



Policy Performance and Governance Capacities in the OECD and EU

Sustainable Governance
Indicators 2017

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Social upheavals, global migration, international terrorism – the countries of the OECD and the EU are facing significant challenges. Populists are trying to make their mark with seemingly simple formulas, while in fact offering no genuine solutions. The great challenges of today are complex, and cannot be managed alone by any state. Thus, rather than resorting to simplistic rhetoric, it is necessary to find innovative answers, compare realistic approaches, and explore opportunities to adopt or adapt policies that have proven themselves successful elsewhere. This is the starting point for the Sustainable Governance Indicators (SGI).

Our SGI project identifies the greatest challenges for sustainable policymaking, drawing attention to management competencies and failings through cross-national comparison and thereby providing the good-governance debate an objective and data-driven foundation. At the same time, we want to highlight examples of success and governance innovation, and help trigger international learning processes. Here we follow the guiding vision of our founder Reinhard Mohn to “learn from the world.” Numerous OECD and EU countries today use the SGI for their own performance management, thus breathing life into Reinhard Mohn’s vision.

We examine the OECD and EU states on the basis of our three indices: Policy Performance, Governance and Democracy.

The results continue to show the Nordic countries, Switzerland and Germany as the most successful states with respect to policy performance. Economically, most OECD and EU countries were able to recover further during the review period (November 2015 to November 2016). We again pay particularly close attention to the crisis-struck European countries, where the structural reforms implemented in recent years are beginning to show effects. This is true even of Greece, where initial policy-outcome improvements are becoming evident despite the nation’s continued last-place finish in our country comparison.

The northern European countries are also far ahead in the Governance Index. However, New

Zealand’s governance system too distinguishes itself through its high degree of strategic capacity and long-term thinking. A very different picture appears in the bottom-ranked countries of Hungary, Romania, Croatia and Cyprus. These display what are at times massive weaknesses with regard to government steering and implementation capacities, as well as the oversight competencies of parliament, parties and intermediary groups.

The Democracy Index shows a similar picture. While the Scandinavians perform very well, the greatest potential for improvement can be found in Hungary and Turkey. Unfortunately, these two latter countries have again slipped significantly farther behind the rest of the community of nations. In both countries, highly worrisome trends concerning adherence to rule-of-law standards have appeared; this relates particularly to essential principles such as judicial independence, press freedom and the effective protection of minorities. The readings contained here describe best practices that will hopefully be useful for these and other OECD countries. For policymakers, academics and the media, the SGI offers a huge body of data that can now be further explored.



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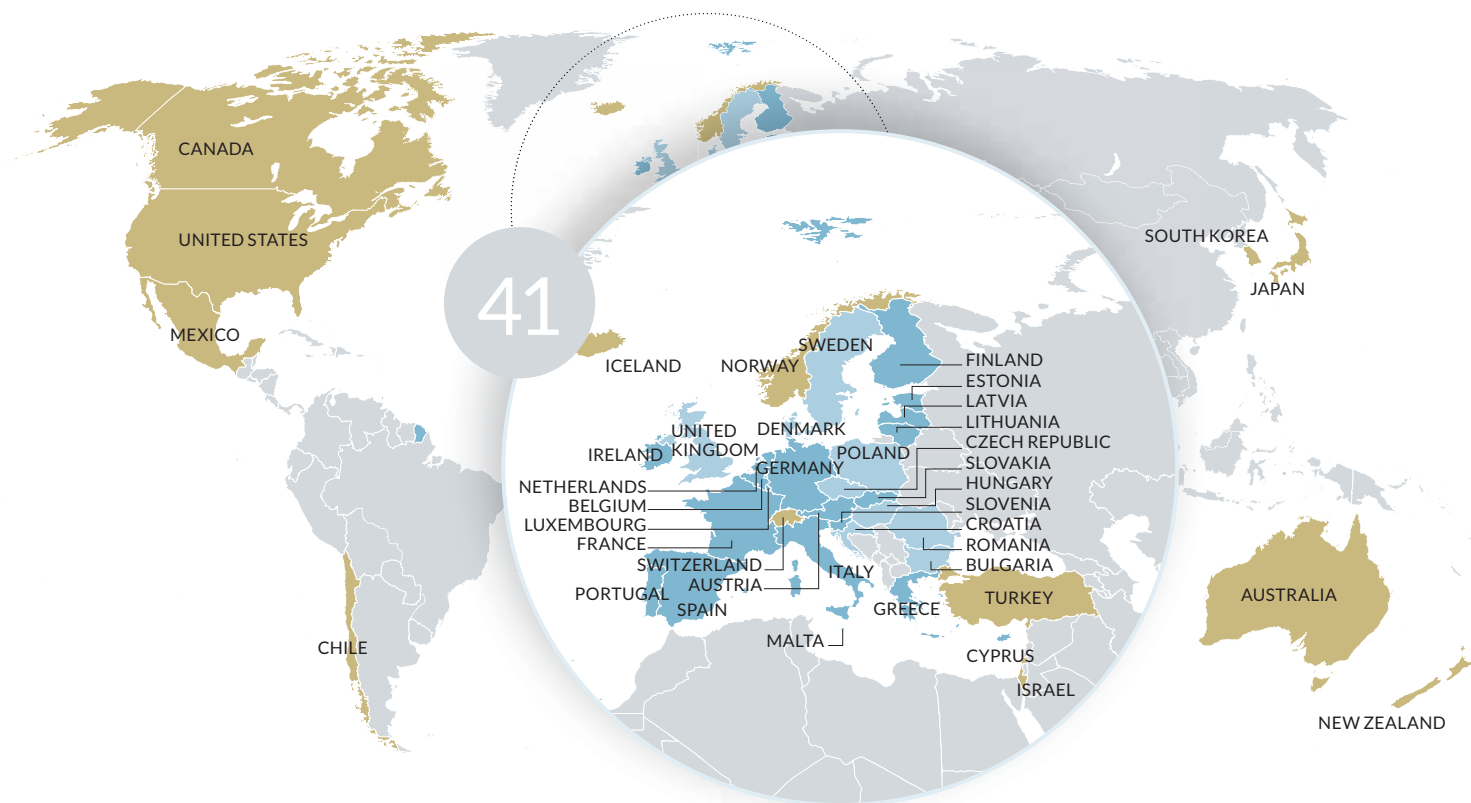
SGI Sustainable
Governance
Indicators

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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

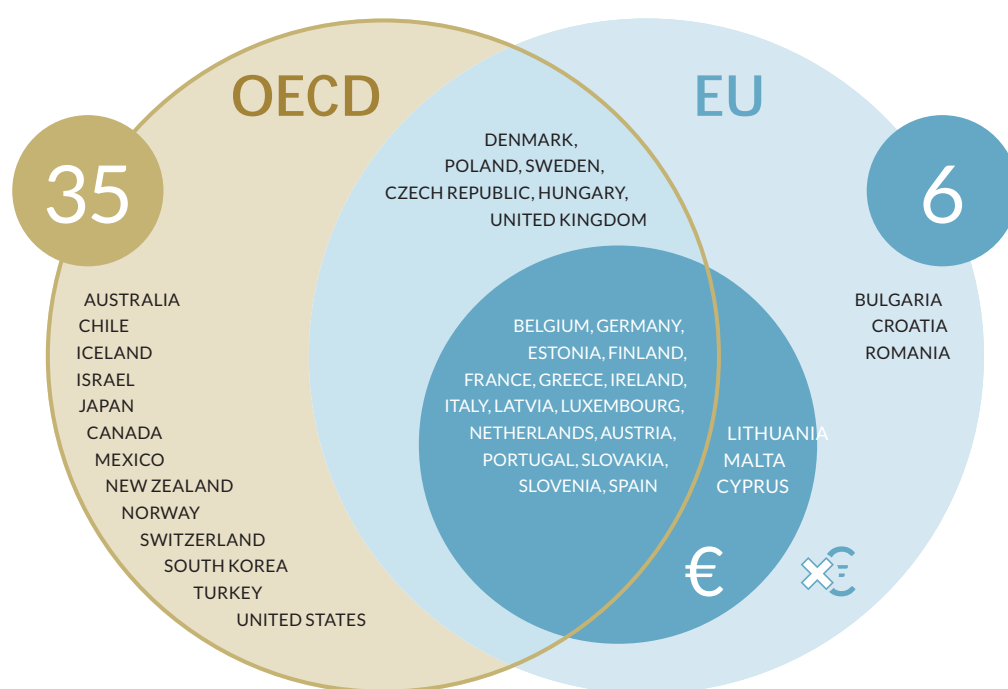
burden on future generations. This also means governments need to safeguard the long-term health of their societies' economic, social and environmental systems. However, long-term thinking of this nature is currently rare. Most governments tend instead to act with the short term in mind. Mounting public debt, the unequal allotment of participation opportunities and the wasteful exploitation of natural resources have significant negative implications for present and

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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.

