



Policy Performance and Governance Capacities in the OECD and EU

Sustainable Governance
Indicators 2016

Contents

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

The fifth edition of the Sustainable Governance Indicators (SGI) is being issued this year. Having published the previous editions every two to three years, last year we decided to update our data annually in the interests of ongoing monitoring. The 2016 SGI are the second edition to be based on the new annual data collection process.

The transition to an annual procedure will make it possible to perform subject-specific analyses at short notice, based on the SGI data. The objective is also to identify the challenges of sustainable policy-making and to lay bare and compare successes and failures. This will give the debate surrounding good governance and sustainable political results sound foundations based on data.

Our intention is also to highlight examples of successes and governance innovations, and to initiate international learning processes, acting in accordance with our founder Reinhard Mohn's guiding principle of "learning from the world." Many countries belonging to the OECD and the EU now apply the SGI to their own performance management, thus breathing life into Reinhard Mohn's central idea.

While it would appear that many OECD and EU countries have gradually overcome the global economic and financial crisis, there are a number of developed countries that still face major challenges and social upheavals as a result of the crisis. In the crisis-hit countries of southern Europe in particular, the social situation remains extremely alarming. In addition, OECD and EU countries are facing the challenge of global migration – an issue that is handled very differently from country to country. Last year, developments in Europe were dominated by the largest flow of refugees since the Second World War, and this posed some serious challenges to the continent's governance systems. Tragic instances of terrorism also compel countries to seek new ways in which to deal with this threat. We cannot, however,

allow ourselves to fall for the seemingly simple solutions to overcoming such challenges as offered by populists. Rather, we need to identify innovative concepts, compare and contrast them, and explore the possibilities of transfer between them. This is the purpose that the SGI are destined to fulfill once again this year.

We examine OECD and EU member states on the basis of our three indicators: Policy Performance, Governance, and Quality of Democracy. The Nordic countries, Switzerland, and Germany are the most successful countries in terms of sustainable policies.

The strong performance of Estonia in the Policy Performance index, being ranked seventh right behind Germany, cannot be overlooked. The main reasons behind this strong position are the country's sustainable budgetary policy and its very good education system. The majority of the OECD and EU countries recovered somewhat economically over the period under review (November 2014 to November 2015). We focus here in particular on the crisis-hit countries in Europe in which the structural reforms pushed through in recent years have begun to bear fruit. Greece still brings up the rear in our country comparison due to its dramatic social and economic situation.

The northern European countries also clearly lead the way in the Governance index, although New Zealand's governmental system likewise boasts strong strategic capabilities and long-term orientation. The situation is rather different in the last-placed countries Romania, Greece, and Cyprus. Last but not least, the picture is much the same in the Democracy index, with the Scandinavian countries performing very well, while there is the greatest room for improvement in Romania, Turkey, and Hungary. The SGI can hopefully serve as a useful source of best practices for these countries in particular, as they offer a wealth of data that can be put to use in the areas of politics, science, and media.



