

Governance Capacities in the BRICS

Sustainable Governance Indicators



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Please note that the empirical analysis in chapter 3 contains several passages derived directly from the individual country reports.

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Najim Azahaf and Daniel Schraad-Tischler

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The BRICS

Executive summary

The rapid rate at which the emerging economies of Brazil, Russia, India, China and South Africa have in recent years been closing the gap with the developed world has been breath-taking. The popular BRICS acronym referring to these rising powers has in the last decade come to signify the major shifts underway in global economic and political relations. Yet those who assume that the patterns of growth observed in the last 20 years will continue unabated should bear in mind that the BRICS states face considerable obstacles to their individual paths of development. These obstacles include the threat of political and social instability arising from extreme social inequality and rampant corruption, as well as problems caused by an inadequate infrastructure unable to keep pace of the rapid economic growth seen in recent years. Further obstacles include massive environmental problems and the weight of demographic pressures on labor markets and education and social welfare systems.

Even if the BRICS manage to maintain their impressively high rates of economic growth, this alone will not adequately equip them to meet the challenges ahead. Indeed, BRICS countries already marked by regional and social disparities will likely see problems associated with social inequality and environmental sustainability further exacerbated. Experience shows that only emerging powers such as South Korea or Taiwan that have made the right policy choices at the right stage in their economic development have managed to sustain solid growth without falling into the middle-income trap. Making good choices in this regard entails developing infrastructures, restructuring education, health care and innovation systems, as well

Breathtaking growth has masked emerging BRICS governance challenges, analyzed here with the help of the SGI indicators. Overall, Brazil's policy adaptability has served it well, while reform strengths and weaknesses vary in China, India and South Africa. Russia shows worrying steering-capability shortcomings.

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as ensuring stable institutions and legal certainty. In fact, leaders exercising good governance use the dynamics of economic prosperity to advance the reforms underway in order to achieve sustainable growth with broad impact throughout society. However, the latest international research shows that this is precisely where more effective capacity in governance is needed.

How well do the political systems of the BRICS perform? Does each country have the institutional framework needed to advance its path of development and to effectively address needed reforms with sustainable solutions? What are the structural barriers to sustainable development within each political system? With the support of an international network of experts, the Bertelsmann Stiftung has conducted an indicator-based inventory of the state and performance of governance in each BRICS country. Focusing on 15 policy areas, including economic, labor, education, health care, social welfare, environmental and research and innovation policy, this study draws upon the analytic tool of the Sustainable Governance Indicators (SGI). This inventory allows for a systematic documentation of the need for reform in core policy areas. At the same time, the performance of each country's system of governance, that is the core executive and other policy stakeholders, is examined. In this way, the capacity for reform, or the extent to which individual political systems can not only identify problems, but also formulate and implement strategic solutions, is explored in each BRICS state.

Comparing each BRICS state to one another provides a profile of their individual strengths and weaknesses. This in turn yields insight into the factors driving success and the structural deficits in the political steering capabilities of each state. If we then link up in a comparative assessment the findings for reform need and reform capacity, we see considerable differences in each country's prospects for development - prospects that in some cases do not match the widespread rhetoric of growth and progress ahead. What are the development prospects for each BRICS country and how do they compare in terms of the SGI findings?

 Russia – Poorest performance within the BRICS group

Russia is the poorest performer within the BRICS group, with the government showing significant weaknesses in the area of steering capability. The country lags in terms of central government strategic planning capacity, effective interministerial coordination and implementation capacity. Given the prevalence of political patronage and clientelism, the lack of involvement of independent experts and other stakeholders, and frequent contradictions in the communication of policies, forward-looking policy-making in the sense of sustainable government is practically impossible in today's Russia. Even the medium term holds little hope of improvement, as the Russian Federation is also the worst performer in the “organizational reform capacity” criterion which examines institutional self-monitoring and reform capabilities. In comparing structures for the involvement and participation of civil society, only China fares worse.

 India – Immense problems, but a distinct national-level capacity for reform

India's prospects are considerably more promising. The country's economic outlook is positive, thanks to its favorable demographic development. However, the SGI experts warn that optimistic growth projections are dependent on the subcontinent's ability to overcome enormous social and regional disparities, modernize its infrastructure, and make further progress in combating poverty through reforms in the education and health care sectors. At least at the national level, the SGI experts assess India's central-government steering capability positively. The country's top ranking on the criterion of strategic capacity can be explained in large part by the strategic role played by the cabinet, the technical expertise and strong coordinating function of the Prime Minister's Office, an active exchange between scholars and the government, and consultation with societal groups that is to some extent institutionalized for important policy proposals. The subcontinent's government has also demonstrated tangible progress in terms of how effectively policies are implemented, although like China, there are significant regional disparities that require attention. In the area of governance, it is particularly important that the government do more to battle the country's rampant corruption by strengthening oversight mechanisms.

 China – Continuation of growth is linked to far-reaching reforms

China's classification, in comparison with the other BRICS, is somewhat ambivalent. On the one hand, the SGI experts note that it harbors considerable unexploited potential and has already made strategic decisions in its economic policy. However, China's continued economic growth is predicated on far-reaching reforms being taken in key policy areas as well as within the



institutions and system of governance itself. In fact, China's political and social stability is put at particular risk by the country's high level of social inequality, demographic development, growing environmental problems, an emerging real estate bubble, corruption and a lack of legal certainty. Experts also say the state-controlled financial system is in great need of reform. It is by no means clear whether China over time will be in a position to apply sound long-term solutions to the problems outlined above, as the country's performance in the area of governance structures shows substantial variance as compared to the other BRICS.

The country stands out for its long-term strategic policy planning, and its hierarchical system of interministerial coordination also functions comparatively effectively. However, it is questionable to what extent the government does actually consult with independent academic sources. Like India, China's multilevel political system shows strong regional differences in governance quality, which in turn has a negative effect on the quality of public services in peripheral areas. In the fight against corruption, China lacks both a free media system and a civil society sector independent of the state. The question for the future will be whether China's leadership can retain the adaptability it has shown in recent years, and – with an eye to the rapidly closing demographic window – commit to the necessary reforms. Opposition and power struggles by influential interest groups within the Communist Party of China (CPC) have to date prevented a reversal of these negative trends.

South Africa – Notable adaptability, but old problems remain

South Africa ranks in the middle of the BRICS group in terms of governance capacities. However, properly interpreting this position requires a closer look, as the middling score conceals a tension between the individual research dimensions. On the one hand, a number of recent developments point to an improvement in reform capacity, though significant weaknesses remain. On the positive side, the government has recently made significant changes to its institutional arrangements, enhancing its strategic planning capacities. Academic expertise is used by the government, and civil society actors and interest groups are in general successfully involved in the policy-making process. However, the South African government continues to show clear room for improvement in the areas of effective interministerial coordination, policy implementation and communication policy. In the key fields of education and labor market policy, South Africa still shows glaring weaknesses. The growth of political factions within the ANC and the significant levels of patronage, corruption and nepotism have a further negative impact. In addition, funds at the subnational and local levels are not used effectively enough.

 Brazil – Best placed among the BRICS to achieve long-term social solutions

In the SGI experts' view, Brazil has the most promising future prospects of any of the BRICS countries, an assessment that applies to current trends in key policy areas as well as to the quality of governance capacities. The legacy of the decades-long military dictatorship remains palpable, and South America's largest country continues to face pressing problems, particularly in the form of inadequate infrastructure and high levels of social inequality, felt especially keenly in the area of education. However, the country was quick to recognize the signs of the times, and in recent years implemented important reform measures that the current administration has elected to retain. The positive developments in the social sector speak to the success of the new social measures and active minimum wage policy begun under the previous administration and continued under the current government.

Despite the positive trends, however, SGI experts say the government should pay particular attention to further strengthening its steering capability. Even when orienting policy toward the long term, time horizons employed are sometimes too short. Thus, Brazil lags comparatively somewhat behind other BRICS countries in terms of strategic planning capacity, even though institutional arrangements designed for this purpose have been continuously strengthened in recent years.

Beyond these areas, interministerial coordination and policy steering function comparatively well. In the area of implementation quality too, Brazil's government performs quite well in comparison with the other BRICS. However, performance does depend on the specific policy area. While the government has been particularly successful in the area of social policy, it lags somewhat in terms of infrastructure projects and industrial policy.

Like South Africa and India, Brazil already has in place an active and constructive civil society, which is an essential resource for sustainable governance. The Lula government offered an impressive demonstration of the potential benefits of actively engaging civil society in the fight against poverty and social inequality – a challenging task during a period of transition. The new government under Dilma Rousseff would do well to maintain this openness.



Why examine governance in the BRICS?

The rapidly emergent powers of Brazil, Russia, India, China and South Africa (BRICS) are often deemed to be in the process of changing the political and economic map of the 21st century. In particular, the historically unprecedented economic growth observed since the 1990s in the “awakening giants” China, India and Brazil has not only aroused the interest of investors in these future markets, it has astonished the worlds of politics, science, economics and the media. The global economic significance of the BRICS nations is undisputed.

Though designed for assessment of industrialized countries, the SGI framework can be adapted to analyze the BRICS’ political challenges. As data is occasionally scarce, the study’s comparisons focus on specific indicators and governance features rather than aggregates.

What is unclear, however, is what impact these emerging powers will have on the international balance of power and the future global economic order. These are the issues around which academic discussion of the “rise of the emerging economies” and the “decline of the United States” predominantly circles. It is often assumed that the economic development observed in the BRICS countries

over the past years will continue uninterrupted into the future. However, these countries face significant political challenges, especially in terms of economic, social, environmental and demographic sustainability. Indeed, they cannot ensure their continued development without finding viable solutions to these challenges. Whether these nations are able to effectively face up to these challenges depends to a large degree on their ability to reform their political systems and on the quality of their governance.

In conceptualizing a study of sustainable governance in the BRICS countries, we decided to focus on internal characteristics of governance while exploring both methodological and substantive questions of comparability. The first question is concerned with the extent to which the conceptual framework of the Sustainable Governance Indicators (SGI) can “travel” (Sartori 1970), given that the instrument was specifically designed for highly developed industrial nations. Are the SGI 2011, in their second edition, also suited to identifying sustainable governance outside the OECD regions for which they were originally conceived? If so, the SGI would provide entirely new insights into the characteristics of political performance and governance in a group of countries that have, in the past decade, been viewed with considerable awe but which differ from the current OECD countries in many political, economic and cultural respects. With the initial findings established, the jury is still out on this methodological question. During the course of the study, it has become apparent that there are a few limits to the applicability of the Sustainable Governance Indicators’ analytical framework to this very special group of countries. These limits partly involve the availability of data, which is still very difficult to come by for these countries. Some of the 147 indicators also result in a few

distortions that are not designed to account for the specific paths and stages of development observed in non-OECD countries. Nevertheless, unlike other governance indices comprised exclusively quantitative indicators, the SGI, with their qualitative expert analyses, make it feasible to analyze relationships between policy measures and policy output and to identify flaws in the policy process. This latter point is important because it is precisely these flaws that are generally obscured by an exclusive focus on quantitative indicators.

For these reasons, the authors have decided against compiling a highly aggregated index. Focusing instead on individual indicators and sub-indices of assessment permit very interesting insights into issues that are frequently overshadowed by the impressive growth rates in the BRICS countries: These include the specific features of governance and political factors driving the strongly favorable economic trends in these countries. In addition, the SGI allow us to identify differences and similarities in strategies pursued and in how politics are managed. Finally, the SGI shed light on factors of sustainability in each course adopted as we explore the extent to which the general public benefits from a specific course.

In the course of a survey process similar to the standard SGI method, multiple scholars with country expertise were consulted in creating reports for each country. In this way, an indicator-based inventory was taken of 15 core policy areas (e.g., economy, employment, education, health, social policy, the environment, and research and development). These five country reports comprise the backbone of this research endeavor. They have allowed for a systematic analysis of reform needs in ensuring sustainable development in these countries (access the full country reports at www.sgi-network.org/brics). At the same time, the specific characteristics of the core executive and other key actors in the political decision-making process have been identified and the capacities and performance of each evaluated. Doing so allows us to examine reform capacity, or the extent to which political systems can be steered to identify urgent problems, formulate strategic solutions and thereby facilitate sustainable political outcomes. The study has resulted in an itemized “strengths and weaknesses” profile for each country. These can be juxtaposed against each other to draw conclusions about success factors, structural deficits, and empirically-based analyses of future political and economic developments.

The full study, titled “Change ahead? Sustainable Governance in the BRICS,” will appear in early 2013. The current publication is an interim report on governance in the BRICS countries presented on the occasion of the 2012 Global Economic Symposium (GES) in Rio de Janeiro that sketches out the study’s initial findings. The following two sections outline the specific factors of success in development observed since the 1990s in the BRICS countries, and elicit the political challenges and need for reform in each. The sections under “Measuring governance” discuss the theory of good governance and briefly introduces the SGI as an innovative instrument for empirically based research on governance. “Governance performance in comparison” examines characteristics of governance in the BRICS empirically on the basis of this instrument. The final sections highlight key conclusions yielded by the comparative analysis.

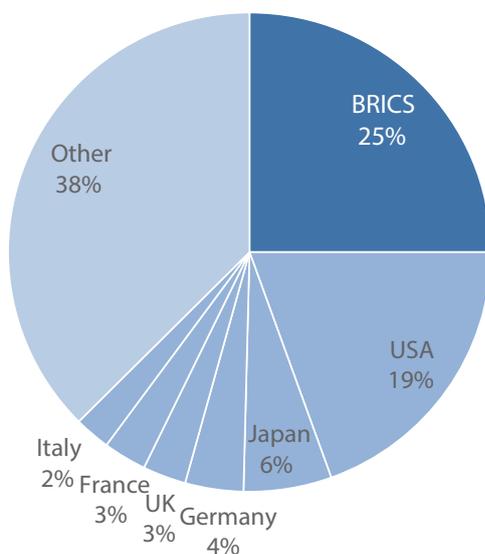


The rise of the BRICS

From economic boom...

In his latest book, “The Growth Map: Economic Opportunity in the BRICs and Beyond,” Jim O’Neill looks back on recent events with satisfaction. In the past decade, he and his colleagues made a name for themselves on the world stage by identifying four of the largest countries on Earth – Brazil, Russia, China and India – as the biggest growth areas of the 21st century (Figure 1). Their forecasts for future development of the global economy and potential growth regions appear to have been confirmed, by and large. The former chief economist at Goldman Sachs even regrets not being a little bolder in his predictions: some projections have proven too conservative with hindsight (O’Neill 2012).

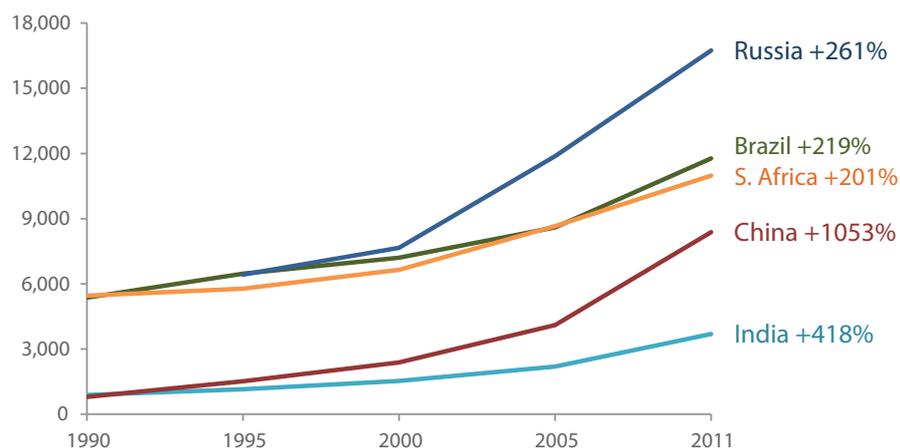
Fig. 1: BRICS GDP as share of the world total (in %, PPP, 2011)



Source: IMF, World Economic and Financial Surveys (2011), World Economic Outlook Database (April 2012)

When the now oft-quoted acronym BRIC was introduced, these countries accounted for about 16% of global value creation in purchasing power parity. Within 10 years, this share increased by nine percentage points to about 25%, clearly illustrating the booming economic growth of these emergent powers since 1990 (Figure 2).

Fig. 2: GDP per capita in the BRICS (US\$, PPP, 1990 – 2011)



Source: IMF, World Economic and Financial Surveys, World Economic Outlook Database (April 2012)

The reasons for the economic dynamism in the BRICS countries vary greatly. One attraction for transnational capital inflow is based on the importance of these regions to global energy and raw material security, as in the case of Russia and Brazil. An excess of cheap labor in China has helped it become a competitive export economy. India scores points with its skills in the area of information technology and its large supply of English-speaking workers for international services, whereas South Africa plays a key role in the economic development of the African continent. These are just a few of the most commonly cited factors driving these countries' success.

But this group of economies has not only gained attention in recent years due to its prolonged growth rates. After all, many other emerging markets can boast similar figures. It is the potential growth harbored by their considerable populations that is crucial. According to O'Neill, Brazil, Russia, India and China are the emerging countries whose size gives them the potential to overtake today's largest economies, the G7, by 2050 (Wilson/Purushothaman 2003).

More than three billion people, almost half the world's total population, live in the BRICS countries. With its 1.4 billion inhabitants, China is the most populous country in the world,



followed by India with 1.1 billion people. Almost 200 million people live in Brazil and the world's largest country by area, Russia, is home to about 120 million people. Even South Africa, which is in area by far the smallest country in this group, would still represent the fifth most populous country in the European Union, with its 53 million inhabitants.

Given this fact, these countries are not only important to the industrialized nations as important suppliers of raw materials and as production sites, they also represent key sales markets and prominent politico-economic actors (Schrooten 2011). It is China, above all, that has come to the forefront faster than expected. The most populous country on Earth has now overtaken Japan and Germany in terms of economic power, reaching second place in the global rankings, exceeded only by the United States. An inventory taken by Goldman Sachs after 10 years reached the conclusion that the BRICS are already half-way along the path of major transformation of the global economic map (Goldman Sachs 2012).

The BRICS countries rapid growth has given them new economic and political influence, while industrialized countries' share of world output is falling. Particularly in environmental and resource-use areas, BRICS decisions will affect sustainable development prospects worldwide.

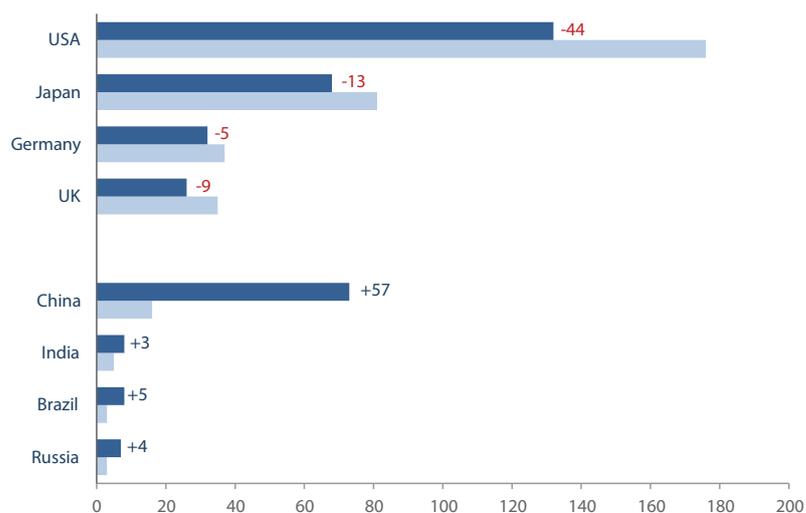
Conversely, industrialized countries of long standing account for a diminishing share of international production. While the United States' share of worldwide production fell from 23% in 1995 to just under 20% in 2010, Japan's share dropped from 9% to 6%. Germany is also a decreasing force in global production, dropping from 6% to 4% of the world's total. According to forecasts by the IMF, China will be the world's largest economy by 2017, pushing the United States into second place. Furthermore, by 2017, India will be the third largest economy in the world, edging Japan into fourth place. These two opposing trends in the OECD and BRICS countries are set to continue in coming years, if popular forecasts are to be believed.

Of the world's 500 largest corporations, the proportion of enterprises from BRICS countries has grown steadily in recent years. In 2005, just 27 of the world's 500 largest companies came from BRICS countries, compared to 96 last year (Figure 3). Over the same period, the share of U.S. corporations in the top 500 worldwide shrank from 176 to 132, the Japanese share fell from 81 to 68 and the number of German companies in this ranking dropped from 37 to 32. The examples shown above not only illustrate the absolute gain in economic significance of the BRICS group, they also provide evidence of the structural shift in the global economy's center of gravity from West to East, from North to South (OECD 2011: 15).

...to growing global political importance...

The growing significance of the BRICS in the global economy is also reflected in areas of international politics; they are calling for greater influence in the World Bank, the World Trade Organization, the International Monetary Fund, the United Nations and in regional organizations (such as Mercosur and ASEAN). The informal G20 forum itself reflects an awareness on the part of today's most important industrialized nations that, when it comes to the key global challenges, solutions in the fields of world trade, climate and development policies, and international regulation of financial markets, are no longer feasible without the participation of the largest emerging countries.

Fig. 3: The world's largest 500 corporations (2011 dark blue, 2005 light blue)



Source: Fortune Global 500 ranking based on companies' total revenues

The Organisation for Economic Co-operation and Development (OECD) is also trying to accommodate the economic growth of the BRICS countries. In May 2007, it reached an agreement with the new international powers on "increased cooperation with a view to possible membership." Within the OECD framework of "Enhanced Engagement," they already contribute as potential candidate countries to various committees and working groups. Certainly, as their economic and political importance grows, the political elites in these states have become increasingly assertive. According to observers, they are not particularly willing to become full members of what they see as a Western-dominated OECD,



as clearly shown by their selective and interest-led participation in the work of the “rich man’s club” (Clifton/Díaz-Fuentes 2011). Instead, these “new anchors of the global economy” (Kappel 2012) created their own international forum in 2009 with the founding of the BRICS group. This association – at least in the rhetoric of its annual summits – is concerned with addressing the inherited structures of international relations, considered unjust by many developing nations (see Box 1 on next page).

Even if cooperation between these countries retains its current ad hoc character and they have not yet developed any strong shared institutions or made any moves in that direction, they increasingly coordinate and network with one another. It is clear that the BRICS, as regional powers, represent important actors on the global political stage and are exerting an increasing influence on international relations (Kappel 2010: 6).

...to key actors in sustainable global development

Regardless of the possible reconfigurations and shifts in power at the international level, the further development of the BRICS, given their enormous populations and those of their regional neighbors and most important trading partners, will play a pivotal role in the future prospects of nothing less than the majority of the world’s people. Over the course of the current international economic and financial crisis, it has also become clear how important these economic powerhouses are to the economies of the older centers of global capitalism, which have benefited during the crisis from the BRICS countries’ global economic stimuli (Schrooten 2011).¹ On the African continent, China, Brazil, India and South Africa are the source of considerable public and private investment in infrastructure and the supply of raw materials, opening up new prospects of growth for Africa. However, these growing economies are inflicting enormous strains on the environment. This results in both a growing scarcity of resources and rising raw material prices, and a loss of biodiversity. The BRICS will also have to play a central role in global efforts to halt climate change. Decisions made about the future political course of these countries are not merely relevant to the wellbeing of their own populations, they will have a decisive impact on sustainable development worldwide.

¹ In the extremely dynamic economies of India and China in particular, the crisis has had little appreciable impact on overall economic progress. The official macroeconomic growth rate in India of 6.8% in 2009 even slightly exceeded the previous year’s figure of 6.1%. In China, according to official figures, the GDP growth rate decreased only slightly during the crisis years. Although Brazil sustained a brief drop in growth, it quickly returned to its path of dynamic development. In terms of growth rates, South Africa has for years been bringing up the rear in the BRICS grouping. Here, GDP fell by just under 2% as a result of the economic and financial crisis, but by 2010 it was already back above its pre-crisis level. In Russia, by contrast, the economy shrank sharply in 2009. Nonetheless, there have been clear signs of recovery even here in the meantime (Schrooten 2011).

Box 1: BRICS summits

The first BRIC summit was called by Russia and took place in Yekaterinburg on June 16, 2009. Influenced by the onset of the global financial crisis, the heads of state and heads of government expressed their political self-conception in the closing summit declaration: as a strategic association of the most important emerging countries, the grouping expressed its intention to aim for a “more democratic and just multipolar world order.” In addition, they see their cooperation as a platform for exchanging knowledge and ideas; for example to share and compare notes on good practices in the energy or infrastructure sectors.

On China’s initiative, the four countries invited South African President Jacob Zuma to their summit in China in April 2011 and BRIC became BRICS. This decision can be ascribed to the country’s importance as a strategic bridgehead to a continent with enormous potential for development. Certainly, South Africa does not compare to the four large states in terms of global economic significance. (Goldman Sachs 2012: 7).

After the New Delhi summit in March 2012, the beginnings of an institutionalized BRICS are becoming evident. For one thing, the heads of state and government announced the founding of a BRICS development bank. For another, a 34,000 kilometer-long fiber-optic network is scheduled to be operational by the end of 2014; this network, starting in the United States, is intended to speed up communication and trade between the BRICS countries. (4th BRICS Summit Declaration 2012: Paragraph 13)

Do these developments mark the beginning of a political alliance between Brazil, Russia, China, India and South Africa?

For Shivshankar Menon, national security advisor to the Indian prime minister, the BRICS grouping does not represent a fixed political league so much as a strategic partnership in specific policy areas (i.e., financial, trade, development and environmental policy) (Menon 2010: xix). Nevertheless, conflicting positions are evident among the BRICS states on issues of foreign and trade policy. It is therefore open to discussion whether the necessary basic conditions for a long-term alliance in fact exist, given the different socioeconomic conditions, economic policy strategies and politico-economic interests.



Growth factors and policy challenges

The factors driving dynamic economic growth in Brazil, Russia, India, China and South Africa are many and varied; so too are the development problems currently faced by each of these countries. The path dependencies specific to each, as well as their available resources and the macroeconomic strategies pursued have combined to create five considerably different national economies. The following will briefly outline the policy challenges and reform needs specific to each of the five countries before drawing out a number of common challenges.

Brazil

There are multiple factors which explain Brazil's rise to economic prominence in recent years. One key factor is the implementation of privatization and liberalization policies under former presidents Collor de Mello (1990–1992) and Fernando Henrique Cardoso (1995–2002) which, coupled with disciplined fiscal policies, resulted in a significant drop in inflation and much greater macroeconomic stability. This increased the influx of foreign capital, with the country's FDI receipts increasing from \$324 million in 1990 to \$18.6 billion in 1997. In 2011, Brazil's FDI net flows totaled \$76 billion.

Factors driving BRICS growth vary. Establishing macroeconomic stability has been crucial throughout. Extreme poverty has fallen substantially in Brazil, China and South Africa, while India's demographics remain promising. Russia's resource-focused economy needs diversification.

Brazil is the fourth-largest exporter of agricultural products behind the EU, the United States and Canada, and it also boasts a wealth of natural resources. The comparative cost advantages of Brazilian agribusiness – for example, the production of soy, meat, coffee, sugar and its derivative, ethanol – are numerous. High demand for raw materials such as iron ore and crude oil, particularly from China, has contributed to the growth of exports. Brazil is also a world market leader in the field of biofuels. Yet, biofuel production is often criticized for causing pollution and soil degradation.