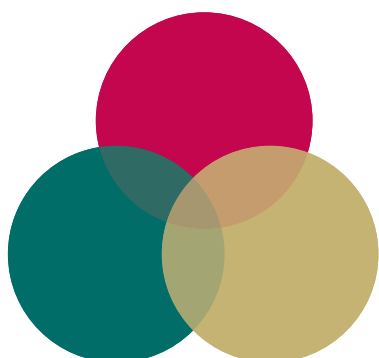
> Website, page 18



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 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



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.

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

Profile of strengths and weaknesses (reform needs)



Democracy

- State of democracy and the rule of law

- Criteria address substance and procedures of democracy

- Focus on institutional and procedural quality

Democratic Framework



Governance

- Executive capacity (steering capability, implementation, institutional learning)

- Executive accountability (participatory competencies of social actors)

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.

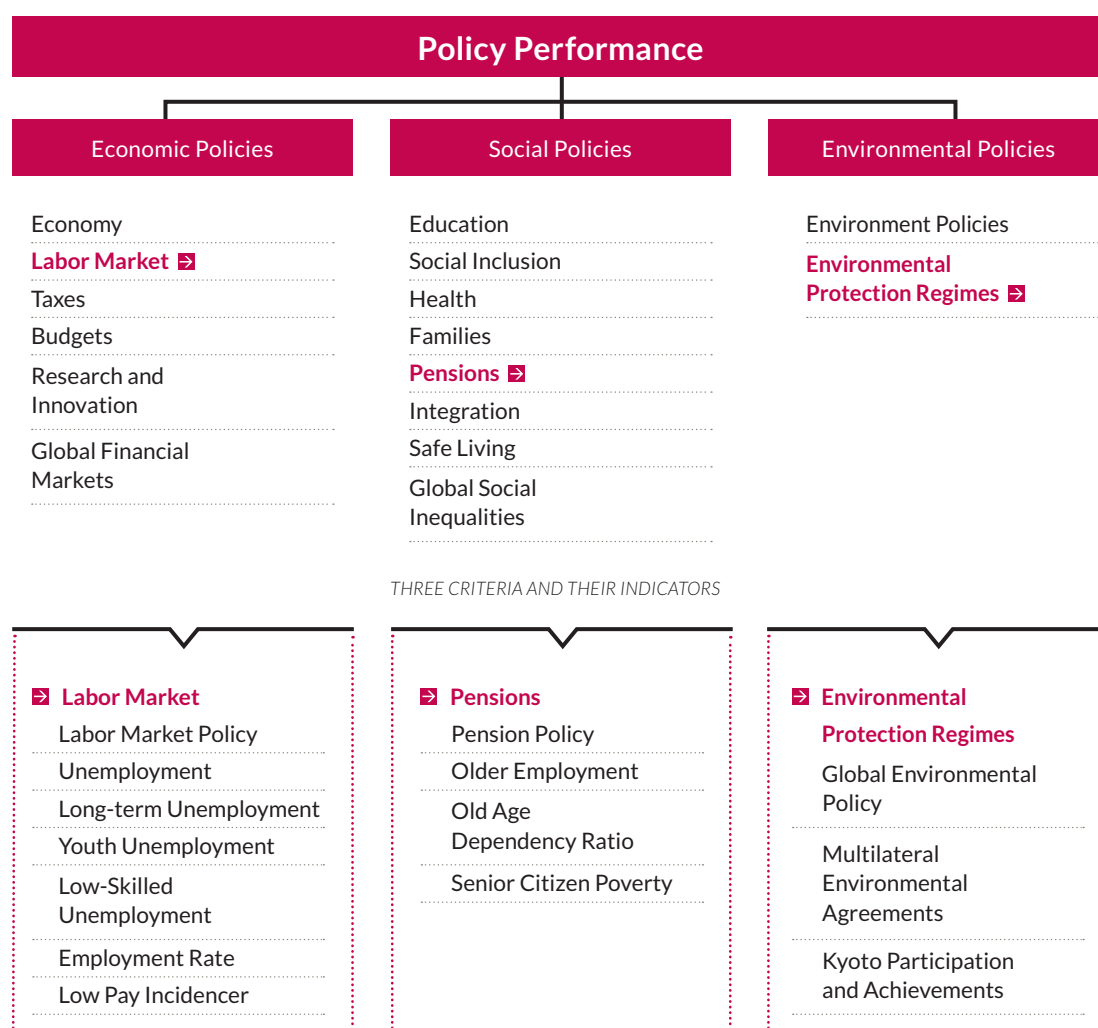
The Policy Performance Index measures the performance of the 41 states surveyed in terms of the three core dimensions of sustainability, manifested here as economic, social and environmental policies. A total of 16 individual policy areas are addressed, with policy outcomes captured by means of a wide range of quantitative and qualitative data. In this respect, the SGI 2017 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:



Assessment criteria for economic sustainability (Index dimension 1)

- 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

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

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 com-

prise 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 (Index dimension 2)

- 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:

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).

Assessment criteria for environmental sustainability (Index dimension 3)

- 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?

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 longterm viability.

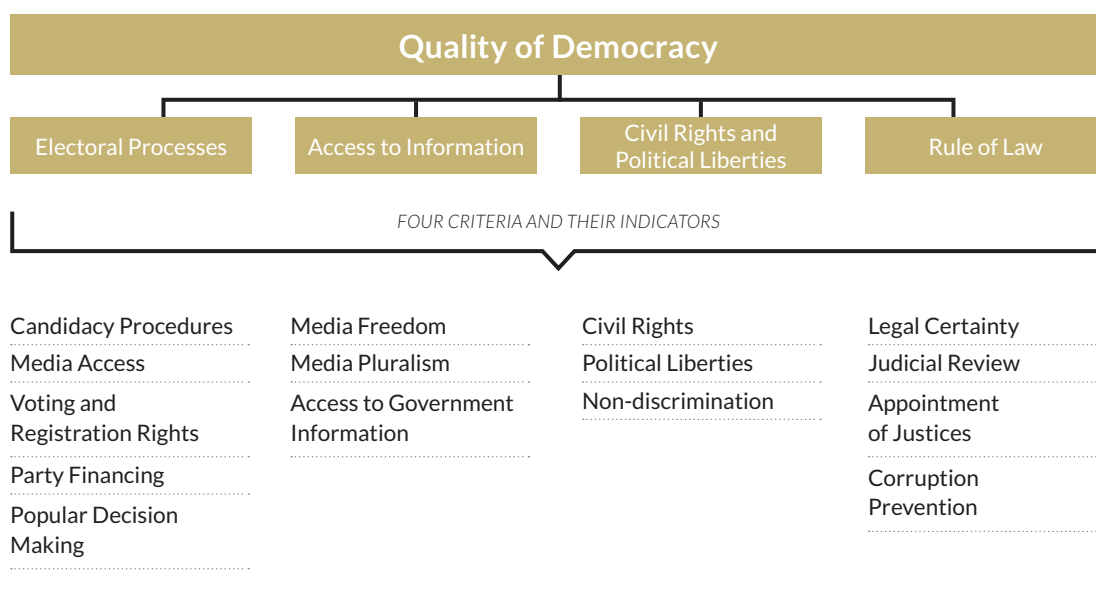
Indeed, the quality of democracy in a society must be high if it is to sustain pluralism in the processes that build and shape public will and opinions (input legitimacy), as well as in the policy-formulation and decision-making processes that accommodate the interests and needs of a broad spectrum of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



