Policy Performance and Governance Capacities in the OECD and EU

Sustainable Governance Indicators 2014

SGI Sustainable Governance Indicators

BertelsmannStiftung

Contents

4	Measuring Sustainable Governance
8	Policy Performance
12	Democracy
14	Governance
16	Rankings
18	SGI Website
22	Methodology
24	Resources
26	SGI Board and Regional Coordinators

This year marks the release of the third edition of the Sustainable Governance Indicators (SGI). The highly developed industrial nations continue to face enormous challenges, due not only to aftereffects of the global economic and financial crisis and the associated labor-market and sociopolitical upheavals. In other areas too, these nations look forward to a future rife with complex problems. Aging and shrinking populations, environmental and climatic changes, and social, cultural and technological shifts are placing democracies under massive pressure to adapt. As early as the first edition of the SGI, it was evident that despite often-similar reform pressures, political systems' approaches and track records show significant variance. And in times of advancing globalization, the need for effective governance driven by capable leadership remains important. The previous SGI editions have also underscored the fact that this steering capability depends critically on the ability to combine short-term responsiveness with long-term resolve in policymaking.

The SGI project seeks to identify structural and procedural challenges to sustainable policy formulation and implementation while comparing management competences and shortcomings. Doing so contributes to a factual and data-driven debate on good governance and sustainable policy outcomes. At the same time, we want to identify examples of success and governance innovations, and help set international learning processes in motion. In this, we follow the guiding principle of the Stiftung's founder, Reinhard Mohn, to "learn from the world."

The positive feedback we've received from scholars and practitioners alike, as well as international organization communities, has confirmed our will to continue the project as we've built on our own lessons learned. Since our last edition, we have combined our organization's experience with the scholarly expertise of our advisory board and the research community in order to develop the instrument further.

Adjusting the instrument to the internationally established three-dimensional concept of sustainable development makes our results more relevant than ever within the international debate. We are also pleased in this edition to be able to examine not just all 34 OECD states, but for the first time all 28 members of the European Union as well. In this way, we provide a rich cache of data for the examination of specific reform needs and governance capacities within this interdependent, tightly linked community, in which political and economic fates are deeply intertwined.

It shows that many economies are slowly recovering from the global recession. However, it is also clear that the social situation in the southern and eastern European crisis states worsened considerably: social security systems such as the health care sector in Greece are severely affected, the youth unemployment rate in many countries climbs to ever new record highs. Thereby the gap between participation opportunities in the still prosperous countries of northern Europe and the southern crisis countries has increased considerably and puts the sustainability of the EU under stress.

More surprising than the traditionally good performance of the Scandinavian countries is that Germany has ascended directly into the top performing group of countries. Germany is one of the strongest winners in recent years. Especially in the field of Economy and Employment, the Federal Republic has shown the greatest gains and even overtaken, for the first time, the "model" northern European states.

This brochure naturally offers only a brief glimpse into the goals, methods and results of the new SGI. We invite all those who are interested to explore the rich collection of data and information on our new website, which offers full transparency of our data through a variety of interactive features.

Aart De Geus
Chairman and CEO,
Bertelsmann Stiftung
Executive Board

SGI Sustainable Governance Indicators

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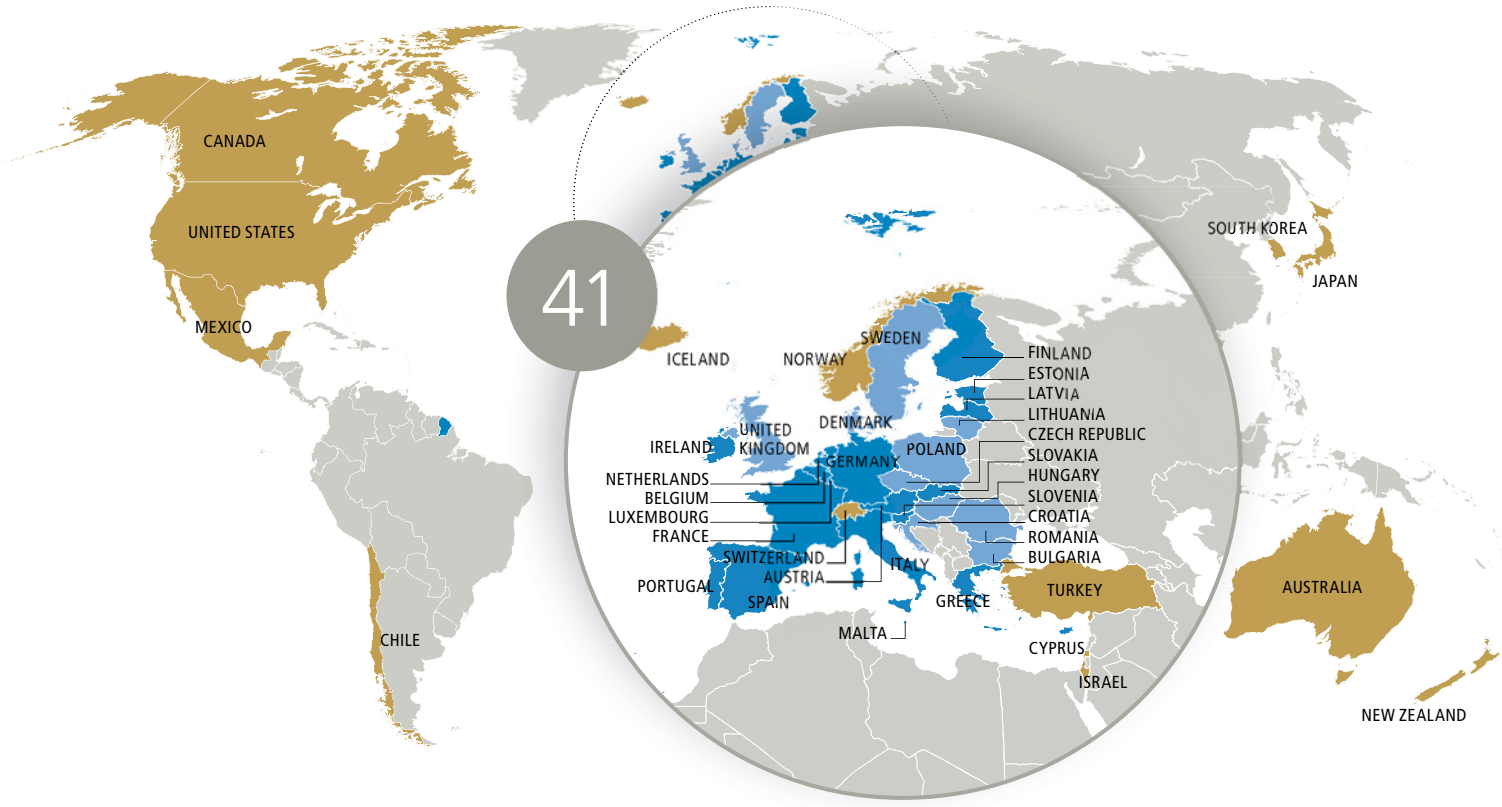
Sustainable Governance Indicators

Measuring Sustainable Governance

The Sustainable Governance Indicators (SGI) address one of the central social-policy questions facing the highly developed states of the OECD and the European Union at the outset of the 21st century: How can we achieve sustainable policy outcomes and ensure that political decision-making target long-term objectives?