Aart De Geus
*Chairman and CEO,
Bertelsmann Stiftung
Executive Board*



Dr. Stefan Empter
*Senior Director Program
Shaping Sustainable Economies*

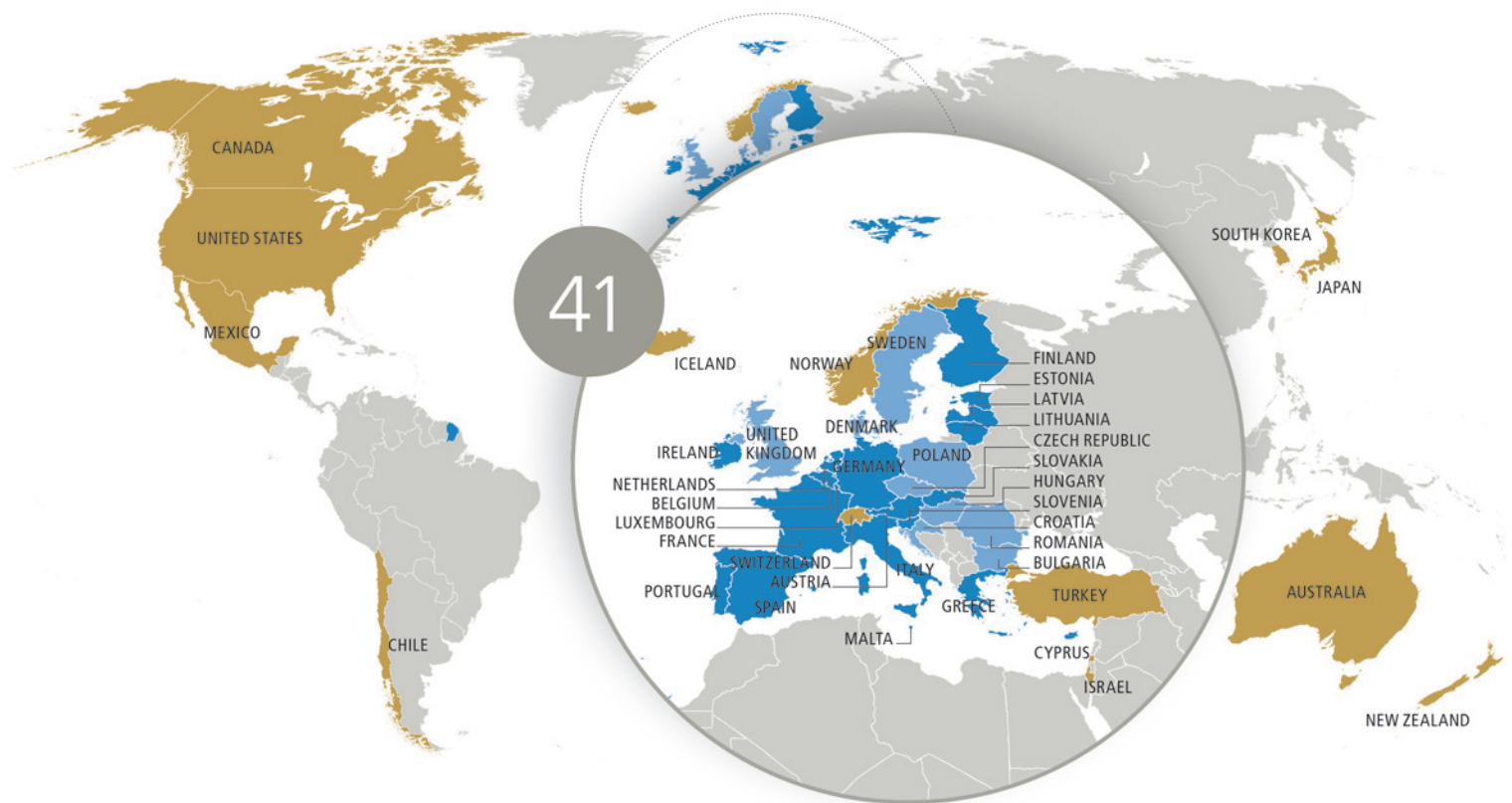
SGI Sustainable
Governance
Indicators

| BertelsmannStiftung

Sustainable Governance Indicators

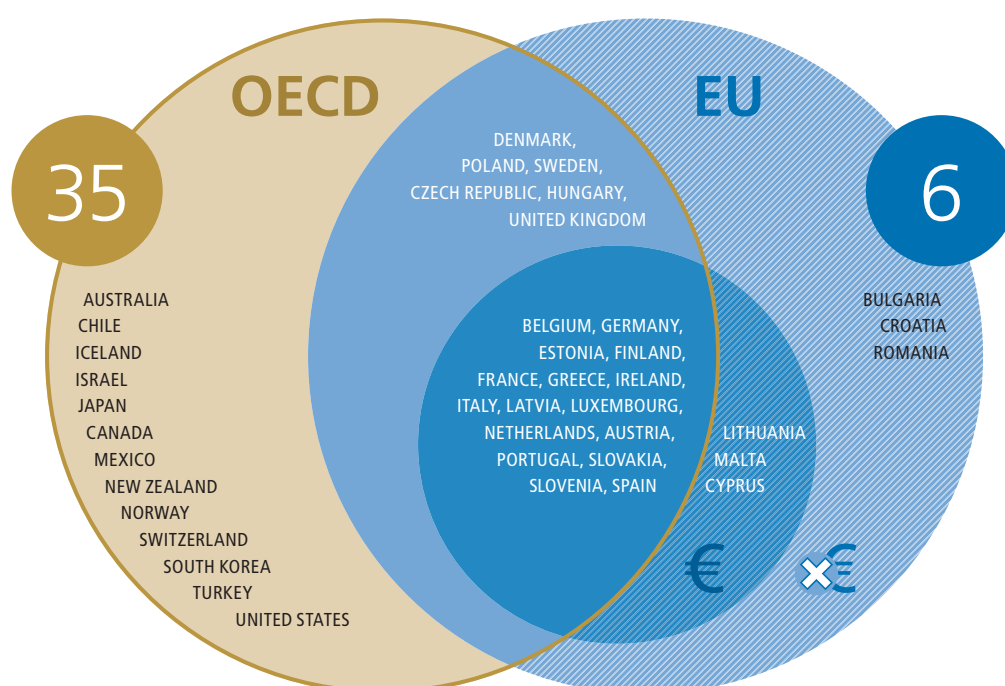
Measuring Sustainable Governance

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



INFO

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

act with the short term in mind. Mounting public debt, the 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



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.

individuals who formulate, shape and implement policies, from political decision-makers in centers of government and 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.

INFO

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 22*



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.

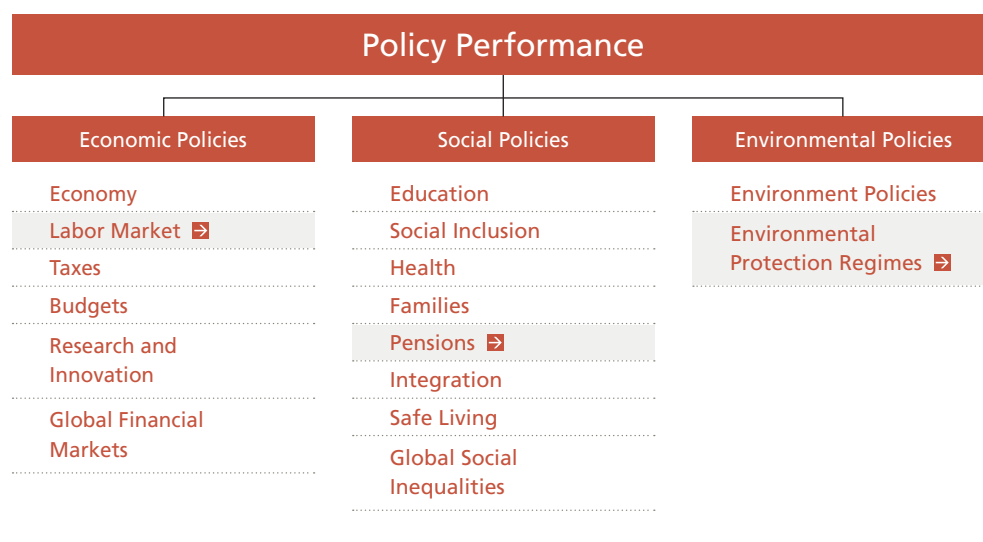
The Policy Performance Index measures the performance of the 41 states surveyed in terms of the three core dimensions of sustainability, manifested here as economic, social and environmental policies. A total of 16 individual policy areas are addressed, with policy outcomes captured by means of a wide range of quantitative and qualitative data. In this respect, the SGI 2016 goes further than previous SGI surveys, as it also encompasses the contribution of individual countries in promoting sustainable development at the international level. And in the context of the United Nations' new Sustainable Development Goals (SDGs), 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

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?*

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

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.

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?*

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

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. Life-styles 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.