But there is much more to Brazil's dynamic economic growth than the exploitation and utilization of natural resources. After all, agriculture only accounts for around 6% of the country's GDP. For many years now the largest driver of growth has been exports, which increased by 24.2% in 2011 to reach a record level of \$250.8 billion. Taking these facts into account, SGI experts rate Brazil's economic policies favorably, crediting the country's dynamic economic development and stability

to disciplined fiscal and monetary management combined with prudent macroeconomic policies. Thanks to the introduction of an anticyclical stimulus package worth billions of dollars, Brazil's 2009 economic slump was short-lived. The growth rate of 7.5% achieved the following year is testament to the Brazilian government's effective crisis management. Nonetheless, low growth rates in 2011 and 2012 suggest that Brazil has yet to fully recover from this crisis.

Along with economic modernization, there have also been substantial improvements observed in social development. Over the last ten years, extreme poverty has been halved, and around 20 million Brazilians have risen from the lower to the middle class. Both developments testify to the success of the "new social and active minimum wage policy" (Schmalz/Ebenau 2011: 60-61) begun under President Lula. The focus of these reforms has been the formalization of workplace relations and a significant increase in welfare and income transfers. This led to minimum wages rising by a third in real terms during Lula's first term.

Nonetheless, there are still significant disparities in income across the population. Even though these disparities diminished slightly under Lula's administration, Brazil still has the second-highest rate of wage inequality among the BRICS countries. According to the World Bank's criteria, the poverty rate in Brazil in 2006 was around 6%. Related to this problem is a particularly pressing need for reform in the education sector. While education spending has increased, only around 82% of school students complete secondary education. President Rousseff has consequently declared universal education to be a key goal of her administration.

Unlike China and India, which are dependent on oil imports, Brazil enjoys the advantage of oil autonomy and the fact that almost half its energy profile is drawn from renewable sources. Hydroelectric power alone accounts for 15% of energy requirements and 80% of Brazil's electricity generation.

Despite extensive land utilization and resulting environmental problems, Brazil's environmental policies are generally regarded favorably when compared to the large territories of Russia and China. For example, Brazil's current and projected emissions of greenhouses gases from energy use, compared with other BRICS countries like China or India, are low. But future environmental performance depends on the new federal government's ability to introduce today effective measures against the deforestation of tropical rainforests and live up to President Rousseff's promise to reduce clearing in the Amazon region by 80% before 2020.

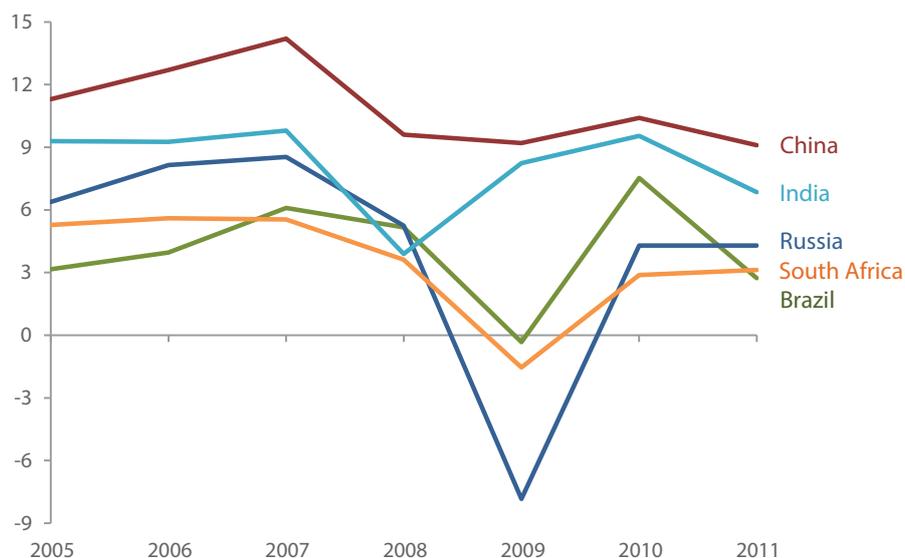
Russia

The de-industrialization of Russia that followed in the wake of the Soviet Union's collapse resulted in the country's industrial sector receding by 11 percentage points between 1990 and 2010. At the end of the 1990s, the Russian national economy had shrunk by almost half. Since then, the country has been attempting to compensate for the loss of industry by focusing on modern



service provision and, to an even greater extent, the export of raw materials and fossil fuels. Consequently, the energy sector today comprises the backbone of the Russian economy. Russia is the largest producer of natural gas worldwide, as well as the second-largest and fifth-largest producer of crude oil and coal, respectively. Russia's economy has grown by an annual average of 5.9% between 2000 and 2009, with high energy prices representing a major growth factor. Nonetheless, the crisis year of 2009 hit the Russian economy hard, with a negative growth rate of -7.8% (Figure 4), which points to the Russian economic model's dependence on rising prices in the international energy and raw materials markets.

Fig. 4: Annual GDP growth in the BRICS (in %, 2005 – 2011)



Source: Based on World development Indicators, The World Bank

The SGI experts rate Russia's economic policies the least favorably of all the BRICS countries. They conclude that state economic policy remains skewed in favor of politically influential large corporations, especially state-owned ones. The "natural" monopolies in the natural gas and transportation industries have not yet been substantially reformed despite year-long debates.

The country's focus on extensive exploitation of natural resources raises questions about the sustainability of the largely undiversified growth pattern the country is pursuing. According to SGI experts, this results in ecological concerns being entirely subordinated to the promotion of economic growth, despite a considerable legacy of environmental damage from the Soviet era. As

a result, environmental conditions in many Russian regions are unsatisfactory and deteriorating. The experts point out that a long-term political effort to reduce economic dependence on raw material production would also reduce negative environmental effects. But again, environmental concern is hardly ever mentioned as a reason for this strategy, and it is not accompanied by relevant support for renewable energies.

At first glance, Russia appears to boast above-average relative socioeconomic performance. As an industrialized, once-socialist upper middle-income country, Russia faces different political challenges than other “classic” emerging nations. So while Russia has the lowest rates of infant mortality, the highest education standards as well as the largest GDP-per-head of all the BRICS countries, SGI country experts point to an increase in social inequality within Russia. Risks of exclusion within Russian society are high. This situation is due to the ease with which family incomes decline, or alternately fall into poverty following events such as the birth of children, retirement or the contraction of a disease conducive to physical disability. The size of the cash allowances and the volumes of public health and education services provided are obviously insufficient to enable these groups to escape from the zone of exclusion. Substantial exclusion risks are also associated with one’s place of residence, particularly in rural areas and small towns where low-paid jobs prevail.

In the medium term, Russia will have to set a course of diversified growth. Along with diversification of economic structures and required investment in infrastructure, its ability to attract foreign capital and maintain sustainable growth are largely predicated on the country overcoming deficits in the rule-of-law and the establishment of dependable institutions. It is questionable whether there will be any progress in these areas following Vladimir Putin’s re-election as president.

India

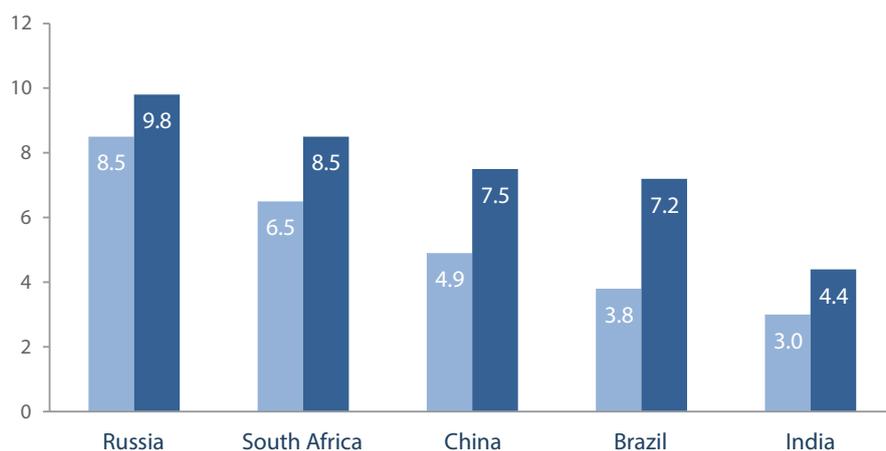
The SGI experts attribute India’s high average annual growth rate of 7.8% between 2000 and 2009 largely to the fact that economic policies provide a relatively coherent set of predictable and stable regimes governing private investment, trade and capital flows. Noteworthy here is that India’s economic growth is driven less by raw materials or the industrial sector than by the development of the service sector. While the country hasn’t managed to keep pace with China in improving industrial productivity, it has comparative cost advantages in the IT and communications sector. India’s large English-speaking workforce, in particular, encourages cost-effective outsourcing of IT and other services from Anglosphere countries to India (“offshoring”). The service sector consequently increased by 11 percentage points from 1990 to 2010 and today represents around 60% of GDP.



Yet this dynamic economic development can't disguise the fact that 69% of the Indian population, or around 828 million people, still live in dire poverty (Poverty headcount ratio at \$2 a day, PPP). Nearly half of India's 1.2 billion people still live and work on the land. The most important indices of human development (health, education, income) show that India has made nothing like China's progress in these areas. Substantial efforts are required in order to overcome this systemic poverty. Although rural health care has improved significantly, particularly village first-aid stations, there is still a significant gap between city and country. In fact, many villages have no medical facilities whatsoever. In terms of quality of medical care and health spending, India continues to lag far behind its fellow BRICS countries and other developing nations (Betz/Croissant/Singh 2012: 47-48).

India also faces enormous challenges in the education sector. In 2010, the share of adults in India (15 years and older) without an education was nearly 33%, a rate considerably higher than that seen in Russia (1%), China (6.5%) and Brazil (10%). Literacy rates in India are around 74% for men, for women they are much lower: 48%. As Figure 5 shows, pupils only spend an average of 4.4 years in school. The proportion of the population who complete tertiary level education is lower than the other BRICS countries. This inhibits the development of a middle class, which is taking longer to emerge in India than it is in other BRICS countries.

Fig. 5: Mean years of schooling in the BRICS (1990 light blue, 2011 dark blue)



Source: Human Development Report 1990 and 2011, United Nations Development Programme (UNDP)

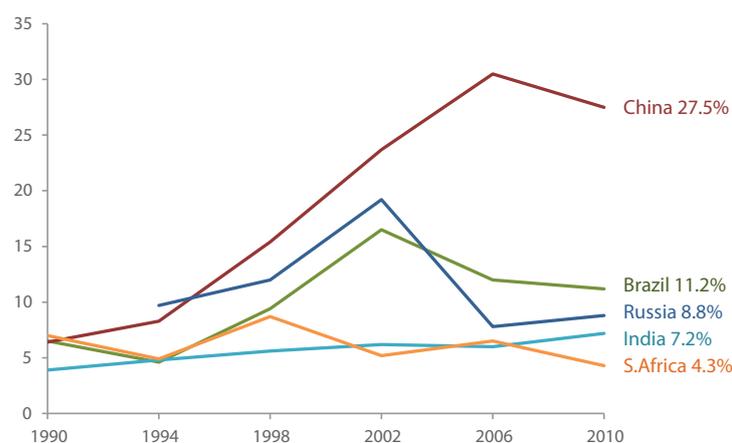
Nonetheless, a favorable demographic profile augurs well for India's economic outlook. India's population is likely to outstrip China's by 2034, making it the most populous nation on Earth (see also Goldman Sachs 2012: 49). However, SGI findings emphasize the importance of India overcoming its enormous social disparities, modernizing its infrastructure so as to facilitate industrial development, and making progress in health and education if it is to sustain this kind of economic growth.

China

With a six-fold increase in per capita GDP in real terms since the 1990s, China's economic miracle remains unequaled. The transition from an agrarian society to an industrial society, and from a planned economy to market economy has been undertaken at an unprecedented pace. Coupled with gradual deregulation, these developments have attracted a huge flow of foreign capital. As a result, the People's Republic has in the last two decades become an industrialized, service- and foreign trade-oriented national economy. In the last 20 years, the primary sector's share of GDP has dropped by 17 percentage points.

At the same time, the relative weight of the industrial and tertiary sectors have increased by a respective 6 and 11 percentage points, and the proportion of the workforce in these sectors increased by a respective 5.8 and 14.7 percentage points. In 2010, industrial and service sectors represented 90% of China's GDP and employed 60% of the workforce. China's development success clearly cannot be explained by the production of labor-intensive, low-capital products such as textiles, toys or basic electronics alone. Since the late 1990s, the export of high-tech products

Fig. 6: High-technology exports as % of manufactured exports (1990 – 2011)



Source: World Development Indicators and Global Finance (World Bank 2012). High-technology exports are defined here as products requiring high R & D intensity.



relative to total exports – in the field of renewable energy, for example – has increased significantly, as Figure 6 illustrates. Effective crisis management during the 2008–2009 global recession further underscored the efficacy of China’s economic policies. Through anticyclical measures and a massive stimulus package in the amount of \$586 billion, China achieved growth rates higher than 9% for 2009 and 2010. The SGI experts therefore conclude that with regard to growth dynamism, China has so far weathered the post-2008 global financial crisis better than any other large economy. However, China will need to achieve an annual growth rate of 8% if it is to sustain employment levels and avoid social protest (Croissant/Heilmann/Huang/Schmidt 2012: 38).

China’s advances in socioeconomic modernization are manifest in improved living standards and reduced poverty levels. Approximately 400 million Chinese have been lifted out of absolute poverty since the country has opened its economy up. And there have been gains in another important indicator: infant mortality has fallen from 27.3 per 100 births in 2000 to 15.8 per 100 births in 2010 (Croissant/Heilmann/Huang/Schmidt 2012: 4).

However, these overall averaged figures mask enormous regional and social disparities at work that point to the existence of “two Chinas.” A near 40% of China’s workforce is still employed in agriculture, and as income-per-capita increases, so too does social inequality between western and eastern China, between rural and urban areas and between blue collar and white collar workers. The effective exclusion of 200 million itinerant workers from the Chinese social and health system, which is based on residency requirements, makes the restructuring of this system an urgent challenge for Chinese politics (Croissant/Heilmann/Huang/Schmidt 2012: 5).

The economic boom can also be attributed to the presence of a young, productive workforce. But this development will soon start reversing as a consequence of the one-child policy introduced in 1979. While the population of China is set to reach 1.4 billion by 2025, the potential workforce will decrease by up to 10 million per year. The United Nations’ projections foresee the potential workforce falling by 220 million by 2050 and a further 240 million by 2100, with a consequent slowdown in growth rates. Furthermore, Chinese society will age faster than almost any other, which will have enormous consequences for its labor market and social welfare system. While the transformation to an aging society has taken over a hundred years in Europe and the United States, this process will be achieved in 40 years in China.

Finally, the trade-off between economic modernization and environmental protection represents a further challenge for China’s future development. Economic development has brought forth deep-seated problems of environmental destruction and pollution. As the SGI experts point out, in China’s metropolitan areas, smog and pollution of air and water severely affect the ecosphere and the population’s quality of life. Even though the Chinese government has recognized the urgency of environmental protection, the current implementation of environmental policies is seriously inadequate in the People’s Republic.

 South Africa

South Africa's accession to the BRIC club in April 2011 can be attributed more to the significance of South Africa as an up-and-coming market in a continent offering major growth potential than the likelihood of the country matching the individual weight of the other BRICS countries on the international stage (Goldman Sachs 2012: 7). Since the first post-apartheid elections in 1994, South Africa has made significant progress along the path to democracy. The electoral process and its results have been accepted without reservation by all involved, which underscores the extent to which democratic principles have been institutionalized since the end of apartheid. A further positive development is the fact that despite frequent differences between the judiciary and the executive branch in recent years, the rule of law is generally recognized by all political actors. (Hartmann/Hofmeyr/Schmidt 2012).

In 1994, South Africa was confronted with major development challenges and high levels of national debt inherited from the apartheid era. Since then, the country's fiscal policies have managed to restore macroeconomic stability, reduce public debt, strengthen the welfare state and achieve a considerable annual growth rate of about 4% from 2000 to 2009.

Despite these positive macro-economic developments, there is still much to be done to improve socioeconomic performance in South Africa. Nearly one-third of all South Africans live on a daily disposable income of less than \$2. Among the BRICS countries, South Africa also has the highest income disparity, as measured by the Gini coefficient. In addition, one-fourth of South Africa's labor force is unemployed. The country urgently needs to focus on job-creating growth if it is to effectively combat systemic poverty and unemployment.

South Africa's economic policies are marked by strained relations and mutual mistrust between labor and capital. At the root of these tensions is the historic legacy of apartheid. Even though apartheid has been history since 1994, the majority of the South African economy, particularly the energy-mineral complex, remains dominated by white-owned enterprises, which frustrates attempts to achieve an effective framework for labor relations, as well as a consensus among unions, employers and politicians.

This institutional barrier has negative consequences for reform in other areas, such as education. Although education accounts for 20% of state spending and represents the largest line item in the government's budget, this investment has yet to yield benefits on the labor market. An



improvement in schooling and vocational training is therefore required in South Africa. Pointing to these problems, the SGI South Africa experts rank the country's labor and educational policies last behind Brazil, Russia, India and China. They therefore emphasize the urgency in moving away from current policy drafts that generally reflect a state capitalism strategy for the economy and a move toward a new structural model of development.

In addition, South Africa is faced with the herculean challenge of aligning the economic and social needs of a rising economic power with the prudent and sustainable use of resources while also taking into account the country's unique geographical position at the tip of Africa (Winkler 2009). Indeed, the Intergovernmental Panel on Climate Change identifies the entire continent of Africa, with its water scarcity and dependence on agriculture, to be at particular risk from the consequences of climate change (IPCC 2007: 435).

Among the variety of impacts delivered by climate change, energy supply is bound to figure prominently in South Africa, which in recent years has been subject to massive blackouts resulting from an overloaded and dilapidated electric grid. A key issue to be addressed here is the dominant position in the energy sector held by the state-owned electric utilities company, ESKOM (Gu et al. 2013: 12).

Areas in need of reform

Despite the impressive upswing and the enormous potential for further growth observed in each of the BRICS countries, they are all confronted with serious internal development problems. Confronting and effectively managing these problems are essential if they are to stay the course of robust development while ensuring long-term sustainability. Given the differing socioeconomic and political conditions found in each country, the urgency with which specific problems must be resolved differs from country to country.

Within this group, we see juxtaposed against each other economies undergoing increasing diversification (China), economies dominated by raw materials (Russia), shrinking societies (China and Russia), growing populations (India), authoritarian systems, pluralistic democracies and development strategies driven by liberalized national economies (Joerißen/Steinhilber 2008). However, a number of overarching problems and urgent

Growth is exacerbating, not solving, many BRICS challenges. Inequality in South Africa and Brazil undermines stability; India, China and Russia face rule-of-law and corruption concerns; and societies in China and Russia are aging quickly. Environmental challenges loom throughout.

reform needs can be identified that will be common to most, if not all, BRICS countries in the future. In short, sustainable development requires urgent action be taken in securing political and social stability by combating social inequality and poverty, addressing demographic change, and by balancing economic growth with environmental sustainability.

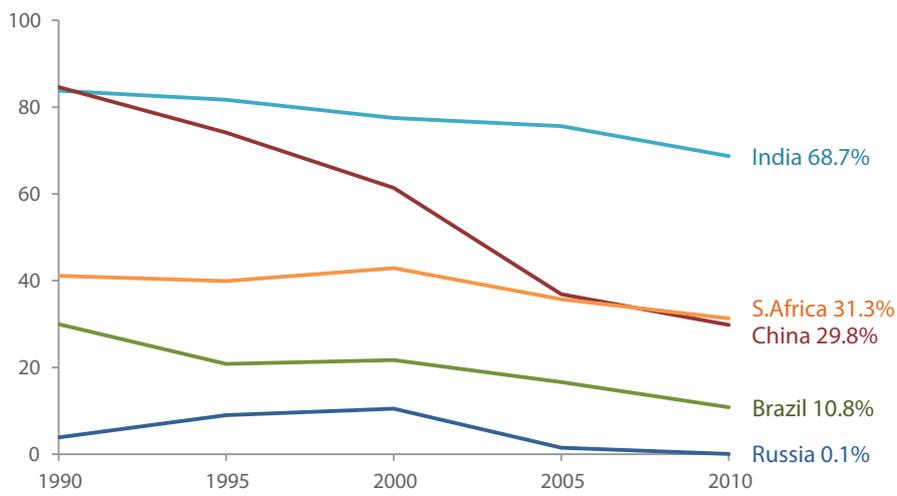
Political and social stability

Economic growth in the BRICS countries has significantly reduced extreme poverty in some areas (Figure 7). The greatest reduction is observed in China, but Brazil and South Africa have also managed in the last ten years to significantly reduce the number of people living in poverty. However, a growing gap between rich and poor is discernible in all the BRICS countries.

Developments in OECD countries demonstrate that growing income disparity is both a corollary and consequence of economic growth, and that it exerts a negative influence on social mobility, inclusion and cohesion within a society. Strengthening social inclusion must therefore be a key goal of government policy (OECD 2011: 19). Figure 8 represents income disparity in the BRICS countries from 2000 to 2011 as measured by the Gini coefficient, expressed as a mathematical average, and shows clearly that South Africa and Brazil have the highest rates of inequality within the BRICS group.

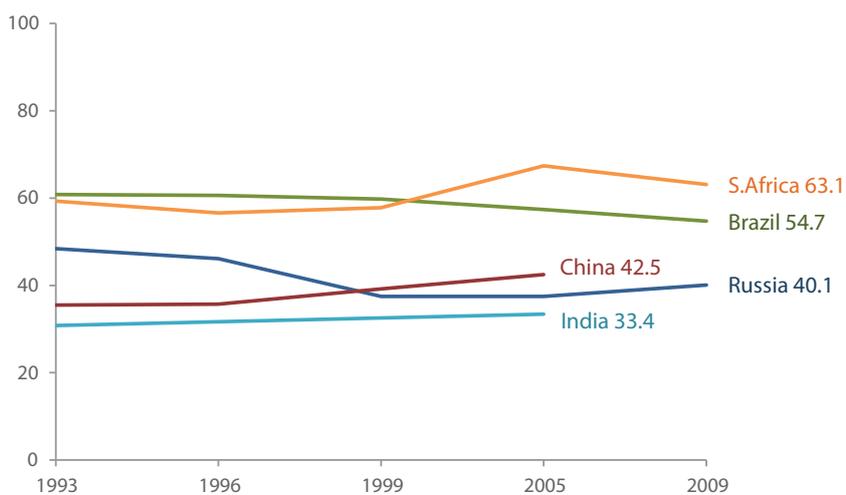


Fig. 7: Population living on less than \$2 a day (in %, 1990 – 2010)



Source: World Development Indicators and Global Finance, The World Bank, 2012

Fig. 8: Income disparities in the BRICS (Gini coefficient, 1993 – 2009)



Source: World Development Indicators, The World Bank, 2012

According to Jan Hofmeyr, country expert for South Africa, “profound social inequality is one of the defining characteristics of these states.” Countless citizens lacking the education and skills to benefit from this rapid growth have, in fact, fallen further behind in the last two decades. Policies generating growth have effectively exacerbated existing inequalities in these countries, which are far more profound than those found in OECD countries. As Hofmeyr notes, we see in these states poverty levels similar to those found in underdeveloped countries juxtaposed against entire sectors of society “enjoying lifestyles that are normally associated with the upper classes in developed countries.”

In order to ensure long-term social stability and therefore their long-term prospects for growth, these states must show greater commitment to narrowing social disparities and income gaps. Fiscal sustainability, according to Hofmeyr, “should therefore not only focus on sustaining economic growth, meeting future obligations with existing tax burdens, and meeting the requirements of inter-generational equity; it should also factor in the state’s ability to narrow social inequity, which if unaddressed, will continue to burden the state at the expense of investment in productive infrastructure.” (Hartmann/Hofmeyr/Schmidt 2012)

The rule of law

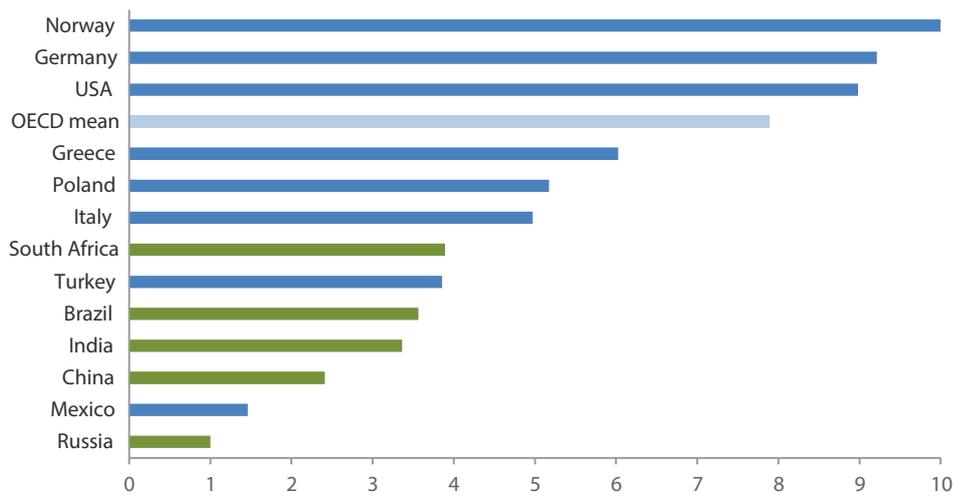
Rule of law deficits represent further sources of destabilization in the BRICS states. Figure 9 draws on data from the World Bank’s Worldwide Governance Indicators and shows the extent to which the rule of law is upheld in 31 OECD countries and in the five BRICS states. Here, we see a considerable gap between the advanced industrial nations and the emerging nations. Together with OECD-member Mexico, India, China and Russia occupy the bottom four ranks. South Africa and Brazil are the only BRICS states showing a relatively stronger rule of law.

Corruption

In Figure 10 we see a similar pattern for yet another urgent policy challenge in the BRICS: corruption. As with the rule of law, India, China and Russia rank at the bottom of this comparison, while South Africa and Brazil fare better. Battling corruption and consistency in the rule of law are not only vital to effective policy implementation; they are essential in providing a political system stability and legitimacy.

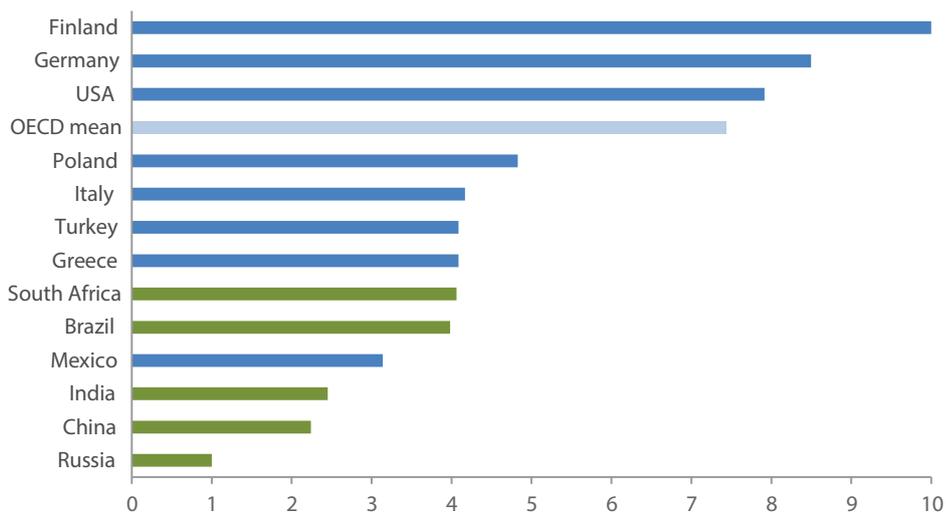


Fig. 9: The rule of law (selected OECD countries and BRICS, 2010)



Source: World Bank Governance Indicators

Fig. 10: Corruption control (selected OECD countries and BRICS, 2010)



Source: World Bank Governance Indicators

Demographic development

A further major future task for the BRICS countries is the management of demographic challenges (Figure 11). Whereas India and South Africa are faced with a high rate of infant mortality, Russia and China, in common with many OECD countries, are confronted with the phenomenon of aging, shrinking populations. The median ages in China and Russia are 37.9 and 34.5 respectively, while South Africa at 24.9 has the youngest population among the BRICS countries. In addition, Russia and China feature the lowest birthrates relative to Brazil, India and South Africa.