Excerpt SGI-Codebook: www.sgi-network.org

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

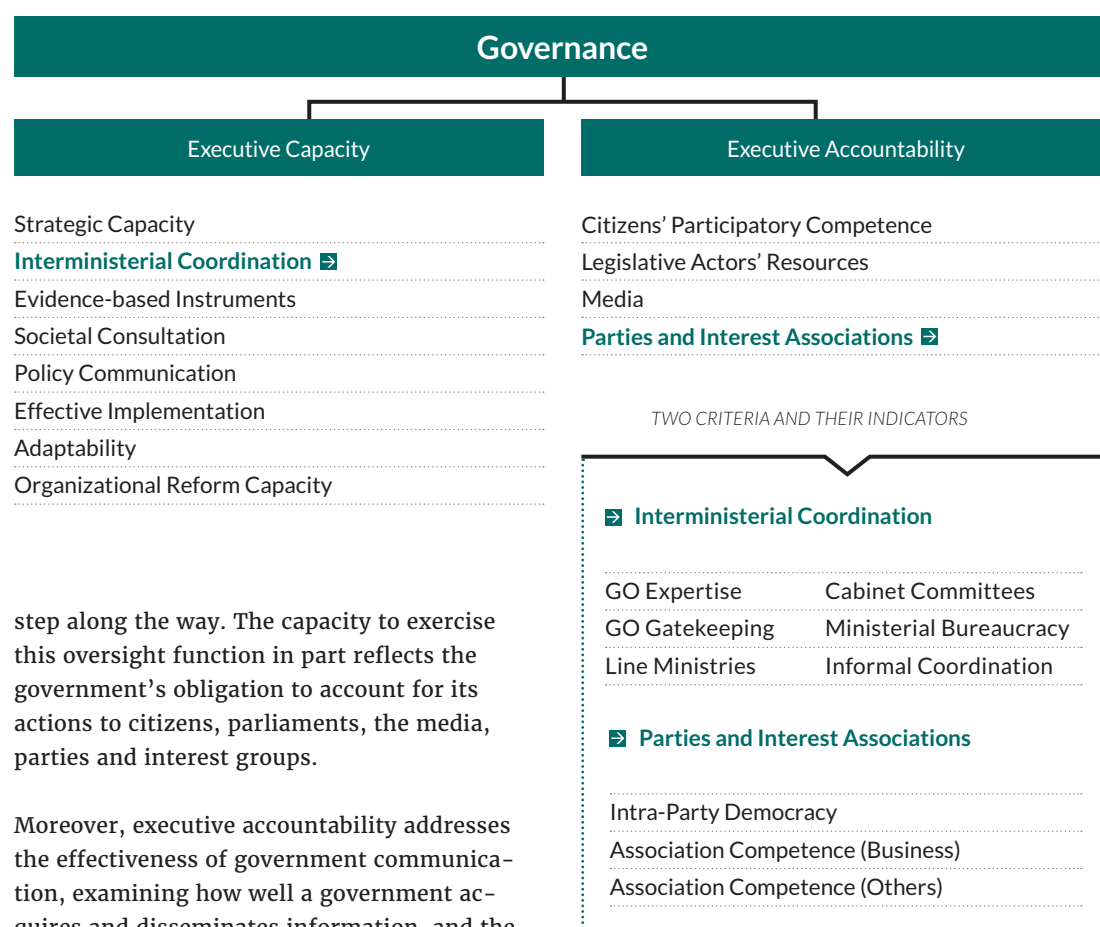
The executive capacity category focuses on the core activities of a government and examines the steering capabilities demonstrated by a political system's administrative apparatus. This includes strategic planning, interminis-

terial 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.

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 longterm 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 2017	Difference to SGI 2016	Trend	Difference to SGI 2015				Policy Performance	
				Economic Policies	Social Policies	Environmental Policies			
1	0.03	↗	0.18	7.93	7.51	8.64	8.03	Sweden	
2	0.00	•	-0.04	7.38	7.98	7.82	7.73	Norway	
3	0.05	↗	-0.04	7.93	7.01	7.97	7.64	Switzerland	
4	-0.17	↘	-0.13	7.52	7.72	7.63	7.62	Denmark	
5	0.04	↗	-0.09	7.40	7.42	7.53	7.45	Finland	
6	0.12	↗	0.18	7.42	6.97	7.77	7.39	Germany	
7	0.13	↗	0.24	7.15	7.35	6.83	7.11	Luxembourg	
8	0.05	↗	0.14	6.84	7.12	7.01	6.99	United Kingdom	
9	-0.11	↘	-0.18	6.79	6.67	7.29	6.92	Estonia	
10	0.01	↗	-0.06	7.34	6.92	5.83	6.70	Netherlands	
11	-0.08	↘	0.02	6.52	6.06	7.50	6.69	Lithuania	
12	0.50	↗	0.48	7.06	7.07	5.60	6.58	Canada	
13	0.07	↗	0.03	6.76	7.32	5.63	6.57	New Zealand	
14	0.24	↗	0.33	6.37	6.57	6.70	6.55	Ireland	
15	0.09	↗	-0.01	6.72	7.11	5.29	6.37	Iceland	
16	0.15	↗	0.24	5.59	6.41	6.66	6.22	France	
17	0.09	↗	0.08	6.43	6.36	5.79	6.19	Austria	
18	-0.02	↘	-0.09	6.18	6.15	6.03	6.12	Czech Republic	
19	0.07	↗	-0.01	6.10	5.11	7.13	6.11	Latvia	
20	0.08	↗	0.18	5.24	6.33	6.60	6.06	Slovenia	
20	0.03	↗	-0.05	6.18	6.25	5.74	6.06	Belgium	
22	-0.18	↘	-0.21	6.83	6.23	4.59	5.89	South Korea	
23	-0.10	↘	-0.12	5.78	5.89	5.82	5.83	Japan	
24	-0.04	↘	-0.08	5.80	6.34	4.98	5.71	Australia	
25	0.31	↗	0.41	6.47	5.63	4.94	5.68	Malta	
26	0.19	↗	0.39	5.13	6.14	5.71	5.66	Spain	
27	0.25	↗	0.46	5.55	5.69	5.50	5.58	Italy	
28	-0.09	↘	-0.21	6.74	5.66	4.22	5.54	Israel	
29	-0.16	↘	-0.06	6.56	5.69	4.29	5.52	United States	
30	-0.07	↘	-0.03	5.37	5.21	5.92	5.50	Slovakia	
31	0.06	↗	0.15	4.66	5.71	5.94	5.44	Portugal	
32	-0.54	↘	-0.54	5.60	5.45	4.91	5.32	Poland	
33	0.06	↗	0.20	5.19	4.34	6.18	5.24	Bulgaria	
34	0.02	↗	0.11	4.76	4.62	6.25	5.21	Hungary	
35	-0.09	↘	-0.04	5.88	4.93	4.54	5.12	Chile	
36	-0.03	↘	0.01	4.94	4.37	5.81	5.04	Romania	
36	-0.15	↘	-0.14	4.28	5.03	5.79	5.04	Croatia	
38	0.16	↗	0.24	4.65	5.61	4.67	4.98	Cyprus	
39	0.06	↗	-0.06	5.30	4.01	5.01	4.78	Mexico	
40	-0.05	↘	-0.09	5.68	5.01	3.58	4.76	Turkey	
41	0.15	↗	0.10	3.77	4.76	4.71	4.42	Greece	