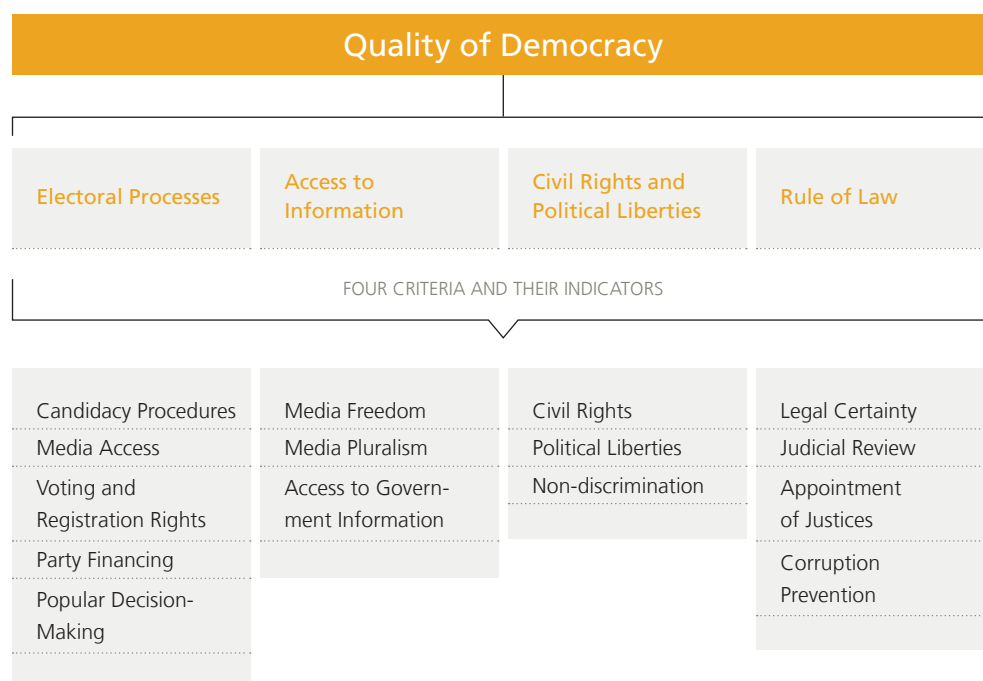
Indeed, the quality of democracy in a society must be high if it is to sustain pluralism in the processes that build and shape public will and opinions (input legitimacy), as well as in the policy-formulation and decision-making processes that accommodate the interests and needs of a broad spectrum of 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

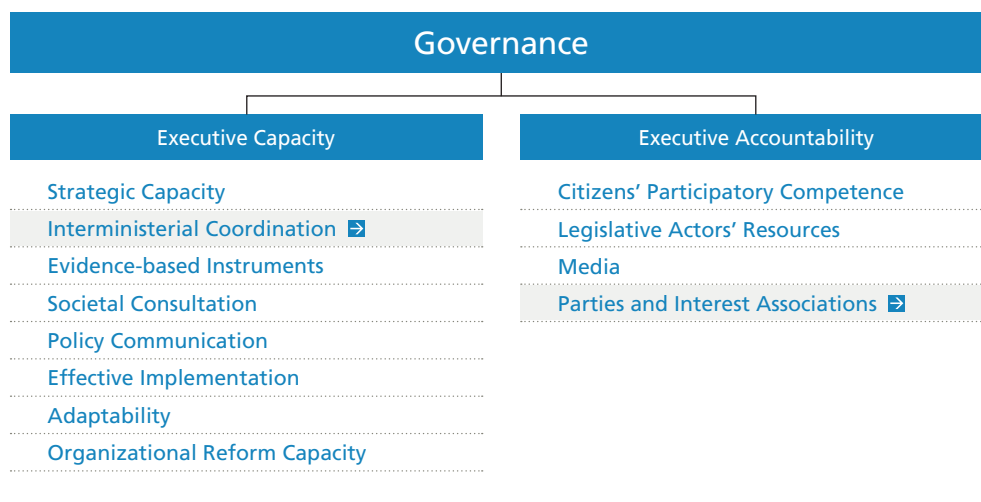
The executive capacity category focuses on the core activities of a government and examines the steering capabilities demonstrated by a political system's administrative apparatus. This includes strategic planning, interministerial coordination, knowledge management, consultation and

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 examines 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
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				SGL 2016				Difference to SGI 2014		Economic Policies		Social Policies		Environmental Policies		Policy Performance	
1	0.15	↗	0.06	7.85	7.54	8.61	8.00	Sweden									
2	0.04	↗	0.26	7.68	7.67	8.03	7.79	Denmark									
3	-0.05	↘	-0.05	7.41	7.89	7.87	7.72	Norway									
4	-0.09	↘	-0.07	7.83	7.08	7.85	7.59	Switzerland									
5	-0.13	↘	-0.12	7.23	7.55	7.45	7.41	Finland									
6	0.06	↗	0.03	7.30	6.74	7.72	7.25	Germany									
7	-0.07	↘	-0.12	6.99	6.68	7.42	7.03	Estonia									
8	0.12	↗	0.15	6.99	7.32	6.65	6.99	Luxembourg									
9	0.09	↗	0.13	6.76	7.14	6.93	6.94	United Kingdom									
10	0.09	↗	0.17	6.38	6.18	7.74	6.77	Lithuania									
11	-0.07	↘	-0.05	6.85	7.11	6.09	6.68	Netherlands									
12	-0.04	↘	-0.01	6.65	7.28	5.56	6.49	New Zealand									
13	0.09	↗	0.40	6.08	6.42	6.45	6.32	Ireland									
14	-0.10	↘	-0.30	6.36	7.13	5.35	6.28	Iceland									
15	-0.07	↘	-0.06	6.19	4.93	7.31	6.14	Latvia									
16	-0.01	↘	0.00	6.26	6.28	5.76	6.10	Austria									
17	-0.02	↘	0.01	6.84	7.04	4.36	6.08	Canada									
18	0.09	↗	-0.11	5.45	6.40	6.37	6.07	France									
18	-0.03	↘	-0.04	6.67	6.30	5.22	6.07	South Korea									
20	-0.09	↘	-0.07	5.71	6.20	6.17	6.03	Czech Republic									
21	-0.08	↘	-0.15	6.21	6.23	5.62	6.02	Belgium									
22	0.10	↗	0.24	4.93	6.32	6.69	5.98	Slovenia									
23	-0.02	↘	0.03	5.99	5.88	5.88	5.92	Japan									
24	0.00	•	0.04	5.95	5.94	5.68	5.86	Poland									
25	-0.03	↘	-0.44	5.78	6.50	4.98	5.75	Australia									
26	0.11	↗	0.18	6.39	5.82	4.84	5.68	United States									
27	-0.12	↘	-0.15	6.79	5.59	4.50	5.63	Israel									
28	0.04	↗	-0.01	5.29	5.27	6.16	5.57	Slovakia									
29	0.20	↗	0.40	5.11	5.82	5.47	5.47	Spain									
30	0.10	↗	0.16	6.26	5.34	4.54	5.38	Malta									
31	0.08	↗	0.25	4.68	5.48	5.96	5.37	Portugal									
32	0.21	↗	0.38	5.42	5.53	5.10	5.35	Italy									
33	0.05	↗	0.13	6.16	4.85	4.59	5.20	Chile									
34	0.01	↗	0.02	4.94	4.46	6.17	5.19	Romania									
35	0.15	↗	0.01	4.92	4.34	6.27	5.18	Bulgaria									
36	0.09	↗	0.12	4.41	4.68	6.38	5.16	Hungary									
37	0.04	↗	-0.02	3.92	5.19	6.15	5.08	Croatia									
38	0.08	↗	0.21	4.34	5.61	4.51	4.82	Cyprus									
39	-0.03	↘	0.08	5.84	4.83	3.77	4.81	Turkey									
40	-0.12	↘	-0.14	5.42	4.02	4.71	4.72	Mexico									
41	-0.06	↘	0.19	3.26	4.81	4.79	4.29	Greece									

