Quality of government in EU regions

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This short note summarises the main findings of a study on Quality of Government (QoG) and subnational variation in the EU recently concluded by the Gothenburg Quality of Government Institute in Sweden for DG REGIO.

Quality of Government varies substantially between EU Member States

Governance (or quality of government) as defined by the World Bank covers*: (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them.*

Quality of government has a substantial impact on economic development and well-being. Low quality reduces the trust people have in public authorities, misdirects public services and investments, increases the costs of public projects and private enterprise and reduces the willing of entrepreneurs and foreign direct investors to set up a new firm. Low quality disproportionately affects the poor, who depend more on public services and support. Corruption can also lead to higher levels of environmental pollution, by allowing illegal dumping of toxic waste. Low quality also reduces the impact of Cohesion Policy.

Improving the quality of government is critical for the European Union. Currently, the possibility of a joining the Union incites countries and region to improve their quality of government, but once inside progress seems to slow down or stop. Many commentators criticized the Union for letting in Romania and Bulgaria before corruption was sufficiently under control. The discussions about when Croatia can join the Union, as well as the other candidates in the Western Balkan, centres on whether corruption and crime are sufficiently under control. If the Union cannot ensure further governance improvements once a country has joined, it may lead to stricter criteria for current candidate countries and as a consequence probably also longer delays for accession.

A wide range of governance and corruption indicators (World Bank, Freedom House, Transparency International…) show that several EU Member States suffer from poor governance. This study shows that four issues are relevant for the EU: 1) corruption, 2) rule of law, 3) government effectiveness and 4) voice and accountability.

Based on these four dimensions, the study identifies three distinct groups:

(1) Denmark, Sweden, Finland, Netherlands, Luxembourg, Germany, Austria, U.K. and Ireland have a consistently **high quality** of government.

(2) France, Spain, Belgium, Malta, Portugal, Cyprus, Estonia and Slovenia have a **moderate quality** of government.

(3) The Czech Republic, Lithuania, Hungary, Slovakia, Poland, Latvia, Greece, Italy, and especially Bulgaria and Romania have a **lower quality** of government.

Quality of government varies substantially within some EU Member States

This study conducted the largest survey measuring regional Quality of Government ever. It interviewed 34 000 people in 18 countries in 172 NUTS 1 or 2 regions. The 34 questions focused on three services, education, health care and law enforcement, which are often administered or financed by regional authorities. Respondents were asked to rate these services with respect to their quality, impartiality and level of corruption.

This survey showed that large differences between regions exist in Belgium, Spain, Italy, Portugal, Romania and Bulgaria, while in Denmark, Netherlands, Sweden, Poland, Slovakia and Austria differences between regions were insignificant.

Regional Quality of Government Index

The national level data from the World Bank was combined with the regional data from the survey to create a regional Quality of Government Index (see map).

As a complement, the study did ten in-depth qualitative case studies: Bolzano and Campania (Italy), Wallonie (Belgium), Severozapadan (Bulgaria), VästraGötaland (Sweden), Pais Vasco (Spain) Norte (Portugal), Nord Vest (Romania), Jihozapad (Czech Republic) and Estonia.

Several broad factors play a significant role in producing higher levels of QoG.

(1) strong, independent media, which provides bottom-up pressure for higher QoG;

(2) sound 'whistle-blowing' protections for public employees;

(3) more merit-based hiring practices, as opposed to personal contacts or clientellism;

(4) less bureaucracy and 'red tape' and more flexibility in decision-making;

(5) more policy and administrative autonomy for a region;

(6) bordering another country (with a higher QoG) and ethno-linguistic diversity.

Impact and next steps

This study supported the decision to expand the eligibility of administrative capacity building in Cohesion Policy. (See budget review and 5th Cohesion Report). The 5th Cohesion Report also highlighted how cooperation could improve quality of government.

The study was picked up by several national media, in particularly in Italy.

This study will be further edited and published as a book. The study has given rise to several academic presentations and articles, including the RSA conference in Bled.

The OECD is doing a follow-up study, financed by DG REGIO, to identify how national and regional administrative capacity in the EU can be measured and improved