Democracy

Ranking		SGI 2017			Difference to SGI 2016		Trend		Difference to SGI 2015		Quality of Democracy	
1	0.00	•	0.08	9.19	Sweden							
2	0.00	•	0.00	9.15	Finland							
3	0.00	•	-0.08	8.93	Norway							
4	-0.05	↘	-0.05	8.85	Denmark							
5	0.00	•	0.08	8.78	Germany							
6	0.00	•	-0.08	8.61	Switzerland							
7	0.00	•	-0.08	8.48	New Zealand							
8	0.05	↗	0.02	8.38	Estonia							
9	0.13	↗	-0.01	8.27	Ireland							
10	0.00	•	0.00	8.12	Lithuania							
11	0.05	↗	-0.12	7.95	Latvia							
12	-0.20	↘	-0.15	7.87	United States							
13	0.00	•	-0.03	7.83	Luxembourg							
14	0.20	↗	0.20	7.82	Canada							
15	0.13	↗	0.13	7.68	Slovenia							
16	0.00	•	-0.17	7.58	Australia							
17	0.00	•	-0.18	7.52	Netherlands							
18	0.13	↗	0.11	7.49	Portugal							
19	0.25	↗	0.03	7.39	Czech Republic							
20	-0.10	↘	-0.10	7.36	Austria							
21	-0.08	↘	-0.08	7.35	Belgium							
22	0.06	↗	0.09	7.30	Italy							
23	-0.08	↘	0.07	7.29	United Kingdom							
24	0.06	↗	0.06	7.08	France							
25	0.23	↗	0.23	7.07	Spain							
26	-0.26	↘	-0.28	6.93	Iceland							
27	-0.05	↘	-0.03	6.87	Greece							
27	-0.08	↘	-0.15	6.87	Slovakia							
29	0.10	↗	0.10	6.63	Chile							
30	-0.17	↘	-0.38	6.53	Israel							
31	0.00	•	0.00	6.20	Cyprus							
32	2.44	↘	-2.44	5.93	Poland							
33	-0.08	↘	-0.08	5.80	Japan							
34	-0.15	↘	-0.15	5.78	Croatia							
35	-0.08	↘	-0.03	5.72	Bulgaria							
36	0.06	↗	0.11	5.58	Malta							
37	0.02	↗	-0.06	5.57	South Korea							
38	0.00	•	0.05	5.10	Romania							
39	-0.92	↘	-0.83	4.92	Mexico							
40	-0.41	↘	-0.41	3.70	Hungary							
41	-0.72	↘	-0.90	3.52	Turkey							

Governance

Ranking			SGI 2017				Difference to SGI 2016		Trend		Difference to SGI 2015		Executive Capacity		Executive Accountability		Governance	
1	0.05	↗	-0.09	8.38	8.41	8.40	Sweden											
2	0.01	↗	0.03	8.44	8.28	8.36	Denmark											
3	-0.12	↘	-0.09	8.05	8.59	8.32	Norway											
3	-0.07	↘	-0.13	8.40	8.21	8.30	Finland											
5	0.02	↗	0.00	8.31	6.79	7.55	New Zealand											
6	0.03	↗	-0.04	6.85	7.97	7.41	Luxembourg											
7	-0.02	↘	-0.04	7.60	7.10	7.35	United States											
8	0.18	↗	0.17	7.86	6.74	7.30	Canada											
9	-0.06	↘	-0.14	7.61	6.76	7.19	United Kingdom											
10	0.01	↗	0.00	6.88	7.21	7.05	Australia											
11	-0.01	↘	-0.25	6.91	7.17	7.04	Germany											
12	-0.05	↘	0.02	7.21	6.58	6.89	Switzerland											
13	0.01	↗	-0.04	6.55	7.09	6.82	Iceland											
14	0.01	↗	0.01	6.75	6.63	6.69	Ireland											
15	-0.04	↘	-0.05	6.18	7.09	6.64	Austria											
16	0.01	↗	-0.06	7.18	5.75	6.47	Lithuania											
17	-0.04	↘	-0.03	5.56	7.18	6.37	Belgium											
18	-0.08	↘	0.07	6.08	6.63	6.36	Israel											
19	-0.09	↘	-0.15	6.36	6.28	6.32	Spain											
20	-0.02	↘	-0.04	6.18	6.45	6.31	Estonia											
21	0.00	•	-0.14	6.14	6.44	6.29	Netherlands											
21	0.13	↗	0.23	6.57	6.00	6.29	Italy											
23	-0.01	↘	0.00	7.29	5.16	6.22	Latvia											
24	0.00	•	0.09	6.46	5.89	6.17	Japan											
25	0.01	↗	0.01	5.37	6.79	6.08	Czech Republic											
26	0.19	↗	0.33	6.28	5.81	6.05	France											
27	0.01	↗	-0.14	6.30	5.74	6.02	South Korea											
28	-0.04	↘	-0.17	6.58	5.09	5.83	Chile											
29	0.01	↗	0.15	5.41	6.13	5.77	Malta											
30	-1.07	↘	-0.98	5.50	6.01	5.75	Poland											
31	0.14	↗	0.14	6.18	5.24	5.71	Portugal											
32	-0.41	↘	-0.57	5.78	5.41	5.59	Mexico											
33	-0.06	↘	-0.08	4.67	6.04	5.37	Slovenia											
34	-0.17	↘	-0.27	5.73	4.82	5.27	Turkey											
34	-0.05	↘	-0.15	5.11	5.42	5.27	Slovakia											
36	0.05	↗	0.11	4.77	5.53	5.15	Bulgaria											
37	0.36	↗	0.10	4.42	5.84	5.13	Greece											
38	0.10	↗	-0.10	5.03	4.84	4.93	Hungary											
39	0.19	↗	0.42	4.84	5.50	4.91	Romania											
40	-0.12	↘	-0.04	4.44	5.14	4.79	Croatia											
41	0.15	↗	0.13	4.00	4.92	4.46	Cyprus											

Survey periods SGI 2017: November 2015 – November 2016, SGI 2016: November 2014 – November 2015, SGI 2015: May 2013 – November 2014

SGI Website

Results and data
at a glance

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's main navigation and content areas. Three blue circles with numbers 1, 2, and 3 highlight specific features:

- 1** Points to the "SGI 2017 Survey" dropdown menu, which includes a "Take the tour" button.
- 2** Points to the "Policy Performance" section, which lists "Economic Policies", "Social Policies", and "Environmental Policies". Below this is the "Democracy" section with "Quality of Democracy", and the "Governance" section with "Executive Capacity" and "Executive Accountability".
- 3** Points to the "SGI News" section, which features an article titled "The First Fifty Days of Emmanuel Macron's Presidency" dated 18.7.2017. Below this is the "SGI Studies" section, which features an article titled "Sustainable Development Goals: Are the rich countries ready?" dated 18.7.2017.

The website header includes the SGI logo, navigation links for "Policy Performance", "Democracy", and "Governance", and links for "Countries", "Time Series", and "Downloads". The footer includes the Bertelsmann Stiftung logo and social media links for Facebook and Twitter.