Democracy

Ranking				SGI 2016 Difference to SGI 2015 Trend		Difference to SGI 2014 Quality of Democracy	
1	0.08	↗	-0.06	9.19	Sweden		
2	0.00	•	0.05	9.15	Finland		
3	-0.08	↘	-0.08	8.93	Norway		
4	0.00	•	-0.05	8.90	Denmark		
5	0.08	↗	0.15	8.78	Germany		
6	-0.08	↘	-0.08	8.61	Switzerland		
7	-0.08	↘	-0.12	8.48	New Zealand		
8	0.00	•	0.00	8.37	Poland		
9	-0.03	↘	0.05	8.33	Estonia		
10	-0.13	↘	-0.20	8.15	Ireland		
11	0.00	•	0.00	8.12	Lithuania		
12	0.05	↗	-0.30	8.07	United States		
13	-0.17	↘	-0.17	7.90	Latvia		
14	-0.03	↘	0.07	7.83	Luxembourg		
15	0.00	•	-0.05	7.63	Canada		
16	-0.17	↘	-0.25	7.58	Australia		
17	0.00	•	0.10	7.55	Slovenia		
18	-0.18	↘	-0.18	7.52	Netherlands		
19	0.00	•	0.08	7.46	Austria		
20	0.00	•	0.06	7.43	Belgium		
21	0.15	↗	0.03	7.37	United Kingdom		
22	-0.02	↘	-0.15	7.35	Portugal		
23	0.03	↗	0.39	7.23	Italy		
24	-0.02	↘	-0.38	7.19	Iceland		
25	-0.22	↘	-0.46	7.15	Czech Republic		
26	0.00	•	0.08	7.01	France		
27	-0.06	↘	-0.10	6.95	Slovakia		
28	0.02	↗	-0.04	6.93	Greece		
29	0.00	•	-0.11	6.84	Spain		
30	-0.22	↘	-0.22	6.70	Israel		
31	0.00	•	-0.15	6.53	Chile		
32	0.00	•	-0.17	6.20	Cyprus		
33	0.00	•	0.30	5.92	Croatia		
34	0.00	•	-0.25	5.89	Japan		
35	0.08	↗	-0.07	5.83	Mexico		
36	0.05	↗	0.00	5.80	Bulgaria		
37	-0.08	↘	-0.08	5.55	South Korea		
38	0.05	↗	0.20	5.52	Malta		
39	0.05	↗	-0.10	5.10	Romania		
40	-0.18	↘	-0.50	4.23	Turkey		
41	0.00	•	-0.91	4.11	Hungary		

Governance

Ranking			SGI 2016 Difference to SGI 2015 Trend				Difference to SGI 2014		Executive Capacity Executive Accountability Governance	
1	0.03	↗	0.03	8.09	8.79	8.44	Norway			
2	-0.06	↘	-0.08	8.47	8.29	8.38	Finland			
3	0.02	↗	0.00	8.44	8.26	8.35	Denmark			
3	-0.14	↘	-0.11	8.34	8.35	8.35	Sweden			
5	-0.03	↘	0.02	8.31	6.74	7.53	New Zealand			
6	-0.07	↘	0.00	6.85	7.91	7.38	Luxembourg			
7	-0.02	↘	-0.02	7.60	7.14	7.37	United States			
8	0.19	↗	0.28	7.74	6.75	7.25	United Kingdom			
9	0.00	•	-0.04	7.50	6.75	7.13	Canada			
10	-0.24	↘	-0.23	6.82	7.28	7.05	Germany			
11	-0.01	↘	-0.17	6.90	7.17	7.04	Australia			
12	0.07	↗	-0.02	7.16	6.72	6.94	Switzerland			
13	0.09	↗	0.12	7.34	6.31	6.83	Poland			
14	-0.06	↘	-0.08	6.38	7.24	6.81	Iceland			
15	0.00	•	0.14	6.66	6.69	6.68	Ireland			
16	-0.01	↘	0.03	6.15	7.19	6.67	Austria			
17	-0.07	↘	-0.03	7.18	5.74	6.46	Lithuania			
18	0.16	↗	0.04	6.24	6.64	6.44	Israel			
19	0.01	↗	0.07	5.61	7.22	6.42	Belgium			
20	-0.05	↘	0.12	6.40	6.42	6.41	Spain			
21	-0.03	↘	-0.11	6.25	6.41	6.33	Estonia			
22	-0.14	↘	-0.19	6.05	6.53	6.29	Netherlands			
23	0.01	↗	-0.11	7.29	5.19	6.24	Latvia			
24	0.09	↗	0.15	6.45	5.90	6.17	Japan			
25	0.10	↗	0.32	6.29	6.02	6.16	Italy			
26	-0.01	↘	0.11	5.33	6.82	6.07	Czech Republic			
27	-0.14	↘	-0.12	6.53	5.50	6.02	South Korea			
28	-0.16	↘	-0.12	6.22	5.79	6.00	Mexico			
29	-0.14	↘	-0.34	6.58	5.16	5.87	Chile			
30	0.14	↗	-0.06	6.19	5.52	5.86	France			
31	0.14	↗	0.32	5.29	6.23	5.76	Malta			
32	0.00	•	-0.17	5.81	5.34	5.57	Portugal			
33	-0.10	↘	-0.19	5.78	5.12	5.45	Turkey			
34	-0.02	↘	0.00	4.72	6.14	5.43	Slovenia			
35	-0.09	↘	-0.16	5.27	5.36	5.32	Slovakia			
36	0.06	↗	-0.11	4.77	5.42	5.10	Bulgaria			
37	0.08	↗	0.02	4.58	5.23	4.91	Croatia			
38	-0.20	↘	-0.32	5.07	4.60	4.84	Hungary			
39	-0.26	↘	-0.20	4.04	5.50	4.77	Greece			
40	0.23	↗	0.17	4.48	4.96	4.72	Romania			
41	-0.02	↘	0.34	3.66	4.96	4.31	Cyprus			

Survey periods **SGI 2016**: November 2014 – November 2015, **SGI 2015**: May 2013 – November 2014, **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.