Challenges such as economic globalization, social inequality, resource scarcity and demographic change, each of which cut across policy sectors and extend beyond national boundaries, require policymakers to adapt rapidly and learn from the examples of others. Ideally, governments should act with long-term consequences in mind. This involves generating policy outcomes that maintain or improve the quality of life for present and future generations without placing an unfair burden on future generations. This also means governments need to safeguard the long-term health of their societies' economic, social and environmental systems. However, long-term thinking of this nature is currently rare. Most governments tend instead to act with the short term in mind. Mounting public debt, the

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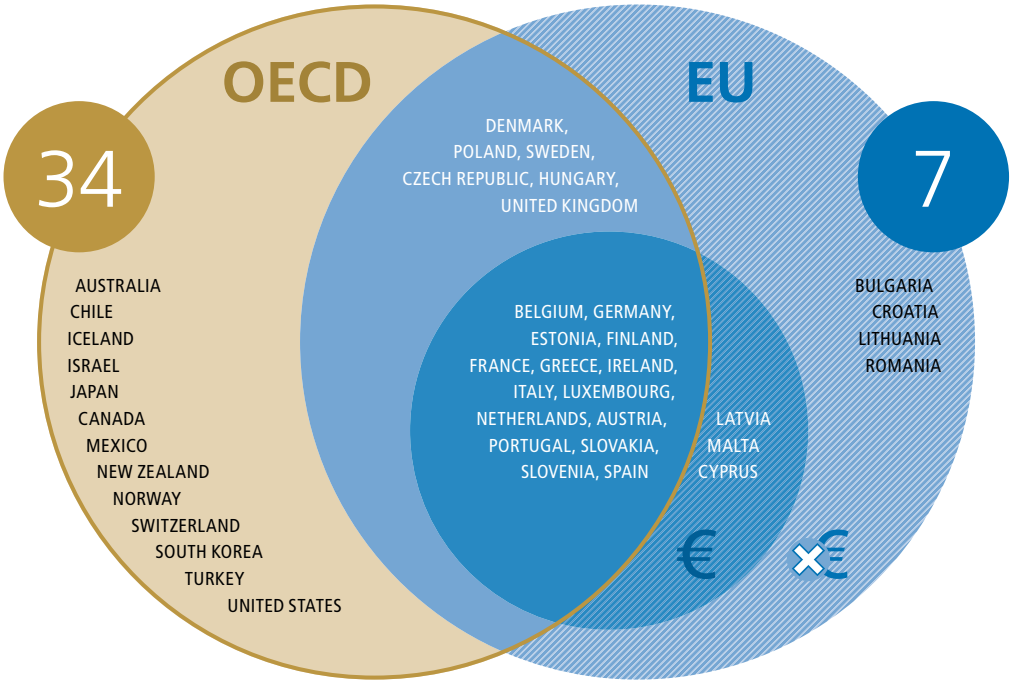
www.sgi-network.org

The entire set of results and each country report are available for direct use or download on our interactive website.

> *Website, page 18*



unequal allotment of participation opportunities and the wasteful exploitation of natural resources have significant negative implications for present and future generations, thus imperiling the overall sustainability of OECD and EU states. Taking stock of these problems, the Sustainable Governance Indicators project aims to support OECD and EU governments' capacity to act with the long term in mind, thereby achieving more sustainable policy outcomes.

The SGI function as a monitoring instrument that uses evidence-based analysis to provide practical knowledge applicable to the daily work of policymaking. The SGI thus target the spectrum of those individuals who formulate, shape and implement policies, from political decision-makers in centers of government and

The SGI provide political decision-makers, civil society actors, policy professionals, scholars and interested citizens alike an effective monitoring tool.

The SGI provide an itemized comparison of policy outcomes in 41 states that draws upon a customized catalog of indicators.

the democratic institutions of the OECD and EU states, to representatives of civil society and international organizations, to scholars and interested citizens. Underlying the SGI project is a cross-national comparison of governance in 41 states of the OECD and the EU on the basis of a customized set of indicators. Operationalized as a survey, the SGI help identify successful examples of sustainable governance as well as policy and governance innovations. By comparing strengths and pitfalls, the SGI aim to activate (international) learning processes while at the same time casting a spotlight on vital reforms for decision-makers and the public.

This instrument is built on three pillars – the *Policy Performance Index,* the *Democracy Index* and the *Governance Index* – that collectively identify examples of sustainable governance.

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The SGI expert network

With its innovative approach, the SGI is the first survey of its kind to allow far-reaching assessments of the sustainability of OECD and EU member states. The SGI are by no means a system of purely quantitative data; the SGI also include qualitative expert assessments, which are gathered by means of a questionnaire used as part of a multistage data capture and validation process. A network comprising a total of more than 100 renowned scholars from around the world has been engaged for the study.

The inclusion of qualitative indicators is a major advantage of the SGI over many other indices, as this allows context-sensitive assessments that purely quantitative indicators cannot yield.

> *Methodology, page 26*

Policy Performance

- → Policy outcomes in 16 policy areas
- → Aligned with the three pillars of sustainability: economic development, environmental protection and social equity
- → Domestic action taken by governments sensitive to international responsibilities

Democracy

- → State of democracy and the rule of law
- → Criteria address substance and procedures of democracy
- → Focus on institutional and procedural quality

Governance

- → Executive capacity (steering capability, implementation, institutional learning)
- → Executive accountability (participatory competencies of social actors)

Profile of strengths and weaknesses (reform needs)

Democratic Framework

Governance and reform capacity

Sustainable policy outcomes

Policy Performance

The Policy Performance Index creates a map of reform needs in key policy areas for each country, asking how successful individual countries have been in achieving sustainable policy outcomes. In so doing, it references a range of ideas central to current international discourses on measuring sustainability, social progress and quality of life. Thus, the Policy Performance Index does not limit itself to the data associated with conventional measures of a society's economic growth and material prosperity.

A broad set of indicators explore the viability and performance of economic, sociopolitical and environmental systems, as well as social inclusion.

Instead, this pillar of the SGI also relies on data that measure the success of states in a variety of policy areas that must be taken into account in seeking to develop robust, high-performing, long-lasting economic, sociopolitical and environmental systems, not to mention high levels of social participation.

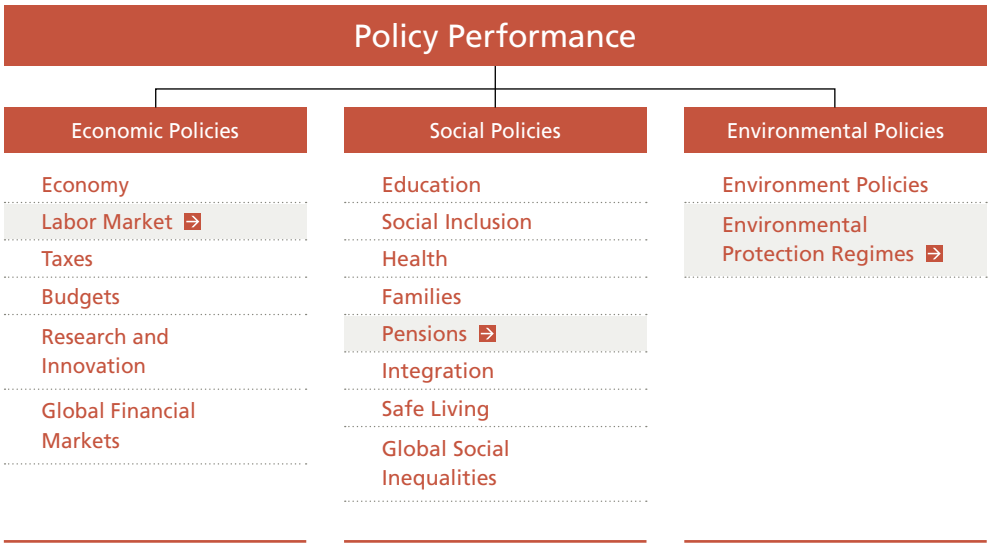
The Policy Performance Index measures the performance of the 41 states surveyed in terms of the three core dimensions of sustainability, manifested here as economic, social and environmental policies. A total of 16 individual policy areas are addressed, with policy outcomes captured by means of a wide range of quantitative and qualitative data. In this respect, the SGI 2014 goes further than previous SGI surveys, as it now encompasses the contribution of individual countries in promoting sustainable development at the international level. And in the context of the United Nations' current discussions over goals to succeed the Millennium Development Goals following their 2015 target date, the highly developed OECD and EU states have a particular responsibility for contributing to an increase in global public welfare.

Index dimension 1

Economic policies – prospects for inclusive growth

Economic policies that encourage competition and strengthen market principles remain the driver of growth, while safeguarding the resources necessary if a society is to be adaptable. However, such policies will be of the greatest advantage to the greatest number of people if they are accompanied by redistributive tax and labor-market policies, and underpinned by social policies that facilitate a just societal allocation of the benefits of economic growth. Therefore, sustainable governance can only be achieved through a successful, future-oriented approach to economic challenges. The decisive question with respect to sustainability is how opportunities for self-realization can be provided to the greatest number of people today without unjustly burdening future generations. Excessive public debt, for example, can leave future generations with a massive mortgage on their opportunities for self-realization, dwarfing the constraints felt by today's generations.