1 Intuitive navigation

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

2 3 pillars, 6 categories

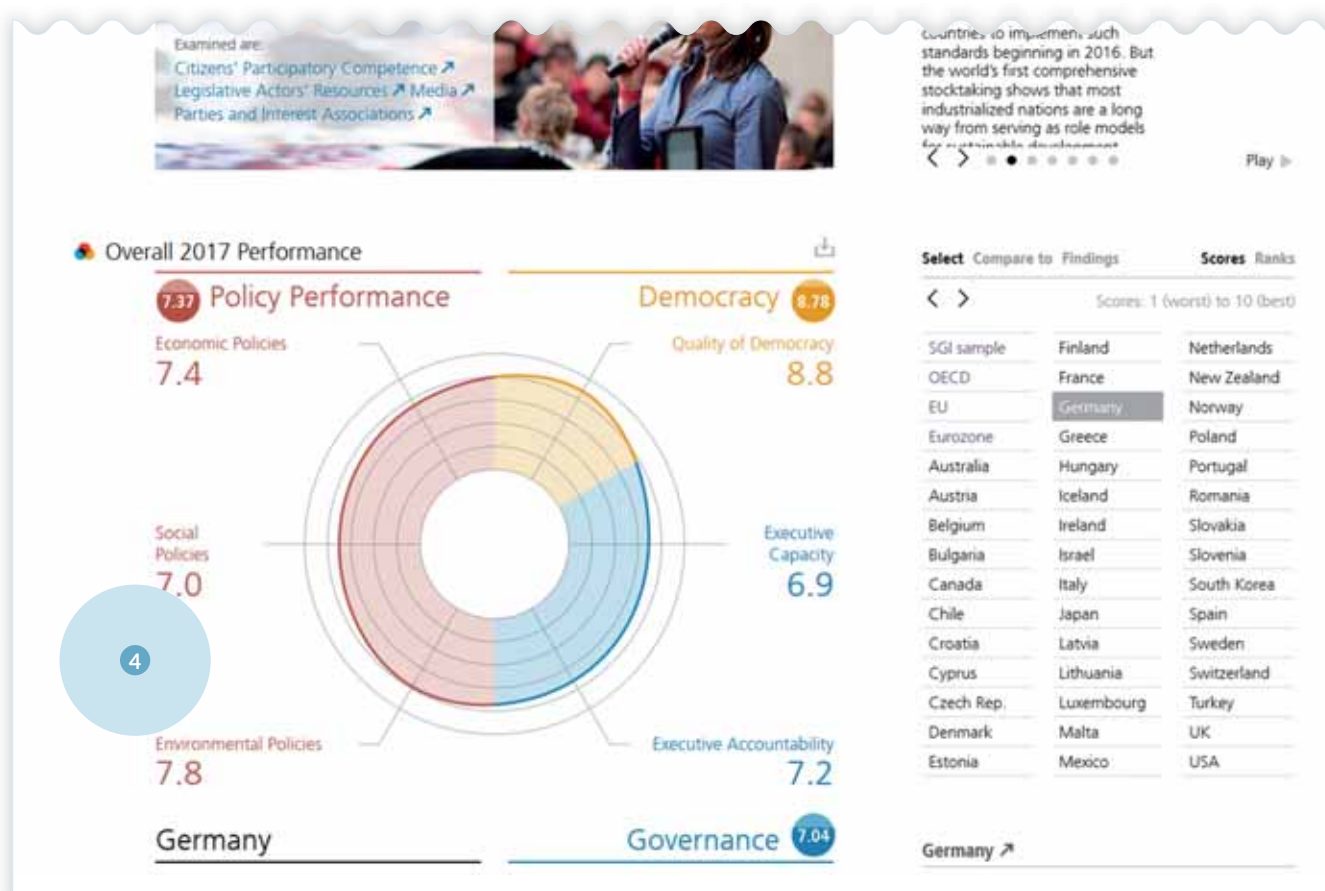
Access to every level of analysis – from indicators to indices.

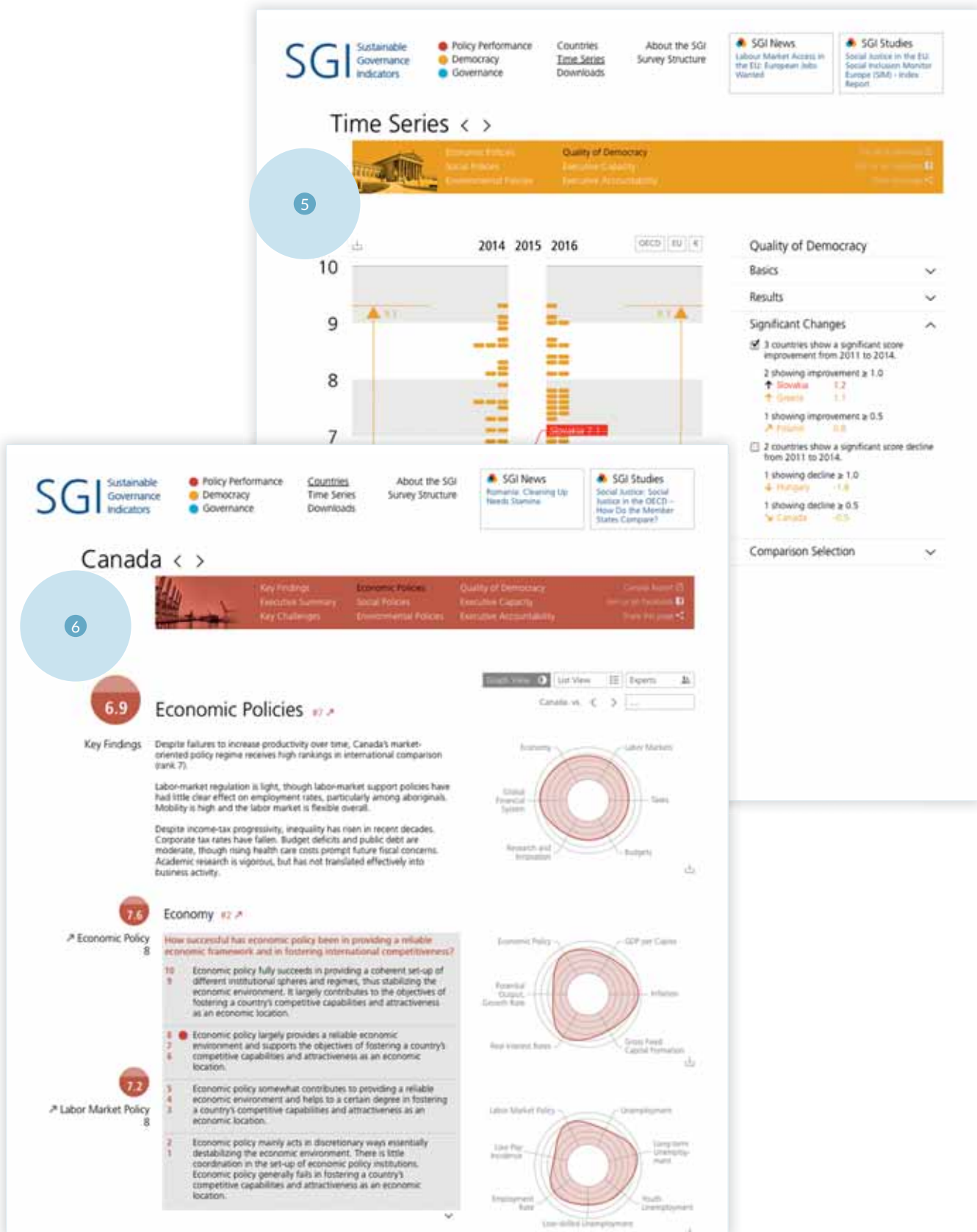
3 News and studies

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, 2016 and 2017).