The screenshot displays the SGI Website interface with the following elements:

- Header:** SGI Sustainable Governance Indicators logo, navigation links for Policy Performance, Democracy, and Governance, and links for Countries, Time Series, Downloads, About the SGI Survey Structure, SGI 2014 Overview, Join us on Facebook, and Share this page. The BertelsmannStiftung logo is also present.
- SGI 2016 Survey:** A dropdown menu showing Policy Performance (selected), Democracy, and Governance. A "Take the tour" button is next to it.
- Policy Performance:** A sub-menu showing Economic Policies, Social Policies, and Environmental Policies.
- Democracy:** A sub-menu showing Quality of Democracy.
- Governance:** A sub-menu showing Executive Capacity and Executive Accountability. Below this is a featured article titled "Are non-governmental actors involved in policy-making?" with a list of examined areas: Citizens' Participatory Competence, Legislative Actors' Resources, Media, and Parties and Interest Associations.
- SGI News:** A section titled "Brexit: A Culture Clash Within Britain" with a date of 11.7.2016 and a "Play" button.
- SGI Studies:** A section titled "Social Justice in the EU: Social Inclusion Monitor Europe (SIM) - Index Report" with a date of 27 October 2015 and a "Play" button.

1 Intuitive navigation

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

2 3 pillars, 6 categories

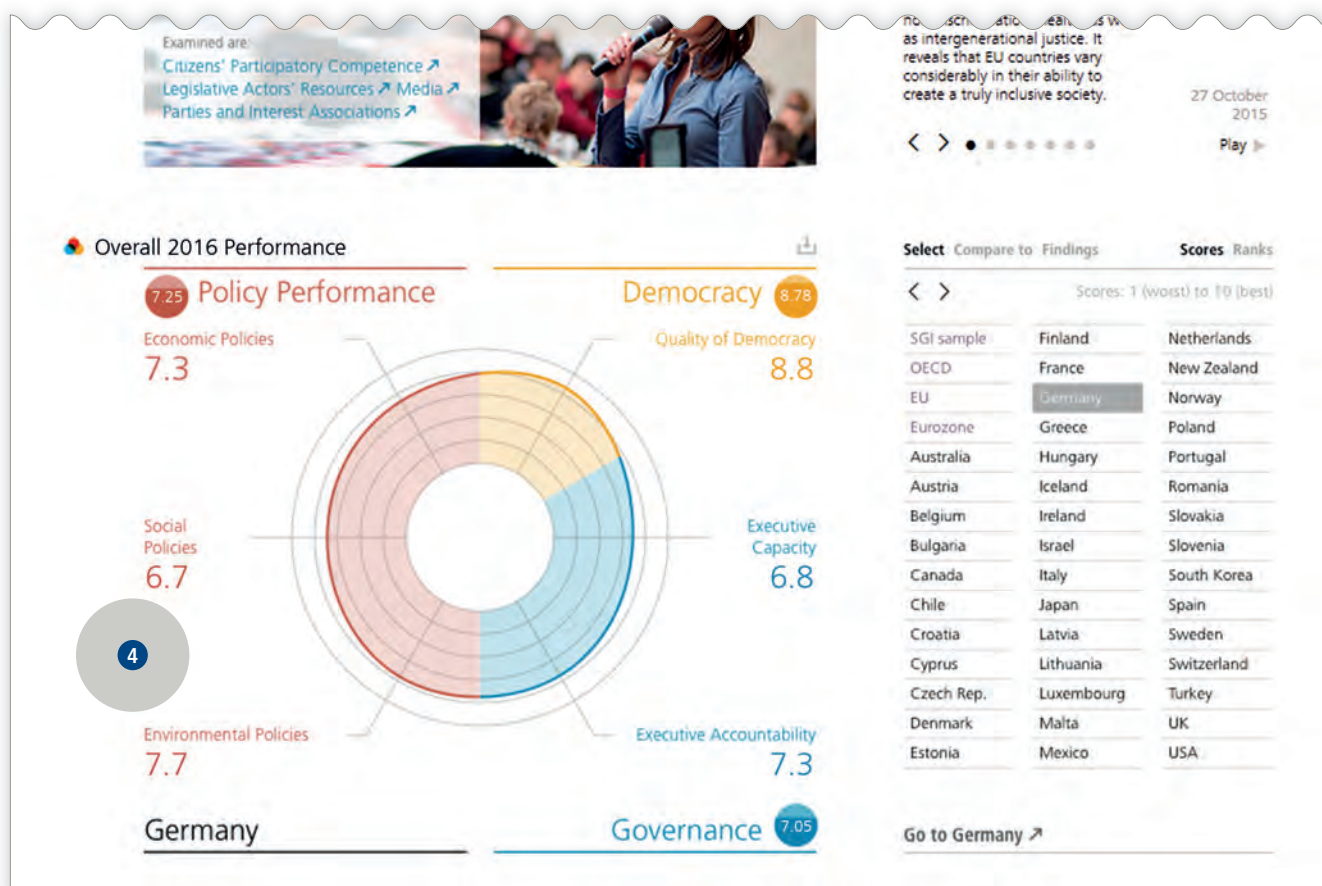
Access to every level of analysis – from indicators to indices.