In assessing the individual policy areas comprising the economic sustainability pillar, the following questions are addressed:



→ THREE CRITERIA AND THEIR INDICATORS

Labor Market
- Labor Market Policy
- Unemployment
- Long-term Unemployment
- Youth Unemployment
- Low-Skilled Unemployment
- Employment Rate
- Low Pay Incidence

Pensions
- Pension Policy
- Older Employment
- Old Age Dependency Ratio
- Senior Citizen Poverty

Environmental Protection Regimes
- Global Environmental Policy
- Multilateral Environmental Agreements
- Kyoto Participation and Achievements

Assessment criteria for economic sustainability

- *Are economic policies applied on the basis of a coherent institutional framework, thereby enhancing the country's international competitiveness?*
- *How successful are government strategies in addressing unemployment and increasing labor-market inclusion?*
- *To what extent do the country's tax policies promote social equity, competition and positive long-term state-revenue prospects?*
- *To what extent are budgetary policies underpinned by principles of fiscal sustainability?*
- *To what extent do research and development policies contribute to the country's capacity for innovation?*
- *Does the country actively contribute to the effective regulation and stabilization of international financial markets?*

Index dimension 2

Social policies – securing participation for present and future generations

Social policies designed to enhance sustainability involve maintaining or increasing individuals' opportunities to act and live in accordance with their own values, which thereby ensures a high degree of participation in society. Political, social and economic systems must be constituted in such a way that individuals are provided with substantive opportunities for self-realization. Ensuring broad-based social participation involves more than providing safeguards against classic risks such as illness, accidents, aging, assisted living, disability and unemployment. Social policies should also be integrative in nature and empower members of the community to participate actively in public affairs. At the same time, all members of society should have equal access to these substantive opportunities: No one should be systematically excluded from those activities and states of being that comprise well-being. These include feeling safe, having good health and gainful employment, engaging in political participation, enjoying social relations, being able to participate in cultural life, and living in favorable environmental conditions. Seeking to enhance sustainability thus means ensuring the long-term viability of social welfare systems. Assessing the performance of OECD and EU states with this in mind involves more than evaluating the extent to which society provides opportunities and enables participation. It also involves taking a close look at factors such as the sustainability of public financing and the potential for reform within existing systems. Sustainability-minded decision-making maintains and even expands opportunities for social participation for today's generations without compromising the opportunities afforded to future generations.

Participatory justice and equal opportunities for self-realization should underpin social policies.

The SGI's social policies category addresses the following questions:

Assessment criteria for social sustainability

- *To what extent do the country's education policies foster high-quality, inclusive and efficient education and training systems?*
- *To what extent do sociopolitical measures facilitate social inclusion, while effectively combating social exclusion and polarization?*
- *How successfully do policies secure quality, inclusivity and cost efficiency in the country's health care system?*
- *To what extent do family-policy measures make it easier to combine career and family?*
- *How successful are the country's pension policies in preventing old-age poverty while promoting intergenerational equity and fiscal sustainability?*
- *To what extent do the country's political measures foster the effective integration of migrants into society?*
- *How successful is the country in establishing secure living conditions for its citizens by combating crime and other security risks?*
- *And looking to the international level: To what extent is the country engaged in efforts to combat global social inequalities, such as the promotion of fair global-trade structures and just participation opportunities within developing countries?*

Index dimension 3

Environmental policies

In terms of sustainability, environmental policies are particularly important given the far-reaching effects environmental conditions have on the quality of life. Our surrounding environment can influence the quality of life positively (by providing access to clean water, air and recreation areas) or negatively (through water, air or noise pollution, for example). The attractions or challenges provided by natural environments help determine where people want to live, drive migratory movements and make basic human existence possible. But natural environments (with their ecosystemic functions) are also dependent on human social systems – particularly the extent to which these latter systems observe principles of environmental sustainability. Lifestyles and economic systems dependent on an intense use of resources destabilize the ecosystem in the long term. Indeed, the growing expectations of an expanding global population represent the greatest risk of destabilization. And yet the ability to fulfill these demands is constrained by immutable planetary limits. Environmental sustainability therefore means ensuring that regenerative resources are used only to the extent that they can be replenished. Environmental sustainability also involves ensuring that nonrenewable resources are consumed only to the extent that similar, renewable substitutes can be developed. Harmful pollutants such as greenhouse gases should be emitted only to the extent that they can be absorbed by natural systems. The goal of sustainable environmental policies must be to secure the natural foundation of human existence and leave an intact ecosystem for future generations.

Therefore, in this category of sustainability, the SGI address the following key questions for each of the 41 OECD and EU countries:

Assessment criteria for environmental sustainability

- *How successful are the country's environmental policies in protecting natural resources and promoting livable environmental conditions?*
- *How committed is the country to the advancement of binding global environmental-protection regimes?*

A broad range of quantitative indicators underlying this category also allow for a systematic assessment of environmental-policy outcomes (e.g., greenhouse-gas emissions, renewable energies, particulate pollution, waste recycling).

Comparing strengths and weaknesses across the three categories of the Policy Performance Index allows us to identify not only the areas in which individual countries are achieving positive policy outcomes, and the extent to which this is occurring, but also the areas in which there is a pressing need for further reform.

Behind this model is the idea that the long-term viability of economic, social and environmental systems can be achieved only through measures that consider these systems together. It is important to consider the diverse interactions and conflicting goals that arise from the three systems and their associated policies, with no single component viewed in isolation from the others. The structures, actors and processes through which such conflicting goals are addressed, and where possible resolved, are therefore of central importance in sustainable policy formulation (for more on this, see also aspects of quality of democracy and governance, on the next page).

Comparing frameworks for democracy and the rule of law

Democracy

How do OECD and EU states compare with regard to the quality of democracy and the rule of law? This question is also vital in assessing sustainable governance because the rule of law and citizens' ability to participate in political processes are essential to ensuring a political system's good performance and long-term stability. Fully developed opportunities for political participation must be in place if a society is to achieve high levels of participatory justice.

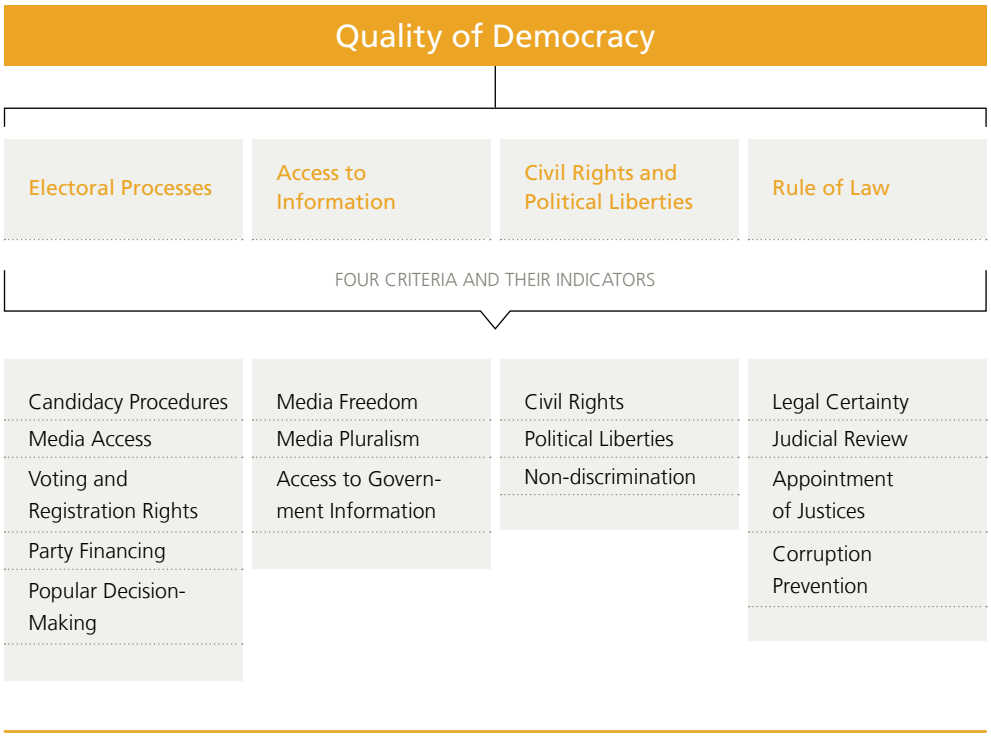
The quality of democratic standards and the rule of law are key to any political system's long-term viability.