6 Country reports

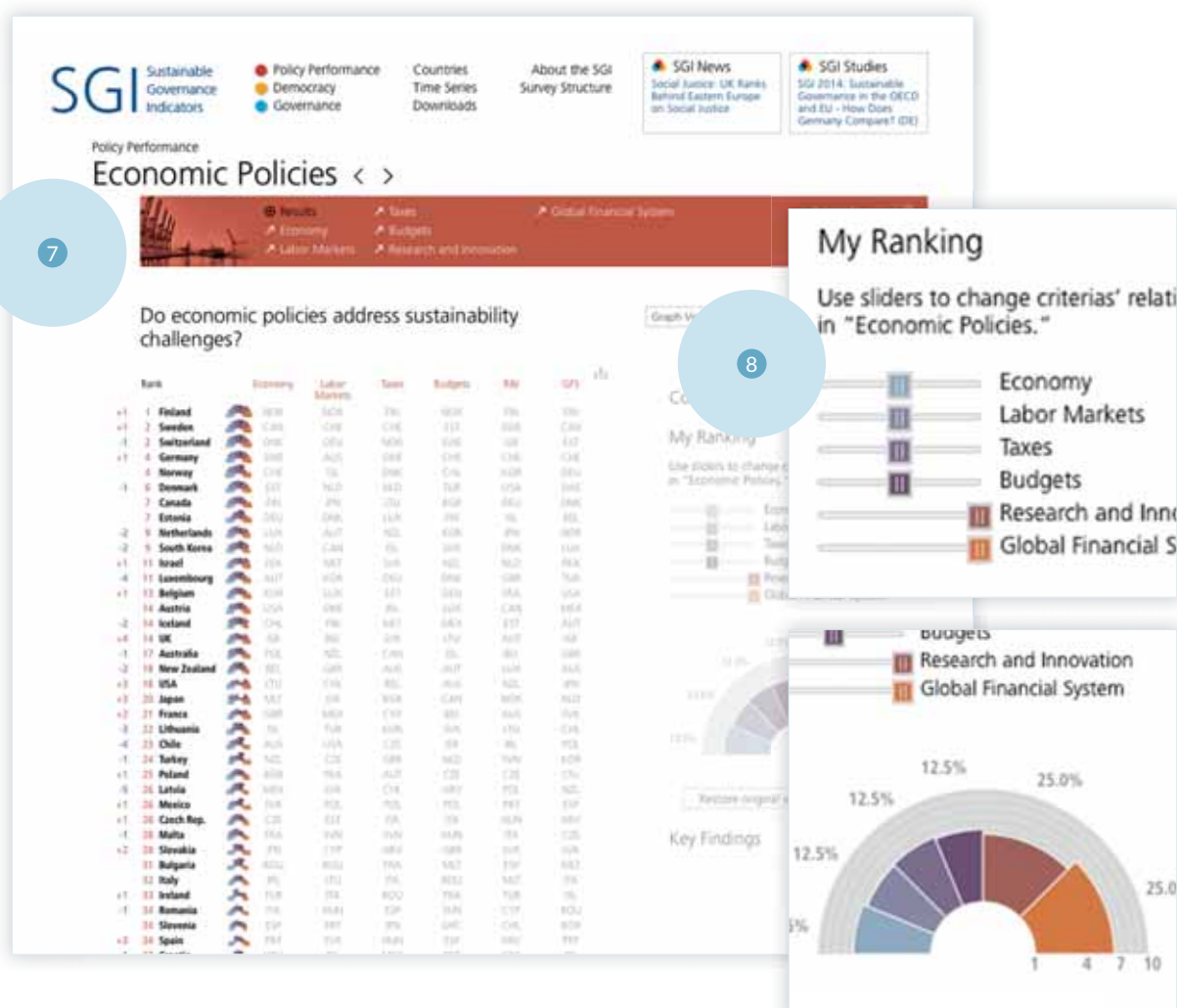
Explore country reports from every angle.

7 Policy areas in comparison

The SGI also allow for the crossnational comparison of policy areas.

8 Determine weighting

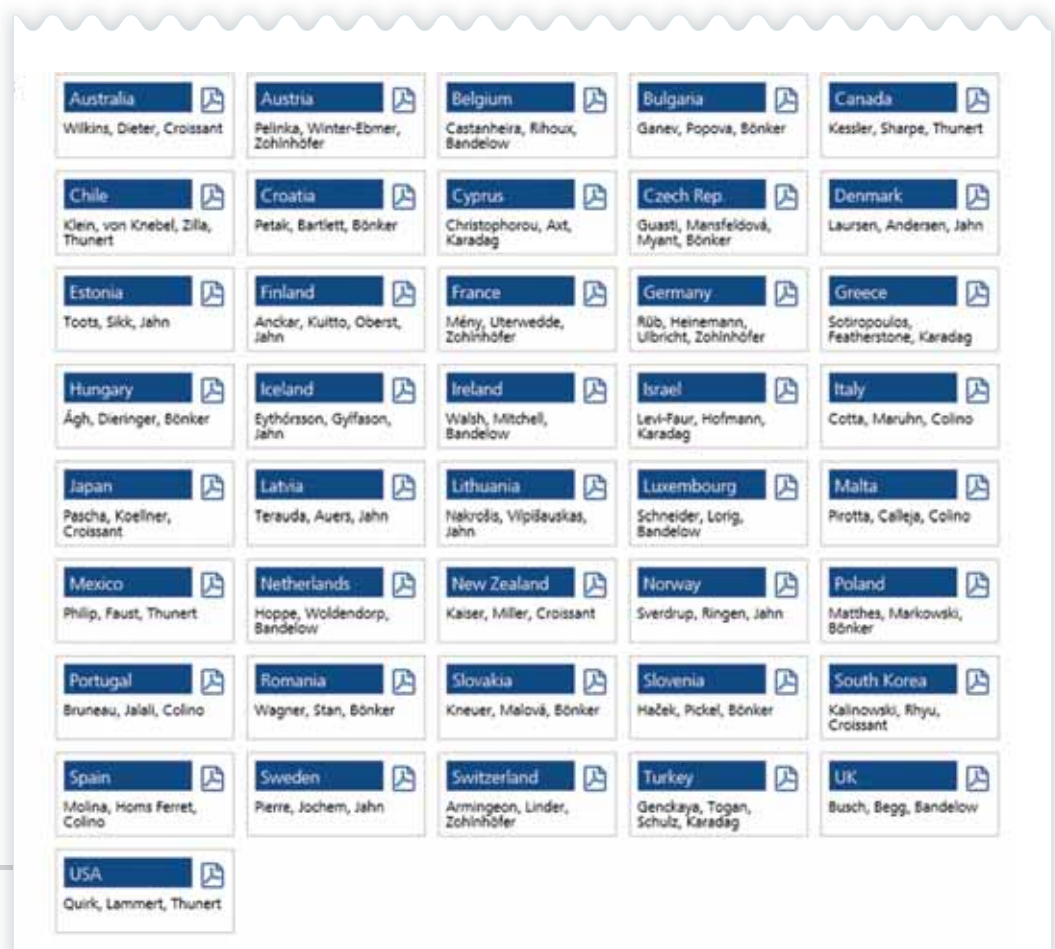
Users can for the first time select the relative weights of criteria used in rankings.



Countries and Indicators – a Sample

Excerpts of Our Country Experts’ Qualitative Assessments

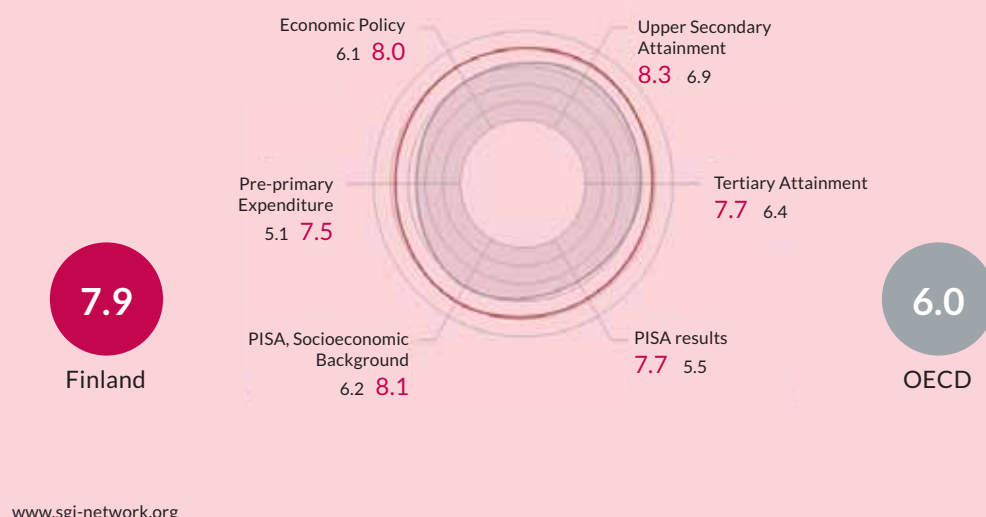
The SGI website offers a variety of opportunities to access our country experts’ qualitative assessments, compare individual countries and thus explore the data and information behind each ranking. The written assessments for each indicator and country have been integrated into the website. The following pages feature excerpts from the assessments, showcasing different dimensions, indicators and countries. Each of the 41 country reports are available for download at no cost.



41 Country Reports, www.sgi-network.org

Policy Performance

FIGURE: Does education policy deliver high-quality, equitable education and training?