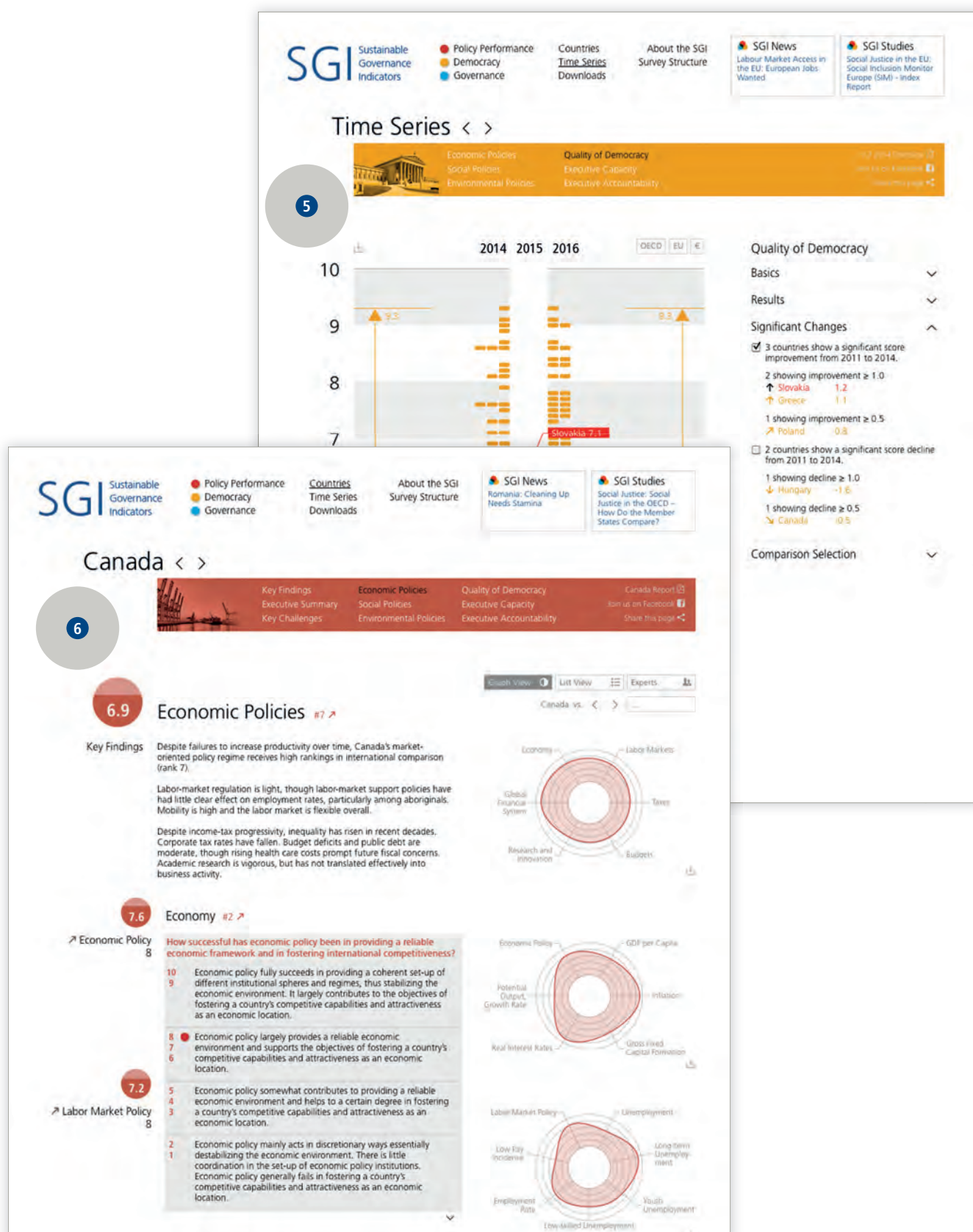
3 News and studies

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.





5 Time series analysis

Compare a variety of items over time (SGI 2014, 2015 and 2016).

6 Country reports

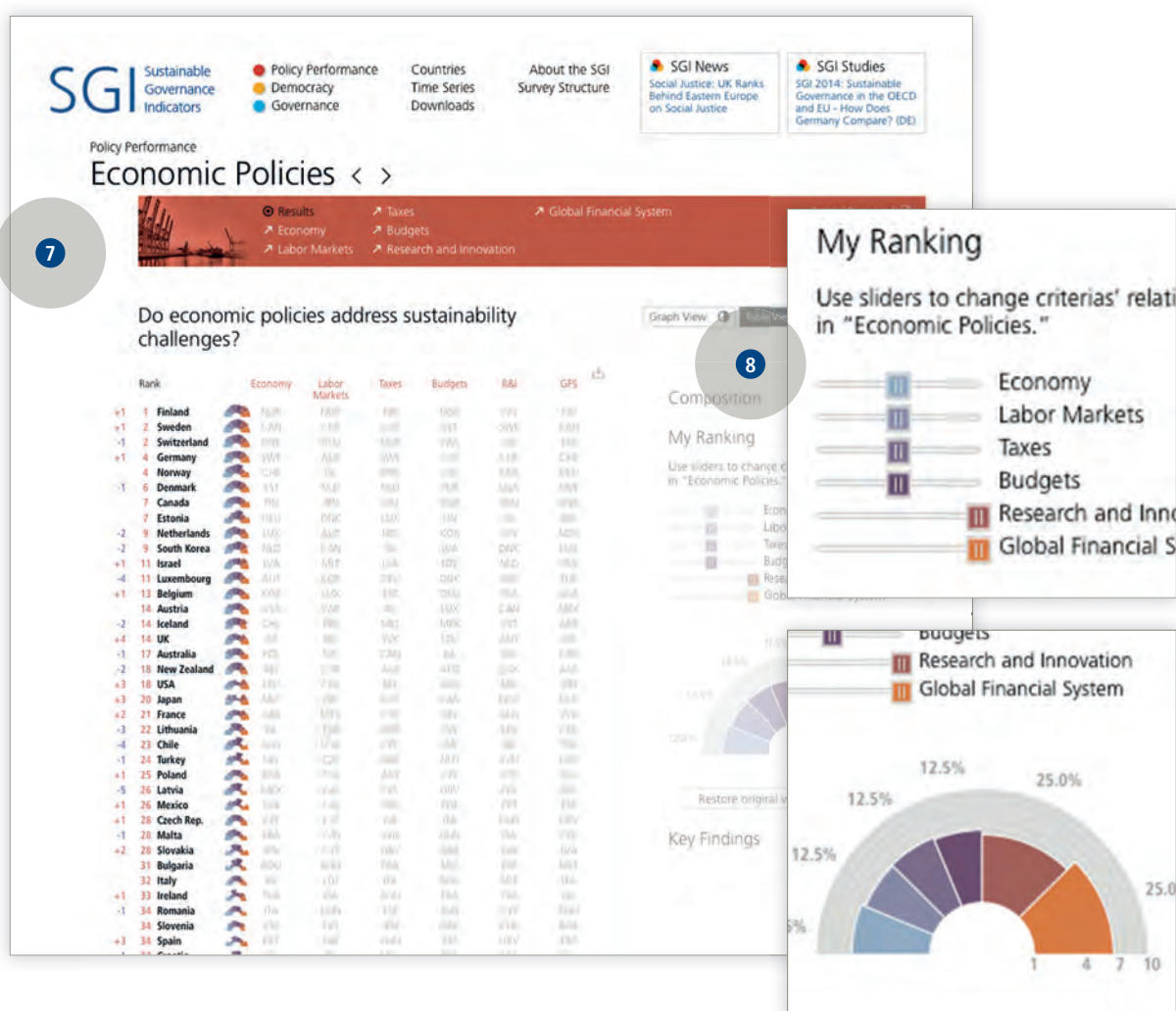
Explore country reports from every angle.

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 Iterative 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.