Indeed, the quality of democracy in a society must be high if it is to sustain pluralism in the processes that build and shape public will and opinions (input legitimacy), as well as in the policy-formulation and decision-making processes that accommodate the interests and needs of a broad spectrum of stakeholders in society (throughput legitimacy), while ultimately transforming these processes into concrete and efficacious actions (output legitimacy). Democracy and the rule of law are therefore fundamental to preventing the systematic exclusion or neglect of social groups or individuals, enabling all members of a society to participate in shaping opinions and building the will to reform. When managing the inherent conflicts underlying sustainable policy goals, it is particularly important to prevent the systematic exclusion of any group, thus following the principle of equal opportunity. The legitimacy of a political system rests upon its ability to provide appropriate oversight of decision-makers' activities, opportunities for democratic participation, protection of civil rights and legal certainty. Citizens' consent to and trust in a political system will depend heavily on these conditions. Moreover, democratic participation and oversight are essential in enabling concrete learning and adaptation processes, as well as the capacity for change. In SGI terms, a high level of democracy quality and a rigorous observation of the rule of law are vital to achieving sustainability in the sense of long-term systemic viability. The SGI measure these conditions in detail through the Democracy Index.

Quality of Democracy

The SGIs' Democracy Index is oriented toward the institutional and organizational realization of sound democratic standards. Its normative reference point is an ideal representative democracy.

The SGI criteria by which government systems in the OECD and EU are measured derive from those dimensions identified by democratic theory as most significant, and contain key indicators by which the quality of democracy can be assessed. In total, 15 qualitative indicators, comprising four criteria, are used to evaluate the fabric of democracy in each country. Criteria include the following:



Assessment criteria for the quality of democracy

- *The electoral process, which includes the rules governing political-party ballot qualification and voter registration as well as the issue of party financing; for the first time, this edition of the SGI also evaluates direct-democracy structures and participation opportunities*
- *The public's access to information, which can be measured by the extent of media freedoms and media pluralism*
- *Civil rights and political liberties*
- *The rule of law, including legal certainty, the judicial review of laws and the prevention of corruption*

An international comparison of reform capacities

Governance

In a context of rapidly changing environments and growing complexity, it is ever more important for policymakers (and the institutions through which they act) to respond quickly and resolutely while bearing in mind the long-term impact of actions taken today. It is therefore important that any assessment of sustainable governance look not only at policy outcomes, a country's underlying democratic order and the rule of law, but also at the political leadership's capacity to steer processes with success. Just how effective are OECD and EU leaders in managing strategic processes, and how well do they address and resolve the problems they face?

The Governance Index looks at a government's capacity to deliver sound policies as well as the participatory and oversight competencies of social actors.

The SGIs' Governance Index answers these questions using a broad and innovative set of indicators. These indicators permit a contextualized assessment of the extent to which the governments of OECD and EU states – working together with other institutions and social stakeholders in the course of democratic decision-making processes – are able to identify pressing issues, develop appropriate solutions and implement them efficiently and efficaciously.

The modern concept of governance employed by the SGI emphasizes a government's capacity to deliver sustainable policies (executive capacity) as well as the participatory and oversight competencies of actors and institutions beyond the executive branch (executive accountability).

Index dimension 1

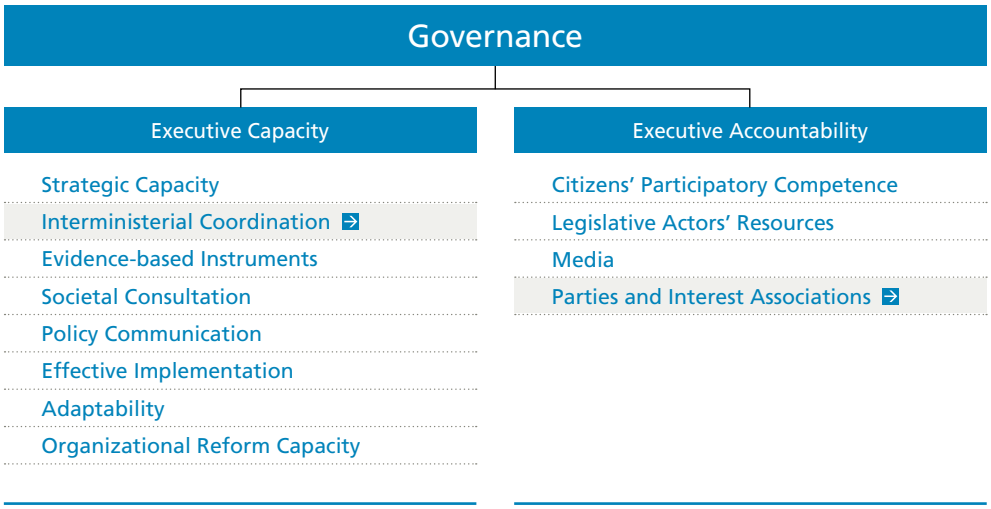
Executive capacity

The executive capacity category focuses on the core activities of a government and examines the steering capabilities demonstrated by a political system's administrative apparatus. This includes strategic planning, interministerial coordination, knowledge management, consultation and communication processes, as well as policy implementation and learning capacity. The key actors examined here are the governments of the OECD and EU states along with the organizational and institutional resources at their disposal (centers of government, ministries, agencies, etc.).

Index dimension 2

Executive accountability

The second category within the Governance Index, executive accountability, focuses on the forms of interaction between a government and other stakeholders in the policymaking process. It seeks to assess the extent to which participation and oversight competencies are produced and cultivated. If policies are to succeed in the long term and yield sustainable effects, governments clearly cannot afford to formulate and implement policies in isolation. Bearing this in mind, the SGI examine the extent to which other actors who perform essential functions in consolidating and mediating interests in a political system are able to participate in policymaking and monitor the process at each step along the way. The capacity to exercise this oversight function in part reflects the government's obligation to account for its actions to



citizens, parliaments, the media, parties and interest groups.

Moreover, executive accountability addresses the effectiveness of government communication, examining how well a government acquires and disseminates information, and the extent to which it involves and activates various elements of society in formulating and implementing policy. The SGI therefore include a series of indicators exploring the extent to which governments consult entities such as special-interest groups early in legislative planning processes. The category also includes indicators that explore the extent to which the associations, citizens and legislatures possess participatory competencies (knowledge of politics, financial resources, etc.). In short, this is about the checks and balances and participatory processes that can enhance the quality and legitimacy of political decision-making.

These aspects of modern governance are reflected in the architecture of the Governance Index, as shown in the figure above. As was the case for the Policy Performance and Democracy indices, the figure depicting the Governance Index represents merely an overview of its most important features. In sum, 67 qualitative and 69 quantitative indicators underlie the three indices.

The issues and concerns discussed thus far highlight the SGIs' two-pronged objective in assessing the future viability of OECD and EU states: to measure the *need for reform* with reference to sustainable policy outcomes and the quality of democracy; and to measure the *capacity for reform* in terms of governments' and social groups' abilities to steer these processes. The SGI take this approach further than other international rankings in two respects. First, the SGI never regard OECD and EU states' reform needs from a purely economic point of view. Instead, the SGI intentionally incorporate cross-cutting topics such as education, the environment, social issues and security. Second, the dimension of reform capacity remains underexplored by other indices to date. No other ranking offers a comparable analysis with such depth of field.

TWO CRITERIA AND THEIR INDICATORS

Interministerial Coordination

- GO Expertise
- GO Gatekeeping
- Line Ministries
- Cabinet Committees
- Ministerial Bureaucracy
- Informal Coordination

Parties and Interest Associations

- Intra-Party Democracy
- Civil Society Strength
- Association Competence (Business)
- Association Competence (Others)

Rankings

The Policy Performance Index aggregates all the data compiled on policy outcomes in 16 areas that address the three dimensions of sustainability (economic development, environmental protection and social policies). This allows for a strengths and weaknesses profile of each country as it underscores their specific reform needs.

The Democracy Index is based on the thorough analysis of each country's democratic order and the rule of law on which it is based. In assessing the quality of democratic institutions and processes, the index looks at the substantive and procedural features of a system that enable long-term oriented governance.

The Governance Index assesses a government's capacity to steer and implement policies, as well as its capacity for institutional learning. It also takes a close look at the participatory and monitoring competencies of actors in society, thereby accounting for a political system's capacity for reform.