FINLAND – Policy Performance, Social Policies Rank 2

Indicator: Education Policy

In 2016, a new curricula for compulsory basic education has been implemented as of 1 August. The curricula shall increase equality in compulsory education, enhance pupil participation in goal-setting and evaluation, and include more technology in teaching. While the curricula reflects the needs of the knowledge society better than the old one, critique has arisen from the short period of transition and lacking resources and training for the teachers.

Although the area of knowledge and education is a key focus for the Sipilä government, the state nevertheless has enacted considerable cuts in education spending. These are likely to undermine the equality of educational opportunities, as well as the quality of basic education. Additionally, restrictions on the right to day care for children whose parents are not participating in the labor market undermine equal ac-

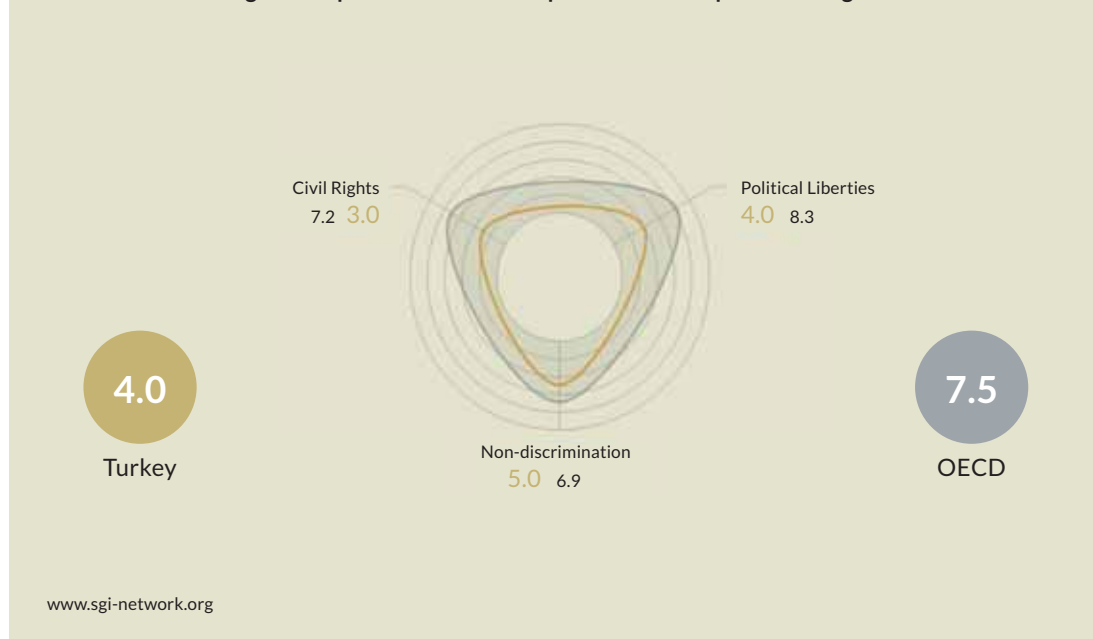
cess to early education, especially in socially vulnerable families. This change in education policy is likely to decrease the quality and diminish the successes of the Finnish educational system.

Excerpt Country Report Finland:

- Prof. Dr. Dag Anckar
- Dr. Kati Kuitto, Christoph Oberst
- Prof. Dr. Detlef Jahn (Regional coordinator)

Quality of Democracy

FIGURE: Are civil rights and political liberties respected? is there protection against discrimination?



TURKEY – Democracy Rank 41

Indicator: Civil Rights and Political Liberties

In the aftermath of 15 July coup attempt, even more serious violations of civil rights have occurred. Although the government claims it conducts the rules of emergency government with utmost care, these practices are based on the decrees having the force of law and are not subject to judicial review thereof. In addition to mass arrests of alleged coup plotters and sympathizers, confiscations of their properties and sentences against journalists and opposition politicians, renewed violence in the South-east, widespread restrictions on freedom of expression, association and assembly, deteriorated judiciary, violence against women and impaired relations with the international key actors demonstrate the institutionalized neglect of civil rights in Turkey.

Political influence and pressure on the judiciary as well as allegations of conspiring with Gülenist organizations weaken the independence of

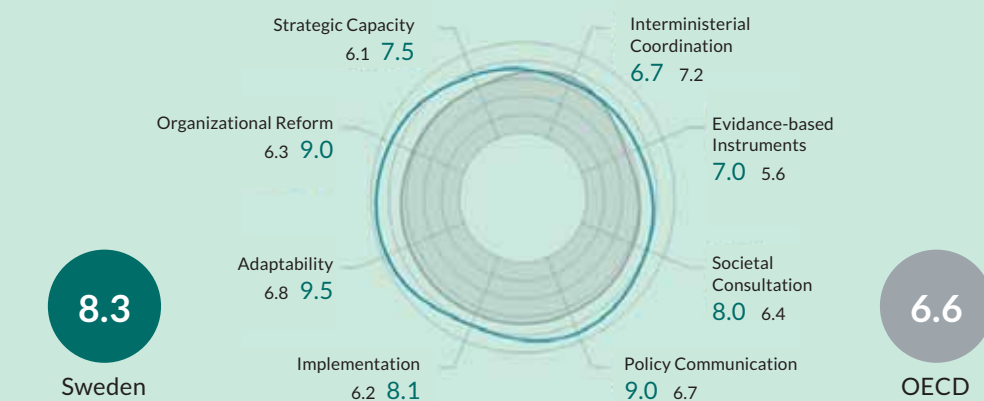
the judiciary as the sole guarantee for civil and political rights and liberties. The Justice Minister's right of veto, as ex officio President of the High Council of Judges and Prosecutors (HSYK), continued to be a source of major concern.

Excerpt Country Report Turkey:

- Prof. Dr. Ömer Faruk Genckaya
- Prof. Dr. Subidey Togan
- Dr. Ludwig Schulz
- Dr. Roy Karadag (Regional coordinator)

Governance

FIGURE: Does the government have strong steering capabilities?



www.sgi-network.org

SWEDEN – Governance Rank 1

Indicator: Strategic Capacity/Strategic Planning

The strategic capacity of government has been enhanced over the past few years. Much of that capacity is found in the Department of Finance where most of the long-term planning takes place. The main role of the Prime Minister's Office is not so much long-term planning but more coordination within government.

A case in the point is the so-called “future commission” which presented its final report in early 2013. In the final report, the commission assesses the economic and social changes that are likely to shape the Swedish society in the longer term. Exactly how the commission's findings will flow into the policy process is yet to be seen. The commission is not an institutionalized feature of the normal policy process, but was a group of experts the government appointed to look into the long-term issues. The creation of the commission does signal

the government is thinking in the longer term, and there have since been other commissions appointed to take a similar long view on various issues on the policy agenda.

Excerpt Country Report Sweden:

- Prof. Dr. Jon Pierre
- Prof. Dr. Sven Jochem
- Prof. Dr. Detlef Jahn (Regional coordinator)