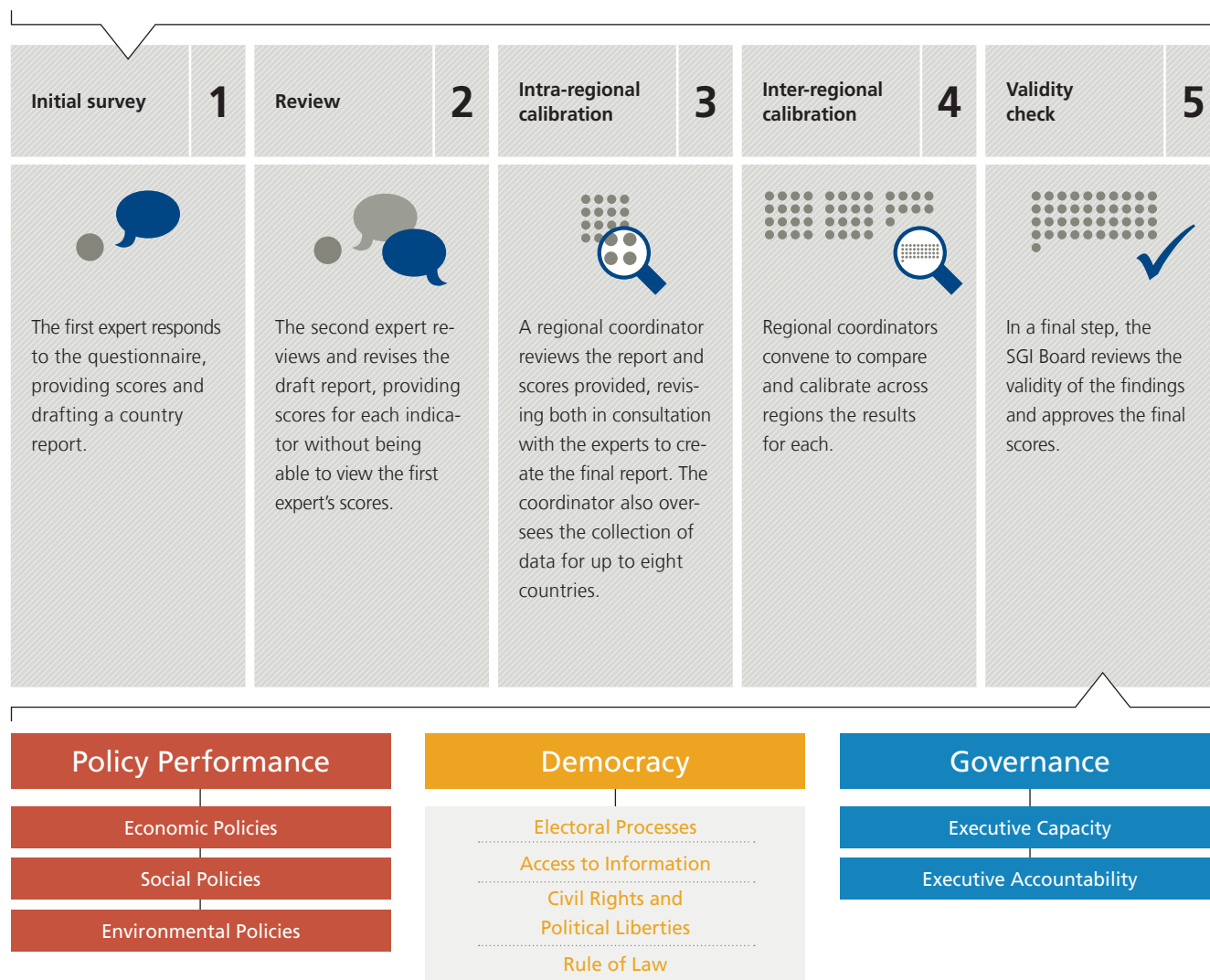
The SGI Codebook (available at www.sgi-network.org) details the rationale behind each of the 67 qualitative indicators, thereby ensuring a shared understanding of

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

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



states surveyed (available free of charge at www.sgi-network.org). The SGI website provides access to every level of aggregation, 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 2016 extended from November 7, 2014 to November 8, 2015. The assessments provided therefore refer to governance exclusively within this period of time. Following earlier edition in 2009, 2011, 2014 and 2015, this is the fifth SGI survey.

Survey Structure

Category	Economic Policies	Social Policies		Environmental Policies	
Criterion <ul style="list-style-type: none">IndicatorIndicatorIndicator	Economy <ul style="list-style-type: none">Economic PolicyGDP per CapitaInflationGross Fixed Capital FormationReal Interest RatesPotential Output, Growth Rate Labor Market <ul style="list-style-type: none">Labor Market PolicyUnemploymentLong-term UnemploymentYouth UnemploymentLow-skilled UnemploymentEmployment RateLow Pay Incidence Taxes <ul style="list-style-type: none">Tax PolicyTax System ComplexityStructural BalanceMarginal Tax Burden for BusinessesRedistribution Effect Budgets <ul style="list-style-type: none">Budgetary PolicyDebt to GDPPrimary BalanceDebt Interest RatioBudget Consolidation Research and Innovation <ul style="list-style-type: none">Research and Innovation PolicyPublic R&D SpendingNon-public R&D SpendingTotal ResearchersIntellectual Property LicensesPCT Patent Applications Global Financial System <ul style="list-style-type: none">Stabilizing global financial marketsTier 1 Capital Ratio	Education <ul style="list-style-type: none">Education PolicyUpper Secondary AttainmentTertiary AttainmentPISA ResultsPISA, Socioeconomic BackgroundPre-primary Expenditure Social Inclusion <ul style="list-style-type: none">Social Inclusion PolicyPoverty RateNEET RatesGini CoefficientGender Equality in ParliamentsLife Satisfaction Health <ul style="list-style-type: none">Health PolicySpending on Health ProgramsLife ExpectancyInfant MortalityPerceived Health Status Families <ul style="list-style-type: none">Family PolicyChild Care Density, Age 0-2Child Care Density, Age 3-5Fertility RateChild Poverty Pensions <ul style="list-style-type: none">Pension PolicyOlder EmploymentOld Age Dependency RatioSenior Citizen Poverty	Integration <ul style="list-style-type: none">Integration PolicyFB-N Upper Secondary AttainmentFB-N Tertiary AttainmentFB-N UnemploymentFB-N Employment(FB-N = Foreign-Born to Native) Safe Living <ul style="list-style-type: none">Safe Living ConditionsHomicidesAssaults and MuggingsConfidence in Police Global Inequalities <ul style="list-style-type: none">Global Social PolicyODA Rate	Environment <ul style="list-style-type: none">Environmental PolicyEnergy ProductivityGreenhouse Gas EmissionsParticulate MatterWater UsageWaste GenerationMaterial RecyclingBiodiversity ProtectionRenewable Energy Global Environmental Protection <ul style="list-style-type: none">Global Environmental PolicyMultilateral Environmental AgreementsKyoto Participation and Achievements	
	Category	Quality of Democracy	Executive Capacity		Executive Accountability
	Criterion <ul style="list-style-type: none">IndicatorIndicatorIndicator	Electoral Processes <ul style="list-style-type: none">Candidacy ProceduresMedia AccessVoting and Registration RightsParty FinancingPopular Decision-Making Access to Information <ul style="list-style-type: none">Media FreedomMedia PluralismAccess to Government Information Civil Rights and Political Liberties <ul style="list-style-type: none">Civil RightsPolitical LibertiesNon-discrimination Rule of Law <ul style="list-style-type: none">Legal CertaintyJudicial ReviewAppointment of JusticesCorruption Prevention	Strategic Capacity <ul style="list-style-type: none">Strategic PlanningScholarly Advice Interministerial Coordination <ul style="list-style-type: none">GO ExpertiseGO GatekeepingLine MinistriesCabinet CommitteesMinisterial BureaucracyInformal Coordination Evidence-based Instruments <ul style="list-style-type: none">RIA ApplicationQuality of RIA ProcessSustainability Check Societal Consultation <ul style="list-style-type: none">Negotiating Public Support Policy Communication <ul style="list-style-type: none">Coherent Communication	Implementation <ul style="list-style-type: none">Government EfficiencyMinisterial ComplianceMonitoring MinistriesMonitoring Agencies/BureaucraciesTask FundingConstitutional DiscretionNational Standards Adaptability <ul style="list-style-type: none">Domestic AdaptabilityInternational Coordination Organizational Reform <ul style="list-style-type: none">Self-monitoringInstitutional Reform	Citizens' Participatory Competence <ul style="list-style-type: none">Policy KnowledgeVoicing Opinion to OfficialsVoter Turnout Legislative Actors' Resources <ul style="list-style-type: none">Parliamentary ResourcesObtaining DocumentsSummoning MinistersSummoning ExpertsTask Area CongruenceAudit OfficeOmbuds Office Media <ul style="list-style-type: none">Media ReportingNewspaper CirculationQuality Newspapers Parties and Interest Associations <ul style="list-style-type: none">Intra-party DemocracyAssociation Competence (Business)Association Competence (Others)