If these trends persist, which seems highly likely, the population structures and workforce demographics of China and Russia will soon resemble Europe's aging populations. Today there are already 180 million people aged 60 or older in China (approximately 14% of the population). Within approximately 25 years, birth rates in the BRICS countries will fall below the point required to maintain static population figures. In China, this process has been accelerated by the one child policy. In Russia, meanwhile, the birth rate is already lower than in many western European countries. Even India and Brazil can expect lower birthrates (Goldman Sachs 2012: 24).

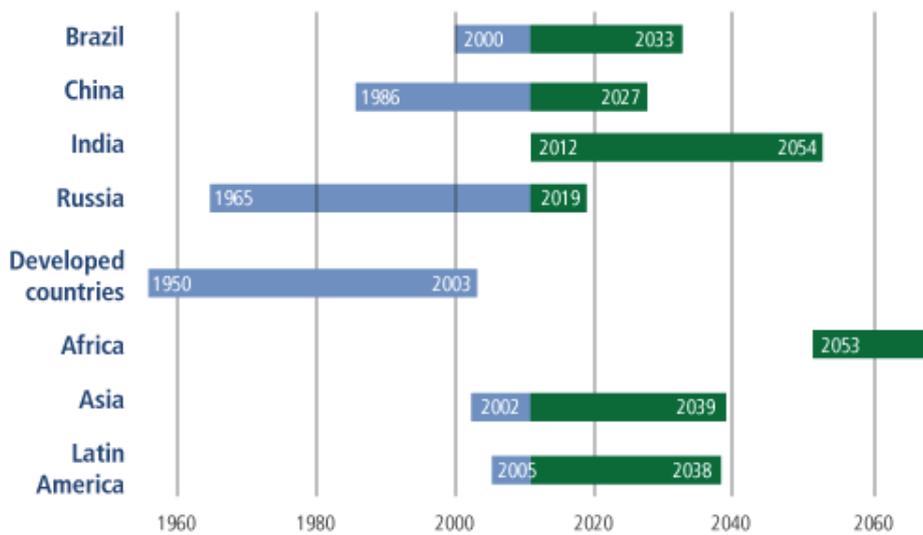
Environmental sustainability

Along with the question of demographic sustainability, the BRICS countries are confronted by the question of environmental sustainability in their development models (Figure 12). It is in the BRICS countries' own interest to reduce their CO₂ emissions and environmental pollution while embarking on a path of clean development. They are already confronted with numerous environmental problems, including air and water pollution, increased water scarcity and excessive exploitation of resources.

The BRICS countries are also particularly susceptible to the effects of global warming, with many of their large population centers being low-lying coastal cities. Rising sea levels could have a major impact on the economic activities of the approximately 600 million people who live in coastal regions. Results of the World Value Survey in China also point to environmental awareness as a post-material value being recognized by a greater proportion of the population. Meeting these varied future challenges with effective solutions won't be achieved through economic growth alone. On the contrary; issues such as social inequality and serious environmental damage are actually induced by the enormous rate of economic growth and will worsen considerably if current development models persist. Overcoming these problems instead demands effective governance and future-oriented policy-making in each of the BRICS countries. The impact and performance of their respective political systems will prove decisive in mastering challenges and shaping growth models that foster sustainable development.

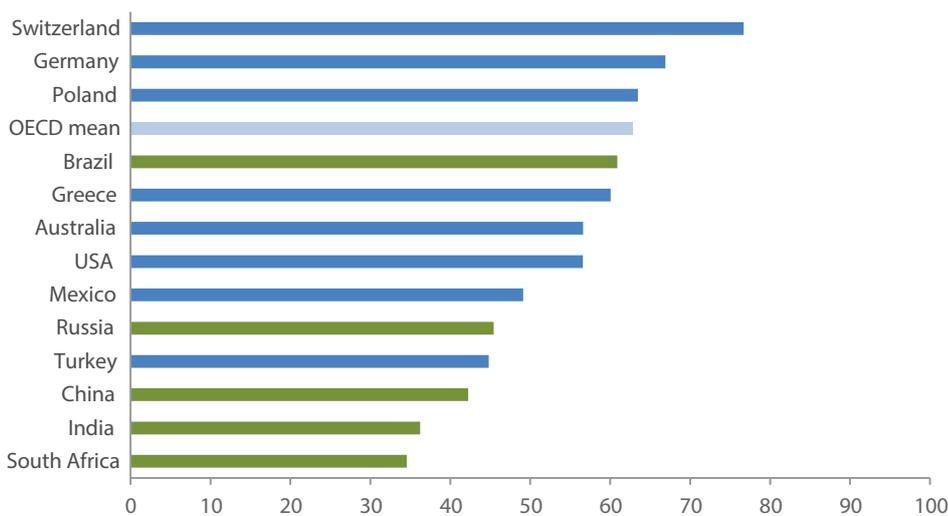


Fig. 11: Demographic windows for the BRIC



Source: UN, GS Global ECS Research. Demographic window is defined to be that period of time in a nation's demographic evolution when the proportion of population of working age group is particularly prominent.

Fig. 12: Environmental Performance Index (selected OECD countries and BRICS, 2012)



Source: Yale Center for Environmental Law & Policy

Measuring governance

Good governance – The key to sustainable development

Despite the impressive economic growth achieved by the BRICS, as discussed earlier (“Growth factors and policy challenges”), each state in this group is marked by deficiencies in policy performance, some of which are common to all, some of which are country-specific. These deficiencies constitute major challenges to be addressed by these states’ governments if they are to yield long-term gains from this economic growth. The questions posed by this study include: What are the prospects for each state in closing the gap on these shortcomings? Which among them are most (or least) likely to steer the course of development in a sustainable manner and implement effective policy change?

Sustainable development requires the presence of state and non-state institutions capable of providing public goods. The governance analysis here thus encompasses a wide spectrum of formal and informal actors.

The obsolescence of the Washington Consensus

For several years, the adherence to free-market mechanisms as an essential factor of development was considered a truism among many development policy stakeholders. According to this view, economic liberalization would not only foster growth in developing countries, but it would also help achieve broader metrics of development. This thinking is the essence of the so-called Washington Consensus, a set of economic policy recommendations for development countries advanced by Washington-based institutions such as the IMF or the World Bank at the end of the 1980s. The recommendations were strongly influenced by neoliberal standards focusing on objectives like fiscal discipline, privatization, deregulation, or liberalization of trade and foreign direct investment. In practice, however, these recommendations have not proven effective in any obvious way, and examples like Argentina’s economic crisis (1999–2002) have often been cited as clear evidence of their profound failure. These real world developments have shifted the focus of debate. As political scientists such as Bo Rothstein have noted, the strategy failed because “poor countries lacked the necessary type of institutions that were ‘taken for granted’ in neoclassical economics” (Rothstein 2011: 144–145). As a result, questions exploring what kind of political and social institutions facilitate or are even fundamental to development have since moved to the foreground.

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Good governance and public goods

The concept of “good governance” which reflects the general shift towards institutional analysis in the social sciences (North 1990; March & Olsen 1989; Ostrom 1990) has become integral to analyses of developing countries’ prospects. At the heart of the concept is the claim that political, legal and administrative institutions and practices in a country can be more or less suitable to the provision of public goods (Rothstein 2011).

These public goods include items such as social welfare, health care and pension schemes, an efficient labor market, defense strategies, environmental protection, an effective rule of law, and every other “good” the benefits of which no individual can be effectively excluded from. Securing these public goods and ensuring their availability in the future constitute exactly the challenges identified for the BRICS in “Growth factors and policy challenges.”

To date, there is little consensus among scholars on which system of governance featuring specific formal and informal institutions is best suited to the sustainable provision of public goods. There is, however, some agreement on what is needed to generate a feasible and accurate analysis of good governance. Arguably most important here is the need to widen the analytic scope so that the set of relevant actors and institutional environments included reaches beyond that of government members or political elites. After all, state power alone is no longer enough to steer and implement effective policy change. Rather, effective policy change is predicated on the involvement of other stakeholders such as business associations, labor unions and civil society organizations (Jann/Seyfried 2011: 51).

This analysis of governance recognizes players other than the state in the horizontal and vertical (local and regional players) distributions of power and authority alike. Whereas some observers see a “hollowing out of the state” under way, others insist on “state-centered” views of governance. But all agree that the set of relevant players is more extensive than heretofore acknowledged (Levi-Faur 2011: 10-13). Scholars also generally agree that relevant governance structures will involve not only hierarchical forms of decision-making institutions but also network-driven, consensus-based and largely informal decision-making institutions (Jann/Seyfried 2011: 54).

Measuring good governance with the SGI

Aiming to measure systems of governance in terms of how they meet the demands of good governance by providing a framework in which public goods provision can be ensured, the Bertelsmann Stiftung's Sustainable Governance Indicators (SGI) draw on the two aforementioned points of general agreement. The SGI employ on the one hand a "state-centered" view of governance, examining the formal and informal institutions associated with the core executive. At the same time, the SGI capture the qualitative dynamics of governance, that is, those facets of interaction between the branches of government (i.e., executive, judiciary, parliamentary), bureaucracies, the media, civil society, interest groups, parties and international actors.

This approach therefore acknowledges the dispersion of power and authority in governance structures. Furthermore, the SGI pay equal attention to formal and informal as well as hierarchical and non-hierarchical institutional arrangements. They explicitly take into account functional equivalences of different institutions in different countries (e.g., the functional equivalence of formal and informal means of interministerial coordination).

As a measuring tool grounded in practical evidence, the SGI Management Index draws on 47 indicators (16 quantitative and 31 qualitative) or questions posed in an expert survey that aim to measure a country's institutional arrangements against benchmarks reflecting good practices in governance (Brusis/Siegmund 2011: 78).



Conceptual framework and methods

The analysis of governance in the BRICS states provided in this publication draws upon the methodological underpinnings of the SGI measuring tool. Full details regarding the SGI methodology and the data gathered for both the 2009 and 2011 SGI editions are available at the SGI website (www.sgi-network.org). Given space considerations, the following offers a brief outline of how the SGI, as an instrument designed specifically for OECD countries, was adapted for use in this study of the BRICS states.

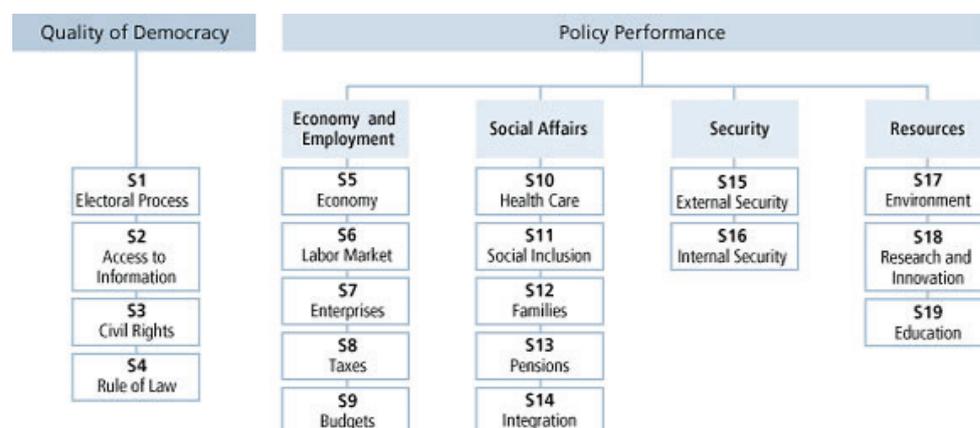
As a project concerned with promoting good governance and sustainable policy results, the SGI is shaped by two guiding questions: Which policy areas require action (reform needs)? And: How capable are governments in taking action and implementing needed reforms (reform capacity)? In answering these questions, the Sustainable Governance Indicators aim to identify successful practices while fostering international learning processes. Divided into two pillars, one identifying sustainable policy performance (Status Index) and one addressing governance (Management Index), the structural framework of the SGI reflects the guiding questions or reform needs and reform capacity.

BRICS reform needs and reform capacities are examined using SGI methodology. The SGI Status Index assesses policy performance sustainability, while the Management Index addresses governance efficacy. Identifying strengths and weaknesses enables a comparison of reform outlooks.

Status Index

This pillar of the SGI examines the quality of democracy and policy performance in each country. The quality of democracy in each country is measured against a definitional norm that considers issues relating to participation rights, electoral competition and the rule of law. Given that sound democratic standards are considered crucial for long-term stability, the questions posed in this dimension focus on the quality rather than the presence of democracy. Individual questions are designed to monitor discriminatory practices related to the electoral process, citizens' access to public information (including the independence of the media), the protection of civil rights, and adherence to the rule of law. The dimension of policy performance examines outcomes in four major policy sectors, which are comprised of 15 single policy areas. Each policy area is assessed by a range of economic and policy performance questions that include both qualitative and quantitative indicators (Figure 13).

Fig. 13: The Status Index



Management Index

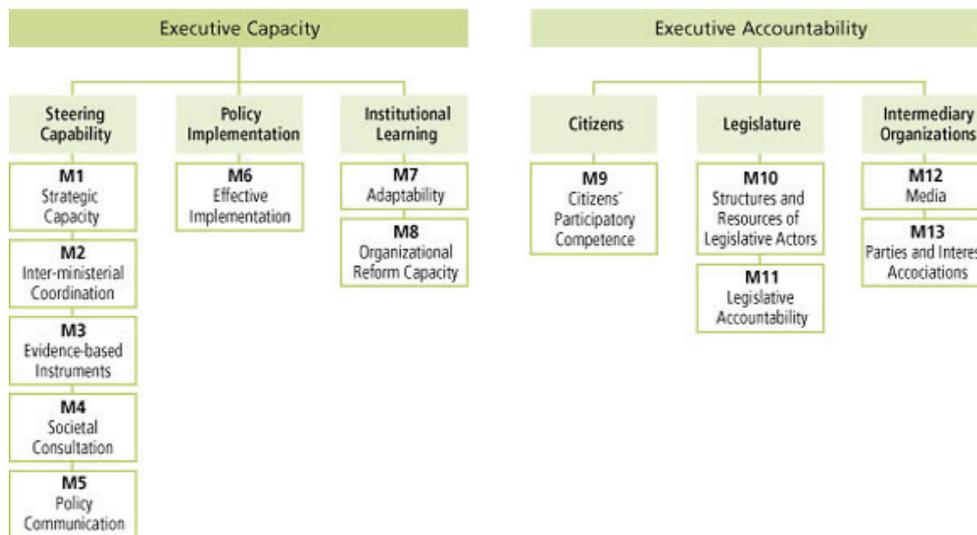
This second pillar of the SGI, covering the governance dimension, examines how effective governments are in directing and implementing appropriate policies. This index focuses on executive governance, which encompasses more than the act of governing and refers as well to the organizations and actors surrounding executives. Because governments require a facilitative environment in order to fully develop their governance capacity, the Management Index is designed to examine not only the capacity of executives to act strategically, but also to assess whether parliaments, intermediary organizations and citizens hold governments accountable, enhance the knowledge base upon which policy-making is conducted, and deliberate policy needs. Designed with this understanding of governance in mind, the Management Index consists of two dimensions, executive capacity and executive accountability, which examine how strategically governments act and how they are held accountable by the public as well as the wider political system (Figure 14).

Executive capacity draws on the categories of steering capability, policy implementation and institutional learning. Steering capability questions refer to the role of strategic planning and expert advice, the effectiveness of interministerial coordination and regulatory impact assessments, and the quality of consultation and communication policies. Questions on implementation assess the government's ability to ensure an effective and efficient task delegation to ministers, agencies or subnational governments. Questions on institutional learning refer to a government's ability to reform its own institutional arrangements and improve its strategic orientation.

The dimension of executive accountability is comprised of three categories corresponding to important actors or groups of actors that are considered to be key accountability providers in



Fig. 14: The Management Index



theories of democracy and governance. The questions posed in these categories investigate to what extent citizens are informed of government policies, whether legislative actors are capable of exercising oversight of the executive, and whether intermediary organizations (e.g., media, parties, interest associations) are characterized by policy know-how and relevance.

Making SGI travel

In conceptualizing the “Sustainable Governance in the BRICS” study, the first issue to address was the methodological question of how well the conceptual framework of the SGI can “travel” (Sartori 1970). Given that the SGI, as a relatively new measuring tool (the second edition was released in 2011), was developed specifically with highly advanced industrial states in mind, the question of transferability to other political contexts required considerable attention.

The goal here was to gain new insights into the characteristics of policy performance and governance in a group of countries whose robust economic growth is expected to catapult them in lead positions in the 21st century, but which differ from OECD member states in many political, economic and cultural respects. In fact, limits of transferability within the SGI’s highly differentiated framework of analysis were quickly identified. These limits involve the availability of (reliable) data, which is still rather difficult to obtain for some of these countries. Furthermore, some of the 147 indicators proved “blind” to the specific paths and stages of development observed in these countries, which would lead to distortions in comparison. As a result, in cases where the experts expressed difficulty in applying an indicator to their country, the indicator was considered “not applicable” and no score included.

At the same time, it became clear that the SGI, as a measuring instrument, offers advantages for comparative analyses. In contrast to exclusively quantitative governance indices, the broad set of qualitative assessments provided by SGI experts allows us to compare policy inputs with their outputs while taking into account a government's throughput performance. In this way, the SGI provides insights into the effective capacity of a political system overall.

The itemized nature of the SGI instrument, with its combination of quantitative and qualitative indicators, permits us to capture a high-resolution image of governance systems in each of the BRICS. The individual country reports and score sets provide a sound basis for examining sustainable governance in terms of the substance of policies proposed as well as procedural performance criteria. The point here was to employ the SGI's capacity to capture the details rather than to draw on its capacity to distill these details into aggregated scores and rankings. For this reason, we decided not to generate overall scores for both indices.

In order to mitigate a potential source of hidden bias within the quality of democracy dimension, a survey of this dimension's individual criteria was conducted for each of the BRICS state (the details of which can be found in the country reports), but only the aspects of the rule of law and corruption prevention were included in the final comparative analysis of governance. This was done to avoid generating inherent biases toward specific regime types in scores and to prevent biases against non-democratic systems in assessing the performance of governance systems. At the same time, the criteria and indicators within the executive capacity dimension that address specific government capacities (strategic, coordination, implementation and communication) in terms of efficiency and effectiveness were included in the analysis of governance. The vantage point of this kind of approach, underpinned as it is by the core principles of effective and forward-looking leadership in government – though clearly not neutral – is not biased toward any specific regime type.

Yet our analysis also reflects the current view in empirical governance research that any evaluation of governance must incorporate elements beyond the core executive or executive governance. Today, sustainable policy-making can no longer be shaped exclusively by elected (or otherwise) governments alone. Where present, non-state actors, in democratic and autocratic states alike, often function as an additional resource within a political system and must therefore be included in the scope of analysis when applying a broad concept of governance.

The incorporation of non-governmental and civil society stakeholders such as parties, the media, associations and NGOs in our analysis thus derives not from democratic theory concerns but rather from the need to identify the functional resources required to achieve sustainable development. In areas presenting a specific challenge to the BRICS states, such as corruption prevention, non-governmental actors can play crucial roles by serving the function of a watchdog. The same applies in the battles against poverty and social inequality. Here, as empirical development research has shown, civil society actors can assume key functions in



targeting these goals. In short: “Striking the balance between participation and the ability of governments to act decisively is the key” (OECD 2011: 189). Given these considerations, we therefore extracted the relevant Management Index indicators and supplemented these with criteria addressing the government’s capacity to act (executive capacity) as well as the competencies and capacities of non-state actors.

Structuring the BRICS empirical analysis

The policy performance and governance capacities of the emerging economic powers Brazil, Russia, India, China and South Africa were subject to a systematic analysis using the SGI framework of analysis. In a successive process, a minimum of three country experts (the initial expert, reviewer and coordinator) for each country contributed to the compilation of reports and standardized ratings. To ensure that a context-sensitive local perspective be included, at least one member of the expert team is from the country in question (a full list of all participating experts is included in the annex). During the compilation process, a double-blind review procedure was employed to ensure the quality of data being gathered. The period under review for the SGI BRICS study encompasses two years, beginning with February 1, 2010 and ending on January 31, 2012.

This process allowed us to establish an inventory of the political conditions in each country and the performance of policies in specific policy areas. Drawing on this inventory, we then carried out a systematic analysis of each country’s reform needs in achieving sustainable development. At the same time, the performance of the core executive and other actors in identifying serious problems, formulating strategic policy solutions and implementing them was also assessed.

Identifying the reform capacity in each state thus involved exploring the specific features of governance allowing leaders to steer things toward sustainable development. Conducting a cross-national comparison yielded a detailed profile of each country’s strengths and weaknesses which, in turn, provides insight into the factors driving success in each country as well as the structural deficits in their respective political steering capacities. The dimensions and criteria comprising the Management Index were used to conduct this empirical analysis of the quality of governance and reform capacity in each country (Figure 14 above).

The specific role of each criterion of analysis in assessing sustainable governance is explained more fully at the beginning of each comparative analysis in “Governance performance in comparison,” which outlines the findings. If we look at the findings for reform needs and reform capacity we see very different outlooks for the individual BRICS states in terms of their future development. Doing so begs a question often overshadowed by the dynamic economic growth associated with these countries: Just how well-equipped are the systems of governance in these states to address the challenges ahead and ensure sustainable development?

Governance in comparison

Steering capability

In evaluating a government's performance, the concepts of steering capability and strategic capacity are of critical importance. Governments are therefore deemed to possess strategic capability when they engage with other actors in a timely manner, target realistic goals and bear a broad set of social interests in mind while planning for the long term. In the SGI survey, this aspect of performance is captured at multiple points; among these is the question as to the degree of influence that strategic planning has within the decision-making process, for example in the form of planning units at the center of government.

Forward-looking, strategic policy formulation also includes the ability to adapt continually to changing conditions, and to revise previously defined goals when necessary. Strategic policy steering is thus characterized above all by forward-looking, long-term planning that draws from a sound knowledge base, often referred to today as “evidence-based policy-making.” The individual indicators within this category of the SGI Management Index are thus derived from a consideration of the use of scholarly expertise within the policy-planning process and of special evidence-based tools such as regulatory impact assessments. Strategic agenda-setting thus implies a discussion of the economic and social consequences of proposed measures.

Capable governmental steering involves realistic long-term planning and timely action. The analysis here thus focuses on planning instruments and quality, the ability to adapt to new conditions, use of evidence, internal and external cooperation abilities, and communication consistency.

Identifying the importance of interministerial coordination in the successful formulation of policies, the SGI survey addresses both formal and informal mechanisms at work here. The SGI's “steering capability” category also examines the degree to which the government cooperates with non-state actors in order to generate the broadest possible consensus in the preparation of policy proposals, and to generate an appropriately well-founded and balanced

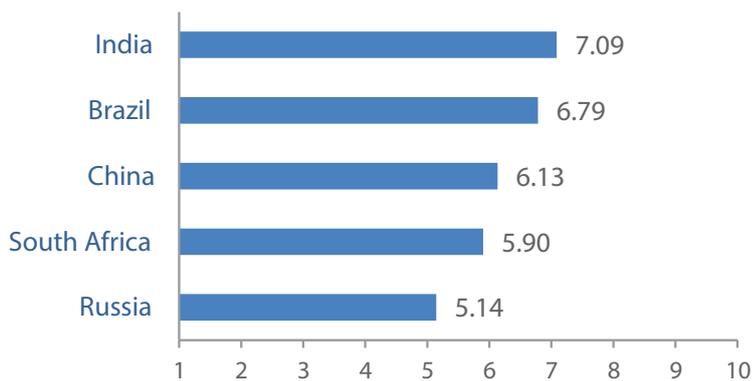
Steering capability	40
Policy implementation	68
Institutional learning	78
Executive Accountability	86



understanding of the issues at hand. Finally, it asks whether the government also coherently communicates the contents of its policy once formulated, as the sustainable success of a potentially controversial policy depends in part on clear communication.

As a look at the results of the BRICS comparison shows, Russia shows the clearest overall shortcomings in the category of steering capability, while India and Brazil perform best. However, it is important to consider the individual aspects of this index category, as each country has specific strengths and weaknesses in different areas (Figure 15).

Fig. 15: Steering capability

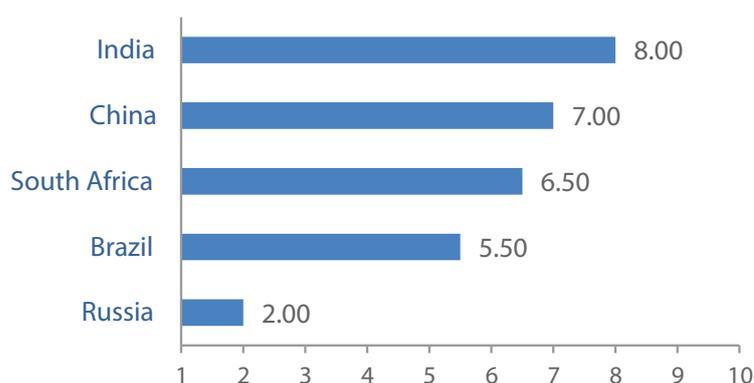


Steering capability scores are weighted composites, with each of the five criteria (Strategic capacity, Interministerial coordination, Evidence-based instruments, Societal consultation and Policy communication) contributing one-fifth of the total value.

Strategic capacity

We examine first the aspect of strategic capacity. The institutional capacities for this are particularly limited in Russia, but India performs very well. China and South Africa achieve satisfactory results, while Brazil's capacity for strategic planning appears to offer room for improvement (Figure 16). What are the reasons for the BRICS countries' very different performances on this important indicator of sustainable governance? Who can learn from whom in this area?¹

Fig. 16: Strategic capacity



Strategic capacity scores are weighted composites, with each of the two indicators (Strategic planning and Scholarly advice) contributing half of the total value.

Brazil – New institutions, RIAs foster gains in planning capacity

Strategic planning capacities still fall short

Brazil, which overall demonstrates directive capacities as well-developed as those of India, shows only mediocre performance on the criterion of strategic planning, particularly because the government could do more to incorporate the expertise of scholars into its planning processes. The country experts stress that the management capacities of the Brazilian executive are still hampered by the predominance of short-term politics over long-term interests. This leads to deficiencies concerning solid planning and more stable governance structures that would be more resilient to various political influences and permit greater efficiency and transparency in institutions.

¹ Please note that the following empirical analysis contains a large number of passages derived directly from the individual country reports.



New institutions support planning capacity

The capacity for strategic planning in Brazil has been improved upon in recent years. There have been several institutional changes made that play a particularly key role. The Brazilian Applied Economic Research Institute (IPEA), a think tank focusing on developmental issues and design plans for development achievement,

was moved from the Ministry of Planning, Budget and Management to the Secretariat of Strategic Affairs, bringing long-term planning to the government's core. In addition, the Lula government initiated the National Council on Economic and Social Development, which brought together prominent actors in civil society, industry and agriculture to assist the presidency in long-term planning. This council is subordinated to the General Secretary of the Presidency.

Finally, during Lula da Silva's last year in government (2010), then-Chief of Staff Dilma Rousseff played various roles in the daily operations of the government. Monitoring and planning the Growth Acceleration Plan (PAC), the government's main source of infrastructure investment, was a key task. During Dilma Rousseff's first year in government (2011) most of the aforementioned initiatives were continued, though the PAC administration was moved to the Ministry of Planning. In short, investment in long-term planning has grown during both the Lula and Rousseff administrations. Clearly, the government is not just "muddling through."

India's strong cabinet and expert consultation give it the lead in strategic planning, while China's striking planning institutions suffer from a lack of expert advice. RIA use is increasing in Brazil and South Africa, but a detail-focused presidency undermines Russia's ability to plan strategically.

Limited use of academic expertise

Beyond these very promising institutional developments, there remains significant potential for improvement in integrating non-governmental academic experts into the planning process. Although there is some interaction between the government and the academic world, the influence exerted by scholars has until recently been modest, though under new President Dilma Rousseff, stronger efforts to involve independent scholarly expertise in the planning process have and continue to be made.

Regulatory impact assessments on the rise

Alongside the systematic integration of scholarly expertise, evidence-based policy-making is often characterized by the use of regulatory impact assessments (RIA). Although RIAs are not yet required in Brazil today, RIA efforts are strengthening, particularly in the context of

the Program for the Strengthening of the Institutional Capacity for Regulatory Management (PRO-REG). PRO-REG has initiated research to develop an RIA system suited to the Brazilian institutional framework as well as specific RIA training for civil servants. However, some ministries and government institutions already undertake some form of impact analysis when introducing or modifying regulations, but this is done without systemic application. Impact assessments are mandatory for environmental issues and social issues. This activity is beginning to gain traction and is increasingly demanded by different groups of stakeholders.

Infrastructure projects must be accompanied by social and environmental impact assessments. If hurdles are not cleared, the project will most definitely be stalled, mostly through action taken by the public prosecutor. Dilma Rousseff (as both Lula's chief of staff and as current president) focuses on constant evaluation, monitoring and analysis of the government's main public policy projects. In many respects, Brazil is thus already well on the way to improved strategic planning and policy steering processes. How does this contrast with the capacity for strategic planning observed in Russia?

Russia – A strong hand prevents “true” planning

“Manual control” by Putin hampers strategic planning

The SGI country experts for Russia come to a different conclusion than their peers in Brazil, finding that for its part, the state executive lacks the capacity for strategic planning. The political leadership rarely focuses on strategic policy debates, but regularly interferes in the details of policy (a process called “manual control by Putin”) and often focuses more on struggles between narrow interests than on broader visions or the public interest. As a result, what informal mechanisms are at work are more likely to promote patronage interests than enable a focus on strategic policy debates. Indeed, Russia's semi-presidential system, tailored strongly to the person of the president himself, has little in the way of institutions slated specifically for strategic planning.

The president and members of the government seldom meet experts, including those working in the governmental analytical structures. No institutional mechanism for considering expert opinions exists in the country. Decisions prepared and made by the executive agencies and top leaders are as a rule formulated within the executive bureaucracy, and are often predetermined by the lobbying of separate groups inside the government machinery or by “crony” businesses connected with it.

Introduction of RIA marks important step forward in government efficiency

Despite the aforementioned shortcomings, there are evidence-based policy-making tools being employed elsewhere in Russia. Among these are RIAs, which have only recently been



instituted. Noting this step as an improvement, the country experts gave Russia 9 out of 10 available points for this indicator. According to most experts, they were introduced as part of the Russian government's efforts to mitigate the effects of the global financial crisis, which among other things revealed the need to improve the efficiency of the government's socioeconomic policy. The practice was introduced by cabinet ordinance (postanovlenie) No. 336, adopted on May 15, 2010. Under the new Russian RIA system, each legislative issue is required to be approved by the cabinet's Commission on Administrative Reform.

Most experts assess the newly established RIA process as one of most useful mechanisms currently aimed at bolstering the government's efficiency. The major problem with RIA is that it is applied not only to draft laws, but also to executive regulations. Once a draft law initiated by the executive reaches the legislature, subsequent amendments are not required to be subjected to RIA. Yet even with these weaknesses, the very fact of RIA's introduction and the proofs of its practical use constitute a significant positive development in Russia's management efficiency.

Overall, however, Russia remains the group's poorest performer in terms of strategic policy planning.

India – Consulting with scholars yields effective planning

Unlike Russia, India's government has at its disposal well-functioning structures and mechanisms through which strategic policy planning is conducted. These include the targeted integration of scholars and other experts, whose contributions form the foundation of evidence-based planning and knowledge generation. In this area, Russia could learn from India, although the two political systems are of course quite different.

Strong strategic planning role for the cabinet

The SGI country experts for India highlight several important points here. First is the degree to which the Indian prime minister relies on his strong cabinet on questions of strategic planning. The prime minister's cabinet (of which he or she is a member) assists with strategic planning and running the government. While prime ministers have in the past been known to bypass the cabinet, relying on persons outside the government for strategic advice, recent years have seen individual ministers, if not the entire cabinet, exercise dominant influence over strategic planning.

Moreover, next to the special role of the cabinet, the strong position of the Prime Minister's Office (PMO) in strategic planning and coordination processes is noted. The Prime Minister's Office is a body of bureaucrats tasked with providing assistance to the prime minister. The

PMO has detailed and comprehensive policy expertise, as the prime minister is head of the Planning Commission, and the PMO is staffed by senior bureaucrats and is supported by quite a few high-level advisory bodies. Among these are the Economic Advisory Council to the PM (EAC) and the Unique Identification Authority of India (UIDAI), which reports directly to the Planning Commission.

Functioning exchange between government and academic experts

In this context, it should be stressed that there is strong, semi-institutionalized exchange between government and academic experts. For example, the so-called National Advisory Council (NAC) plays an important role in the strategic planning process, particularly in the area of social policy. The NAC has emerged as a cross-section of civil society, which has served under chairperson Sonia Gandhi as a body feeding social security legislation and policy into the government's agenda.

Moreover, statutory bodies such as the National Commission for Women (NCW) are often consulted in order to gauge expert and public opinion on specific laws. In the past two decades, a plethora of expert committees and working groups have been set up to discuss nearly every aspect of economic, trade, monetary, fiscal, social, science and energy/environmental policies. These committees' reports have been disseminated and have been taken seriously by the government, although many of their recommendations could not be implemented. Academic and civil-society representatives have gained influence on these committees over time, although government representatives have remained dominant in most of these endeavors.

It must also be noted that academic members have typically been picked primarily from government-sponsored institutes, and that civil society representatives tend to be entrepreneurs or members of business associations, and less often members of NGOs, although the NAC appears to be an exception in this regard.

RIAs in India need to be applied more widely

As seen in Russia, the question of whether a government systematically engages in regulatory impact assessment – thus seeking to accurately assess likely outcomes, consequences and alternative options associated with policy proposals – is also important when it comes to long-term policy-making. India performs quite satisfactorily on this issue. The experts assigned a score of six out of 10 points, while noting remaining weaknesses: Regulatory impact assessments are frequently performed in India, at least according to public statements. However, there is no legal requirement to do so. The practice is used mainly for ex ante appraisal rather than for ex post evaluation purposes, and mostly covers economic regulation (industrial licensing, tax rates, foreign exchange controls).

Weak spots are still regulatory coherence, and regulators' financial and administrative autonomy and accountability. Despite these weaknesses, India's government shows a noteworthy strategic capacity. A look at India's "rival" China shows similarly intriguing results.



China – Ambitious planning polity without independent academic expertise?

The most ambitious planning polity of our times?

China represents a special case when it comes to strategic planning. According to the SGI experts' evaluations, the country can be considered the most ambitious planning polity of our times with regard to the comprehensiveness and the intended domestic and global impact of long-term policy programs. There are multiyear programs with binding and indicative targets in virtually every sector, from space programs and infrastructure through human resources and education to health care, cultural life and tourism.

The Chinese government continuously drafts long-term policy agendas that attempt to anticipate, utilize and shape domestic and global market trends so as to promote China's economic, technological and social development. On a general level, five-year guidelines provide orientation for the strategic mid-term course of economic and social policies. The provisions of these guideline plans are then developed further into sectoral plans and tangible policy initiatives. Furthermore, strategic planning documents exist in most major policy areas, such as the Medium- and Long-Term Plan for the Development of Science and Technology that focuses on strengthening China's domestic innovation potential by 2020.

Chinese policymakers try to keep key variables identified as crucial to China's current and future development trajectory under tight control and as steady as possible. The basic variables are CCP rule and executive continuity. Macroeconomic variables such as growth, inflation, fiscal deficits, credit volume, current/capital accounts and currency exchange rates are still defined by the central government. Central-government policymakers also retain authority over economic sectors considered to be strategic. Finally, the state adopts preferential policies to explicitly support certain corporations deemed "national champions," these for the large part being highly profitable SOEs that produce revenue for the central government. These variables are controlled through authoritarian and bureaucratic-legal means.

Role of non-governmental experts questionable

The fact that China falls short of a perfect score in the SGI survey's "strategic planning" indicator can be attributed to its specific mechanisms of scholarly advice. While it is certainly the case in China that most ministries, commissions and organs existing under the bureaucratic auspices of the State Council (China's cabinet) have links to affiliated think tanks, these academic institutions are as a rule quasi-governmental institutions or organizations rather than non-governmental institutions. Thus, they cannot be considered to constitute truly independent external scholarly advice. For this reason, China receives just five out of 10 points on this issue.

Nevertheless, efforts in China to anchor strategic planning in scientific research are striking. Starting in the 1980s, an increasingly broad and pluralistic spectrum of government-linked

research institutes has gained substantial influence in Chinese policy-making by pre-shaping and pre-formulating the policy choices available to the executive. “Scientific” decision-making – that is, based on protracted consultation and expert advice – has come to characterize policy procedures especially in technically demanding fields such as environmental regulation or technology policy.

Since the 2000s, State Council rules have formally required that government bodies must consult scientists and experts when preparing policy programs, laws and regulations. As a consequence, many high-profile research institutions continue to be organizationally and financially attached to ministerial-level government bodies and have come to act as semi-official extensions of the government bureaucracy, especially in policy formulation (not in implementation). Research units not only provide training lectures, workshops and background studies to government officials, but also regularly take an active part in primary document drafting, secondary policy evaluation and policy revision. However, there is no empirical evidence indicating how far this input has influenced government decision-making. The boundaries between governmental and non-governmental experts are not clear in China.

RIAs frequent, but their systematic use is rare

With respect to the use of regulatory impact assessments, China performs at a level similar to that of India and Brazil. The experts here provide six out of a possible 10 points, providing the following explanation: The evaluation of pre-legislative pilot programs, along with impact assessments focused on existing legislative and regulatory programs, has become a frequently – yet randomly – applied mechanism for the assessment of policy implementation in China. The further deepening of RIA may encounter opposition among the bureaucracy.

For instance, there was considerable bureaucratic resistance prior to promulgation of the environmental impact assessment (EIA) law in 2002. Protests were mounted against various proposed aspects of the law, including making government policies subject to environmental assessments, a provision that was eventually eradicated from the final draft. As promulgated, the law applies only to the environmental assessment of construction projects. RIA may presently be on the way to becoming a routine element in the country’s so-called scientific decision-making. However, it is not today applied in a systematic or standardized way. The quality and analytical depth of regulatory impact assessment has moreover not yet been optimized. China clearly has considerable room for improvement in this area.



South Africa – Making feasible plans of good intentions?

In South Africa, strategic planning is a relatively recent phenomenon. In recent years there have been several important institutions created to facilitate these processes, a development assessed positively by the country experts. However, it should be noted that these newly created structures reflect the specific logic of the South African political system, which is shaped by the unique, dominant role of the African National Congress (ANC): Given the ANC's overwhelming electoral dominance, most policy originates within the structures of the ruling party. The insertion of such policy ideas into the official system of governance is coordinated by the president, who has considerable executive powers and is guided by a Medium Term Strategic Framework aligned to the Medium Expenditure Framework.

Planning committee drafts National Development Plan for 2030

A National Planning Commission, headed by a minister within the president's office and consisting of commissioners from various disciplines outside of government, identifies long-term strategic challenges and opportunities and advises the government on how to address them. The commission had its inaugural meeting in May 2010, produced a first diagnostic report in June 2010, and presented a Draft National Development Plan for 2030 to the government in November 2011. It is now up to the government to debate and respond to the proposals within the draft document. It may be too early to judge to what extent the commission is able to influence government policy, as it is a young institution with no track record and the government has yet to respond to its proposals.

Strong reliance on external academic experts

In addition to these promising innovations in its institutional makeup, South Africa also receives high marks for the way that non-governmental experts are involved in planning processes, as it is common practice that academics from within South Africa and abroad are consulted to provide high-level input on all spheres of policy. Such consultation can take the form of academics being seconded as special advisors, tertiary research units being contracted to provide research, government-academic research collaboration, or participation in ministerial or presidential advisory committees.

It is also a well-known fact that international economists, such as Dani Rodrik and Ricardo Hausmann from the so-called Harvard Group, have had significant influence on economic thinking during the first half of the previous decade. The South African National Planning Commission (NPC) consists entirely of private sector experts, with the exception of the president's minister responsible for the NPC, Trevor Manuel. The majority of these commissioners are innovative thinkers at academic institutions and think tanks. The NPC's Diagnostic Report and Draft National Development Plan, released in 2010 and 2011 respectively, contain insights and suggestions that in several instances are at odds with official stances of the ANC.

RIA, a new but underutilized tool

Alongside the recent increase in the use of independent academic experts, regulatory impact assessments have played an important role in South Africa's planning processes. Regulatory Impact Assessment is a fairly new government practice, which was piloted between 2007 and 2009 by the Presidency and the National Treasury. An RIA system has been adopted and a central RIA unit has been set up in the cabinet office, which is located in the private office of the president. Since then, all government departments have been expected to conduct RIAs on all new pieces of major legislation. While the practice is expected to gain momentum as it becomes entrenched, it remains underutilized, ad hoc, and few reports resulting from it have been published by government departments.

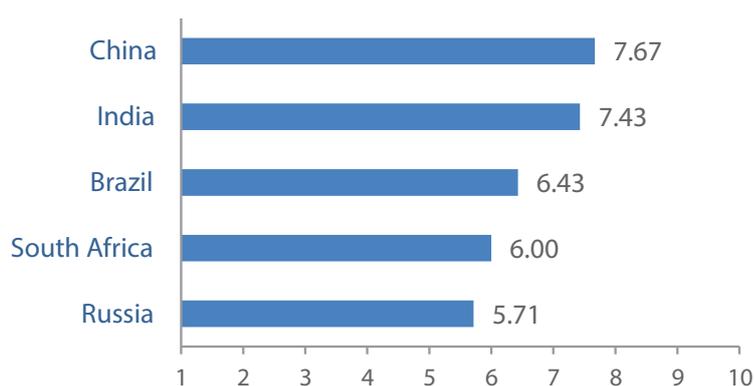
According to experts, the quality and transparency of the processes still leave much room for improvement, and as a result, controversial policy pieces continue to be legislated into law. A further question on practice has arisen relating to the influence of political imperatives on the outcome of such assessments. In 2011, two assessments, one relating to trade and industry and the other relating to labor law, were suppressed by the government after they were found to conflict with government plans. Though these problems are significant, the number of existing or newly implemented tools for strategic policy-making in South African remains striking. The quality of these tools and structures is certainly capable of improvement, however.



Interministerial coordination

Effective interministerial coordination is another crucial aspect of steering capability. In this area, China and India perform best according to the findings of the SGI experts. Brazil follows in third place, but at a level similar to Russia and South Africa, both of which perform only marginally worse (Figure 17). What are the reasons for the high marks given to China and India in particular? Are there lessons to be learned from best practices in effective interministerial coordination?

Fig. 17: Interministerial coordination



Interministerial coordination scores are weighted composites, with each of the seven indicators (GO expertise, GO gatekeeping, Line ministries, Cabinet committees, Senior ministry officials, Line ministry civil servants and Informal coordination) contributing one-seventh of the total value.

China - Between top-down hierarchies and consensus-building

Hierarchical governance

China's interministerial coordination structures, while very effective overall, are characterized by a strongly hierarchical understanding of politics. As a result, the State Council's General Office (GO) possesses comprehensive sectoral policy expertise and provides regular, independent evaluations of draft bills for the prime minister. As the coordination hub of the Chinese government, the State Council's General Office has a staff of over 500 (based on the 2008 - 2013 personnel plan), with the office's work directed toward the premier and vice premiers. It is designed to

coordinate and supervise interministerial and central-regional interaction in the course of policy formulation and implementation. Staff members are meant to take a strategic, non-departmental perspective and work as responsible policy generalists rather than as sectoral experts. Sectoral, narrowly specialized expertise in the General Office is thus limited.

Strong government offices coordinate activity in China, India and Brazil. Small policy groups facilitate cross-sectoral work in China and India. Cross-ministry coordination is inconsistent in Brazil and South Africa, while cabinet interference in policy details hampers Russia's planning.

State Council and the National Development and Reform Commission play key roles

The General Office clearly occupies a hierarchical gatekeeper position relative to China's individual ministries. Virtually all policy proposals must be coordinated with relevant divisions of the General Office even in the earliest stage of planning. As the highest-ranking decision-making body, the State Council then adopts the completed draft measure. Documents that are issued only in the name of ministries are seen as much less authoritative, binding and credible by other government bodies than are documents issued in the name of the State Council or the National Development and Reform Commission (NDRC, a supra-ministerial planning body).

Institutionalized "mirror divisions" linking line ministries and the State Council leadership exist within the NDRC rather than the General Office; however, these are closely tied to the coordinating functions and staff work of the General Office. Personnel exchanges (including the shift of senior officials) between the General Office and the NDRC are intense. The NDRC is thus an essential component of the core executive in terms of policy coordination.

Leading small groups as permanent forums for policy coordination

Alongside the strong gatekeeper position held by the General office, China's political system has additional institutional structures that play an important role in sectoral policy coordination. So-called leading small groups (LSG) function as permanent forums for policy coordination across government organizations and issue guideline recommendations for policy-making. They are composed of the highest-ranking representatives of the government bodies involved in their given policy area. Their work is supported by LSG offices. As such, LSGs are essential to cross-sectoral and cross-organizational policy coordination in China.

Despite hierarchical governance, interministerial coordination fosters legitimacy

In this context, it is worth noting that despite its hierarchical nature, China's political system relies significantly on consensus-building. Only documents that have successfully built consensus among the ministerial divisions involved enjoy full authority within the system, a fact crucial in implementation. Drafting and circulation of political documents thus serves



as the central means of administrative communication linking all political organs. Chinese ministerial officials see perpetual consultation and document circulation as one of the most time-consuming and frustrating elements of their work. The routine procedures certainly cannot be seen as effective. Indeed, the strong consensus orientation built into China's policy process does not fit the conventional image of the autocratic Chinese system.

Apart from the elaborate logic of this consensus-building system, the process of coordinating the individual sectoral ministries through the General Office is undeniably quite effective. In India, interministerial coordination works equally well but features a different structural organization.

India - A potent Prime Minister's Office and diverse forms of interministerial coordination

Strong coordination skills observed in the Prime Minister's Office

China's General Office has its analogue in India's Prime Minister's Office (PMO), which also features strong coordination powers and substantive expertise. The PMO is expected to be directly responsible for matters falling directly under the charge of the prime minister. Other matters under the charge of a cabinet minister can also be handled by the prime minister if they are of crucial importance.

Since the prime minister is also chairman of the Planning Commission, files from the commission are sent to his office for his comments and approval. The PMO can also return items envisaged for the cabinet meeting on the basis of policy considerations and has thus a strong position vis-a-vis the ministries and the cabinet. The SGI experts therefore conclude that the PMO is seen as having become the decisive force in pushing the government's agenda. The assertiveness of the PMO is especially significant since Manmohan Singh is himself seen as a "weak" prime minister.

Cabinet committees as mediators and interlocutors

Next to the central position of the PMO, which also acts as "mediator and interlocutor" in the inevitable conflicts that emerge within the Indian coalition government, a number of cabinet committees also play an important role in India. Cabinet committees constitute an important mechanism for administering and coordinating the affairs of the government, coordinating ministry activity, and ensuring smooth implementation of government policies.

The Cabinet Committee on the Unique Identification Authority of India (UIDAI) for example, which has among its members the prime minister, the finance minister and the minister of home affairs, along with Planning Commission Deputy Chairperson Montek Singh and UIDAI

Chairman Nandan Nilekani, has the task of coordinating all issues pertaining to the Unique Identification Authority of India, which administers a flagship program of the UPA government. The committee coordinates the organization, plans, policies, programs, schemes, funding and methodology to be adopted for achieving the authority's objectives.

Group of ministers cultivate informal coordination procedures

In addition to these formal coordination mechanisms, there are further informal institutions facilitating effective coordination within the Indian system. An important development in this context has been the gradual entrenchment of the group of ministers (GoM) function to oversee and decide on crucial government policy coordination and legislative initiation functions. A GoM, as the name suggests, is a group of ministers tasked with looking after a specific policy concern. There may be several GoMs working on different issues simultaneously. Around 30 of these interministerial groups exist today.

Brazil - All roads pass through the Office of the Chief of Staff

Strongly centralized expertise, with the chief of staff acting as gatekeeper

Brazil too has developed quite successful approaches to coordinating policy-making processes across government agencies and ministries. This is particularly true with respect to the role and responsibilities of the president's Office of the Chief of Staff. The role of the chief of staff during the Lula administration, with Rousseff holding this seat, was to administer the everyday business of the government, monitor the implementation of public policies, coordinate actions between ministries and determine which ministry legislative proposals would be sent to the National Congress.

The executive branch's decision-making process regarding the submission of bills to the National Congress is unquestionably centralized. Within the Office of the Chief of Staff, there are two sub-secretaries responsible for these decisions. SAJ is the secretary for juridical matters and SAG is the secretary responsible for the analysis and evaluation of policies. Both are responsible for oversight regarding the legal and political aspects of bills proposed by different ministries and figure prominently in deciding which bills are to be submitted to the National Congress. Tasked with evaluating the policy content of bills, both offices are staffed to achieve that end.

Within this centralized governing structure, the Office of the Chief of Staff has a strong gatekeeper function with respect to the ministries. As a result, the country experts awarded Brazil 10 out of a possible 10 points on this issue. In this context, it should be noted that given the specific decision-making mechanisms and hierarchies in the context of Brazil's presidential



system, cabinet meetings are not frequent. Discussion between ministries is usually mediated by the chief of staff. The coordination between ministries is conducted through the Office of the Chief of Staff, which has the power to return ministry proposals and/or recommend line-item deletions in specific sectoral policies administered by a ministry.

Strong involvement of the President's Office in ministerial policy design

Within Brazil's presidential system, line ministries always have to involve the President's Office in key decision-making processes. The president's chief of staff must increasingly monitor and evaluate the formulation and implementation of policies. Tasked with centralizing the submission of legislative proposals that structure public policies implemented by the government, the central office of the presidency plays a key role in integrating the line ministries' policy proposals with general government guidelines. This activity obviously varies with the importance of specific line ministries in implementing different aspects of the government's agenda. Hence, some ministries have a closer relationship with the government, and others are rarely contacted.

President's management style defines nature of involvement

Given the considerable power vested in the president, the extent to which line ministries involve the office of the presidency is a function of an individual president's style. Both Lula da Silva and Dilma Rousseff have strong personalities, and both are adept at focused management, though in different ways. Whereas former President Lula gave his ministers considerable latitude in their daily duties, consulting them only when necessary, President Rousseff prefers to keep a close eye on their activities and maintain regular communication by holding weekly meetings.

Coordination shaped by political affiliations and ministers' personalities

The country experts give Brazil somewhat weaker scores on the issue of the effective preparation of cabinet meetings, and of communication between ministries. Ministries rarely coordinate with each other directly. In addition, the country experts note particularly that as a consequence of the considerable power held by the president and the top-down mode of communication, coordination can also vary considerably. Moreover, interministerial coordination depends on the political affiliations of individual ministers and how well they get along.

Brazil has, in principle, the tools to effectively steer policy-making, particularly given the strong position of the president's chief of staff and the expertise upon which he or she can draw upon. However, the extent to which these favorable conditions are applied to a given ministry varies considerably.

South Africa - Institutional coordination more theoretical than real?

Solid interministerial coordination structures, but still a work in progress

Overall, South Africa's form of government features solid structures of support in coordinating policy development and planning across ministries. The presidency itself is home to considerable policy expertise, allowing important draft bills to be evaluated. While this expertise is not as comprehensive as that seen in China or Brazil, South Africa nevertheless scores fairly well, with seven of 10 possible points.

The same applies to the role played by the office of the president as gatekeeper with respect to the ministries. The office of the president is able to refer legislation back to the cabinet or parliament if it is not satisfied with its content or determinations. The president does not often return items, because in effect, legislation that reaches parliament has already been vetted by functionaries aligned or sympathetic to the party. As a result, only with rare exception does the president refer legislation back to the cabinet or parliament. It has happened only a few times in recent years, most notably with regard to the controversial Films and Publications Amendment Bill, which the media argued would amount to undue censorship that would compromise the democratic imperative for transparency and accountability.

Coordination by cabinet committees: collaboration on paper, but not always in practice

As in India, a number of cabinet committees play an important role in the long-term planning and the coordination of policy proposals. In total there are six such committees, organized by thematic cluster: Social Sector, Economic Sector, Investment and Employment, International Relations and Peace and Security, Justice and Crime Prevention, and Governance and Administration. The committee mandates focus on ensuring the monitoring and implementation of the government's Medium Term Strategic Framework and Medium Term Expenditure Framework, but also on participating in the identification of longer-term priorities (Gumede 2008).

In addition, they also have the responsibility to deliberate on urgent political and policy matters in order to inform memoranda that come to the cabinet for decisions on policy matters. These memoranda are then forwarded to the cabinet office (located in the president's private office), which prepares the agenda for cabinet meetings, and are then signed by the president. The agenda typically consists of issues referred from previous meetings, cabinet committee memoranda and issues that deserve urgent attention. Despite its benefits, the system has shortcomings.

According to the government's own 15-year review report, it still harbors several inefficiencies relating to poor coordination. The report contends that 'in most instances interdepartmental project teams of officials exist only in name, and relate to one another only when updates have to be provided' (Presidency 2009). As such, the system has not succeeded in allowing the cabinet to focus on issues of strategic importance by entirely alleviating its decision-making burden.



Horizontal coordination by Directors-Generals more successful than vertical coordination

South Africa's system of government does offer further room for improvement with respect to the effective preparation of cabinet meetings. In this area, the so-called Directors-General (DG), the bureaucratic heads of government departments, occupy a key position. These DGs are clustered along five thematic lines (one less than the number of cabinet committees). It is the responsibility of the DG clusters, (national and provincial DGs) to process issues that appear before cabinet and cabinet committees and ensure that technical issues are addressed in a way that allows the cabinet to focus on the political and policy choices they have to make.

In addition to these cluster meetings, a Forum of South African Directors-General (FOSAD) meets quarterly to discuss DG cluster reports and general issues of planning, policy and implementation. In practice, the system of DG clusters has not functioned optimally. According to the country's Public Service Commission, they have not functioned effectively either as oversight or coordination mechanisms (PSC 2010).

While the DG has performed relatively well in terms of the horizontal integration of agendas, vertical integration has been more complicated. Areas that have proved to particularly problematic are instances where national and provincial government spheres hold concurrent authority. The clusters also face issues of accountability. Since DGs are not accountable to the cluster, but rather to their departmental structures, attendance rates at such meetings have been very low.

In theory, the cluster system of governance promotes collaboration and cooperative governance between officials of different ministries. To date, this has been true only to a limited degree. Ministries continue to be held accountable to the work plans of their individual ministries and not to general government results. Thus, there is limited incentive for ministry officials to abide by or direct energy toward cluster objectives when they are at odds with those of the individual ministry. This shortcoming should be addressed by the government's newly created Department of Performance, Monitoring and Evaluation, which is located in the Presidency.

Russia - Government Office takes direct action, but often late in the process

Government Office evaluates ministerial proposals, but only ex post

Russia is at a level similar to that of South Africa, with very similar strengths and weaknesses. With respect to the expertise of the Government Office, the country experts awarded good marks, for a total of seven out of a possible 10 points. The Government Office (the body of staff supporting the cabinet of ministers) plays a very important role in the process of preparing government decisions. It has the power to evaluate proposals prepared by the line ministries and to bring its conclusions to the notice of the prime minister. These evaluations wield

considerable influence within the government's decision-making process. The fact that the Government Office plays such a significant role compensates in part for the lack of influence held by research organizations or academics. The Government Office has the power to advise the prime minister and/or his deputies to return line ministry proposals if they are deemed to be inadequate or poorly prepared. In most cases, the prime minister (or his deputies) follows this advice, and the proposal is returned to its initiators.

However, the fact that Russia's Government Office makes use of its assessment powers only after proposals have been fully prepared by line ministries counts as a negative. Moreover, the Government Office rarely has an opportunity to deploy its sectoral expertise within the planning stages. The country experts accordingly awarded just two out of 10 points on this issue.

Putin's "manual control" undermines efficiency in interministerial coordination

The preparation of cabinet meetings by individual ministries in Russia is organized quite efficiently. Line ministers play the principal agenda-setting role for cabinet meetings. They prepare materials and arrange for the key speakers at these meetings. Issues are ordinarily introduced at cabinet meetings by a minister, or sometimes (for issues of lower importance) by a deputy minister. Some issues are brought to the cabinet meeting agenda by the prime minister himself; in such cases, one of his deputies acts as the speaker.

However, the cabinet regularly interferes in the details of policy (a process called "manual control" by Prime Minister Putin), and often focuses more on struggles between narrow interests than on broader visions or the public interest. Moreover, many strategic-level policy elements, such as the fight against corruption, the promotion of research and development, or national projects for infrastructure and health care development, fail as a result of inefficient implementation.

Informal coordination mechanisms mostly counterproductive

The SGI country experts also see weaknesses with respect to informal coordination mechanisms. Essentially, Russia's governance system possesses few informal coordination mechanisms with the power to bolster directive capacity. The informal mechanisms that do function are more likely to promote patronage interests than to reinforce any strategic policy focus. This is not particularly conducive to the formation of sustainable policy.



Societal consultation and policy communication

Along with planning and coordination, a major factor in the long-term success of policy-making is the extent to which important stakeholders in society such as trade unions, business associations and NGOs are accommodated and consulted in policy processes. On the one hand, these actors can provide the government information that expands its knowledge base, thus allowing it to develop better, more effective policies. On the other hand, these actors can serve as links between government and the citizens who participate in or are otherwise associated with these organizations. In this way, members of the public develop greater trust in political projects that are supported by “their own” interest groups.

Winning public support for political proposals is similarly a focal point of government policy communication. Coherently coordinated and persuasive communication on the part of the government and its ministries and agencies can elicit confidence in government policy, promote support for individual policies, and generate a consensus in society that can both facilitate implementation and prolong a program’s practical life-expectancy beyond the next election.

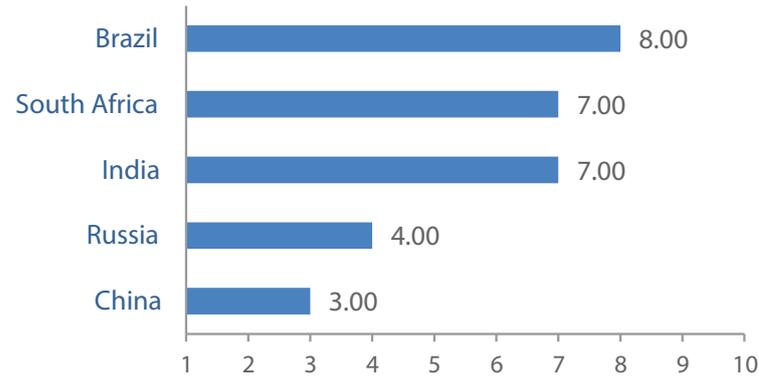
Stakeholder consultation is important but inconsistent in Brazil, India and South Africa. China’s consultation is superficial, while Russia’s government resists external advice. Policy communication is consistent in Brazil and China, while India, South Africa and particularly Russia show communications missteps or failures.

For established and deficient democracies alike, productive consultation with stakeholders in society and compelling policy communication are crucial to ensuring a bare minimum of accountability on the part of government.

According to the findings of the SGI country experts, Brazil currently performs best in both criteria, followed closely by India. South Africa follows in third place. While China performs reasonably well in terms of policy communication, the involvement of societal actors – as might be expected – is assessed by the SGI experts as inadequate. Russia shows significant shortcomings in both criteria (Figure 18 and 19).

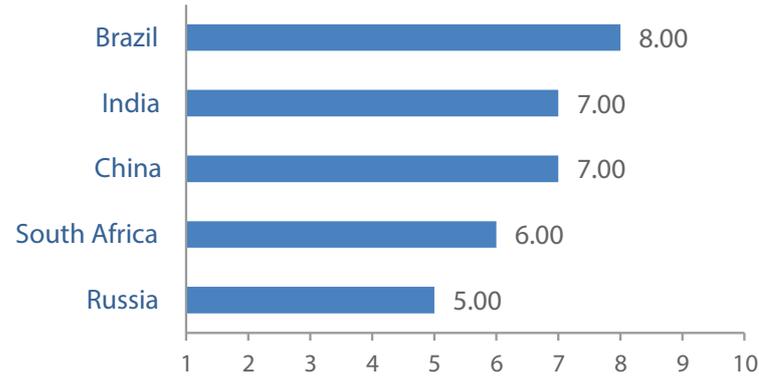
Can the good performance of Brazil and India be explained solely by the fact that they both count as democracies? And how have the differences in Russia and China with respect to policy communication come to be?

Fig. 18: Societal consultation



Societal consultation scores are composed of a single qualitative assessment (Negotiating public support).

Fig. 19: Policy communication



Policy communication scores are composed of a single qualitative assessment (Coherent communication).



Brazil - From societal consultation to compelling policy communication?

Societal consultation showing signs of improvement

Stakeholders in society have clearly gained significant influence in Brazil in recent years. The SGI experts agree that this influence is stronger in periods when elections are near, as is common in other democracies. However, in Brazil, their influence has grown continuously over a course of years even independently of elections. Thus, the institution of free, periodic elections is no longer the only means through which the Brazilian government remains accountable to societal interests. Rather, an everyday democratic practice seems to be cautiously developing, in which the government consults with and seeks to incorporate societal stakeholders during the legislative session.

However, as the SGI experts note, this practice is strongly dependent on the level of engagement shown by individual governments and their members. For example, the Lula administration was well known for its openness toward civil society. Emblematic of this was the creation of the Economic and Social Development Council (Economic Conselho de Desenvolvimento Economico e Social, CDES), which is chaired by the secretary of institutional affairs. Comprised of leaders from business, civil society and intellectuals, all with a two-year mandate, CDES provides a forum for the debate of important national issues and acts as an advisory body to the president.

In addition, the Secretaria Executiva of the presidency became, during Lula's administration, a direct government negotiator with civil society, especially organized groups of traditionally excluded groups, such as cooperativas de coletores de lixo (trash collectors cooperatives) and the MST (Movimento dos Sem Terra), among others. Furthermore, Lula's administration was marked by the occurrence of hundreds of so-called National Conferences (nationwide consultation processes to propose public policies) on various different areas (health, education, culture, human rights) that resulted in many reports that would be used to substantiate executive level legislative proposals. Hence, under Lula, there was a direct opening of the presidency to organized civil society.

By contrast, the newly elected Rousseff administration has shown more reserve toward societal actors. Sources inside the presidency have mentioned that consultation with civil society has become far rarer in Rousseff's administration. Her decision-making process is much more centralized in a small group of technocrats that work directly with her, mostly in the Sub-Secretaria de Acompanhamento e Monitoramento (SAC).

Government office ensures consistent communication

With respect to the coherence of communication policy, Brazil's above-noted centralized presidential system plays an important role. The Government Office itself directly ensures that ministers adhere to a unified communications policy. Ministers' public statements are closely observed and discussed with the president, a fact especially true during President Rousseff's first year. In this area, presidents have proven willing to exact immediate and personal penalties for misconduct. Nelson Jobim, a very powerful minister during Lula's second term who stayed on in Rousseff's cabinet, was fired three months into the Rousseff administration not only because of his statements regarding government policy, but also because of who he voted for in the 2010 elections. Another key figure of the Lula administration, who was appointed secretary of drug policies in the Ministry of Justice under Rousseff, was fired during the new government's first week in power for statements he made in an interview to a major newspaper in Brazil.

These two early events in Rousseff's administration sent a clear message to cabinet members: They should not express ideas publicly that cause trouble for the government. While this rigid policy has resulted in highly consistent communication, it remains to be seen whether it will have a similarly convincing effect on voters, or could on the contrary be seen as somewhat off-putting.

China - Consultation more a function of appearances and propaganda

Government fails to engage in broad societal consultation

On a superficial level, consultation of societal actors by the Chinese government has gained in importance in recent years. Indeed, it can be stated that carefully scripted consultation with official associations, semi-governmental researchers or policy advisers, and non-governmental experts has become a standard mechanism of public policy and the law-making process in China. Large scale advisory committees are sometimes set up to contribute to endeavors such as the drafting of long-term technology or education programs. In addition, government organizations have recruited individuals from academia and the private sector in recent years, which in effect enables a constant influx of non-government knowledge and views.

However, the quality of such consultation remains a vital problem. First, the consultation of independent and non-governmental actors lacks the context of tradition and does not take place within a formally regulated system. There are therefore no institutional guarantees that consultation will continue to take place in the future or will even be taken seriously. Second, consultation takes place only within a limited time period, and from a substantive perspective



largely during the phase of policy implementation. Thus, it generally fails to improve the quality of proposed policies in any fundamental way. At best, consultation can help win public support for a program or project following its adoption by the government, though the fact that consultations are as a rule kept secret and take place behind closed doors renders even this outcome rare.

Nonetheless, most important is the fact that critical consultations with real influence on government action have to date been recorded only in the area of economic policy. Social integration initiatives given a superficially open design, as in non-sensitive policy areas such as technology policy, cannot disguise the fact that the executive leadership has the final say.

Highly consistent, coordinated – but propagandistic – communication

In contrast to its consultation with societal actors, China achieves good results with its communication policy. Consistency is a strong priority for the regime, even if this occasionally leads to a “communicative ennui.” Official policy communication and public political statements are regulated by a barrage of official slogans and phraseologies that are repeated over and over again by senior party-state and ministerial leaders and the state media. The Chinese government invests significant resources in the coordination and organization of official policy communication.

Despite the considerable resources devoted to this task, in some few cases the divergent perspectives of various government units are publically revealed, particularly in policy realms where controversy is unresolved and consensus undefined among top-level decision makers. With regard to China’s currency exchange rate policy, for example, the People’s Bank of China has tended to make public statements in favor of fast appreciation of the Chinese yuan, only to be contradicted by a Ministry of Commerce that tends to rule out any such step in defense of China’s export businesses.

India - Unequal access in consultation and chaotic communication

Institutionalized consultation, but dominated by industry and business

The Indian government has some institutionalized structures designed to facilitate dialogue with societal actors. Before the presentation of each budget, for example, the finance minister consults with groups and organizations including agriculturalists, business associations, trade union leaders, and economists. All draft bills are posted on ministry websites, with specified deadlines for comment. However, different stakeholders clearly have quite different opportunities to exert influence. Though worker’s unions have come to lack significant policy

influence, business and industry associations have engaged in increasingly closer interaction with the government since the opening of Indian markets.

This trend is also characterized by the entry of many businessmen into politics. Today, the state seeks input from entrepreneurs and their associations in formulating and implementing virtually all economic, trade and fiscal policies. Business delegations frequently travel with the finance minister and the PM on international trips, a rare or nonexistent practice 20 years ago. Industry association and environmental institution representatives are now part of Indian delegations during WTO and climate negotiations.

Government communications only somewhat consistent

With a system designed around an official press spokesman, the Indian government achieves a basic level of consistency in its policy communications. However, in recent times, there have been several important cases of conflicting communications. In particular, the government's contradictory responses to Gandhian leader Anna Hazare's hunger strike for the introduction of an anti-graft bill clearly evidenced the pressing need for action.

As a result, in May 2011, the government set up a group of ministers to focus on media strategy. This resulted in a spokespersons panel consisting of 11 ministers authorized to represent the government's position on television panel discussions, and to represent the government particularly in the rapidly expanding regional media. While the GoM will remain in charge of media strategy, the panel is expected to strengthen the government's media outreach and effectively communicate its policy positions and points of view. Time will tell whether these institutional changes can further improve the Indian government's communications policy.

Russia - Advice-resistant leadership contradicts itself

Advice-resistant regime offers only superficial societal consultation

The Russian government's consultation with stakeholders in society can be broadly divided into two forms: consultation with "real," genuine interests and consultation with government-allied "NGOs." However, the SGI experts describe both forms of consultation as having little resonance within a regime resistant to outside counsel. While representatives of "real" interests rarely command "real" attention, interests close to the regime dare not venture beyond the bounds of consensus opinion. This reveals a situation similar to that of China, with superficial consultations that do not constitute a genuine integration of societal interests that might be in a position to drive policy improvements.



These “real” interest groups include three national ‘umbrella-type’ business associations (the Russian Union of Industrialists and Entrepreneurs, Business Russia and OPORA, a group representing small and medium-sized enterprises), as well as numerous sectoral business associations, a limited (for such a big and populous country) number of professional unions, small independent labor unions and environmental, human rights, and other organizations. What influence these actors can exert is of a technical rather than substantive nature.

Regime-associated “NGOs” include the biggest labor union association (the Federation of Independent Trade Unions), as well as umbrella organizations for women, veterans and other social groups. In addition, the Russian national Public Chamber, a body comprising 142 public figures from various spheres of civil society who have been handpicked by the government must be counted as a loyal supporter of the regime. In theory, the chamber has broad formal powers to evaluate bills, monitor the executive and engage in ombuds-type activities. However, it exercises these powers in accordance with the government’s wishes. Thus, consultation with societal actors in Russia serves primarily as a means of creating the impression that government policies enjoy broad public support.

Government communications policy often contradictory

In the area of policy communication, the Russian regime clearly performs more poorly than that of China. The lack of coordination between those responsible for various activities necessitating communication, something that frequently leads to contradictions, is not the only failure. From time to time, the government also fails to win public support for its policies by means of its communication. Indeed, failed government communications policy has in some cases fueled latent public conflicts, as when the introduction of new high school education standards led to public protest. In general, the government appears largely incapable of adequately anticipating the range of possible public reactions to its policies, and of preparing itself with a communications strategy responsive to these options.

South Africa - Central role of ANC determines societal consultation and policy communication

Societal consultation somewhat institutionalized

Consultation with societal actors in South Africa takes place primarily through the institution of the National Economic Development and Labor Council (NEDLAC). It convenes government, representative business forums, labor federations and representative civil society organizations

to deliberate on social and economic policy before it is discussed in parliament. Although the body has proven its value in terms of facilitating negotiated agreement on contentious policy issues, it has significant drawbacks. Some of these are to be expected, such as rigid negotiation mandates from the key constituencies. Others relate to institutional weaknesses within the system of governance, such as a lack of interdepartmental coordination and non-adherence to submission protocols, which ultimately results in timeframes that are too unreasonable for discussions to be inclusive or truly consultative.

Like India, South Africa seeks to engage in consultation with ordinary citizens. To this end, government has instituted the practice of *Imbizo* (a word from the Nguni language group, meaning “gathering”) in which government reaches out to people who have limited access to government decision-making, listens to their concerns and collects feedback on the implementation of government plans. However, it has thus far been difficult to comprehensively track whether the opinions government officials gather at these meetings are sufficiently integrated into policy. In contrast to India, the South African ANC alliance prioritizes consultation with its politically allied trade union interests rather than with the business sector. Overall, South Africa’s performance in the area of consultation with societal actor is on par with that of the other BRICS democracies, India and Brazil.

Interparty ANC conflicts lead to often-contradictory government communication

Although scoring above Russia, the South African government receives the second-worst rating among BRICS states in the area of policy communication. This evaluation stems from the government’s occasionally contradictory communications, which loom comparatively large due to the fact that they reflect real internal struggles within the governing ANC party rather than simple communicative slips. In the population, such cases have sometimes left uncertainty as to which ideas represent actual government policy. In 2011, this problem was particularly pronounced in the mining sector debate over nationalization. This debate, largely sponsored by the ANC’s Youth League, publicly pitted the government against a faction within the party, with several government ministers bemoaning the lack of policy certainty and its potential impact on investment in the sector.



Steering capability: Summary

A comparison of the different BRICS countries in the overall findings for steering capability suggests Russia is furthest behind, showing significant weaknesses in every aspect of this category. In terms of the central government's strategic planning capabilities and the question of efficient interministerial coordination, Putin's constant direct intervention and influence ("manual control") exert a negative influence. While isolated trends towards greater government efficiency can be identified within Russia's political system – the introduction of RIAs, for example – in light of the fragmented political patronage structures, minimal integration of independent experts and societal actors as well as the often contradictory nature of communications, at this point it seems highly unlikely that Russia will develop long-term policies in the spirit of sustainable governance.

India and Brazil, on the other hand, fare much better. India's leading position in terms of strategic planning can be ascribed to the strategic role of the cabinet, specialist expertise and the strong coordinating function of the Prime Minister's Office as well as the lively exchange between scientists and government and the partly institutionalized consultation process which involves different social groups

Planning in India and Brazil is performed by capable central governments open to external input. Communications failures undermine similar patterns in South Africa. China's strongly hierarchical planning system is effective, while Russia's institutional flaws weaken its strategic capacity.

in major policy programs. This is also one of several areas where Brazil performs particularly well. The Lula government dealt openly and inclusively with civil society. The new government under Dilma Rousseff would do well to maintain this openness. Brazil still has room to improve in the area of strategic capabilities, but has made major steps forward, as seen in the development of RIAs, for instance.

Brazil's set of strengths and weaknesses is curiously similar to that of South Africa in many aspects of steering capability. South Africa has also recently implemented several significant new institutional arrangements to increase its strategic planning capabilities. The government leverages scholarly expertise while the integration of societal actors and interest groups is largely satisfactory, although the ANC's party political dominance means that interest groups aligned to trade unions are at an advantage. The South African government has room to improve in its communications and to an extent in effective interministerial coordination.

China, however, represents a special case: on the one hand the country distinguishes itself with its particularly strong focus on long-term, strategic policy planning which is reflected in concrete planning documents and programs stretching over several years. Interministerial coordination, essentially hierarchical in nature, is also highly effective. On the other hand, it is questionable whether there is effective governmental consultation of outside knowledge through genuinely independent non-governmental experts. The same applies to the targeted integration of civil society actors (societal consultation) to secure long-term support for political programs. These factors ensure that China only ranks around the middle when it comes to an overall view of steering capability.

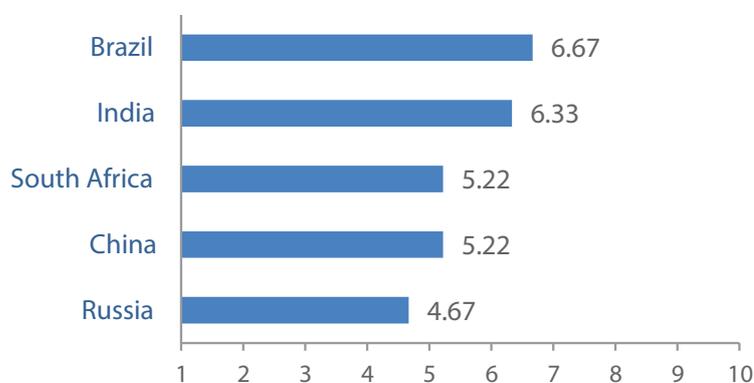
Policy implementation

Along with steering and planning capabilities, implementation of concrete policies is a decisive criterion of a government's performance; after all, even the best strategies are useless when they are poorly implemented, or not implemented at all. For the SGI project, the measurement of efficient, effective implementation is above all related to implementation of the government's core program. This requires close examination of the extent to which certain institutional arrangements contribute to the efficient implementation of concrete policies.

It is therefore important to establish early on whether the implemented legislation corresponds to the core program's intentions, that is, whether the stated objectives were actually achieved. In this context, the individual indices further document the extent to which the government is able to assert its policies in the face of internal special interests and so control their implementation across various levels. Crucial here are questions of effective delegation frameworks, securing consistent compliance of clearly established objectives on the part of individual ministries or participating executive agencies as well as the issue of appropriate financial means for subnational administrative bodies. In this context, the utilization of constitutionally mandated independence through subnational autonomy as well as the enforcement of national standards are very important.

From the SGI experts' point of view, there is a clear division among BRICS countries in terms of policy implementation. Whereas India and Brazil can point to respectable results, China and South Africa, along with Russia, remain some distance behind (Figure 20). But the situation is more complex than these two distinct scenarios would suggest. Why does China perform relatively poorly despite its ministries' excellent compliance with relation to policy implementation? And how can we explain Russia's weakness in the face of extensive monitoring activities?

Fig. 20: Policy implementation



Policy implementation scores are weighted composites composed of eight indicators (Government efficiency, Ministerial compliance, Monitoring line ministries, Monitoring agencies, Task funding, Constitutional discretion and National standards).



Brazil – Compliant ministries and good task funding lead to good implementation

Political prioritization of implementation

The comparative strength of the Brazilian government in the field of policy implementation is manifest in the implementation of the government's core program. In this area Brazil performs best among the BRICS countries. This can be attributed to the last two governments' effectiveness in prioritizing their political agendas. The governments' main policy programs are very closely monitored, and assuring effective implementation has become a main goal of the Workers' Party (PT) governments, both during Lula's term and now, increasingly so, during the Rousseff administration.

Qualitative differences between policy areas

Nonetheless there is considerable variation in the quality of implementation among the different policy areas. The implementation of social policies is very successful, but other policy areas, such as infrastructural development (energy, transport) fare significantly worse. Whereas the record

Centralized monitoring ensures compliance in Brazil, China, and India. Unfunded mandates are common in China, while funds generally suffice in Brazil. Funds are often misspent in South Africa. Implementation varies regionally in India and China, and is hampered by poor oversight and corruption in Russia.

on industrial policy implementation is rather mixed, government has been unable to pass a tax reform through the National Congress. In some cases it is the invocation of law compliance which is to blame for delays and inefficiency associated with implementation. For example, the Public Prosecutor and Accounting Tribunal have repeatedly intervened in Ministry of Planning's PAC (Programa de Aceleração do Crescimento) program activities in order to ensure compliance with the law. Here it becomes apparent that Brazil is still looking for an acceptable solution to a fundamental conflict of democratic governance – that between the rule of law, on the one hand, and efficient, direct implementation on the other.

Inner circle of key ministers

The Brazilian government's overall positive record on implementation is primarily attributable to ministerial compliance. Here it is apparent, according to SGI experts, that ministers key to the implementation of the governments' main programs and projects are closely monitored and their positions are usually filled by the president's most trusted and close group of appointees. These ministers are usually from the president's party, which has been the PT (Workers' Party) during the period under review. There are several mechanisms at work to hold this inner

circle of ministers close together and ensure that the government's goals are achieved. These mechanisms include regular meetings with the president, close communication with the chief of staff's office and effective tools in evaluating and monitoring policy implementation.

On the other hand there are still deficiencies in ministerial compliance from ministries considered less vital to the government's success and thus headed by other members of the coalition. Apparently, the government's control over the functioning of such ministries is less vigorous and these ministers have more leeway in implementing policies that reflect their own party's interests. Self-interest here is usually aligned with party interests, meaning ministers often allocate resources to constituencies in ways that favor their (or their party's) political prospects. A recent example was that of the Ministry of National Integration, headed by the PSB (Brazilian Socialist Party). The minister was accused of transferring to his home state of Pernambuco (where he is a potential gubernatorial candidate) more than 80% of the budget slated for crisis-prevention in the wake of natural disasters.

Sufficient funds for implementation of core program

A further decisive factor in the Brazilian government's successful implementation is in the area of task-funding for subnational governments. These bodies are generally well placed, financially speaking, to fulfill their delegated tasks. Their financial solvency is assured through "mandatory transactions" which constitute 70% of the budget. However, the remaining 30% is determined by the executive branch, which has considerable leeway in choosing the policy programs to be funded and leverages this in negotiations with coalition partners.

Not all proposals that may be included in the annual budgetary law receive funding, especially those proposed by federal deputies, senators and ministries with a secondary position in cabinet. In sum, and similarly to the performance in ministerial compliance, the government's main programs, which also require delegation to lower levels of the union, never face a scarcity of funds. However, funding is not assured for those programs considered secondary.

China – How authority is undermined by insufficient task funding

Urgent policy contexts spur implementation

The Chinese government's performance with regard to implementation of its core political program is equivocal. SGI experts note the need to distinguish two degrees of urgency. On the one hand implementation has been relatively good in highly urgent cases, as seen in developments such as the global financial crisis or the lead-up to major events like the 2008 Olympic Games.



In particular, Chinese authorities on the central, provincial and local levels were successful in 2009 and 2010 in fighting the financial crisis when measured by their ability to sustain growth, minimize unemployment and uphold social stability. On the other hand, there are often deficiencies in “normal day-to-day implementation such as pollution control or food safety. Hence, the outcome of implementation in China may differ by a large degree according to the specific policy context.

Ministerial loyalty as an outcome of effective control

However the primary cause of poor performance in everyday implementation doesn't lie at the ministerial level. Although the ministries (and their ministers) may pursue separate agendas, they are subject to quite effective mechanisms of compliance at the level of the central government. The state as well as the CCP has institutions in place that oversee officials' and cadres' work and discipline records. The Ministry of Supervision, a body subordinate to the State Council, is mainly concerned with supervising public servants' discipline and efficiency. In addition, the Central Commission for Discipline Inspection of the CCP targets cadre corruption and delinquency. Central government ministers generally have a record of implementing stated government policy in a loyal way.

Individual cases of corruption and deviance at the ministerial level, such as the sacking of Shanghai party secretary Chen Liangyu and the Railway Ministry remain single cases so far. In 2011, Liu Zhijun, Minister of Railways since 2003, was charged by the CCP's Discipline Commission with “severe violation of discipline.” He was allegedly accused of accepting payments in turn for awarding contracts for the rapid expansion of China's high-speed railway of up to 4% of each deal. His bribes are suspected to have amounted to over 120 million U.S. dollars.

Chronic underfunding of subnational governments

The core of the Chinese implementation problem lies between the central government and provincial-level governments, and not within the central government. The financial resources of the regions and provinces represent one major deficiency. The central government doesn't sufficiently equip subnational governments for suitable implementation. Over the past two decades, China's central government has imposed a myriad of unfunded mandates on local governments. Central government co-funding has only recently started to be practiced in a rules-based way, for example in the areas of rural health care and rural roads programs.

Overall, there is huge variation in central/provincial/municipal/local task funding, and the whole process is extremely opaque and ad-hoc. The central government's chronic underfunding of subnational governments is even worse when you consider that in poor provinces (Tibet, Qinghai, Guizhou, etc.), less than 50% of salary obligations can be recovered from local revenues, and that the primary responsibility for financing infrastructure or social policies thus today

lies with the localities. This puts subnational governments with absolutely no fiscal power, such as villages, in the position of having to seek off-budget revenues from fees or arbitrary charges, in the process lowering their own fiscal legitimacy with the population.

Major conflicts of interest between center and periphery

But even sufficient financial resources aren't a guarantee of implementation. Conflicts of interest between the center and the periphery can often seem insurmountable. While the central government rather consistently emphasizes sustainable and equitable growth, local governments often thwart this policy by fuelling excess investment in their localities so as to promote growth, revenues and prestige. The conflicting objectives and interests of the central and local governments have been particularly obvious in China's efforts to curb pollution. Binding targets for the reduction of major pollutants included in recent five-year plans have been enforced with much vigor and central government oversight as well as strong pressure put on provincial and lower-level cadres.

This contrasts markedly with the everyday reality of environmental policy implementation on the local level. Routine environmental protection and pollution control efforts produce only very limited results. The barriers environmental officers have to overcome when putting environmental laws and regulations into administrative practice on the local levels are manifold: crony alliances of local governments and industry, dependence of environmental bureaus on local governments for budgetary and administrative backing, the risk of eliminating local sources of growth through the strict enforcement of environmental regulations, a lack of accountability on the part of local cadres and a need to generate growth to propel local cadres' careers, and so on. In a highly specific local context, effective implementation of national pollution control (and other) regulations thus becomes a complicated task, and in many cases is rendered impossible by conflicting interests.

Results show major differences in quality of policy implementation according to region

One of the signs of failed policy implementation is a strong geographical divergence in the quality of public services. Whereas there are many examples of impressive local governance in terms of social goods provision in the more developed eastern coastal provinces, China's central and western regions have traditionally lagged behind in this respect. Local governments' ability to provide services in poor regions remains marginal due to scarce funds and a paucity of revenue generation sources.

Regional disparities have been further exacerbated by tax system reforms that allow richer provinces to keep more revenue for their own expenditure rather than providing transfers to poorer provinces. This has resulted in many eastern provinces showing expenditure levels markedly above the national average (Shanghai, Beijing, Guangdong, etc.), and central or western provinces with levels visibly below average (Henan, Hunan, Guizhou, etc.).



India – Progress in implementation with continued geographical disparity

Education as the main policy area showing successful implementation

According to the SGI's experts, India ranked second in its implementation of the government's core program, behind Brazil. The Indian government has made major progress in recent years, particularly in the field of education. The key successes are massive increases in school enrollment at every level, the near-elimination of the gender gap in education, and the growing provision of technical and vocational training (though starting from a very low base). Other major successes in policy implementation included the new initiative providing health insurance for the poor, the countrywide implementation of the MNREGA (The Mahatma Gandhi National Rural Employment Guarantee Act, a program to generate employment in rural India), and overall, a far better realization of planned expenditures than ever before.

The most glaring problem areas are in education and include the high school dropout rates and the stagnating quality of education. Furthermore, malnutrition among children has remained unacceptably high, expenditures for health care have increased little and have trailed far behind targets, power shortages continue, the addition of new power-generation capacity is far behind schedule, and goals for the construction of new highways and for developing full domestic capacities for railway construction have not been met. The government was further unable to push through structural reforms that have long held a place on its agenda (elimination of subsidies, privatization, liberalization of FDI in retail trade, etc.)

Close monitoring by the prime minister

One key component in the government's partial success in implementation is the strong institutional position of the prime minister in the oversight of his ministers. Prime Minister's Office (PMO) has developed into a very strong agency, commanding around 500 senior bureaucrats, with two holding the rank of minister of state. The PMO is divided into several departments, monitoring practically every line ministry. The PMO also is supported by a number of advisory committees under the leadership of the prime minister (Economic Advisory Council, Committee of Manufacturing, etc.), each composed of distinguished experts, businesspeople and politicians. As the prime minister is also the head of the Planning Commission, the PMO typically has no difficulty monitoring line ministries' implementation activities regularly and in depth.

Geographic differences in quality from worst to best practices of implementation

Much like China, however, there are still geographical disparities in the quality of implementation within India. Some states, such as Kerala (the Kerala Model of Development) have achieved objectives in the fields of health care, education and political participation much quicker than

other states. Task funding also remains a serious problem in India. India has at least developed a system of central grants and an interstate tax sharing system to better finance its states. However this often proves insufficient, particularly in the hinterland. More recently, (since 2007), the Ministry of Panchayati Raj has operated a so-called Backward Regions Grant Fund (BRGF), under which the government provides financial resources for development schemes in “backward” districts whose needs are not being met through existing inflows.

However, the Standing Committee on Rural Development has suggested that the funds thus provided are not sufficient to needs. Nonetheless, the government strives to centrally enforce national standards of implementation. The central government controls the quantity and quality of public services by running more than two dozen central programs, with funds dependent on the acquisition of matching funds by the states and on performance. For nearly every other task, there are nationwide guidelines, frameworks, or other such standards-setting force.

Russia – How ministries reject a diffuse government agenda

Lack of implementation success beyond centrally-controlled policies

In terms of implementation capabilities, Russia comes last of all the BRICS countries in the SGI ranking. Indeed, there are only a few political projects whose implementation can be regarded as essentially successful. These primarily relate to the areas of oil funds, anti-monopoly regulation and central bank policies. SGI experts note that these areas are distinguished by two common characteristics: the policies were supported by the president or prime minister, on the one hand, and on the other hand their implementation was achieved by a small “technocratic” team and required no participation from wider government circles. The Russian government’s performance was significantly poorer on wide-ranging policies whose implementation relied on multiple ministers and constituent authorities.

Poor ministerial management as a chief cause of shortfall

Weaknesses in interministerial compliance constitute the core of Russia’s problems in effectively implementing policy. Granted, the president occupies a strong position within the institutional framework which he uses to closely monitor his ministers through various oversight procedures. This enables the collection of a large amount of information on ministry work. However, the mere availability of this information does not guarantee that the prime minister and his deputies will make effective and coordinated administrative decisions leading to effective implementation. Rather, the poor quality of many government decisions and the absence of effective long-term programs create ample loopholes enabling ministries and ministers to pursue their own narrow departmental interests, to the detriment of the overall government interest.



A similar image emerges with the monitoring of executive agencies. Here as well, control efforts were significant without leading to any greater effectiveness in implementation. In many cases, bureaucratic procedures, incompetence and corruption limit the implementation capacity of state agencies. Another factor is the systematic misuse of state agencies for dishonest means. State agencies, particularly those related to taxation, environmental legislation, and food and sanitation, are sometimes used by the government to exert politically motivated pressure on businesses.

Task funding with low explanatory power for poor implementation

In contrast to China, Russia's shortcomings in the area of task funding represent a relatively minor factor in the country's implementation problems. The problem of unfunded mandates has been minimal, as regional government powers rely in most cases on appropriate locally generated revenues, or on subventions from the federal budget. However, central subsidies increasingly relieved pressure on the regions to optimize their competitiveness and spending. Therefore fiscal powers have recently been strengthened in the regions to spur performance incentives. Following the economic crisis, the federal government has tended to delegate either tax-raising (such as automobile transport tax) or tariff (e.g., for housing and utilities) powers to the regions. This has partially served to resolve the previous problem, but has also forced regional governments to choose between creating de facto unfunded mandates or making unpopular decisions.

South Africa – An “Implementation Ministry” as the way forward?

Successful implementation in social programs, shortcomings in education and practical training

The South African government's performance in relation to policy implementation is equivocal. South Africa comes off worst of the three BRICS democracies in this category. The government may have managed to achieve many of its core goals in overcoming apartheid, and in particular its macroeconomic management has enabled it to extend various kinds of pensions and grants to society's most vulnerable members. It also ensured that funds could be used to address poverty of access through the provision of housing, sanitation, water, and electricity to millions of South Africans who had not had access to these things in the past.

Nonetheless, major weaknesses in implementation remain. Employment, which will require significant structural shifts within the economy, forms the centerpiece of all current economic planning. Education and practical training are closely tied to the question of employment. Given the high expenditure they require, they have been two of the South African government's weakest areas of performance.

Institutional reforms in strengthening ministerial compliance

In South Africa, as in the other BRICS states, ministerial compliance with regard to implementation is guaranteed by the president's monitoring activities. Given the strong executive powers outlined in South African constitution, policy coordination and the monitoring of its implementation are core responsibilities of the president. There is a cabinet office within the private office of the president that serves as a secretariat of the cabinet, coordinating its affairs and ensuring an integrated approach to policy implementation.

In practice, however, policy implementation is in some cases insufficient. The government has responded with an institutional innovation. At the beginning of 2010, a Department of Performance Monitoring and Evaluation was introduced as a ministry within the Presidency. It is tasked with reorienting the monitoring and evaluation of government actions toward achieving specific sectoral results. Five priority areas (education, health, crime fighting, rural development and job creation) and twelve core-related outcomes, which are aligned to the government's election manifesto and its Medium Term Strategic Framework, have thus far been identified. However, whether or not this change will bear fruit remains uncertain, seeing that although performance agreements related to the identified outcomes have been signed by the ministers, they are not legally binding. According to the government's guide to its outcomes approach, they are merely measures for the president to direct and manage the work of the ministers (Presidency 2010). Nonetheless, there is some encouragement in the fact that President Zuma has recently indicated willingness to set a standard for better policy implementation with his personnel policy. Under public pressure to take action, President Zuma has fired various ministers, citing poor performance in the implementation of governmental programs.

Mismanaged spending creating problems

In contrast to China, in particular, task funding is not a core problem in policy implementation. All state revenues are first amassed into the National Reserve Fund whose allocation can only be passed after consulting provincial governments, representative local governments and the Finance and Fiscal Commission (FFC). Therefore, the overall process of reaching a budget that approximates the needs of subnational entities is an inclusive one. While SGI experts recognized shortfalls in the overall extent of funding, even more relevant, as they see it, are problems relating to under-expenditure and the quality of expenditure in at the subnational level.

This is particularly true at the local government level, where a dearth of technical and managerial skills result in subpar services, insufficient maintenance, poor budget management and a general lack of oversight and accountability, creating an environment in which corruption and maladministration proliferate. Indeed, a third of the municipalities do not manage to spend more than 80% of the funds allocated to them.



Policy implementation: Summary

Two main factors serve to explain the success of policy implementation in BRICS countries: ministerial compliance and task funding. Where both factors can be regarded as favorable, as is the case with Brazil, implementation of core programs is usually successful.

Where ministerial compliance is lacking, as is the case in Russia, it is particularly the far-reaching policies which rely on extensive cooperation from ministries and bureaucrats rather than central government action alone in order to succeed. Task funding has a particular role here. It is an essential precondition for good implementation, but it is by no

means the whole story as the example of South Africa shows, where the bureaucracy lacks the necessary skills to make qualitative use of allocated funds.

Brazil shows the benefits of strong ministerial compliance and adequate task funding. Russia's poor ministerial cooperation undermines multisectoral policies, while South Africa's poorly skilled bureaucracy misuses funds. Underfunding contributes to the vast regional discrepancies in India and China.

Where task funding is insufficient, as is the case in China, but also to an extent in India, there are strong regional discrepancies in policy implementation, as regions are largely reliant on their own revenues in implementing government programs. This results in major differences in quality of implementation between economically strong (often urban) regions with high tax revenues, and the predominantly agrarian hinterland.

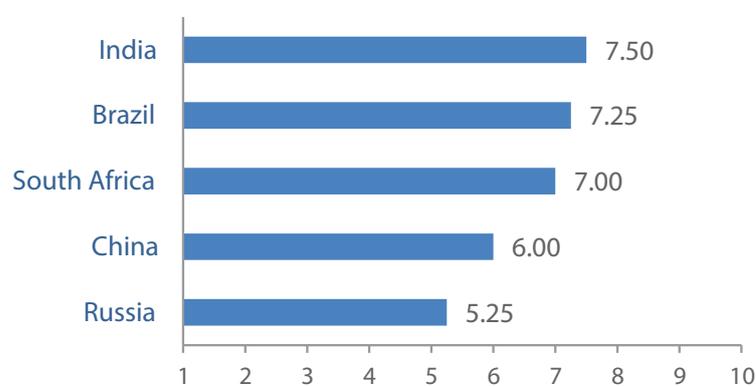
Institutional learning

Adaptability and institutional learning are also crucial criteria in judging a government's performance. A high rate of "domestic adaptability" indicates that the government is able to reasonably and effectively adapt its own governing structures to international and supranational developments, often through international forums such as the United Nations, G20 and WTO. This encompasses the organization of ministries, those ministries' ability to cooperate with each other and also work together in the cabinet, along with relations between the central government and regional and/or local authorities.

It is also important to examine the extent to which governments participate in the international coordination of cooperative reform programs. This is because a government's executive capacity is increasingly dependent on whether or not it is in a position to actively participate in international institutions and play an active role in the formation of international policy platforms. It is increasingly difficult to act unilaterally and so it is those governments which participate as often as possible in international coordination of cooperative reform initiatives which receive the best scores. It is the ability of governments to reflect appropriately on the consequences of their decisions and, where necessary, to introduce the necessary institutional changes that instead define institutional learning as a second criterion. It is also important to analyze the extent to which actors review the applicability of existing organizational structures in achieving political goals.

The SGI experts' findings indicate a clear two-tier format within the BRICS countries in the field of institutional learning, divided among democracies on the one hand, and autocratic systems and defective democracies on the other. India, Brazil and South Africa are ranked close together in terms of learning capabilities. China is rated higher than Russia, which once again comes last in this category (Figure 21).

Fig. 21: Institutional learning



Institutional learning scores are weighted composites, with each of the four indicators (Domestic adaptability, International coordination, Self-monitoring and Reform capacity) contributing one-fourth of the total value.



Brazil –International ambitions

International rule-making without rule-taking

In terms of international developments, the Brazilian government is slightly more comfortable driving and initiating joint reform initiatives than it is adapting its own systems to supranational and international developments. Brazil clearly favors shaping international relations over adapting to the existing structures. In terms of its dedication to joint reform initiatives, the constructive role played by Brazil in the G20 is a good example. But the country has been doing more.

Together with Turkey, Brazil brokered in 2010 a nuclear deal with Iran under considerable criticism from the United States and the EU. Brazil has also been active in repeated pledges to reform the United Nations (and the Security Council), which represents an undoubtedly complex power game, and has facilitated far-sighted

India and South Africa have successfully adapted to international norms, while Brazil is more responsive to domestic pressures. China's willingness to adapt is largely economic. Russia cooperates externally in the security arena, but shows little ability to reform its own institutions.

South-South trade initiatives (which proved a boon during the 2008 – 2009 peak of the financial crisis). These activities signal that Brazil is aware of global matters and eager to bring a more comprehensive view of international issues (e.g., reform initiatives or joint and innovative peace initiatives), to global forums. In contrast, the government, with the broad support of the Supreme Federal Court and the Ministry of Foreign Affairs, is in principle reticent to adapt to supranational demands, especially when Brazil is reduced to the role of a rule taker (in contrast to a rule maker). The refusal to adapt, as is sometimes the case with Mercosul directives and legal proceedings, somewhat impairs important supranational projects. Indeed, Brazil comes second last among BRICS countries in adaptability to international/supranational developments.

Sound capacity for reflection and reform

Brazil's ability to reflect on and reform its own institutions is sound. The institutional arrangements of governing, especially the relationship between the executive and legislative branches and the coordination within the governing coalition, are closely monitored by the chief of staff and the Secretariat of Institutional Relations in the Office of the President (Presidencia da Republica). Each new administration that takes office implements institutional changes in the internal organization of the executive branch. Due to her technocratic background and capabilities, Dilma Rouseff has sought to improve strategic capacity by changing a few institutional arrangements. Reforms were conducted in the first few months of her tenure. The government, therefore, has shown flexibility in adjusting its institutional design to accommodate domestic political pressures.

China – Increase in reform capabilities but isolation from international developments persists

Adaptation to international developments remains confined to economic policy

In terms of adaptation to international and supranational developments, China comes last among BRICS countries. It's worth noting that the few cases of true adaptation are largely limited to economic policy, where adaptation is a necessary requirement for attracting investors or a requirement of entry to the world trade club. Since WTO accession in 2001, important parts of the judicial system concerned with economic regulations and trade have been streamlined in order to better fit international standards and to provide a more secure investment climate for foreign investors. As a further consequence of WTO membership, customs rates have been cut and the system of trade regulation reformed.

All in all, a major liberalization of economic regulations and an opening of the economy to world standards have taken place. Intellectual property rights (IPR) have remained a major and contentious issue between China and foreign entrepreneurs, but significant steps to modernize formal legislation and enhance the efficiency of IPR protection have been taken.

As a final example of adaptation to international policy regimes and standards, China has effectively reformed its judicial regulations and its procedures to deal with money laundering. In turn, liberalization with respect to policies directly relevant to regime stability remains cautiously restricted. As seen with the liberalization of media policies before the Beijing Olympic Games in 2008, policy changes have been programmatic, and do not signify deeper structural change. It remains to be seen what long-term effects economic liberalization and the influx of foreign technologies and ideas will have on the shape of China's future social policies.

Persistent reservations about participation in international reform initiatives

In terms of international coordination, China has generally stepped up its involvement in international regimes and has actively sought to participate in their redefinition. Yet in policy realms such as human rights or national defense, China has been very reluctant to embrace multilateral coordination, and has instead insisted on preservation of its own national sovereignty. Although China has signed several U.N. documents on the protection of human rights, implementation has been partial at best. As a result, in terms of its participation in international joint reform initiatives, China shares last place with India.

Reform capacities are greater than is often assumed

It may surprise some observers that China is some distance ahead of Russia in terms of organizational reform capacity, and even performs better than South Africa. And so China's poor overall showing in the field of institutional learning is largely related to its handling



of coordination opportunities and pressure to adapt from the international community. At the national level, however, China has proved to be adaptable. Through the course of several rounds of institutional reorganization (especially in 1998 and 2003), the government has tried to streamline decision-making, make implementation more efficient, and make necessary adaptations. Constant reorganization has successively reduced the overall number of ministries and commissions subordinate to the State Council to 44 in 1993, 29 in 1998 and to today's figure of 27. New ministries and commissions have been created from the merger of existing institutions or upgraded, as in the cases of the National Development and Reform Commission (NDRC) in 2003 or the Ministry of Environmental Protection in 2008.

The government has been quite effective in reorienting existing institutions (e.g., the former State Planning Commission, now the NDRC) to new missions such as macroeconomic guidance or industrial policy, as well as in setting up new organs that somewhat resemble foreign counterparts but remain part and parcel of the party state (e.g., regulatory bodies for banks, securities and insurance companies). Despite this two-decade overhaul of the institutional system, the overall impact of the bureaucratic streamlining on the real functioning of institutions has remained unclear.

India – Fighting against the “deal-breaker” image

Integration in the global economy as a signal achievement of adaptation

According to SGI experts, India has responded and adapted best of all the BRICS countries to international and supranational developments. In 1991, India launched a structural adjustment program aimed at addressing its balance-of-payments crisis. From that point on, the progressive integration of the Indian economy into the global economy became an important goal.

But pursuit of this goal increasingly unleashed (unforeseen) changes in the institutional framework. This resulted in a reduction of parliamentary oversight over the government as part of the process of removing institutional constraints, and within the government a greater dependence on experts, particularly in the domain of treaty making. The trend was to gradually eliminate internal/domestic barriers to reforms, to dismantle state monopolies and foster a competitive investment environment. This was witnessed most significantly in two sectors – banking and insurance. The pension and power sectors have also been restructured. Attempts to restructure the retail market to encourage FDI have been resisted by civil society groups, however.

From “deal-breaker” to partner in international coordination?

While India has demonstrated adaptability in recent years – particularly when measured against its own historic standards – it has made little effort in the field of joint reform initiatives.

While it may be true that India has collaborated on issues of global security (prevention of international terrorism and nuclear proliferation, for example), matters of some self-interest, in terms of collaboration on international climate and trade policies the government has often been perceived as a deal-breaker, expecting maximum concessions from other countries (with regard to emission reductions, transfer of technologies or market opening) without following the same logic itself. However, a more flexible attitude has been appearing during recent climate negotiation rounds, and there is at least some internal discussion about giving up the traditional obstructionist attitude in trade negotiations.

High reflectivity with an astounding track record

In the field of organizational reform capacity, India scored highest of all the BRICS countries. In particular, India best exemplified the ideal of reflective and self-critical systems which regularly examine and analyze institutional arrangements of governing. Periodic examinations of institutional arrangements have included judicial reforms, police reforms, amendment of the criminal law, administrative reforms, reforms in federal organization (center–state relations) and electoral reforms. Commissions and committees are periodically set up to study and make recommendations on matters concerning institutional arrangements and the constitutional-legal frameworks of democratic governance.

Institutional change resulting from this reflection includes constitutional amendments devolving power to local governments, the empowerment of the states in the era of coalition governments, enhancing stakeholder participation including the private sector and civil society. One must, however, bear in mind that the path of change is sometimes rather long in India, if we consider for example the fate of tax reforms, of the finance sector, of higher education, and so on.

Russia – Beyond security policy, ignorance prevails both internally and externally

Constructive in international security matters, reluctant in environmental protection

The SGI experts see Russia's role in the field of adaptability differently than is often depicted in the Western media. Russia's image as a spoiler of Western initiatives is mainly due to its role in the U.N. Security Council and its objections to Western criticism of its own domestic human rights situation. However, these highly visible cases generally have little impact on the pragmatic cooperation taking place in other spheres. In particular, they see Russia playing an increasingly constructive role in the field of security matters.



Nonetheless, Russia remains unwilling to actively participate in joint reform initiatives in the field of climate and environmental protection. Domestic government structures which SGI experts regard as crucial to policy internationalization are largely assimilated to standards of practice in international relations and so are essentially suited to enabling international policy.

No reform capacity without reflectivity

In stark contrast to these results, Russia is by some distance the poorest-performing of all the BRICS countries in the field of organizational reform capacity. There is almost no systematic, self-reflective attitude toward its own institutional arrangements to speak of. The institutional arrangements of governing are selectively and sporadically monitored. Formal rules and procedures governing interaction between the various participants in the political process are not well developed. It is therefore hardly surprising that the ability of the government to improve its strategic capacity by changing its institutional arrangements is not high; nor have past efforts aimed at this goal been broadly successful. The Commission on Administrative Reform is a standing executive body, but until recently (after the largely unsuccessful attempted administrative reform of 2004), had limited scope of action. The experts see one of the few examples of institutional learning in the “establishment of RIA procedures” (see RIA, above). Overall, however, performance in this category remains unsatisfactory.

South Africa – Champion of international adaptation with mediocre reform capabilities

Adapting to the international system, a key task since 1994

During apartheid South Africa was a pariah state, which meant exclusion from key international forums along with punitive measures in the form of economic, cultural and sports sanctions, not to mention an arms embargo. Thus, the entire post-1994 governance project consisted of a total reorientation of its institutions to embrace and respond to the opportunities as well as the challenges related to its readmission into the international community. SGI experts regard South Africa’s overall adaptation to international developments as very good. All government departments have enhanced their ability to respond to domestic demands while ensuring that they adhere individually and collectively to international treaties.

For example, in line with these demands, the South African Department of Foreign Affairs changed its name to the Department of International Relations and Cooperation, a reflection of the fact that its mandate has evolved from defending the country’s reputation to now include the pursuit of national interests in international economic and developmental forums. A

practical example of the cooperation between government stakeholders, as well as between the South African government and multilateral institutions, is the country's hosting of the international climate summit COPS2011 in Durban. The event required the creation of interdepartmental structures to facilitate cooperation and alignment between the agendas of the Ministry for Environmental Affairs and Tourism and the Department of International Affairs and Cooperation, but also affected ministries, such as Trade and Industry, Agriculture, and Economic Development, to name but a few.

Active participation in international coordination

In the field of international coordination, as well, South Africa plays an active role in many joint reform initiatives. It is particularly vocal on issues such as the reform of the global trade system, international finance institutions and the U.N. Security Council. South Africa also played a constructive role in the New Partnership for Africa's Development (NEPAD), aimed at improving governance in African countries through a peer-review mechanism. But NEPAD has lost momentum and political support from South Africa and other influential African states has decreased.

Institutional innovations indicate willingness to reform

In the field of organizational reform capacity, South Africa's achieves middling results. There is a Department of Performance Monitoring and Evaluation within the Presidency that promotes a result-orientated approach to government. Its mandate includes reviewing government infrastructure and institutional performance in order to ascertain where the bottlenecks to more effective governance lie. Having only been created in 2010, the department is still in its infancy and it is difficult to pass a judgment on its performance. There has thus far been some frustration with its slow pace in drawing up performance management systems for ministries, particularly in its response to the ongoing difficulties related to the management of municipalities.

The government has initiated institutional reforms to address persistent problems in the labor market related to the lack of qualified workers. In so doing, the government has acknowledged that long-term, strategic solutions require support from its own institutions. To this end, the South African government has created a Department of Economic Development and a National Planning Commission, headed by the country's former Finance Minister, Trevor Manuel. Both institutions are relatively new - the Economic Development Ministry was created in 2009 and the National Planning Commission had its first meeting in 2010. However, both have been productive and have produced important documents to guide the national debate.



Institutional learning: Summary

The most striking, if not surprising result in terms of institutional learning is the negative association between the geostrategic power of a BRICS country and its willingness to adapt to international developments. South Africa is not only the most willing to adapt of all the BRICS countries, it is also the country with the least military and geostrategic power. Conversely, the superpowers Russia and China are most resistant to accepting rules, and also Brazil with its growing military aspirations.

In terms of reform capabilities there is no obvious pattern to be identified here. However, an SGI analysis does suggest that traditionally emphasized factors, such as regime type, geostrategic power and cultural environment, may have less impact on a government's reform capability than assumed.

Nations' geostrategic power and willingness to adapt to international developments appear inversely related. Thus, Russia, China and even Brazil show considerable resistance to accepting rules. With respect to reform capability, democracies show no obvious advantages over autocracies.

After all, autocratic China performed about as well as democratic regimes such as Brazil and South Africa in reform capabilities. India leads the rankings with Russia coming last. These represent significant differences in the prospects for each individual country. In fact, from the SGI's standpoint China's system is probably better equipped to handle shifting contexts than is Russia's.

Executive accountability

As explained above, the heuristics of the SGI in measuring good governance not only includes the performance of individual governments but - in the “Executive Accountability” dimension - also examines the forms of interaction between the government and other actors involved in the process of governance. The assumption here is that, if political measures are to have any chance of long-term success, governments cannot formulate and implement their efforts at reform single-handedly.

Given this assumption, the SGI view of sustainable governance also includes an examination of the participatory and oversight competencies of further actors who (can) play an important role in political systems by aggregating and communicating interests, and exercising political oversight. These stakeholders include citizens and legislative actors, as well as intermediary groups in the form of parties, associations, interest groups and the media.

Reform projects’ long-term success necessarily involves actors outside government. The SGI thus analyses the participatory and oversight competencies of citizens, legislatures and intermediary groups that may influence government policy. Democracies naturally perform more strongly here.

According to this view, governments benefit from a sound research-informed foundation of knowledge and strong participatory competence on the part of social actors, which force accountability on governments and therefore ensure more stringent reviewing of planned policy. Therefore, functioning participatory and oversight processes are key factors in sustainable governance.

It goes without saying that non-democratic states perform less well when analyzed from this perspective than states that have well-developed, constitutional democratic standards and functioning participatory and oversight processes. Among the BRICS states, this is evident in the case of China, as is to be expected. The state eludes SGI issues relating to quality of democracy, executive accountability and the oversight competence of extra-governmental actors. Many of the SGI questions simply cannot be answered for China as, for example, there is no legislative parliament in the democratic parliamentary sense of the word. These constraints on the analytical approach should be noted when discussing and classifying the results shown below.



Citizens and legislative actors

The category of citizens' participatory competence records how citizens make use of their opportunities to demand accountability and exercise influence in practice. The interaction between the governing and the governed described here is aimed, in part, at examining responsive patterns of behavior, as well as identifying how well informed citizens are when it comes to understanding government policy-making ("policy knowledge").

One issue to be established, for example, is the extent to which citizens have access to high-quality information and how far they use this information to assess policy content appropriately. In particular, this includes forming opinions through media consumption. A high level of information about policies presupposes that citizens understand the motives, objectives, effects and implications of policies.

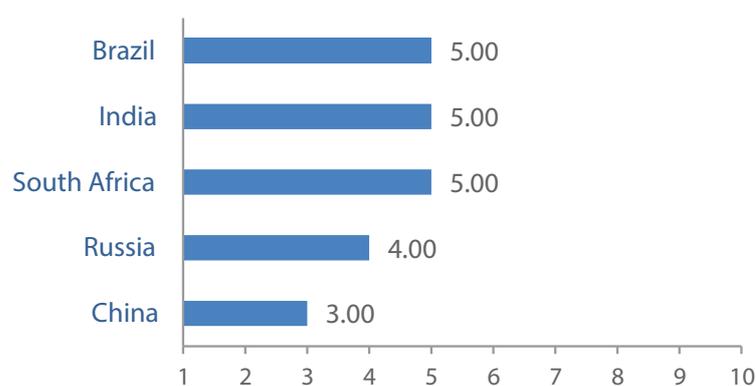
The SGI criterion of "structures and resources of legislative actors" examines both the role of the legislative in the governance process and the legislative's ability to shape governance. The indicators comprising this criterion refer to influence on government policy and de facto oversight of the government by parliament, which should not act merely as

Citizen policy knowledge is relatively weak throughout the BRICS. India's parliament is strong and active, while formal oversight powers are underutilized in Brazil, South Africa, and particularly in Russia. China's nondemocratic policy process is opaque, lacking genuine legislative oversight.

a means of achieving a voting majority or as a rubber stamp. The evaluation of a parliament's influence is largely based on indicators for assessing parliamentary information and oversight resources. These include: committees, the government's duty to report to parliament, and the parliamentary support framework, such as knowledge services and experts.

Extended information acquisition and gatekeeper institutions include ombuds and audit offices. The SGI questions relating to ombuds institutions reveal the extent to which parliament has access to facilities that react to citizens' interests and represent these interests appropriately to the government and administration. The question about the composition of audit offices is designed to establish the extent to which parliament has access to external gatekeeper institutions in order to perform its oversight function in relation to the government and administration.

Fig. 22: Citizens' participatory competence



Citizens' participatory competence scores are composed of a single qualitative assessment (Policy knowledge).

Brazil - Poorly informed citizenry but robust parliamentary oversight

Room for improvement in citizens' political knowledge

According to the findings of the country experts, Brazil fares poorly when it comes to citizens' political participatory competence and political knowledge: Few citizens are well-informed of government policies; most citizens have only a rudimentary knowledge of policies (5 out of 10 points, Figure 22). According to the Brazil round of the 2010 Americas Barometer, collected in April of 2010, only 40% of Brazilians report understanding the most important issues of the country, which is one of the lowest percentages in Latin America. As such, it is incumbent on both the media and government to provide better information and training opportunities to the general population.

Sound parliamentary oversight competence

The assessment of the Brazilian parliament's resources and structures shows a mixed profile of strengths and weaknesses. Although parliament can draw on significant rights, such as demanding hearings with ministers or requesting government documents, some structures could be improved in terms of effectively monitoring governance. For example, this affects what is known as the "task area coincidence" of parliamentary committees and ministries: There are 35 ministries (including secretariats with ministry status) and 20 permanent committees, so the match between the two is far from perfect. Committees are staffed with support personnel, but the capacity to fully monitor the functioning of ministries in different areas is limited,



especially because the themes of some committees cut across different ministries. Worth noting is the fact that this is not yet a common practice.

By contrast, it is highly commendable that the Brazilian audit office (Tribunal de Contas da União) is directly answerable to parliament, thereby strengthening the legislative's oversight of the executive. In this context, it is also significant that The Brazilian Chamber of Deputies has a permanent committee, the Comissão de Legislação Participativa, which is charged with systematizing legislative proposals originating from citizens and civil society organizations and transforming these into bills.

The Brazilian Chamber of Deputies also has an ombuds office, the Ouvidoria Parlamentar. It can also present bills. This office, subsumed within the presidency of the Chamber of Deputies, was created to provide a channel of communication between the Chamber and society by transmitting citizens' demands to the respective state agencies. The roles of both the committee and the ombuds office, however, are not very pronounced as they do not represent the usual channel in Brazil for addressing queries, criticisms, or questions regarding the legislative. The important position of the ombudsman should therefore be strengthened further to provide effective oversight.

Russia - Citizens' bark is louder than their bite without greater participatory input

Limited participatory culture and policy knowledge of citizens

As in Brazil, the SGI country experts for Russia also come to the conclusion that citizens' policy knowledge is in need of major improvement (4 out of 10 points, Figure 22). In general, Russian citizens do not closely follow the details of government decisions or policy proposals. They certainly have a rational, if vague, set of opinions about politics, policies and politicians, but rarely translate these into support for specific measures, a rational understanding of quantitative indicators of taxes and tariffs, or other such analytical activities. The country's new middle class, with its higher levels of education than the population at large, its better-developed market behavior and its active use of the Internet as a source of political information, has a much stronger, more nuanced knowledge and understanding of government policies.

As a conclusion, the SGI experts would assert that in the terms of the civic culture conceptual approach (Almond & Verba 1965), Russia has a developed "subject" culture, which allows its citizens to rationally evaluate the "outputs" of government activities and performance, but not the "inputs," - that is, their own ability to influence these policies. The latter ability, which can be seen as an element of a "participatory culture," is limited to a minority of citizens.

Duma has well-developed rights in theory – but there is little effective legislative oversight

When it comes to the monitoring competence of the Duma, Russia's parliament, the SGI experts identify a considerable discrepancy between what is largely a fully developed set of parliamentary oversight rights in theory (summoning ministers and experts or requesting documents), on the one hand, and the actual monitoring of the government, on the other. Most parliamentary powers scrutinized in this section are formally in place in Russia, with well established and customary procedures. However, the Russian parliament's supervisory powers in relation to the state executive are generally weak.

Moreover, with a solid majority held by the governing party, the parliament is quite passive in its interaction with the executive. An overwhelming share of bills (about 80%) is initiated either by the president or the cabinet. The loyal Duma invariably approves such bills on a first reading, and introduces amendments only between the first and the second readings. This mode of work is interpreted by most independent experts and observers as "rubber-stamping" the government's initiatives. The quality of parliamentary deliberation and expertise has deteriorated significantly.

The two following examples also demonstrate the major discrepancy between formal rights and actual oversight: According to a recent (2009) constitutional amendment, the government is required to present annual reports on its activities to the Duma. These reports are presented in person by the prime minister, who also answers questions and hears statements from all party factions present in the Duma. This procedure is well established; however, the governing party's domination ensures that critical statements and difficult questions addressed to executive officials are limited in time and scope.

Dominance of governing party leads to ineffective monitoring

The practice of inviting experts to committee meetings and public hearings on legislative issues is well established, and is regularly engaged in by all committees. Experts are free in expressing their opinions. The problem is that the governing party's predominance allows it to accept or disregard experts' opinions at will; the opposition is not strong enough to force the majority into any serious deliberation, even if this would be based on reasonable experts' opinions voiced at committee meetings or hearings. Reasonable opinions on the details of legislation are often taken into account, but if members of the governing party consider such opinions to be contrary to the conceptual thrust of their bill, the opinions are turned down or ignored.

The task area coincidence between parliamentary committees and ministries could be more pronounced in Russia: With multiple changes in the structure of both the cabinet and the Duma committees over the past 20 years, there has never been close semblance between the two structures. While each Duma committee knows its counterparts in the executive



branch of power, and does work with these institutions, the disparities of structure do hamper the legislature's monitoring abilities. Committee work does include monitoring of ministry activities, but as stated above, the powers of parliamentary supervision over the executive in Russia are limited, and the preeminence of the governing party ensures that overall relations between executive and legislature remain "friendly," and that the Duma remains generally loyal to the executive.

The Chamber of Accounts as an arm of the executive

Furthermore, the position of the audit office is far too weak compared to the executive (4 out of 10 points). Two mutually exclusive assessments of audit office accountability can be given. Formally, the auditors of the Chamber of Accounts (the official, though inaccurate, translation of the federal audit office's name) are appointed by parliament (six auditors by each of the two houses of the Federal Assembly), and report to it as well as to the executive. In reality, the Federal Assembly "voluntarily" amended the law on the Chamber of Accounts in 2007, giving the president the right to nominate candidates for auditor positions, as well as to nominate candidates for the chamber's chairman and deputy chairman.

Though the two houses of parliament still have the formal right to approve the president's nominees (as well as, presumably, the right to turn them down), the strong pro-government majority in both houses has turned this approval into a mere formality, and the parliament has thus lost the right to nominate auditors of its own choice. This situation effectively makes the Chamber of Accounts an arm of the executive, a kind of "internal audit office," rather than a tool of parliamentary control over the executive.

Ombuds office without effect

Russia also earns only a mediocre assessment when it comes to the issue of a specific parliamentary facility that is effectively dedicated to citizens' complaints and that acts as an advocate to initiate appropriate measures: The ombuds office performs the normal functions associated with such an institution; however, the ability of the ombudsman to interfere and advocate on behalf of the interests of those seeking help is limited. According to the ombudsman's 2010 annual report (published in May 2011), the institution received over 57,000 appeals over the course of the year, over half of which concerned violations of civil rights, primarily the right to court protection and fair trial. Another 25% concerned violation of housing rights, while only 1.2% concerned the violation of political rights. The ombuds office pursued 32% of these appeals, but on only 5% of the total number were the rights of the applicant fully restored.

India - Poorly informed citizenry but strong parliament

Political knowledge of citizens needs to be strengthened further

In terms of citizens' policy knowledge, India is at a similar level to Brazil and Russia: There is little evidence to suggest that citizens are well informed of government policies (Figure 22). The State of the Nation Survey 2011, conducted by Lokniti (a program of the Center for the Study of Developing Society) suggests a relatively high level of awareness among citizens on key issues. It does not, however, indicate that a large proportion of citizens are aware of actual government policies.

The issues that animated citizens in the 2011 survey were the Lokpal Bill, corruption in high places and the UPA government's insincerity in curbing corruption, price increases, dissatisfaction tied to the economic slowdown, considerable opposition to allowing foreign companies to do business freely in India, and dissatisfaction with the government's handling of terrorism. The National Election Survey (NES) 2009, covering the general elections which brought the UPA II government into power, suggests a substantial level of voter awareness of the flagship UPA program targeting the "common man" (aam aadmi).

While the level of public awareness of government programs is in general very low in India, it is probably no lower than in comparable countries. One measure of the lack of awareness is that a high proportion of people entitled to receive public subsidies or other benefits do not even apply for them. However, citizens are able to judge overall governance quality (or the lack of it) in individual states and at the national level, as nonperforming governments are frequently voted out of office.

Parliamentary resources and structures enable effective monitoring of the government

India's parliament has access to good legal oversight resources and it generally also makes use of them to oversee the government. This includes actively requesting government documents and calling hearings of ministers and experts. In practice, there have been occasional differences of opinion between parliament and the government regarding the specific rights of parliament to summon ministers.

Parliament also has well functioning committee structures for effectively monitoring government activities and individual ministries. Departmentally related standing committees (DRSCs) were introduced in 1993 to ensure oversight over each ministry. Each DRSC has 31 members, with 21 from the House of the People (Lok Sabha) and 10 from the Council of States (Rajya Sabha). At present there are 24 DRSCs.



No exclusive accountability of the audit office to the parliament

By contrast, the position of the audit office is in need of some improvement; although it is primarily responsible to parliament, it is not exclusively so (6 out of 10 points). Nevertheless, the office exercises effective oversight of the government. The comptroller and auditor general of India is appointed by the president of India and can be removed from office only through a process of impeachment comparable to a judge of the Supreme Court.

CAG reports relating to the accounts of the central government are submitted to the president, and subsequently laid before each house of Parliament. While auditing the accounts of these organizations, the CAG examines them for regularity (compliance) and performance. Auditors seek to determine whether government programs have achieved the desired objectives at the lowest cost and yielded the intended purpose or benefits. Audit reports and annual accounts are automatically referred to specialized committees such as the Public Accounts Committee (PAC) and the Committee on Public Undertakings (COPU).

The ongoing fight for an effective ombudsman

The role of ombuds offices should also be strengthened in India. Overall, the country experts awarded just 5 out of 10 points here. However, when considering this issue, it is important to differentiate between ombuds offices at the level of the individual federal states of India and possible ombuds facilities at the central level. India has a vigilance commission in the form of the Central Vigilance Commission, which has limited investigative resources and powers and depends on vigilance officers in specific departments to carry out investigations.

An ombudsman mechanism in the form of a two tiered body – the Lokayukta at the state level, and the Lokpal at the central level – was proposed by an Administrative Reforms Commission established in 1966. The Lokpal and Lokayukta Bills were introduced in 1968, and again in 2005, but have not yet been enacted. At the state level, however, the institution of the Lokayukta has evolved over the years.

In 2011, prompted by a series of corruption scandals, a vibrant anti-corruption movement led by social activist Anna Hazare demanded the creation of a Lokpal that would have jurisdiction over all state institutions, including the prime minister. A bill seeking to amend the constitution and create such an ombudsman was subsequently introduced in the parliament. The bill was passed in the House of the People in December 2011, but was defeated in the Council of States. As of the time of writing, it was still awaiting reintroduction.

China - State propaganda and the theater of accountability

Citizens' political knowledge is scant and strongly influenced by state propaganda

As a non-democratic regime, it is difficult to measure China in terms of the SGI indicators for participatory and oversight competence. Nevertheless, a number of important observations can be made on the basis of the SGI country reports.

Regarding the level of political knowledge among the general population, the country experts reach a nuanced conclusion: The urban public is well aware of the contents of major government policies. In the countryside, most citizens are familiar with official slogans such as “harmonious society” and “scientific development,” as well as with the concrete national and regional policies that affect citizens’ taxes, fees or health-care spending.

The policy-making process itself is not transparent to the public. There is ample propaganda-style, noninvestigative media coverage on meetings of the State Council or National People’s Congress. Yet the deliberations undertaken in executive bodies are presented as a harmonious process of consensus-building, featuring minor controversies at best. As a rule, media coverage is focused on policy output, not on the policy process.

Representative and credible survey data on this sensitive political issue (which is subject to an especially strong political “courtesy bias” or “avoidance bias” during the process of data collection) is not available. However, qualitative fieldwork has produced a vast body of anecdotal evidence indicating that knowledge about the policy process is extremely thin beyond those citizens who are directly in touch with officialdom and government units.

No democratic, parliamentary oversight by the People’s Congress or other controlling body

Genuine parliamentary monitoring opportunities are almost nonexistent in China, given that the Chinese Parliament (National People’s Congress) is not a legislative body in the Western sense. The NPC’s almost 3000 delegates meet only once a year for a plenary session; in the interim periods, its Standing Committee (currently numbering 175 members) performs the body’s functions (including the drafting of legislation in such fields as economics, education, energy, etc.). According to the constitution and the laws, the NPC is tasked with supervising the work of the government; however, this consists mainly of listening to the relevant work reports and addressing inquiries to departments. These in turn are required to answer questions in a responsible manner.



Expert hearings more “show” than substance

China’s People’s Congress cannot be compared to typical Western parliaments with regard to hearings with experts. Though there are no parliamentary committees per se in the Chinese political system, briefings by experts are a routine practice within the Chinese policy-making process. Exchanges between experts and NPC delegates are frequent. In fact, the NPC consists of a large spectrum of representatives from society including many scientists and active experts from research institutes, think tanks, universities, and other institutions.

Given the nondemocratic character of admission into the NPC, and a decision process based largely on prefabricated acclamation, these delegates’ influence on the actual workings and decisions of the NPC is open to question. However, their participation does further the inclusion of academic knowledge into NPC decision-making and committee work even if the NPC’s subordinate role renders the impact of expert review and advice in this venue quite limited. In general, it is not possible to judge whether expert hearings are anything other than show. Their actual consequences for law-making are unclear. Furthermore, the SGI experts emphasize that committees in China are largely irrelevant within the legislative process, and cannot be compared to their counterparts in liberal western democracies.

The task area coincidence criterion, which examines mirroring of ministries by corresponding parliamentary committees, cannot be answered usefully for China either, given that the People’s Congress does not exercise an effective oversight function. As such, it is not possible to talk of task area coincidence between committees and ministries: Although the NPC has “committees,” there are only nine NPC “special committees” as compared with 65 ministries, commissions and other organs with ministerial rank subordinate to the State Council. The NPC committees as such do not possess any meaningful monitoring function. Committees may formally “examine” policies, regulations, documents, decrees and other such items issued by ministries or commissions subordinate to the State Council, but this does not mean they exert any relevant influence on State Council policy-making.

Audit office under the aegis of the State Council

Finally, the audit office is in no way independent of the executive in China. Instead, the National Audit Office under the direct leadership of the premier of the State Council. The Auditor General is a member of the State Council, and is nominated by the premier subject to approval by the National People’s Congress or its Standing Committee. Neither is there any ombuds facility in China to deal with possible citizen complaints and concerns.

South Africa - Inequality of policy knowledge but partly effective institutions of accountability

Policy knowledge of citizens limited due to strong inequalities

The level of policy knowledge among South Africa's citizens is mediocre (5 out of 10 points, Figure 22) and has to be evaluated in the context of extreme inequalities within South African society: The government communicates most of its policy information across a fairly sophisticated system of governance with the help of its Government Communications and Information Service GCIS. Most communication of policy is channeled through the national broadcaster and mainstream broadcast and print media.

However, access to a diversity of sources is very often restricted depending on a variety of factors: geographic locality (in some areas it is not profitable for media outlets to offer their products), social class (satellite TV and internet broadband are expensive) and literacy (many citizens are not able to digest information presented to them in technocratic terms). Different levels of government make an effort to reach out to impoverished and isolated communities through occasional visits called izimbizo. Given the time demands that these consultations place on officials and office-holders, they are not frequent enough and thus do not suffice as a standalone strategy.

Parliamentary oversight with some weaknesses in practice - but effective role of audit and ombuds offices

Although there is no lack of formal parliamentary oversight capabilities vis-à-vis the government in South Africa, certain weaknesses are evident in practice. These include the government's willingness to provide information on time and in full. While certain departments, such as the national treasury, have proved to be highly transparent, the failure of others to be so transparent has in some instances bordered on disrespect to the legislature. There are also other factors that hinder proper consideration of relevant government documentation. The first relates to administrative and capacity constraints within the committee system. Committees continue to be under-resourced and hence their organizational and research capacities are limited. Evaluations have also shown that many committee members are not aware of the full scope of their oversight responsibilities.

The second issue relates to the overwhelming power of the ANC in the national legislature, which in several instances has resulted in the adoption of a less than assertive posture in order to avoid embarrassment to the party. It remains to be seen how the recently passed Protection of State Information Bill, with its broadened scope for the classification of state information, will affect the free flow of information that is required to for democratic decision-making in legislatures, provided that it is also adopted by the National Council of Provinces without amendments. Opponents of the bill have argued that it does not only raise the possibility of state censure, but also self-censure, considering the excessive punishments for violating it.



There are also significant weaknesses when it comes to the issue of whether parliament can summon ministers to hearings, due to the specific inner-parliamentary balance of power. Although the constitution authorizes parliament to summon ministers or even the president, the extent to which this occurs is largely determined by an intertwining set of factors, including the dominance of the African National Congress (ANC) in parliament and the leverage that the proportional representation system gives to the party's head office to impose its will and discipline on ordinary members of parliament. Straying from the party line is not tolerated; members who do so can expect not to be re-nominated to the party list. This has resulted in diminished influence of the legislature vis-à-vis the executive, and by extension, vis-à-vis the party as well.

The balance of power within parliament described above also means that there is little effective monitoring of the various ministries by individual parliamentary committees – even if the 32 ministries are certainly mirrored by a total of 35 committees. However, there are overlaps and inefficiencies in task area coincidence. In addition, the content of the committee reports is often lacking in quality – due to insufficient administrative and research support, and due to the fact that parliamentarians do not seem to have a clear grasp of the full extent of their oversight duties.

Audit and ombuds offices have positive impact

By contrast, South Africa scores well with regard to the independence of the audit and ombuds offices: The office of the AG subscribes and complies to international standards of accounting and has been assertive in the execution of its mandate. It has not shied away from naming and shaming departments and entities, including the Presidency, in instances of noncompliance to accepted accounting practice. On occasion, particularly in the first years of democratic government, this has resulted in tensions between the office and those implicated, but over the years the institution has grown in stature and is respected across South African society for the independence with which it executes its mandate.

In South Africa's political system, the ombuds function is performed by the "Public Protector": The office is required to report to the National Assembly at least once a year. Its mandate, prescribed in the Public Protector Act of 1994, requires that the institution investigate any conduct in state and government affairs that is brought under its attention and that is alleged or suspected to be improper or to result in any impropriety or prejudice (ibid). The office can compel any person, including any official at any level of government, to appear before it to assist in an investigation, and can make recommendations for remedial action upon its findings. However, it cannot impose its recommendations. Since its inception, the office of the public protector has frequently been criticized for its timidity in its investigations of complaints related to high-profile cases involving the governing party and individual government ministers. The appointment of the current public protector, Thuli Madonsela, has gone a long way in countering such perceptions. In her first year in office, she has not shied away from prominent cases that brought her at odds with senior politicians in the ruling party.

Media, parties and associations

A state's executive branch, or core executive, and its legislative body are not the only institutions able to determine or shape the contents of policy. In terms of good governance, the "governed" should and must exert influence – in a transparent and lawful manner – on the possible course of the political system in order to mitigate conflicts, reduce deficits of information and, in the best case, create consensus. Intermediary organizations play an important role here. Essentially, this involves media, parties and associations that all attempt to bundle various interests to a greater or lesser extent and to express or represent these interests to other political actors. These stakeholders have an impact on the possible courses of action available, as they provide information, arguments and interpretations and, at the same time, perform a certain oversight function.

When examining media, the SGI distinguishes between the media available and citizens' use of media; this latter is included under the criterion of citizens' political competence (see above). With regard to content, the focus is on high quality information about government policy, a diversity of opinions and also

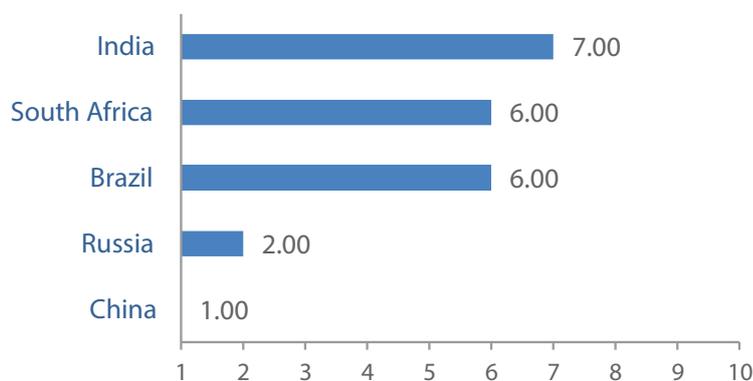
Media are diverse in Brazil and South Africa, but quality is highest in India. China and Russia censor news. Brazilian and South African parties and interest groups offer plausible proposals. Civil society is vibrant in India, but plays little policy role in China or Russia.

on analytical expertise. All of this helps to expand the information base, increase transparency, improve oversight and ensure accountability. Equally, it is only possible for parties to utilize the opportunities available to them for monitoring and exerting influence if they are able to make competent and coherent policy suggestions on a sound basis of knowledge.

Civil society organizations are recorded here in a non-exhaustive manner to provide examples, only. However, the SGI examination distinguishes between business-centered associations and "other" associations. The former includes employers' associations and labor unions, for example. The second group of associations, on the other hand, covers organizations such as charities, religious groups or environmental organizations. The questions refer exclusively to the competence of the specific interest groups and whether, for example, scientific experts are consulted when forming opinions. This aspect of the SGI therefore seeks to establish the extent to which these organizations can make factually competent policy proposals that are considered relevant by the public and government.



Fig. 23: Media reporting



Media reporting scores are composed of a single qualitative assessment.

Brazil - On its way to developing a functioning form of corporatism?

Radio better than television at political reporting

In terms of the quality of media reporting, Brazil, together with India and South Africa, scores markedly better than China and Russia, whose media are strongly directed or influenced by the government (Figure 23). However, there are significant differences in the quality of the various types of media. TV and radio stations are reasonably open and provide information on decisions made by the government. However, mainstream “open” (i.e., non-pay) television news reports rarely provide in-depth coverage of governmental decision-making. Coverage of politics provided by the main TV and radio broadcasters is superficial at best.

For instance, there are few television programs in which members of the government or experts are invited to explain policy decisions. This scenario is very different on radio and cable television broadcasters. Radio programs frequently broadcast interviews with policymakers and specialists, as do news channels on cable TV.

If the competence of parties and associations is considered together with the quality of the media on offer, Brazil is at a similar level to India. Brazil's multiparty system is considered to exhibit generally low programmatic orientation. Nevertheless, the platforms and policy proposals of at least the two main coalitions and the leading party in each are plausible and coherent overall.

Civil society increasingly active

When examining the channels available to take part in civil society, it is worth mentioning the significant professionalization and heightened profile of associations and interest groups that have become apparent in recent years. Unions also have a good organizational structure and are strong actors in Brazil's political system. Independent lobbying firms for this sector also exist, DIAP - Departamento Intersindical de Assessoria Parlamentar being the best example. This firm provides information and representation in Brasilia for different labor unions. NGOs from all sectors, especially those targeting gender issues and environmental problems, have also enhanced their organizational structures and increased resources allocated to negotiate with government and the National Congress.

The country experts emphasize that the participation of civil society, including the involvement of various councils and committees at the regional, state and municipal levels, is seen as important for developing effective public policy. Since redemocratization, several types of arrangements between the state and civil society organizations have evolved with respect to the implementation and co-management of public policies, particularly those of social character.

The Lula administration conducted a process of consultation throughout the country, involving more than 2,000 civil society organizations representing labor, women's groups, environmentalists, consumer forums, indigenous peoples, Afro-Brazilians, the landless movement, religious communities and the handicapped. It also created and convened popular national councils and forums focusing on various aspects of the government's policies. These encouraging developments should thus not be weakened under the current Rousseff administration.



Russia - The media and civil society are denied full empowerment

State-directed media allow for little independent information and reporting

Along with China, Russia fares worst when it comes to the quality of the media on offer (Figure 23). There is no question of the media providing independent reporting and performing an oversight and information function: The regular news programming on Russia's main TV channels are not necessarily "infotainment" per se, but are definitely superficial and strictly censored, so as to ensure that the government's decisions and activities are presented in the most favorable way. Criticism is minimized or totally absent.

Even on analytic programs and political talk-shows, pro-government guests normally dominate, while the presence of potential critics is carefully controlled. The anchorpersons of such programs and shows often clearly lack impartiality, and allow the pro-government side to make their point more forcefully (though the situation does differ from program to program and from topic to topic).

Minimal influence from civil society actors and opposition parties

In terms of their position as fundamental actors in the governance process, the competence and quality of intermediary organizations in Russia is limited and weak. After years of dominance by the governing "United Russia" party, the chances of the opposition parties' election platforms being implemented are slim from the outset. Aware of this limitation, these parties use their programs to win votes by addressing the concerns and desires of prospective voters (mostly paternalistic and redistributive in nature), rather than by elaborating an alternate set of serious policy proposals.

Most such programs appear unrealistic, and are not in fact intended to be implemented. Deliberation and debate between the pro-government and opposition parties on the course of policy is therefore minimal. And the governing party's election manifestos are also low on content. They tend to concentrate on spotlighting successes achieved in various fields rather than on specific plans for the future. Such plans are formulated in generalized slogan-type structures, with a minimum of specific plans and figures.

Russia scores slightly better with the SGI experts when it comes to assessing the professional competence of interest groups, nevertheless serious problems are also apparent here.

Although the three national umbrella business associations are fully able to develop factually competent policy proposals and draw on appropriate resources, the principle problem here is that the government (or the majority in parliament that is loyal to the government) does not feel obliged to take expert opinions formulated by interest groups into account. The influence of other, non-business-centered interest groups is also severely limited.

India - Benefits from a quality media landscape and considerable expertise demonstrated by interest groups

Media offers sufficient independent political reporting

In terms of the quality of media reporting, India scores the highest of the BRICS countries in the SGI experts' findings, earning a respectable 7 out of 10 points (Figure 23). Indian television channels and radio stations seem to have a clearly demarcated domain of specialization, which is to say that most television and radio channels are either entirely news channels or entirely entertainment. Consequently, infotainment programming is rare. News channels, moreover, prefer to sustain the distinction. TV channels in India, especially private ones, provide mostly entertainment and seldom offer any in-depth analysis of government actions and programs. However, some private channels and the Doordarshan, the government-owned channel, do indeed offer programming discussing state and national policies in detail.

While some popular private channels like NDTV, IBN7 and Times Now, are almost entirely devoted to news and discussions of state policy, the latter often tend to focus on personalities or scandals. A September 2011 decision by the News Broadcasters Association (NBA) to publish monthly rather than weekly audience ratings was welcomed by most English and Hindi news channels. The goal was to prevent the dumbing-down of news channels for the benefit of advertisers. The NBA statement declared that: "News channels, being distinct from other genres, have a responsibility to inform and empower its viewers with quality programming... rather than providing content merely for garnering viewership."

Limited party political platforms - but healthy structures of participation and oversight on the part of civil society organizations

By contrast, the country experts take a poorer view of the parties' ability to develop political manifestos, awarding only modest scores: Indian parties are not programmatic. True they have



programs and more precise election manifestos, but these publications promise – as in most other countries – nearly everything to everybody, without indicating the sequence in which policies would be implemented, detailing how they would be financed, or explaining how contradictions between individual policies and interventions would be solved. Issues of long-term sustainability (climate change, fiscal prudence, social cohesion and so on) are only sparingly addressed.

India’s economic and civic interest groups perform significantly better than the parties in terms of professional expertise. The major chambers of industry and business associations, the labor unions and the numerous non-economic interest groups all play a constructive and expert role in the political process. There is considerable functional cooperation between some civil society groups and the government in preparing, implementing and adjusting policies. One example of this is the “Centre for Science and Environment (CSE).” This organization offers input based on rigorous research, and has worked positively with the government on issues of biodiversity, climate change, and equitable development.

Nevertheless, the country experts express some reservations about the broad mass of civil society groups: The power of noneconomic interest associations to make reasonable policy proposals is compromised not by their (enormous) number, but by their varying strength and independence. Civil society in India is still somewhat shallow, despite the multitude of associations. Only a small share of Indian citizens (less than 15%) are part of any association; moreover, many of these are associated with political parties or individual politicians, are religious or caste communities, or simply depend on foreign donations. Thus, their influence should not be overemphasized. In high-profile cases (see above), they have been able to make their views heard, however, and have had considerable influence on the drafting of laws and regulations.

China - State-controlled coverage of political news and “authoritarian corporatism”

State propaganda instead of objective political reporting

In the case of China, the media on offer can in no way be said to offer citizens independent, objective, differentiated and informative reporting: Traditional media (print, radio and television) plays a less significant role than does internet media. Social media such as microblogs exert a growing influence on public debate and citizens’ opinions. China’s main TV and radio stations are run by the state and are subject to CCP propaganda department interference.

In accordance with the General Administration of Press and Publication (GAPP) and the State Administration of Radio, Film and Television (SARFT, a ministry until 1998), CCP propaganda departments at all levels continue to oversee all news reporting and media publications and set the guidelines for acceptable media contents. Certain areas of public interest, including sports and entertainment but also financial information, are only marginally controlled by party and state organs. Investigative reporting has become possible as a result of the liberalization and commercialization of media policies in recent years, but political reporting, apart from local politics, continues to be subject to the highest degree of control.

No true parties, no true election platforms, no true civil society

As there is no democratic competition between parties in China, the eight so-called united front parties, which are all subordinate to the CCP, do not have electoral programs, either. The CCP is de facto the only party. The CCP constitution evokes the party's ideological genesis, serving as a reminder of its political and ideological foundations, but does not serve as a program geared toward public appeal or as a proposal of any tangible policies.

The SGI questions about the functional expertise and role of economic and civic interest groups cannot be adequately answered for non-democratic China, either. Under China's state-corporatist arrangement (sometimes called an "authoritarian corporatism"), some business interest organizations (especially the All-China Federation of Industry and Commerce, ACFIC) can exert influence on economic policies. However, there are in general no independent interest associations that can participate more or less autonomously in the various phases of the policy process. The ACFIC is involved in the government's management of the private economy in the sense that it serves as a broker between the private sector and the government and formally participates in discussion of economic regulations. The ACFIC is represented by several members in the NPC and takes part within the Political Consultative Conference (CPPCC). However, its role is rather narrowly focused with respect to the management of China's private economy. The ACFIC also remains under CCP direction, and as such does not constitute a genuinely independent representation of private entrepreneurs' interests in the drafting of China's economic policies.

Equally, there are no independent labor unions to effectively represent the interests of Chinese employees. And other non-economic interest associations from the social, environmental or religious realms do not have meaningful influence on the policy process in China. Thus, they are not in the position to propose reasonable policies. Their sole avenue of representation rests with providing expert policy advice to political decision-making bodies, and most maintain close ties with the government or are effectively under official control.



South Africa - Sound expertise among parties and interest groups should have positive impact

Media reporting exhibits similar structures to Brazil

For various reasons, the SGI country experts award somewhat mediocre scores to the quality of reporting by South Africa's main TV and radio stations (Figure 23). As in Brazil, the quality of radio reporting proves to be significantly better than that of TV reporting: Given the pressures of commercial viability, the emphasis of the South African broadcast media has gradually been shifting away from in-depth news coverage and analysis and toward infotainment and sport. There is an alarming lack of uncompromising investigative journalism and, while live discussion programs are aired on radio, most discussion programs on television are pre-recorded and pre-edited to cater to advertising needs. Serious questions have also been raised about the SABC's perceived partiality toward the government. The broadcaster has gone to great lengths to cover ANC events without extending the same coverage to opposition parties.

Ownership of national privately-owned media companies is highly concentrated and the need for advertising revenue is the primary driver of their programming content. Most debates over and interrogation of government policy have occurred on private talk radio stations, which are enjoying a growing listenership. Many would argue that the true pulse of the nation can be measured by accessing these outlets.

Feasible party platforms and a lively civil society

South Africa scores consistently well with regard to the functional expertise of parties and of economic and civic interest groups. In terms of the competence of political parties, it should be noted that South Africa seems to be moving increasingly toward a two-party system. The ANC has been dominant since the advent of democracy, and in recent years the Democratic Alliance has managed to garner most opposition support at the expense of smaller parties. In recent elections, both the ANC and DA have campaigned with manifestos that addressed the country's key issues, and their ideas were coherent, reasonable and cognizant of what the country can actually afford. However, there is considerable debate over the extent to which South African elections are indeed issue-driven.

Given the country's history of deep division, identity politics still play a role in voter choice and occasionally the specter of ethnic politics raises its head. In the light of growing impatience with the state's inability to more comprehensively address the plight of the poor, there has

been a growing tendency toward populist rhetoric, particularly within the ANC Youth League. Whether this translates into a more militant tone in party manifestos will be an important aspect in the country's next general election in 2014.

Business associations and the South African labor unions are constructive and technically expert organizations: The country's major economic associations broadly agree on the most significant challenges facing the economy as well as on their longer-term impact on the country's developmental prospects. These include poverty and inequality, which are underpinned by high unemployment and a low level of skills. At present, job creation forms the centerpiece of policy proposals by all economic interest groups across the spectrum. The policy positions they articulate are mostly based on commissioned research or research by affiliated think tanks. A layer of complexity, which distinguishes this sphere from those in peer countries, is the fact that both business and labor remain divided amongst themselves, largely along the country's historical lines of racial division.

Overall, South Africa has a strong civil society that actively engages in matters of policy related to its participants' fields of interest. There are a number of national non-profits that work in the broad field of governance. In recent years, new civil society organizations have emerged that focus on contemporary challenges such as health (HIV/AIDS in particular) and education. They have been efficient in producing policies that have been crafted in collaboration with research organizations. Furthermore, they have managed to use new social media to communicate their messages broadly and clearly. The SGI country experts also note that South African civil society has been heavily affected by the global economic downturn in recent years and by the subsequent the withdrawal of international donor funds. Thus, many civil society organizations face funding challenges. Accordingly, it is to be hoped that this very encouraging trend of increasingly robust civil society activity in South Africa will nevertheless continue. After all, sustainable governance is dependent on an active civil society.



Executive accountability: Summary

The results for the participation and oversight of citizens, parliament and intermediary groups are very mixed among the BRICS countries, a fact partly attributable to the specific perspective of the SGI instrument's questions. As expected, Russia performed poorly, China even worse, by failing to fulfill basic accountability requirements which from a SGI perspective are essential for sustainable governance. This means not only a pro-active legislature but also an informed civil society which can make itself heard through parties or interest groups as well as through critical, independent and open media, and can oversee the government's work and improve policy making. State-controlled media in Russia and China means that a critical, well-informed civil society is currently almost inconceivable. There are also no direct points of contact for the concerns of individual citizens in their dealings with the government (particularly in the form of an ombudsman function).

In all these areas, India, Brazil and South Africa are significantly better equipped for the future. But even in these countries there still major problems. The lackluster level of political consciousness among citizens needs to be countered through media and education, particularly in Brazil and South Africa.

From the sustainable governance perspective, the multifaceted accountability of the Brazilian, Indian and South African governments equips them better for the future than is true of China or Russia. Participation opportunities can be expanded further, however.

But these opportunities must be made accessible to all people independent of their social or geographical origins. This will serve to further strengthen the positive trend towards an active civil society seen in India, Brazil and South Africa which has been apparent in recent years. South Africa and Brazil also need to further expand their parliaments' current oversight capabilities in relation to the government and remove inefficient structures which still persist. In South Africa, however, the ANC's longstanding majority may present difficulties.

Conclusions

Economic growth is not enough

The rhetoric of growth associated with the popular BRICS acronym should not permit us to overlook an important fact: there is in each of these countries an enormous need for reform in key policy areas and associated governance structures. Even investment bank Goldman Sachs, which coined the widely used acronym and shaped the discourse of growth associated with this group of countries, identifies in a recent report key factors that must be in place if economic growth is to develop in a sustainable manner. Along with macroeconomic stability and openness to foreign investment, these key factors include competent and stable institutions, a reliable judicial system, and functioning education and health systems.

A look at recent World Bank and United Nations indicators shows that each of the BRICS countries continue to show considerable need for reform in precisely these key areas. Furthermore, each country in this group suffers from massive levels of corruption. This problem bears considerable risks, since a reliable legal framework and the effective control of corruption are not only prerequisites for effective policy implementation, but are also of critical importance for the stability and legitimacy of a political system.

Social problems are not automatically solved by economic growth alone. While starting from different directions, the BRICS each require institutional reform if they are to overcome mounting social, environmental and infrastructural pressures.

However, this volume's comprehensive comparative study looks at issues well beyond corruption. With the help of the SGI indicators, the survey draws a comparative profile of the strengths and weaknesses of the BRICS countries, containing both an analysis of reform needs in key policy areas and an assessment of governance capacities within the BRICS states. In short, it is not only about the need for reform, but also - in the broadest sense - about the BRICS countries' capacity to engage in reform. A comparative evaluation of the findings of the survey's core dimensions shows that the five countries have very different developmental prospects - prospects that at times contrast sharply with the oft-repeated rhetoric of growth and progress.

At the outset it must be emphasized that each of the BRICS countries face enormous present-day pressures, the reach and impact of which vary from state to state. However, some of these problems will only grow in the future. In addition to the threat of mounting political and social instability rooted in massive social inequality and corruption, there are growing risks of infrastructural failure as many have not kept pace of the rapid economic growth in recent years.

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There are also growing demographic pressures weighing heavily upon labor markets and social welfare systems. Finally, there are problems associated with the unsustainable exploitation of natural resources and environmental and air pollution that have accompanied rapid growth.

Combined together, these pressures create a highly complex set of problems to be addressed today's and future leadership in each of the BRICS states. For at least some of the BRICS states, it is far from clear that the optimistic development scenarios envisioned by investment bankers often concerned narrowly with core economic parameters can be realized. Even if the rapid rates of growth do remain at their high levels, problems associated with economic growth will not be automatically solved. In fact, BRIC countries already marked by enormous regional and social disparities will only see problems of social inequality and environmental sustainability further exacerbated.

International organizations such as the World Bank and OECD Development Centre have observed in recent years a growing number of emerging economies in Asia, Latin America and the Arab world a pattern of rapid economic growth accompanied by increasingly fragile social cohesion. The fruits of economic growth in these countries have clearly not been distributed so as to facilitate greater opportunities of participation to more people in society. Instead, socioeconomic gaps in many of these countries have widened, a trend that does not bode well for social cohesion and political stability. Coordinated policy-making, as the OECD Development Centre's think tank stresses, is essential to steering these countries down a sustainable path. History has in fact shown that only emerging powers such as South Korea or Taiwan that have made the right policy choices at the right stage in their economic development, making critical advances in reform of their education, health and innovation systems, have managed to sustain solid growth without falling into the middle-income trap.

In order to achieve sustainable growth with broad impact throughout society, governments must therefore be able to facilitate economic diversification and domestic economic growth while at the same time develop infrastructures, and restructure economic, health and social welfare systems. According to the current international research, meeting these complex targets requires particularly effective governance capacities and structures. In short, effective governance is to a large extent the key to success. The findings presented here show where each of the BRICS countries stands in terms of this – that is, how well they make good use of their potential to overcome the challenges they face, today and tomorrow.

Prospects in cross-national comparison

Russia – Poor prospects linked to governance flaws

A closer look at the SGI findings for Russia clearly shows that the country's current economic growth derives almost exclusively from an extensive exploitation of natural resources. The country has failed to diversify its economic structure, investments in infrastructure are long overdue, and – of particular concern – there is no long-term economic strategy in place. A development trajectory that relies not only on rich natural resources would reduce exposure to global economic fluctuations, while at the same help reign in Russia's rising levels of environmental pollution. At the same time, growing inequality within Russian society is giving greater impetus to the country's burgeoning political protest movements. The political, economic, social and environmental challenges for Russia are thus immense.

Albeit Brazil still faces serious policy challenges, the country's governance and policy trends equip it best for a sustainable development throughout the BRICS states. India, China and South Africa must better address severe inequalities. While India's institutional reform capacities are in place on the national level and planning-centric China has proved flexible, both countries prospects suffer from shortcomings on the sub-national level. Russia's poor prospects are linked to governance flaws and a non-sufficiently diversified economy.

However, Russia's current governance capacities are not well suited either to addressing these problems effectively or to producing long-term solutions. Indeed, the SGI experts paint a rather bleak picture of Russia's political reform capacity in comparison to the other BRICS. Throughout the entire category of the government's steering capability, it is evident that Russia has considerable catching up to do when compared to the other BRICS countries, with the country showing significant weaknesses in each of the category's individual aspects. Putin's regular, direct intervention and influence ("manual control") detracts from the central government's strategic capacity and the efficiency of interministerial coordination.

To be sure, Russia's political system has shown a few individual developments toward greater government efficiency, for example through the introduction of regulatory impact assessments (RIA). However, in light of political patterns that are often fragmented and clientelistic (featuring considerable levels of patronage), a lack of consultation with independent experts or stakeholders within society, and an often contradictory communications policy, forward-looking policy-making in the sense of sustainable governance hardly appears possible in Russia today.



These massive problems are echoed in the government's capacity to effectively implement its policies. Here too, Russia is ranked in last place in comparison with the other BRICS countries. Russia's government performs particularly poorly in the case of policies with broad impact, which are absolutely dependent on implementation by a number of ministries and their subsidiary agencies. Nor does the medium term offer much hope of improvement here; Russia also shows the BRICS states' lowest performance on the criterion of "organizational reform capacity," which addresses the issues of institutional self-monitoring and adaptability. It is difficult to note any systematic, critical stance toward existing institutional arrangements.

Finally, structures for genuine civil society engagement and participation remain weak in Russia, detracting further from the sustainability of governance. To be sure, the government did respond to the massive popular political protests following Putin's re-election as president, initiating certain reforms. At best, this may lead to more political competition and a weakening of the inefficient vertical pattern of government that has existed to date. However, the inertia of the bureaucratic elites is substantial enough that the outcome and long-term effect of these tentative steps toward reform is very uncertain.

In examining the BRICS group's current status quo in terms of participation and government accountability to citizens, parliament and civil society organizations, only China performs more poorly. Given the state influence over the media, a Duma with weak de facto oversight powers, and the government's failure to integrate stakeholders within society, it is difficult to speak of an effective public and democratic sphere of oversight. Should these overall conditions and governance shortcomings persist, the prospects that Russia will successfully be able to address the core problems outlined above are poor.

India – Facing immense pressures, but considerable reform capacity at the national level

The outlook for India, by contrast, is somewhat more ambiguous. The country's economic prospects are positive, thanks to favorable demographic development. If one believes the Goldman Sachs projections, India will see stronger long-term growth than China, achieving annual growth rates of more than 5% over the next four decades. By the year 2034, India's population is expected to exceed that of China, making it the most populous country in the world (cf. GMS 2012: 49).

According to the SGI experts, however, these optimistic growth projections for the subcontinent will depend on its ability to overcome enormous social disparities, modernize its infrastructure as a basis for industrial development, and make progress in the health and education sectors. Without substantial progress in these areas, the coveted urban white-collar jobs will in the future remain out of reach for the vast majority of India's population. The dynamic economic development of recent years, along with successes in the education and health sector, particularly in the country's economic centers, cannot hide the fact that a very large proportion of India's population still lives in abject poverty. Compared with the other BRICS countries, the share of the population with a college degree is also rather low.

However, it is cause for optimism that India, fares comparatively well in terms its governance capacities and enjoys considerable reform capacity. SGI experts offer a favorable evaluation of the Indian central government's directive capacity (at the national level). India's top position on the criterion of strategic capacity can be explained in part by the strategic role played by the cabinet, the technical expertise and strong coordinating function of the Prime Minister's Office, the active exchange between scholars and the government, and consultation with societal groups that is to some extent institutionalized for important policy proposals.

The quality of implementation exercised by India's government has also enabled tangible progress with respect to the previously noted political challenges, earning it the number two ranking on this issue, after Brazil. Primary achievements include "massive increases in school enrollment at every level, the near-elimination of the gender gap in education, [and] the growing provision of technical and vocational training (though starting from a very low base)." Other specific policy implementation successes include "the new initiative providing health insurance for the poor, the countrywide implementation of the MNREGA (The Mahatma Gandhi National Rural Employment Guarantee Act, a program to generate employment in rural India) [...], and overall, a far better realization of planned expenditures than ever before."

Like China, however, India features a certain geographical disparity in the quality of implementation. Some individual states such as Kerala have achieved goals in areas such as health care, education or political participation significantly more quickly than others. Furthermore, task funding at the subnational level is a serious problem. India has at least established a system of central-government grants and an interstate tax-revenue sharing system, with the aim of improving state-government finances. However, this often remains inadequate to needs, particularly in rural areas.

In the area of governance, the government must strengthen the effectiveness of oversight mechanisms in order to combat rampant corruption. Among such measures would be a functioning ombuds mechanism and a stronger audit office. Expanding the capacities of such institutions will be necessary in order to avoid further risking a loss of trust on the part of the population and of foreign investors. India's current credit rating, as assessed by the major



rating agencies, is only a little over the level of “junk.” The mass protests following in the wake of corruption scandals paint a vivid picture of just how paralyzing and destabilizing it can be when popular trust in the performance of the political system is endangered.

China – Continued economic growth requires far-reaching reforms

China’s classification in comparison with the other BRICS is also somewhat ambiguous. On the one hand, the country experts note that it retains considerable unexploited potential even after the rapid economic growth of recent years, and important economic policy weaknesses have already been addressed. However, the continuation of China’s growth trajectory cannot be taken for granted, and is predicated on far-reaching reforms being taken in central policy areas as well as within the governance system itself. A number of factors threaten sustainable economic development in China. The high levels of inequality, especially between the urban and rural populations and between the coastal provinces and the western regions, are of particular importance. Migrant workers, who are effectively excluded from the social welfare and health care systems, now number 200 million.

Demographic change and the closing of the demographic window due to the decades-long one child policy are taking place at a speed as impressive as that of recent years’ economic growth. This development will place the labor market, infrastructure, education and social systems under enormous pressure. The state-controlled financial system is also greatly in need of reform. Growing environmental problems and an emerging housing bubble raise further questions as to the sustainability of the political leadership’s current course. Corruption and inadequate legal certainty also figure prominently as potential sources of citizen unrest. In fact, the number of annual violent protests has increased to 100,000, according to SGI experts. Unresolved conflicts in Tibet, inner Mongolia, and the provinces of Xinjiang and Yunnan pose serious risks to political stability in the People’s Republic.

It is not at all clear whether China will prove able in the long run to provide long-term sustainable policy solutions to these problems. In comparison with the other BRICS countries, China’s system of governance shows varying levels of performance. On the one hand, the country stands out for its particularly strong focus on long-term strategic policy planning, which is reflected in detailed planning documents and multiyear policy agendas. The hierarchically driven interministerial coordination also functions quite effectively. But it is unclear to what extent the government consults genuinely independent academic expertise, which is an important undertaking, given the complexity of problems at hand. The same applies to the targeted involvement of civil society stakeholders in the sense of societal consultation; here, too, the government fails to secure long-term support for its policies. For these reasons, China’s steering capability receives nothing more than a middling rank in BRICS comparison.

Like India, China's multi-level political system suffers from severe regional disparities in terms of the quality of governance. This is manifest most clearly in terms of the poor public services on offer in peripheral regions. Regions are largely dependent on their own income for implementation of the central government's agenda. This results in significant differences in the quality of implementation between economically and fiscally strong (often urban) areas and the primarily agricultural interior.

In the fight against corruption, China lacks both a free media system and a civil society sector independent of the state, either of which might otherwise play a watchdog role. Courts in China also lack independence from the executive. Exacerbating this problematic state of affairs is the absence of opportunities provided for civil society leaders to exact any genuine influence on policy.

For the last three decades, China's government has distinguished itself through a high degree of adaptability and flexibility. The question for the future will be whether China's leaders can retain this adaptability, and – particularly with an eye to the rapidly closing demographic window – engage in the necessary social reforms. Opposition and power struggles by influential interest groups within the Communist Party of China (CPC) have to date prevented any reversal of these profoundly negative trends. Any future Chinese leadership is bound to inherit a considerably difficult set of challenges that will be difficult to tackle in a context of increasing demographic pressures and slowing growth.

South Africa – Laudable adaptability, trenchant problems persist

South Africa's democratic consolidation has made substantial progress, and the principle of the rule of law is becoming widely accepted by political actors. Despite high levels of state debt inherited from the apartheid era, South Africa has since successfully restored macroeconomic stability, reduced state debt, strengthened the welfare state and generated notable levels of economic growth. However, the growth of recent years has not had the positive impact on the labor market needed to combat social disparities effectively. Poverty and extreme social inequality continue to represent enormous problems. South Africa has the highest levels of social inequality within the BRICS group, and the legacy of past apartheid continues to weigh heavily on the present. A focus on employment-intensive growth is therefore absolutely essential in order to combat structural poverty and unemployment.

In comparison to Brazil, Russia, India and China, the SGI country experts rate South Africa as showing the worst policy performance in terms of labor market and education policy. In the area of infrastructure development as well, South Africa faces enormous challenges. In recent years, the high demand for energy has led repeatedly to power grid overloads and devastating



power outages, a situation partially attributable to the dominant position of the state-owned Eskom power company (cf. Gu et al. 2013:12). Moreover, the tax-based financing of welfare-state benefits is far from sustainable.

It is difficult to assess whether South Africa's reform capability is sufficient to meet these political, economic and social challenges. In terms of governance capacities, South Africa currently holds a middling position within the BRICS group.

Interpreting the middling position held by South Africa within the BRICS group in terms of its governance capacity requires a closer look because of how this rank masks the discrepancies between individual dimensions of analysis. On the one hand, recent developments point to an improvement in reform capacity, though several severe shortcomings persist. On the other hand, in more encouraging developments, the government has recently made important changes to its institutional arrangements, thereby enhancing its strategic capacity.

Academic expertise is used by the government, and civil society actors and interest groups are in general successfully involved in the policy-making process. However, in this area it appears that the political dominance of the ANC party means that trade-union-associated interest groups are given preference. Overall, South Africa's performance in the area of consultation with stakeholders in society is on par with that of the other BRICS democracies, India and Brazil.

However, the South African government shows clear potential for improvement in its communication policy, and to some extent in its interministerial coordination as well. The government's ability to effectively implement policy objectives also falls somewhat short. Despite certain successes in the implementation of social programs, glaring weaknesses are evident in the key areas of education and the labor market, a heavy burden for the country to bear. The growing strength of political camps within the ANC (associated with a growing factionalism) and the considerable levels of patronage within the party undermine effective decision-making and implementation. In addition, finances at the subnational and local levels are not used effectively enough, as the bureaucracies at these levels often lack the necessary competencies and abilities to spend the funds allocated to high-impact projects wisely. In this context, the high levels of corruption and nepotism represent an enormous problem.

However, South Africa does benefit from the positive and constructive role played by civil-society actors, an aspect in which it shows parallels with India and Brazil. In this respect, the democratic regimes of India, Brazil and South Africa are significantly better positioned for the future than are Russia and China. South Africa even performs best in this area among all the BRICS states.

Yet this development must without question be further strengthened. The mediocre level of political knowledge citizens show today should be counteracted through better media and educational offerings. Moreover, these offerings must be made accessible to the entire population, regardless of social or geographical origin. In addition, South Africa should expand

the parliament's de facto executive oversight powers, and eliminate any remaining inefficient structures. This may prove a particularly difficult task, given the longstanding majority position held by the ANC.

Brazil – Among the BRICS, best-positioned to resolve long-term social problems

The country experts rate Brazil as the most promising of the BRICS states in terms of current key policy trends and the quality of its governance capacities. South America's largest country remains affected by the legacy of its past decades-long military leadership and continues to labor under the pressure of problems such as poor infrastructure and high levels of social inequality. Yet the country has been quick to recognize the signs of the times, and in recent years implemented important reform measures that the current administration has elected to continue.

Thus, in parallel with economic diversification, substantial improvements in the country's social development have been made. In the last decade, the incidence of extreme poverty has been reduced by half, and about 20 million Brazilians have climbed successfully into the middle class.

Both developments speak to the success of the new social measures, of an active minimum wage policy and of the "Bolsa Familia" reform program begun under President Lula. These reforms have focused on the formalization of labor relations and on a significant increase in social and income transfers. A pioneering step was taken by linking social transfers to children's school enrollments. During the first legislative session of Lula's presidential term, real minimum wages rose by a third. These developments in Brazil show that the fight against poverty and social inequality through systematic policy reform may be a protracted one, but that progress is definitely possible.

Brazil's most pressing need for further reform is in the area of education policy. The country's education system underperforms considerably in international comparison, as attested to by the country's PISA results in recent years. Despite progress made, