sample (Figure S1). Additionally, the allocation of budget shares for regional governments is available for the complete sample of member states. Relying on both committed project funds and negotiated regional budgets allows to disclose strategies of domestic governments throughout the entire, versatile implementation process – from rather broad regional allocations in the initial planning period to the nitty-gritty of the final project selection.

Turning to the explanatory variables, the national governments in office in 2021 are assumed to play the decisive part in spending REACT-EU. In the first year of the overall spending period 2021–2023, more than two-thirds of the funds analysed had already been decided (European Commission, 2023a). Whilst subsequent changes of government and general elections in some countries cannot be captured in the cross-sectional analysis, this suggests that their impact on the further implementation of REACT-EU can only have been limited.<sup>7</sup> Accordingly, the latest general elections leading to the 2021 incumbent cabinet are taken into account. Assuming a certain transition period, pre-election governments apply to the election year. Core voters (*H1*) are then operationalised as the accumulated regional vote share in each NUTS-2 unit cast for the national governmental parties. Swing voters (*H2*) are measured as the difference in regional vote shares between the two most successful parties in each unit of analysis. This comprehensive measurement is applicable across the varying national political configurations and has already been employed for other cross-country samples (Bouvet and Dall'erba, 2010, p. 512; Kemmerling and Stephan, 2015, p. 230). Finally, regional governments are counted as aligned (*H3*) if the regional government leader belongs to a party that is also a member in the national government coalition. To facilitate comparability, these operationalisations follow measurements applied in several previous studies on vote buying in the EU context (Bodenstein and Kemmerling, 2012; Dellmuth et al., 2017; Medve-Bálint, 2017; Veiga 2012). In addition, alternative operationalisations are employed as robustness checks. Elections results are mainly derived from the European NUTS-Level Election Database (Schraff et al., 2022). Information on national election dates and governmental parties is made available by the ParlGov database (Döring et al., 2022).

Additionally, a range of socio-economic control variables is included. To capture EU distribution preferences as set in the REACT-EU regulation as well as normative considerations, both the regional unemployment rate and regional gross domestic product (GDP) per capita are considered. In the same vein and to reflect potentially heterogeneous regional impacts of the Covid-19 pandemic, the percentage point change from 2019 to 2020 of the regional unemployment rates, the regional youth unemployment rates, the regional Covid-19 positive cases (ECDC, 2022), the regional shares of people over 65 years

<sup>7</sup>Indeed, a look at the countries with subsequent general elections shows that an even higher share of the funds had already been decided in these countries by the end of 2021, for example, in Bulgaria (92%) and the Czech Republic (100%) (European Commission 2023a).

and the regional shares of employment related to the tourism sector are included.<sup>8</sup> Further control variables represent regional vulnerabilities to the green transition, namely, the carbon intensity of the regional economy, and regional greenhouse gas emissions per capita (European Commission, 2023b, 2023c). Moreover, population density and area are added. Unless otherwise specified, the data were derived from Eurostat (2022). All control variables are measured for 2020 in order to acknowledge their availability to policy-makers.

Further, the potential interaction effects of previously studied political drivers with vote-buying explanatory variables are controlled for quality of the national government (Charron et al., 2019), regional turnout (Schraff et al., 2022), EU and left–right positions of the prime minister’s party (Döring et al., 2022) and regional authority (Hooghe et al., 2021).

### *Model*

The units of analysis are nested within countries sharing one total national REACT-EU budget and the same national government, which is responsible for the distribution of funds. To account for the multi-level structure and unobserved variation across countries, fixed effects at the country level are included in the regression models. In contrast to random effects estimates, fixed effects estimates have the ‘attractive robustness property that they are not influenced at all by the specification of the [higher] level-2 model’ (Snijders and Berkhof, 2008, p. 145). Whereas random effects models are useful to test variables defined at the higher level, models with fixed effects are appropriate if the main interest of statistical inference aims at variables defined at the lower level (Snijders and Berkhof, 2008, p. 144). The latter applies to the analysis, as the most important explanatory variables are defined at the regional level, notably vote shares. Since the specific effects of the explanatory variables are of interest and shall be interpreted (instead of only accounting for their influence) and given the very limited number of groups in some models, random slopes are not suitable. Hence, the main analysis is based on regression models with country fixed effects that can be analysed very straightforwardly using an ordinary least squares (OLS) regression. Information on model tests is provided in the supporting information (Table S2). For models that test the effect of cross-level interactions with national variables, the variation between countries is of interest, and thus, multi-level models with random intercepts are computed. To account for the skewness of data (Table S1), the dependent variable of funds per capita is logarithmised.<sup>9</sup>

The short programme duration of REACT-EU only allows a cross-sectional data analysis, which precludes direct causal interpretations. However, the analysis permits the examination of associations and the hypotheses posited. Moreover, this approach matches most previous studies on vote-buying strategies with EU funds and, thus, enables a comparison of the results.

<sup>8</sup>The equivalent change of regional GDP per capita and youth unemployment rates have not been included in the regression models due to a high correlation with the unemployment rate (Figure S5). Anyhow, youth unemployment rates are estimated as an alternative to unemployment rates in the supporting information (Table S9).

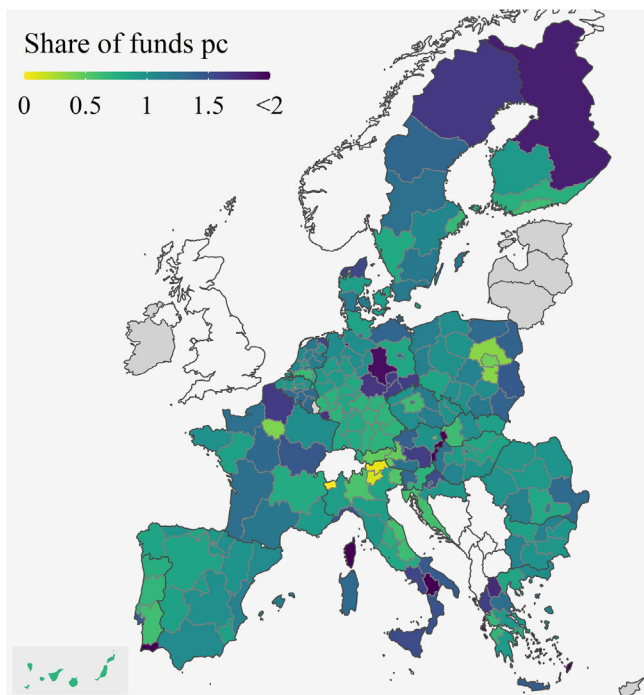
<sup>9</sup>A ratio such as ‘per capita’ as a dependent variable bears the risk of biased results due to correlations between predictors and the scale factor (Bartlett and Partnoy 2020; Kronmal 1993). However, the equivalent models with the absolute amount of funds as the dependent variable and the respective population included as an additional predictor with an offset fixing the coefficient at 1 produce identical results in this case (Table S4).

### III. Results

The REACT-EU regulation permits the budget to be allocated largely at the discretion of the member states. A first comparison with the 2014–2020 period of regular ESI funds shows that national governments have indeed used this legal leeway: a clear majority of those countries with regional budgets in regular ESIF have reduced or altogether discarded the proportion of the REACT-EU budget at the disposal of regional governments (Figure S3). This centralisation of funds underlines the great likelihood of vote-buying strategies in the REACT-EU case. Since national governments have increased their control over the fine-grained allocation of REACT-EU funds, their distributive strategies should be more straightforward to pursue and, thus, to observe.

The REACT-EU budgets available vary considerably across countries. Whilst Spain and Italy are in charge of implementing each over 14 billion euros, other populous countries such as Germany and Poland receive less than 2.5 billion euros, respectively. However, significant differences regarding the distribution of funds exist not only across but

Figure 2: Regional Share of REACT-EU Funds Per Capita (Relative to Country Average Per Capita). [Colour figure can be viewed at [wileyonlinelibrary.com](https://onlinelibrary.wiley.com)]



Notes: The map shows how much REACT-EU funds per capita are allocated to a region compared to other regions within the same country (with a value of one representing the average national spending per capita). Countries not included in the sample are filled in light grey. ©EuroGeographics for the administrative boundaries.

also within countries (Figure 2). The map demonstrates an unequal national allocation of REACT-EU support when received funds are compared across regions of the same member state. Specific well-known patterns, including a North–South divide in Italy, point towards the importance of economic performance for the allocation decisions of national governments. Nevertheless, further scrutiny is needed given the ambiguous distribution within many other countries.

The following multivariate analysis based on regressions with country fixed effects overall confirms this first impression (Table 1). The results provide no support for any of the three hypothesised vote-buying strategies. Neither the regional share of core voters (*H1*) nor swing voters (*H2*) nor partisan alignment (*H3*) has a significant effect on the REACT-EU funds that are allocated to a region. The estimates also remain insignificant if regional turnout is included as a potentially moderating factor (Table A1). Similarly, tested interactions between vote-buying variables and country-level variables such as EU anti-pro and left–right positions of the prime minister party (Tables A2 and A3), coalition versus one-party national government (Table A4) and quality of governance

Table 1: Models With Country Fixed Effects of Logged Regional REACT-EU Funds Per Capita.

	(1)	(2)	(3)	(4)	(5)	(6)
Unemployment rate	0.04 (0.03)	0.04 (0.02)	0.04 (0.03)	0.04 (0.03)	0.08* (0.03)	0.08* (0.03)
GDP pc (in 10,000)	−0.12 (0.07)	−0.12 (0.07)	−0.12 (0.07)	−0.12 (0.07)	−0.22 (0.11)	−0.20 (0.12)
Change of UE rate	0.01 (0.03)	0.01 (0.03)	0.01 (0.03)	0.01 (0.03)	0.02 (0.04)	0.00 (0.04)
Population density (in 1000)	0.02 (0.07)	0.02 (0.07)	0.01 (0.07)	0.01 (0.07)	−0.04 (0.06)	−0.07 (0.07)
Area (in 10,000 km <sup>2</sup> )	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)	−0.03* (0.01)	−0.04** (0.01)
Covid-19 rate (per 100,000 inhabitants)	−0.00 (0.00)	−0.00 (0.00)	−0.00 (0.00)	−0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Share of people over 65 years	0.04 (0.02)	0.04 (0.02)	0.03 (0.02)	0.04 (0.02)	0.05 (0.02)	0.04 (0.02)
Share of employment in tourism	0.02 (0.01)	0.02 (0.01)	0.02 (0.01)	0.02 (0.01)	−0.01 (0.02)	−0.01 (0.02)
Carbon intensity (in tCO <sub>2</sub> eq per €1000)	−0.32 (0.16)	−0.32 (0.17)	−0.27 (0.15)	−0.27 (0.15)	−0.47* (0.19)	−0.37 (0.27)
Greenhouse gases pc	0.02 (0.01)	0.02 (0.01)	0.02 (0.01)	0.02 (0.01)	0.01 (0.01)	0.01 (0.01)
Core voters		0.14 (0.86)		0.15 (0.85)		0.50 (1.24)
Swing voters			−0.45 (0.24)	−0.45 (0.25)		−0.90 (0.47)
Alignment					−0.03 (0.06)	−0.03 (0.08)
Obs.	215	215	215	215	139	139
Fixed effects: country	20	20	20	20	8	8
Within <i>R</i> <sup>2</sup>	0.21	0.21	0.22	0.22	0.39	0.41

Notes: Standard errors in parentheses. \**p* < 0.05. \*\**p* < 0.01. \*\*\**p* < 0.001.

(Table A5) do not show robust significant results. Whilst the role of regional governments could be suspected to be more critical with increasing autonomy, an interaction term of partisan alignment with higher regional authority yields as well no empirical support (Table A1). Reflecting the focus on post-2004 member states in many previous studies on vote buying, a subsample with these countries is tested but also fails to produce significant results (Table S5). Equally, analysing only the direct selection of projects without the budget shares allocated to regional governments shows as well no significant effect of vote-buying variables (Table S6).

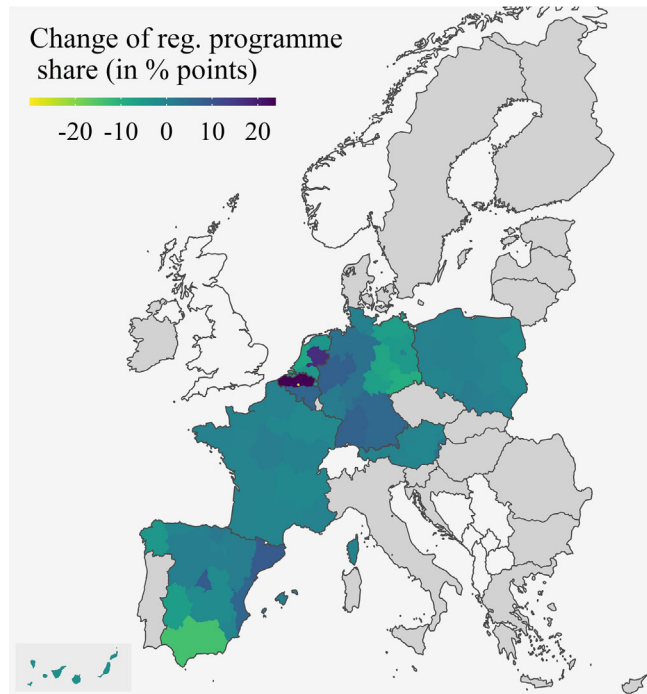
Instead, socio-economic factors appear in some models as essential determinants for the distribution of funds. The higher the unemployment rate in a region, the higher the amount of funds per capita allocated to projects in that region by the national government (Table 1, Models 5 and 6). Moving from a region with a low unemployment rate (25th percentile) to one with a relatively high rate (75th percentile) – a difference of about five percentage points – increases funding by around 46%, all else equal. Also, smaller regions and those with a less carbon-intensive economy could receive some more funds. However, in view of the inconsistent results across the models, a cautious interpretation of the specific effects of socio-economic factors is warranted.

A series of checks confirms the robustness of the presented results.<sup>10</sup> All main models have been replicated with the predictor variables calculated as the deviation from the respective average level (Table S7). In addition, the application of alternative operationalisations employed in previous studies further corroborates the findings (Table S8). For the calculation of core voters and alignment, the prime minister's party has been tested as the reference instead of all government parties (Dellmuth and Stoffel 2012, p. 422; Veiga 2012, p. 222). Regarding the presence of swing voters, a binary variable has been included that indicates if the most successful party in the unit of analysis changed from the preceding to the latest relevant national election (Dotti 2016, p. 539). Alternatively, binary variables for winning margins of 1%, 5% and 10% have been checked (Kemmerling and Stephan, 2008, p. 44). Similar findings also result from models with youth unemployment as an alternative control variable, weighted models that give greater clout to countries with a higher share of observed funds, random intercept models (where appropriate) and models that exclude units with rather extreme values for vote-buying variables (Tables S3 and S9–S11).

Given that national governments did not exploit the larger discretion regarding REACT-EU funds for vote-buying strategies, it remains to be clarified whether national governments altered the prior distribution across regions at all. A comparison of the allocated relative budget shares for regional authorities in REACT-EU and the regular 2014–2020 funding period can serve as an initial indication (Figure 3). As the map illustrates, the budget that a region received relative to that of other regions in the same country changed marginally from ESIF 2014–2020 to REACT-EU for most of the regions. Ninety-seven percent of all NUTS-2 units received a REACT-EU share that is at most 10 percentage points higher or lower than their previous share. Examining in detail the differences in allocations between REACT-EU and regular ESIF is beyond the scope and purpose of this analysis. However, the cursory evaluation suggests that the allocation patterns regarding REACT-EU funds resemble those of the regular ESIF.

<sup>10</sup>Detailed results can be found in the supporting information.

Figure 3: Share of Regional Programme in Member State's Total Regional REACT-EU Allocations Versus in Total ESIF 2014–2020 Regional Allocations. [Colour figure can be viewed at [wileyonlinelibrary.com](http://wileyonlinelibrary.com)]



Notes: Share of a regional programme in all regional programmes of that member state in REACT-EU versus in regular ESIF 2014–2020. A positive value represents a higher budget share of that regional programme in total regional REACT-EU allocations than in ESIF 2014–2020. Member states without regional REACT-EU programmes or not included in the sample are filled in light grey. ©EuroGeographics for the administrative boundaries.

## Conclusions

The massive recovery support NGEU during the Covid-19 crisis has once again shown the particular value of distributive policies in the overall socio-economic governance by the EU institutions. However, once adopted, domestic governments can substantially shape the implementation process and, ultimately, policy outcomes. Given the opportunities for domestic policy-makers through the disposal of funds, the implementation of distributive EU policies appears particularly prone to political interference. This article contributes to a more thorough understanding of the impact of domestic politics, by examining the relevance of vote-buying strategies. For this purpose, the distribution of funds of the 'Recovery Assistance for Cohesion and the Territories of Europe', a component of NGEU, constitutes a unique test case. Electorally driven strategies should be well discernible given the extraordinarily high autonomy of domestic governments in allocating those funds. Further developing previous study designs, the empirical analysis covers the funds committed and a comprehensive sample of 20 member states. However, the results of regression models with country fixed effects do not reveal support for targeting



core or swing voters or regional governments of the same party in the national allocation of these crisis funds. Instead, the findings suggest that regional economic performance has guided the distributive decisions of national governments.

These findings contrast with the majority of previous analyses emphasising the relevance of either core or swing voter models for the distribution of regular EU cohesion funds in selected EU member states (Banaszewska and Bischoff, 2017; Bloom and Petrova, 2013; Dotti, 2016). Yet the presented analysis of REACT-EU is also not the first to conclude that policy-makers do not necessarily pursue vote-buying strategies with EU funds once they have the leeway to do so. Several prior studies also find no support that the allocation of funds is driven by partisan congruence across governmental levels (Dellmuth et al., 2017, p. 287; Veiga, 2012, p. 227) or electoral strongholds (Dellmuth, 2011, p. 1029).

Integrating these various findings, domestic governments might choose such tactics only in specific national configurations, as previous case-by-case analyses suggest. Indeed, policy-makers in some countries could target smaller geographical units, for example, electoral districts. However, given the political relevance of the NUTS-2 level for many countries and the difficulty of a more fine-grained political targeting for REACT-EU funds, the results rather suggest that vote buying is not a dominant pattern throughout the EU. Hence, the findings of this study demonstrate the importance of further analyses with an encompassing sample of member states and committed funds to separate specific national from general explanations. This particularly holds with regard to the still partially unobserved distribution within some member states, some of which have been covered with this analysis for the first time, and the excluded smaller countries. Whilst not practicable and sensible for analysing REACT-EU, a longitudinal study of the distribution of regular cohesion funds would be a promising approach to account for political changes over time and to substantiate the results with direct causal inference. Ideally, such future analyses would also examine the distribution across the electoral districts of all 27 member states.

When comparing the results with previous analyses, the specific policy context of crisis funds also needs to be discussed. Specifically, REACT-EU is characterised by a shorter period of implementation than the regular cohesion funds. This mirrors demands by both the EU Commission and the public for a timely absorption of recovery funds to rapidly cushion socio-economic crisis effects (Crescenzi et al., 2021, p. 279). Simultaneously, economic downturns are expected to complicate the successful absorption of funds. Consequently, it could become more complex to pursue vote-buying strategies. However, contrary to other unprecedented crisis programmes, the implementation of REACT-EU builds on well-established processes with ESIF means. If vote buying is a common strategy already regarding the distribution of regular funds, domestic policy-makers would likely be able and willing to exploit REACT-EU with its extraordinary leeway for such electoral interests all the more. Moreover, by analysing the NUTS-2 level, it is taken into account that political targeting likely becomes less fine-grained due to time constraints and fewer projects. All in all, vote-buying strategies appear feasible and even quite likely and observable due to the specific design of REACT-EU. At the same time, REACT-EU funding remains fairly comparable to normal ESIF. The similarity is also corroborated by an initial comparison that indicates quite similar proportional regional budget shares. Therefore, the findings of this analysis are of high relevance for EU funds more generally.

Nevertheless, more hidden, fraudulent political interferences cannot be rejected based on this analysis. Generous crisis recovery funds with inadequate oversight and high discretion in implementation appear particularly prone to misuse, such as preferential treatment of individual organisations and people (Rose-Ackerman, 2021). In addition, interest groups often intensify their lobbying efforts to benefit from the windfall (Rose-Ackerman, 2021, pp. 24, 25). On that note, a recent analysis reveals ‘crony-capitalist’ features in the distribution of national Hungarian Covid-19 funds (Ádám and Csaba, 2022, p. 288). Similarly, the European Court of Auditors warns that ‘REACT-EU, by providing significant additional funding in a short period of time, carries a higher risk of irregularity and fraud’ (2020, p. 7). Hence, the case of REACT-EU requires further research to determine whether domestic governments choose other unwarranted distributive strategies. This applies all the more in view of other ongoing EU crisis programmes, such as the EU Solidarity Fund.

These results signal good news in terms of policy implications. If domestic governments target economically lagging regions, crisis funds contribute to economic recovery and ultimately foster higher cohesion across EU regions. Accordingly, member states pursue EU objectives with REACT-EU funds despite them not being legally binding. This appears particularly important in light of even more generous parts of the NGEU package, including the Recovery and Resilience Facility. Nevertheless, there are caveats to this optimistic outlook, such as the increased risk of outright fraud and recent evidence that governments intensify vote buying with domestic funds (Vasvári and Longauer, 2024). Moreover, the chosen types of investments and target audiences need to be considered to assess the actual policy outcomes. Hence, presuming that vote buying is not present in all circumstances, understanding the complete range of political strategies of domestic governments appears essential to comprehensively explain the national implementation process of all distributive EU policies, including EU crisis funds.

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### Data Availability Statement

All data generated or analysed for this article are included in the supporting information.

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# Appendix

Table A1: Models With Country Fixed (M1–M3)/Random (M4) Effects of Logged Regional REACT-EU Funds pc – With Interactions (1).

	(1)		(2)		(3)		(4)	
Intercept							2.65**	(0.83)
Unemployment rate	0.04	(0.02)	0.04	(0.03)	0.07*	(0.03)	0.08***	(0.02)
GDP pc (in 10,000)	−0.11	(0.07)	−0.10	(0.07)	−0.22	(0.11)	−0.22***	(0.07)
Change of UE rate	0.01	(0.03)	0.01	(0.04)	0.02	(0.04)	0.02	(0.04)
Population density (in 1000)	0.02	(0.07)	−0.01	(0.07)	−0.04	(0.06)	−0.05	(0.05)
Area (in 10,000 km <sup>2</sup> )	0.01	(0.02)	0.01	(0.02)	−0.03 *	(0.01)	−0.03	(0.03)
Covid-19 rate (per 100.000 inhabitants)	−0.00	(0.00)	−0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Share of people over 65 years	0.04	(0.02)	0.03	(0.02)	0.05	(0.02)	0.05**	(0.02)
Share of employment in tourism	0.01	(0.01)	0.01	(0.01)	−0.01	(0.02)	−0.01	(0.01)
Carbon intensity (in tCO <sub>2</sub> eq per €1000)	−0.34	(0.16)	−0.30	(0.16)	−0.49*	(0.16)	−0.49	(0.31)
Greenhouse gases pc	0.02	(0.01)	0.02	(0.01)	0.01	(0.01)	0.02	(0.02)
Regional turnout	−1.29	(1.96)	−0.85	(0.84)	−0.50	(0.84)		
Regional authority							0.01	(0.02)
Core voters	−0.98	(3.34)						
Core voters × Reg. turnout	1.72	(5.43)						
Swing voters			0.40	(0.90)				
Swing voters × Reg. turnout			−1.55	(1.51)				
Alignment					−0.13	(0.40)	0.08	(0.23)
Alignment × Reg. turnout					0.15	(0.58)		
Alignment × Reg. authority							−0.00	(0.01)
Obs.	215		215		139		139	
Fixed effects: country	20		20		8			
Random effects								
Residual							0.15	
Intercept <sub>country</sub>							0.25	
ICC							0.63	
N <sub>country</sub>							8	
AIC/BIC							256.31/303.26	

Notes: Standard errors in parentheses. \*  $p < 0.05$ . \*\*  $p < 0.01$ . \*\*\*  $p < 0.001$ .

Table A2: Mixed Effects Models of Logged Regional REACT-EU Funds pc – With Interactions (2).

	(1)		(2)		(3)	
Fixed effects						
Intercept	−0.20	(1.27)	1.16	(0.85)	1.75	(1.29)
Unemployment rate	0.03	(0.01)	0.02	(0.01)	0.06**	(0.02)
GDP pc (in 10,000)	−0.09*	(0.04)	−0.10*	(0.04)	−0.19***	(0.06)
Change of UE rate	0.03	(0.02)	0.04	(0.02)	0.05	(0.03)
Population density (in 1000)	0.00	(0.04)	0.02	(0.04)	−0.05	(0.05)
Area (in 10,000 km <sup>2</sup> )	0.02	(0.01)	0.01	(0.01)	−0.04	(0.02)
Covid-19 rate (per 100.000 inhabitants)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Share of people over 65 years	0.03	(0.01)	0.03*	(0.01)	0.03*	(0.02)
Share of employment in tourism	0.02*	(0.01)	0.02*	(0.01)	0.01	(0.01)
Carbon intensity (in tCO2eq per €1000)	−0.25	(0.14)	−0.16	(0.15)	−0.41	(0.26)
Greenhouse gases pc	0.02*	(0.01)	0.01	(0.01)	0.02	(0.01)
EU anti-pro position prime min.	0.40**	(0.14)	0.21*	(0.09)	0.15	(0.15)
Core voters	3.51	(2.24)				
Core voters × EU anti-pro pos.	−0.54	(0.28)				
Swing voters			0.26	(1.63)		
Swing voters × EU anti-pro pos.			−0.08	(0.20)		
Alignment					0.56	(0.39)
Alignment × EU anti-pro pos.					−0.08	(0.05)
Random effects						
Residual	0.11		0.12		0.10	
Intercept <sub>country</sub>	0.39		0.40		0.29	
ICC	0.78		0.78		0.75	
N <sub>country</sub>	19		19		7	
Obs.	195		195		119	
AIC/BIC	288.06/340.43		295.56/347.93		185.49/229.96	

Notes: Standard errors in parentheses. Italy is excluded from these models, as the prime minister in the respective cabinet was independent and the variable EU anti-pro position is based on the party that fills the national prime minister position. \* $p < 0.05$ . \*\* $p < 0.01$ . \*\*\* $p < 0.001$ .

Table A3: Mixed Effects Models of Logged Regional REACT-EU Funds pc – With Interactions (3).

	(1)		(2)		(3)	
Fixed effects						
Intercept	3.23***	(0.93)	3.18***	(0.80)	5.64***	(1.06)
Unemployment rate	0.03	(0.01)	0.02	(0.01)	0.05*	(0.02)
GDP pc (in 10,000)	−0.10*	(0.04)	−0.10*	(0.04)	−0.20***	(0.06)
Change of UE rate	0.03	(0.02)	0.04	(0.02)	0.05	(0.03)
Population density (in 1000)	0.01	(0.04)	0.02	(0.04)	−0.03	(0.05)
Area (in 10,000 km <sup>2</sup> )	0.01	(0.01)	0.01	(0.01)	−0.04	(0.02)
Covid-19 rate (per 100.000 inhabitants)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Share of people over 65 years	0.02	(0.01)	0.03*	(0.01)	0.03*	(0.02)
Share of employment in tourism	0.02*	(0.01)	0.02*	(0.01)	0.00	(0.01)
Carbon intensity (in tCO2eq per €1000)	−0.23	(0.14)	−0.21	(0.15)	−0.40	(0.25)
Greenhouse gases pc	0.02	(0.01)	0.02	(0.01)	0.02	(0.01)
Left–right position	−0.01	(0.14)	−0.07	(0.11)	−0.40***	(0.12)

Table A3: (Continued)

	(1)	(2)	(3)
Core voters	−0.37	(1.42)	
Core voters × Left–right position	−0.08	(0.24)	
Swing voters		−0.81	(0.99)
Swing voters × Left–right pos.		0.08	(0.17)
Alignment			−0.35
Alignment × Left–right position			0.05
			(0.33)
			(0.05)
Random effects			
Residual	0.11	0.12	0.10
Intercept <sub>country</sub>	0.51	0.52	0.09
ICC	0.82	0.82	0.48
<i>N</i> <sub>country</sub>	19	19	7
Obs.	195	195	119
AIC/BIC	295.80/348.317	299.81/352.18	181.06/225.53

Notes: Standard errors in parentheses. Italy is excluded from these models, as the prime minister in the respective cabinet was independent and the variable left–right position is based on the party that fills the national prime minister position. \*  $p < 0.05$ . \*\*  $p < 0.01$ . \*\*\*  $p < 0.001$ .

Table A4: Mixed Effects Models of Logged Regional REACT-EU Funds pc — With Interactions (4).

	(1)		(2)		(3)	
Fixed effects						
Intercept	2.71***	(0.70)	2.85***	(0.60)	2.64**	(0.79)
Unemployment rate	0.05***	(0.01)	0.05***	(0.01)	0.08***	(0.02)
GDP pc (in 10,000)	−0.12*	(0.05)	−0.12*	(0.05)	−0.22**	(0.07)
Change of UE rate	0.01	(0.03)	0.01	(0.03)	0.02	(0.04)
Population density (in 1000)	0.02	(0.05)	−0.00	(0.05)	−0.05	(0.05)
Area (in 10,000 km <sup>2</sup> )	0.01	(0.01)	0.01	(0.01)	−0.03	(0.02)
Covid-19 rate (per 100.000 inhabitants)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Share of people over 65 years	0.04**	(0.01)	0.03*	(0.01)	0.05**	(0.02)
Share of employment in tourism	0.02*	(0.01)	0.02*	(0.01)	−0.01	(0.01)
Carbon intensity (in tCO2eq per €1000)	−0.32	(0.16)	−0.30	(0.16)	−0.49	(0.32)
Greenhouse gases pc	0.02	(0.01)	0.02	(0.01)	0.02	(0.02)
National coalition gvt.	−0.29	(0.51)	−0.22	(0.36)	0.34	(0.59)
Core voters	0.30	(0.93)				
Core voters × Nat. coalition gvt.	−0.23	(1.01)				
Swing voters			0.26	(0.57)		
Swing voters × Nat. coalition gvt.			−0.96	(0.66)		
Alignment					0.13	(0.19)
Alignment × Nat. coalition gvt.					−0.22	(0.21)
Random effects						
Residual	0.16		0.15		0.15	
Intercept <sub>country</sub>	0.44		0.44		0.25	
ICC	0.74		0.74		0.63	
N <sub>country</sub>	20		20		8	
Obs.	215		215		139	
AIC/BIC	364.67/418.60		362.00/415.93		242.45/289.41	

Notes: Standard errors in parentheses. \*  $p < 0.05$ . \*\*  $p < 0.01$ . \*\*\*  $p < 0.001$ .

Table A5: Mixed Effects Models of Logged Regional REACT-EU Funds pc – With Interactions (5).

	(1)	(2)	(3)	(4)
Fixed effects				
Intercept	2.61***	2.72***	2.88***	2.85***
Unemployment rate	0.04***	0.05***	0.08***	0.04**
GDP pc (in 10,000)	−0.11*	−0.12*	−0.22**	−0.10*
Change of UE rate	0.02	0.01	0.02	0.01
Population density (in 100)	0.03	0.00	−0.05	0.00
Area (in 10,000 km <sup>2</sup> )	0.01	0.01	−0.03	0.01
Covid-19 rate (per 100,000 inhabitants)	0.00	−0.00	0.00	0.00
Share of people over 65 years	0.03*	0.04*	0.05**	0.03
Share of employment in tourism	0.02	0.02	−0.01	0.02*
Carbon intensity (in tCO2eq per €1000)	−0.41*	−0.31	−0.52	−0.33*
Greenhouse gases pc	0.03*	0.02	0.02	0.02*
Quality of governance (QoG)	0.07	−0.22	0.06	−0.17
Core voters	0.28			−0.43
Core voters × QoG	−0.84*			−0.14
Swing voters		−0.43		
Swing voters × QoG		−0.03		
Alignment			−0.04	
Alignment × QoG			−0.04	
Random effects				
Residual	0.15	0.15		0.13
Intercept <sub>country</sub>	0.45	0.42		0.41
ICC	0.75	0.73		0.75
N <sub>country</sub>	20	20	8	20
Obs.	215	215	139	214
AIC/BIC	362.84/416.77	366.39/420.32	246.79/293.74	337.02/390.87

Notes: Standard errors in parentheses. Model 4 repeats Model 1 without the outlier ITH1 (South Tyrol) and shows that a significance for the variable core voters is not robust. \*  $p < 0.05$ . \*\*  $p < 0.01$ . \*\*\*  $p < 0.001$ .

## Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

**Figure S1.** Data coverage per country.

**Figure S2.** Composition of analysed funds.

**Figure S3.** Share of national programme in total MS REACT-EU budget vs. in total MS ESIF 2014–2020 budget.

**Table S1.** Summary statistics.

**Figure S4.** Box plot of vote-buying variables.

**Figure S5.** Correlation matrix.

**Table S2.** Model tests.

**Table S3.** Random intercept models of logged regional REACT-EU funds per capita.

**Table S4.** Models with country fixed effects of logged regional REACT-EU funds – with population offset.

**Table S5.** Models with country fixed effects of logged regional REACT-EU funds pc - Post-2004 MS countries.

**Table S6.** Models with country fixed effects of logged regional REACT-EU funds pc – only direct national selection of projects.

**Table S7.** Models with country fixed effects of logged regional REACT-EU funds pc – Relative predictor variables.

**Table S8.** Models with country fixed effects of logged regional REACT-EU funds pc – Alternative operationalizations.

**Table S9.** Models with country fixed effects of logged regional REACT-EU funds pc – Other control variable.

**Table S10.** Weighted models with country fixed effects of logged regional REACT-EU funds pc.

**Table S11.** Models with country fixed effects of logged regional REACT-EU funds pc – without outliers.

**Data S1.** Supporting Information.

**Data S2.** Supporting Information.

**Data S3.** Supporting Information.

**Data S4.** Supporting Information.

**Data S5.** Supporting Information.