Policy Performance

Ranking SGI 2014	Difference to SGI 2011	Trend	Economic Policies	Social Policies	Environmental Policies	Policy Performance	
1	–0.05	↘	7.83	7.76	8.25	7.95	Sweden
2	–0.01	↘	7.73	7.56	7.79	7.69	Norway
3	0.27	↗	7.98	7.01	7.91	7.63	Switzerland
4	0.03	↗	7.85	7.82	7.00	7.56	Finland
5	0.02	↗	7.31	7.58	7.34	7.41	Denmark
6	0.27	↗	7.32	6.86	7.60	7.26	Germany
7	–	–	6.93	7.10	7.59	7.21	Estonia
8	–0.08	↘	6.86	7.36	6.41	6.88	Luxembourg
8	0.18	↗	6.16	7.34	7.13	6.88	United Kingdom
10	0.19	↗	6.88	7.14	6.21	6.75	Netherlands
11	–	–	5.96	6.54	7.46	6.66	Lithuania
12	–0.21	↘	6.30	7.76	5.39	6.48	New Zealand
13	0.43	↗	6.46	7.29	5.42	6.39	Iceland
14	0.10	↗	5.71	6.68	6.27	6.22	France
15	–0.18	↘	6.30	6.89	5.35	6.18	Australia
15	0.08	↗	6.45	6.30	5.79	6.18	Belgium
15	0.10	↗	5.37	6.58	6.57	6.18	Czech Republic
18	–	–	5.75	5.29	7.47	6.17	Latvia
19	0.22	↗	6.41	6.26	5.75	6.14	Austria
20	0.01	↗	6.90	7.33	4.11	6.11	Canada
20	0.31	↗	6.88	6.20	5.24	6.11	South Korea
22	0.07	↗	5.72	6.04	6.02	5.92	Japan
23	0.18	↗	4.52	6.78	6.43	5.91	Ireland
24	0.21	↗	5.56	6.15	5.86	5.86	Poland
25	–	–	4.54	6.39	6.50	5.81	Slovenia
26	–	–	6.52	6.05	4.67	5.75	Israel
27	0.16	↗	5.29	5.58	6.17	5.68	Slovakia
28	0.06	↗	5.83	6.47	4.05	5.45	United States
29	–	–	4.37	5.14	6.12	5.21	Croatia
30	–	–	4.60	4.70	6.24	5.18	Romania
31	–	–	4.96	4.55	5.99	5.17	Bulgaria
31	–0.24	↘	4.16	5.46	5.88	5.17	Portugal
33	–0.10	↘	6.02	5.34	4.07	5.14	Chile
34	–	–	5.52	5.23	4.54	5.10	Malta
35	–0.06	↘	4.33	5.92	4.98	5.08	Spain
36	–0.07	↘	4.71	5.34	5.08	5.04	Italy
37	–0.66	↘	3.99	4.74	6.26	5.00	Hungary
38	–0.07	↘	5.52	4.48	4.87	4.96	Mexico
39	–	–	5.69	4.53	3.81	4.68	Cyprus
39	0.22	↗	3.91	5.72	4.40	4.68	Turkey
41	0.06	↗	3.22	4.47	4.74	4.15	Greece

Democracy

Ranking SGI 2014	Difference to SGI 2011	Trend	Quality of Democracy	
1	–0.06	↘	9.25	Sweden
2	0.19	↗	9.10	Finland
3	–0.05	↘	9.01	Norway
4	0.23	↗	8.95	Denmark
5	0.08	↗	8.70	Switzerland
6	0.06	↗	8.64	Germany
7	–0.38	↘	8.59	New Zealand
8	0.80	↗	8.37	Poland
8	–0.27	↘	8.37	United States
10	0.02	↗	8.34	Ireland
11	–	–	8.28	Estonia
12	–	–	8.12	Lithuania
13	–	–	8.07	Latvia
14	–0.30	↘	7.83	Australia
15	0.16	↗	7.77	Luxembourg
16	–0.36	↘	7.70	Netherlands
17	–0.50	↘	7.68	Canada
18	0.07	↗	7.60	Czech Republic
19	–0.33	↘	7.57	Iceland
20	0.18	↗	7.51	Portugal
21	–	–	7.45	Slovenia
22	0.25	↗	7.38	Austria
23	–0.27	↘	7.37	Belgium
24	0.05	↗	7.34	United Kingdom
25	1.16	↗	7.05	Slovakia
26	1.07	↗	6.97	Greece
27	–0.17	↘	6.95	Spain
28	0.00	•	6.93	France
29	–	–	6.91	Israel
30	0.34	↗	6.84	Italy
31	–0.25	↘	6.67	Chile
32	–	–	6.37	Cyprus
33	–0.23	↘	6.14	Japan
34	0.10	↗	5.91	Mexico
35	–	–	5.80	Bulgaria
36	–	–	5.63	Croatia
36	0.05	↗	5.63	South Korea
38	–	–	5.32	Malta
39	–	–	5.20	Romania
40	–1.53	↘	5.03	Hungary
41	–0.15	↘	4.74	Turkey

Governance

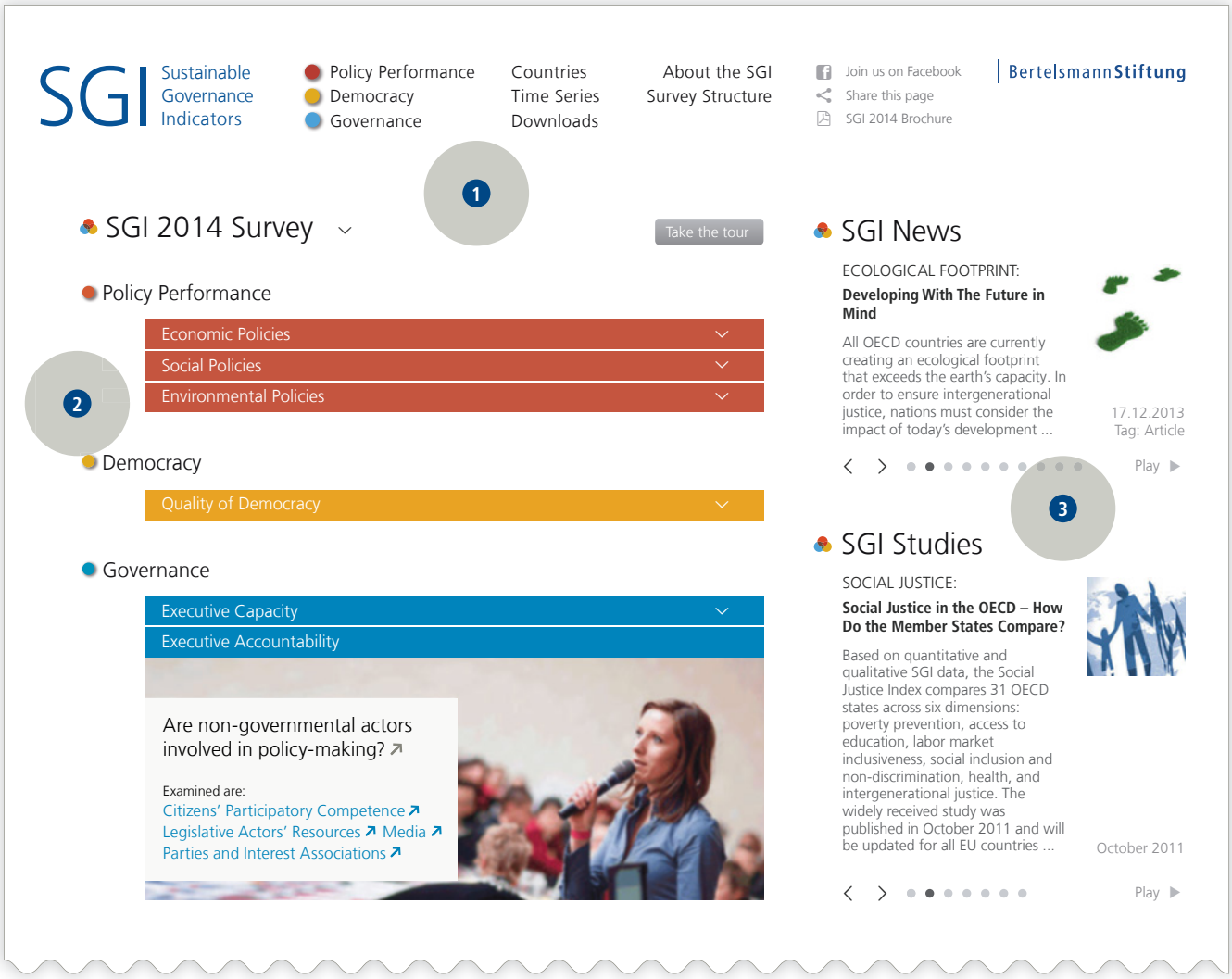
Ranking SGI 2014	Difference to SGI 2011	Trend	Executive Capacity	Executive Accountability	Governance	
1	–0.16	↘	8.43	8.41	8.42	Sweden
2	0.24	↗	8.56	8.12	8.34	Finland
3	–0.12	↘	8.09	8.55	8.32	Norway
4	0.04	↗	8.36	8.21	8.28	Denmark
5	–0.12	↘	8.25	6.70	7.47	New Zealand
6	–0.22	↘	7.60	7.19	7.39	United States
7	–0.05	↘	6.85	7.92	7.38	Luxembourg
8	0.14	↗	6.87	7.47	7.17	Germany
9	–0.36	↘	7.16	7.16	7.16	Australia
10	–0.14	↘	7.58	6.52	7.05	Canada
11	–0.07	↘	7.16	6.68	6.92	Switzerland
12	–0.12	↘	7.22	6.61	6.91	United Kingdom
13	0.38	↗	7.19	6.23	6.71	Poland
14	–0.43	↘	6.31	7.09	6.70	Iceland
15	–0.03	↘	6.15	6.99	6.57	Austria
16	–0.23	↘	6.31	6.60	6.46	Netherlands
17	0.04	↗	6.35	6.51	6.43	Ireland
18	–	–	6.42	6.39	6.40	Estonia
19	–	–	6.38	6.38	6.38	Israel
20	0.15	↗	5.67	7.01	6.34	Belgium
21	–	–	7.12	5.51	6.32	Lithuania
22	–0.05	↘	6.30	6.28	6.29	Spain
23	–	–	7.42	5.03	6.22	Latvia
24	–0.05	↘	6.51	5.88	6.20	Chile
25	0.11	↗	6.52	5.77	6.15	Mexico
26	0.12	↗	6.68	5.60	6.14	South Korea
27	–0.10	↘	6.61	5.44	6.02	France
27	–0.09	↘	6.18	5.85	6.02	Japan
29	0.38	↗	5.82	6.08	5.95	Italy
30	–0.26	↘	5.11	6.73	5.92	Czech Republic
31	–0.13	↘	6.09	5.33	5.71	Portugal
32	0.03	↗	6.12	5.24	5.68	Turkey
33	0.41	↗	5.39	5.44	5.41	Slovakia
34	–	–	4.80	5.91	5.36	Malta
35	–	–	4.37	6.25	5.31	Slovenia
36	–	–	4.85	5.33	5.09	Bulgaria
37	–0.39	↘	5.25	4.88	5.07	Hungary
38	0.54	↗	4.31	5.50	4.91	Greece
39	–	–	4.62	5.08	4.85	Croatia
40	–	–	4.43	4.64	4.53	Romania
41	–	–	3.11	4.71	3.91	Cyprus