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,

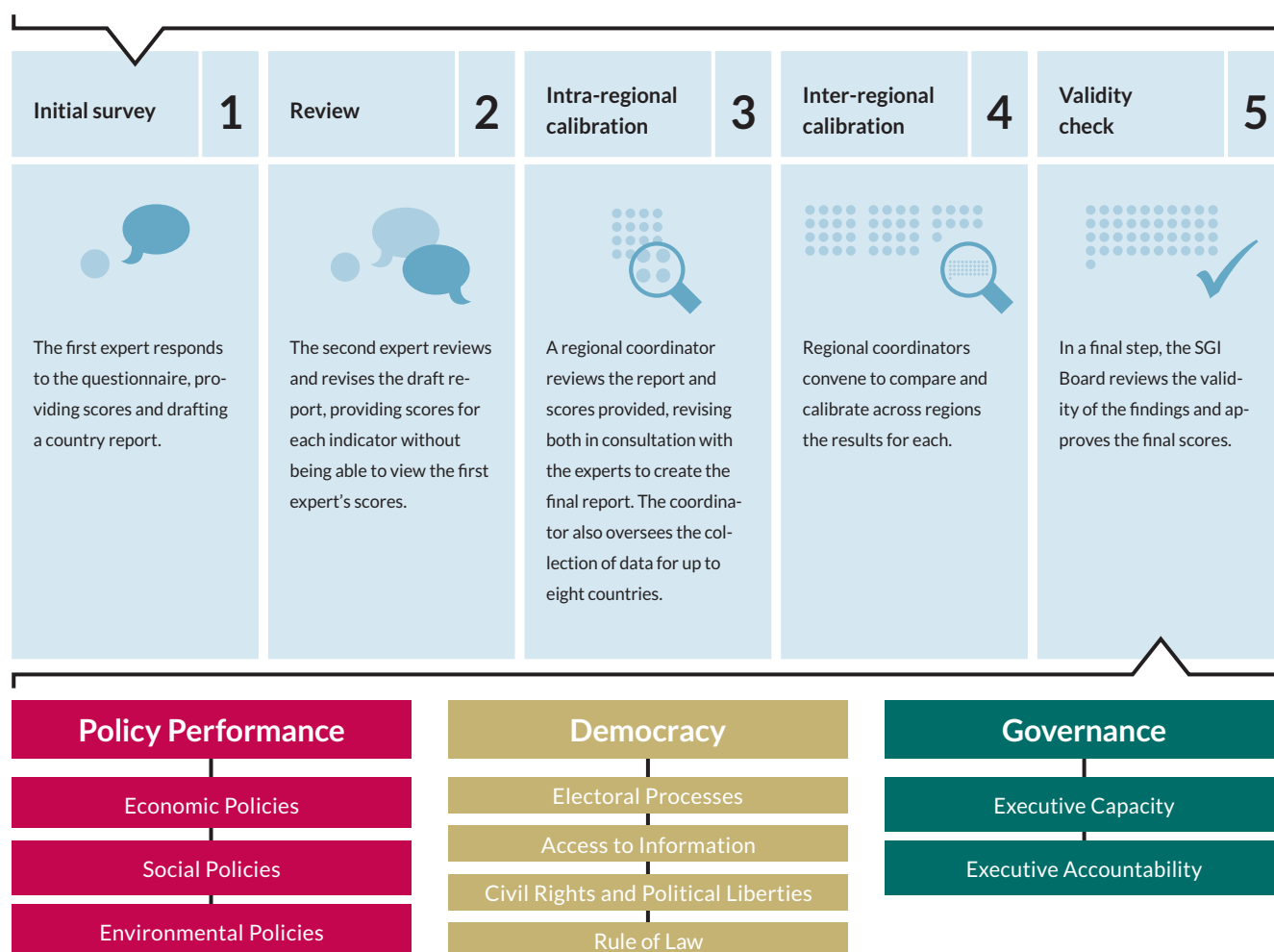
allowing for precise evaluations on a scale of 1 (lowest score) to 10 (highest).

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 states surveyed (available free of charge at www.sgi-network.org). The SGI website provides access to every

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



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, 2015 to November 8, 2016. The assessments provided therefore refer to governance exclusively within this period of time. Following earlier edition in 2009, 2011, 2014, 2015 and 2016, this is the sixth SGI survey.

Survey Structure

Category	Economic Policies	Social Policies	Environmental Policies		
Criterion <ul style="list-style-type: none">· Indicator· Indicator· Indicator	Economy <ul style="list-style-type: none">· Economic Policy· GDP per Capita· Inflation· Gross Fixed Capital Formation· Real Interest Rates· Potential Output, Growth Rate Labor Market <ul style="list-style-type: none">· Labor Market Policy· Unemployment· Long-term Unemployment· Youth Unemployment· Low-skilled Unemployment· Employment Rate· Low Pay Incidence Taxes <ul style="list-style-type: none">· Tax Policy· Tax System Complexity· Structural Balance· Marginal Tax Burden for Businesses· Redistribution Effect Budgets <ul style="list-style-type: none">· Budgetary Policy· Debt to GDP· Primary Balance· Debt Interest Ratio· Budget Consolidation Research and Innovation <ul style="list-style-type: none">· Research and Innovation Policy· Public R&D Spending· Non-public R&D Spending· Total Researchers· Intellectual Property Licenses· PCT Patent Applications Global Financial System <ul style="list-style-type: none">· Stabilizing global financial markets· Tier 1 Capital Ratio	Education <ul style="list-style-type: none">· Education Policy· Upper Secondary Attainment· Tertiary Attainment· PISA Results· PISA, Socioeconomic Background· Pre-primary Expenditure Social Inclusion <ul style="list-style-type: none">· Social Inclusion Policy· Poverty Rate· NEET Rates· Gini Coefficient· Gender Equality in Parliaments· Life Satisfaction Health <ul style="list-style-type: none">· Health Policy· Spending on Health Programs· Life Expectancy· Infant Mortality· Perceived Health Status Families <ul style="list-style-type: none">· Family Policy· Child Care Density, Age 0-2· Child Care Density, Age 3-5· Fertility Rate· Child Poverty Pensions <ul style="list-style-type: none">· Pension Policy· Older Employment· Old Age Dependency Ratio· Senior Citizen Poverty	Integration <ul style="list-style-type: none">· Integration Policy· FB-N Upper Secondary Attainment· FB-N Tertiary Attainment· FB-N Unemployment· FB-N Employment· (FB-N = Foreign-Born to Native) Safe Living <ul style="list-style-type: none">· Safe Living Conditions· Homicides· Assaults and Muggings· Confidence in Police Global Inequalities <ul style="list-style-type: none">· Global Social Policy· ODA Rate	Environment <ul style="list-style-type: none">· Environmental Policy· Energy Productivity· Greenhouse Gas Emissions· Particulate Matter· Water Usage· Waste Generation· Material Recycling· Biodiversity Protection· Renewable Energy Global Environmental Protection <ul style="list-style-type: none">· Global Environmental Policy· Multilateral Environmental Agreements· Kyoto Participation and Achievements	
	Category	Quality of Democracy	Executive Capacity	Executive Accountability	
	Criterion <ul style="list-style-type: none">· Indicator· Indicator· Indicator	Electoral Processes <ul style="list-style-type: none">· Candidacy Procedures· Media Access· Voting and Registration Rights· Party Financing· Popular Decision-Making Access to Information <ul style="list-style-type: none">· Media Freedom· Media Pluralism· Access to Government Information Civil Rights and Political Liberties <ul style="list-style-type: none">· Civil Rights· Political Liberties· Non-discrimination Rule of Law <ul style="list-style-type: none">· Legal Certainty· Judicial Review· Appointment of Justices· Corruption Prevention	Strategic Capacity <ul style="list-style-type: none">· Strategic Planning· Scholarly Advice Interministerial Coordination <ul style="list-style-type: none">· GO Expertise· GO Gatekeeping· Line Ministries· Cabinet Committees· Ministerial Bureaucracy· Informal Coordination Evidence-based Instruments <ul style="list-style-type: none">· RIA Application· Quality of RIA Process· Sustainability 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 Efficiency· Ministerial Compliance· Monitoring Ministries· Monitoring Agencies/Bureaucracies· Task Funding· Constitutional Discretion· National Standards Adaptability <ul style="list-style-type: none">· Domestic Adaptability· International Coordination Organizational Reform <ul style="list-style-type: none">· Self-monitoring· Institutional Reform	Citizens' Participatory Competence <ul style="list-style-type: none">· Policy Knowledge· Voicing Opinion to Officials· Voter Turnout Legislative Actors' Resources <ul style="list-style-type: none">· Parliamentary Resources· Obtaining Documents· Summoning Ministers· Summoning Experts· Task Area Congruence· Audit Office· Ombuds Office Media <ul style="list-style-type: none">· Media Reporting· Newspaper Circulation· Quality Newspapers Parties and Interest Associations <ul style="list-style-type: none">· Intra-party Democracy· Association Competence (Business)· Association Competence (Others)

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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

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