SGI Board and Regional Coordinators

The SGI Advisory Board is comprised of representatives from academia, politics and business.

Prof. Dr. Nils C. Bandelow | Technical University Braunschweig

Regional coordinator Northwest Europe

Prof. Dr. Frank Bönker | University of Cooperative Education Riesa and European University Viadrina, Frankfurt/Oder

Regional coordinator East-Central Europe

Dr. Martin Brusis | University of Munich

Prof. Dr. César Colino | Spanish Distance-Learning University, Madrid

Regional coordinator Western Mediterranean Countries

Prof. Dr. Aurel Croissant | University of Heidelberg

Regional coordinator Asia and Oceania

Dr. Martin Hüfner | HF Economics Ltd., Krailling

Prof. Dr. András Inotai | Institute for World Economics of the Hungarian Academy of Sciences, Budapest

Prof. Dr. Detlef Jahn | University of Greifswald

Regional coordinator Nordic Countries

Prof. Dr. Werner Jann | University of Potsdam

Dr. Roy Karadag | University of Bremen

Regional coordinator Eastern Mediterranean Countries

Prof. Dr. Hans-Dieter Klingemann | Social Science Research Center Berlin

Prof. Dr. Rolf J. Langhammer | Kiel Institute for the World Economy

Prof. Dr. Wolfgang Merkel | Social Science Research Center Berlin

Prof. Dr. Hans-Jürgen Puhle | University of Frankfurt/Main

Prof. Dr. Friedbert W. Rüb | Humboldt University Berlin

Prof. Dr. Kai Uwe Schnapp | University of Hamburg

Prof. Dr. Ulrich van Suntum | University of Münster

PD Dr. Martin Thunert | University of Heidelberg

Regional coordinator America

Prof. Dr. Uwe Wagschal | University of Freiburg

Prof. Dr. Reimut Zohlhöfer | University of Heidelberg

Regional coordinator Central Europe

© 2016 Bertelsmann Stiftung

Bertelsmann Stiftung

Carl-Bertelsmann-Straße 256 · 33311 Gütersloh

www.bertelsmann-stiftung.de · www.sgi-network.org

Responsible

Dr. Daniel Schraad-Tischler

Phone +49 5241 81-81240 · Fax +49 5241 81-681240

daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christian Kroll

Phone +49 5241 81-81471 · Fax +49 5241 81-681471

christian.kroll@bertelsmann-stiftung.de

Dr. Christof Schiller

Phone +49 5241 81-81470 · Fax +49 5241 81-681470

christof.schiller@bertelsmann-stiftung.de

Photography

Title: © jovannig – Fotolia.com;

Page 3: "Aart De Geus" © Arne Weyhardt, Hamburg;

Page 6: "Policy Performance" © Marco2811 – Fotolia.com;

Page 6: "Democracy" © Jozef Sedmák – Shotshop.com;

Page 6: "Governance" © Gk – Shotshop.com

Design

kopfstand, Bielefeld

Translation and Editing

Barbara Serfozo, Berlin

Print

Druckhaus Rihn GmbH, Blomberg

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 Development Goals: Are the rich countries ready?

The Millennium Development Goals have led to tangible progress in many developing countries. Once adopted, the United Nations' new global Sustainable Development Goals will additionally require industrialized countries to implement such standards beginning in 2016. But the world's first comprehensive stocktaking shows that most industrialized nations are a long way from serving as role models for sustainable development.



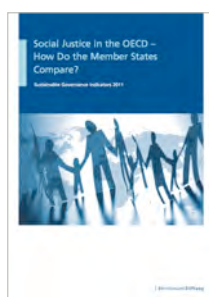
Social Justice in the EU

Based on quantitative and qualitative SGI data, the Social Justice Index compares the 28 EU states across six dimensions: Poverty prevention, equitable education, labor market access, social cohesion and non-discrimination, health, as well as intergenerational justice. It reveals that EU countries vary considerably in their ability to create a truly inclusive society.



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.



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.



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.



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 2016:** www.youtube.com/watch?v=MDALrtobRUC

Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Daniel Schraad-Tischler
Phone +49 5241 81-81240
daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christian Kroll
Phone +49 5241 81-81471
christian.kroll@bertelsmann-stiftung.de

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org