Survey periods: **SGI 2011** May 2008 – April 2010, **SGI 2014** May 2011 – May 2013

Results and data at a glance

SGI Website

The SGI website's interactive features provide access to the findings for 41 countries. Users can explore the full range of data provided, from individual indicators across various analytic categories to fully aggregated indices.

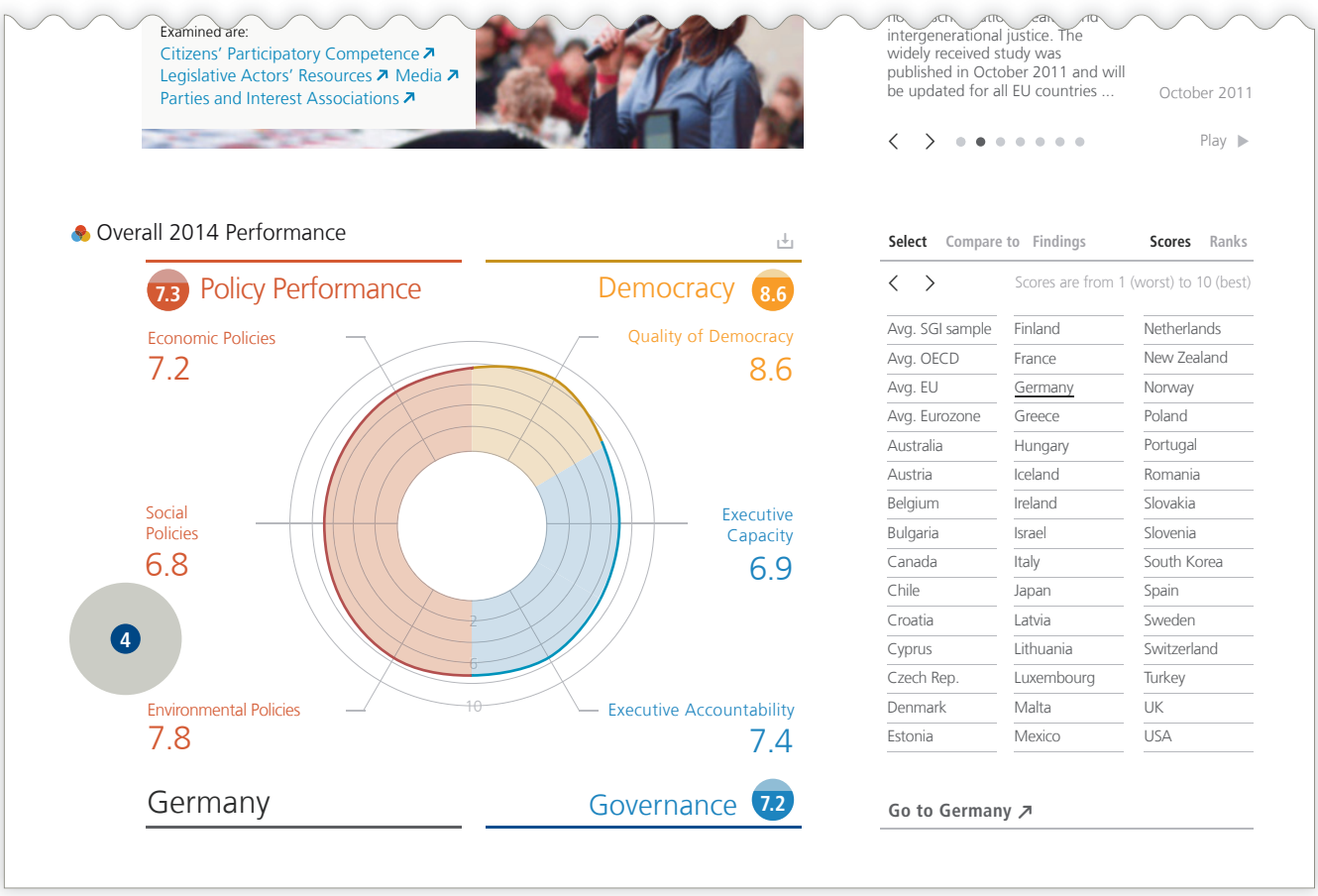


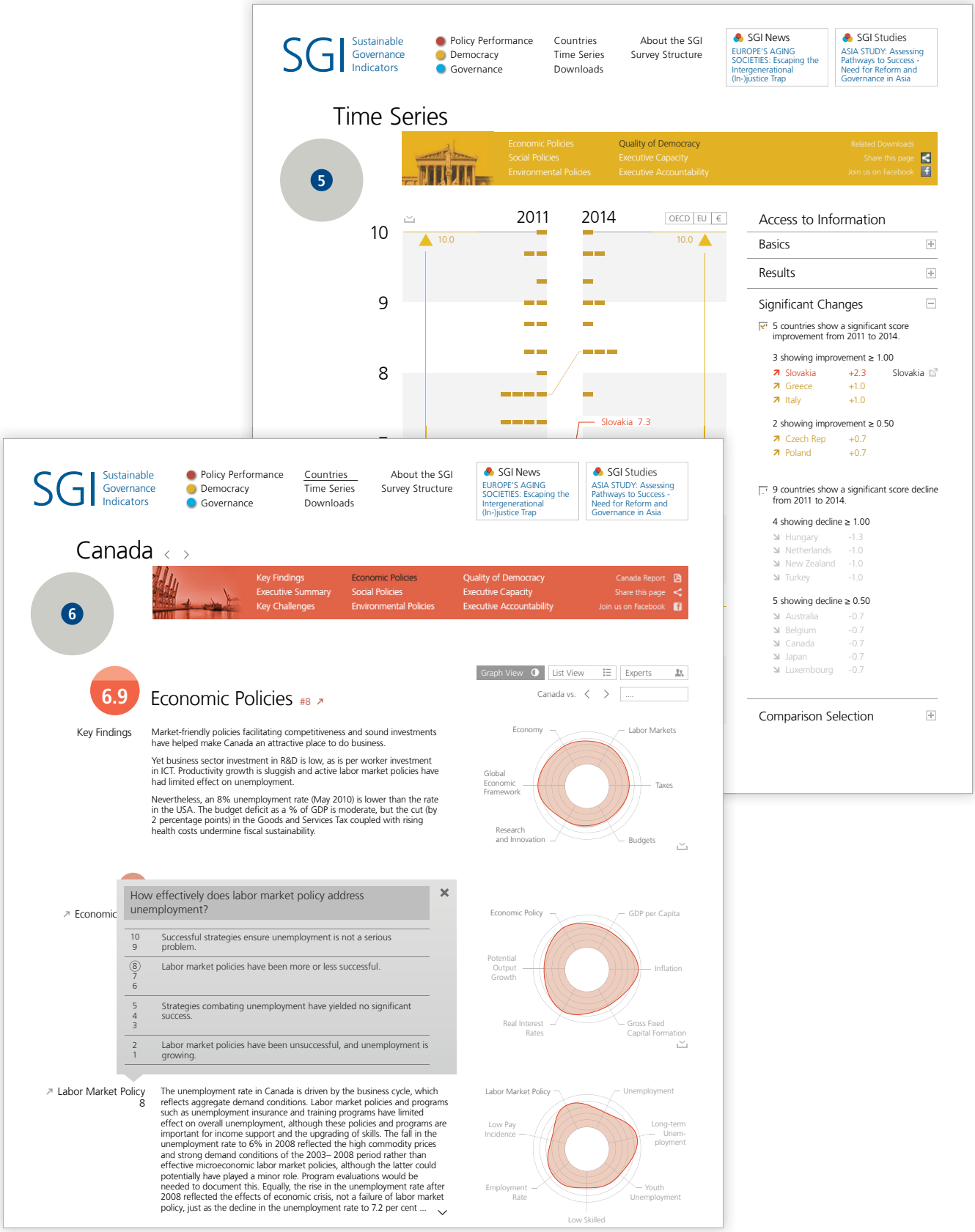
1 Intuitive navigation
Direct access to the entire set of data, downloads and comparative features.

2 3 pillars, 6 categories
Access to every level of analysis – from indicators to indices.

3 News and studies
Studies and ongoing blog reports that draw upon data for each of the SGI countries.

4 Interactive features
A variety of visualizations allow for a systematic comparison of strengths and weaknesses.




SGI Sustainable Governance Indicators
Policy Performance
Democracy
Governance
Countries
Time Series
Downloads
About the SGI
Survey Structure
SGI News
EUROPE'S AGING SOCIETIES: Escaping the Intergenerational (In-)justice Trap
SGI Studies
ASIA STUDY: Assessing Pathways to Success - Need for Reform and Governance in Asia
Time Series
5
Economic Policies
Social Policies
Environmental Policies
Quality of Democracy
Executive Capacity
Executive Accountability
Related Downloads
Share this page
Join us on Facebook
2011
2014
OECD
EU
10.0
10.0
10
9
8
Slovakia 7.3
Access to Information
Basics
Results
Significant Changes
5 countries show a significant score improvement from 2011 to 2014.
3 showing improvement ≥ 1.00
Slovakia +2.3
Greece +1.0
Italy +1.0
Slovakia
2 showing improvement ≥ 0.50
Czech Rep +0.7
Poland +0.7
9 countries show a significant score decline from 2011 to 2014.
4 showing decline ≥ 1.00
Hungary -1.3
Netherlands -1.0
New Zealand -1.0
Turkey -1.0
5 showing decline ≥ 0.50
Australia -0.7
Belgium -0.7
Canada -0.7
Japan -0.7
Luxembourg -0.7
Comparison Selection
Canada
6
Key Findings
Executive Summary
Key Challenges
Economic Policies
Social Policies
Environmental Policies
Quality of Democracy
Executive Capacity
Executive Accountability
Canada Report
Share this page
Join us on Facebook
6.9
Economic Policies #8
Graph View
List View
Experts
Canada vs.
Key Findings
Market-friendly policies facilitating competitiveness and sound investments have helped make Canada an attractive place to do business.
Yet business sector investment in R&D is low, as is per worker investment in ICT. Productivity growth is sluggish and active labor market policies have had limited effect on unemployment.
Nevertheless, an 8% unemployment rate (May 2010) is lower than the rate in the USA. The budget deficit as a % of GDP is moderate, but the cut (by 2 percentage points) in the Goods and Services Tax coupled with rising health costs undermine fiscal sustainability.
Economy
Labor Markets
Global Economic Framework
Taxes
Research and Innovation
Budgets
Economic
How effectively does labor market policy address unemployment?
10 9 Successful strategies ensure unemployment is not a serious problem.
(8) 7 6 Labor market policies have been more or less successful.
5 4 3 Strategies combating unemployment have yielded no significant success.
2 1 Labor market policies have been unsuccessful, and unemployment is growing.
Economic Policy
GDP per Capita
Potential Output Growth
Inflation
Real Interest Rates
Gross Fixed Capital Formation
Labor Market Policy
8
The unemployment rate in Canada is driven by the business cycle, which reflects aggregate demand conditions. Labor market policies and programs such as unemployment insurance and training programs have limited effect on overall unemployment, although these policies and programs are important for income support and the upgrading of skills. The fall in the unemployment rate to 6% in 2008 reflected the high commodity prices and strong demand conditions of the 2003– 2008 period rather than effective microeconomic labor market policies, although the latter could potentially have played a minor role. Program evaluations would be needed to document this. Equally, the rise in the unemployment rate after 2008 reflected the effects of economic crisis, not a failure of labor market policy, just as the decline in the unemployment rate to 7.2 per cent ...
Labor Market Policy
Unemployment
Low Pay Incidence
Long-term Unemployment
Employment Rate
Youth Unemployment
Low Skilled

5 Time series analysis

Compare a variety of items over time (SGI 2011 to 2014).

6 Country reports

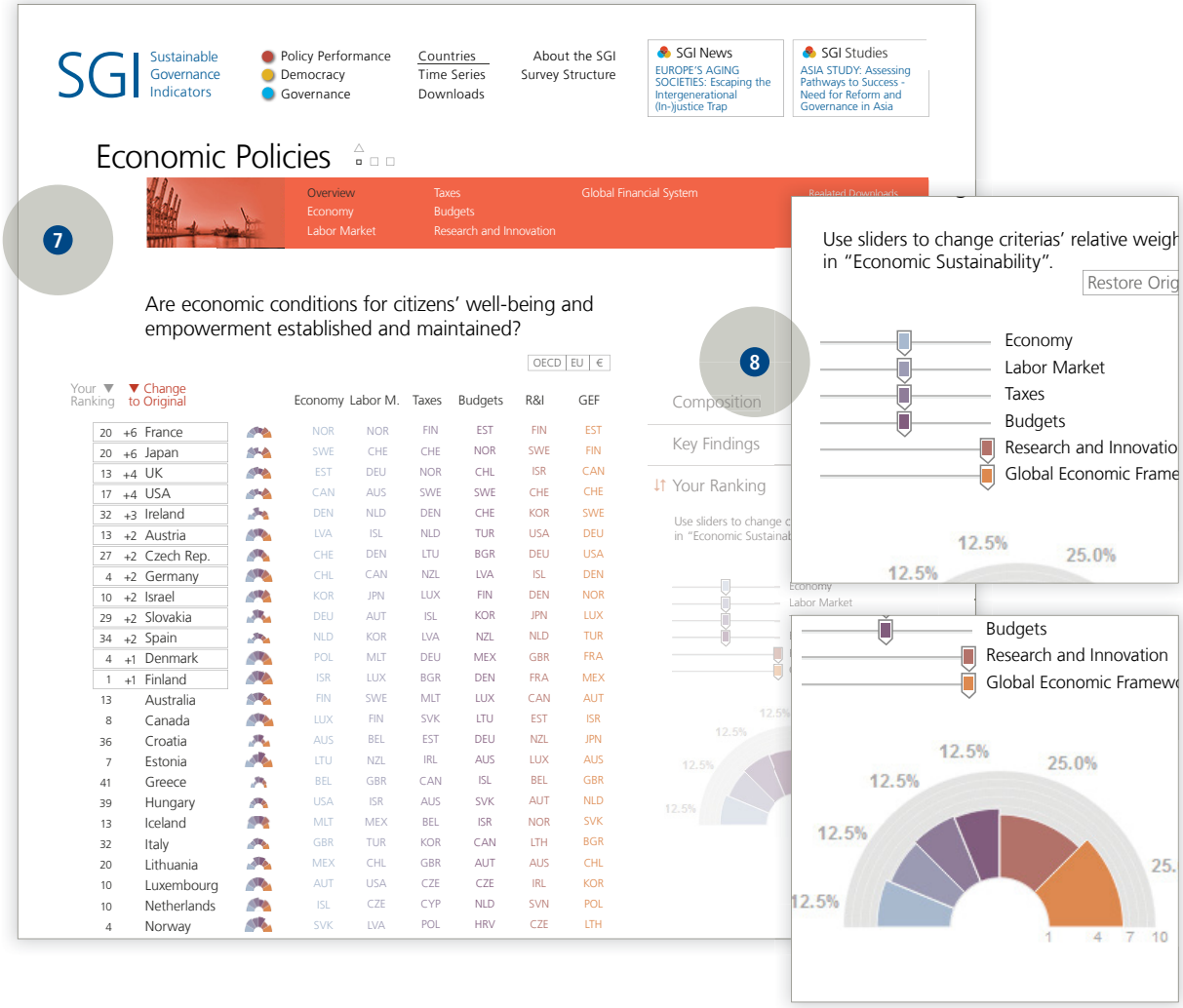
Explore country reports from every angle.

7 Policy areas in comparison

The SGI also allow for the cross-national comparison of policy areas.

8 Determine weighting

Users can for the first time select the relative weights of criteria used in rankings.



Combining quantitative data with experts' qualitative analysis

Methodology: Generating Better Data through an Interative Process

The SGI draw on established survey and aggregation methods. In order to ensure the proper operationalization of the individual index components, the SGI rely on a combination of qualitative and quantitative data. This allows for an analysis in which the strengths of both types of data can be applied, and it avoids the pitfalls associated with the use of purely quantitative or qualitative surveys. In the SGI, the "objectivity" of quantitative data from official statistical sources is complemented by experts' context-sensitive qualitative assessments. This combination delivers a detailed portrait of policy outcomes, the quality of democracy and steering capacities.

SGI methodology stands out for being transparent and context-sensitive.

The quantitative data underlying the SGI is drawn from official statistical sources, in particular those provided by the OECD and EU. While the SGI project team compiles this quantitative data centrally, the qualitative data is procured from a global network of more than 100 experts in a multiphase process of survey and validation. Each country is evaluated by (at least) two country experts (political scientists and economists) as well as a regional coordinator, each of whom respond to the questions posed in the SGI codebook. Country reports are then produced through an iterative evaluation process involving reviews and comments by each expert. This procedure is similar to that used by the Bertelsmann Stiftung in the SGI's sister project, the Transformation Index.

The SGI Codebook (available at www.sgi-network.org) details the rationale behind each of the 67 qualitative indicators, thereby ensuring a shared understanding of each question among the SGI experts. The questions comprising this codebook include a range of answer options, allowing for precise evaluations on a scale of 1 (lowest score) to 10 (highest). The response to each question includes both a numerical score and a written response that substantiates and illustrates the score given. Throughout the course of the online survey process, experts refer to the quantitative indicators for all 41 countries as benchmarks, allowing assessments to be made on the basis of sound empirical data.

To ensure the comparability of quantitative and qualitative data, all quantitative data are standardized by linear transformation on a scale of 1 to 10. These figures are then subject to simple aggregation in establishing the three Policy Performance, Democracy and Governance indices.

The SGI evaluation process yields two products: detailed rankings and comprehensive reports on each of the 41 OECD and EU states surveyed (available free of charge at www.sgi-network.org). The SGI website provides access to every level of aggregation,

A multi-stage survey of 41 OECD and EU states ensures that results are reliable and valid

Initial survey 1

The first expert responds to the questionnaire, providing scores and drafting a country report.

Review 2

The second expert reviews and revises the draft report, providing scores for each indicator without being able to view the first expert's scores.

Intra-regional calibration 3

A regional coordinator reviews the report and scores provided, revising both in consultation with the experts to create the final report. The coordinator also oversees the collection of data for up to eight countries.

Inter-regional calibration 4

Regional coordinators convene to compare and calibrate across regions the results for each.

Validity check 5

In a final step, the SGI Board reviews the validity of the findings and approves the final scores.

Policy Performance
- Economic Policies
- Social Policies
- Environmental Policies

Democracy
- Electoral Processes
- Access to Information
- Civil Rights and Political Liberties
- Rule of Law

Governance
- Executive Capacity
- Executive Accountability

from individual indicators up to the top-level indices. The country reports are also available as downloads.

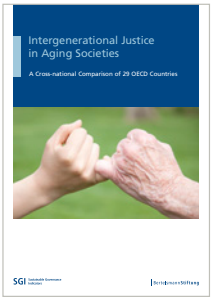
The survey period for the Sustainable Governance Indicators 2014 extended from May 1, 2011 to May 15, 2013. The assessments provided therefore refer to governance exclusively within this period of time. Following earlier editions in 2009 and 2011, this is the third SGI survey.

SGI Studies and SGI News

In addition to working with academic experts in the field, we also work with journalists and bloggers who use our data in their commentary and reports on sustainable governance in a variety of countries. We engage in media partnerships for these reports, providing graphics, expert interviews and other informative support. Our media partners can be linked to our SGI News blog.

Sustainable Governance in the OECD and EU – How Does Germany compare?

Based on the detailed set of quantitative and qualitative indicators used in the SGI project, this study provides a comprehensive assessment of Germany's strengths and weaknesses in terms "Sustainable Governance". By looking at Germany's policy performance, quality of democracy and governance capacities, the study sheds light on the country's need for reform and its reform capacities.



Intergenerational Justice in Aging Societies

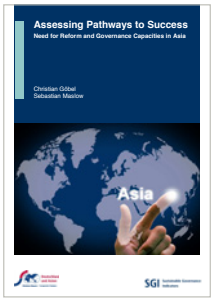
How well do the OECD states live up to the principles of intergenerational justice? How clearly can such principles be measured? How can decision-makers develop policies that address issues relevant to aging societies without pitting the interests of older and younger generations against each other? What are the policymaking lessons that can be drawn from cross-national comparisons? This study provides evidence-based answers to these questions.

Social Justice in the OECD – How Do the Member States Compare?

This study is just one illustration of the range of possibilities offered by the Sustainable Governance Indicators' vast pool of data. Published initially in early 2011, this study examined and compared the state of social justice in 31 OECD countries, combining selected SGI indicators with established social science methods to create a new index of social justice. The next edition, focusing on EU countries, will be published in mid-2014.

Sustainable Governance in the BRICS

The BRICS states have in recent years attracted much attention as emerging political and economic global players. But how sustainable is such rapid growth and development? How effective is governance in each of these states? This SGI study addresses these and other questions relevant to governance research.



Asia Study

Though often overshadowed by the attention paid to economic growth in China and India, growth in other Asian economies such as Indonesia, Japan, Malaysia, Singapore, South Korea and Vietnam has made the region a driving force of the global economy. This regional study asks which features of governance have driven economic growth in each country, how sustainable they are, and the extent to which democratic principles influence decision-making.

→ **SGI Online:** www.sgi-network.org
→ **SGI Blog:** www.news.sgi-network.org/news
→ **Facebook:** www.facebook.com/pages/SGI-Sustainable-Governance-Indicators
→ **Showreel Sustainable Governance Indicators 2014:** www.youtube.com/watch?v=MDALrtobRUc

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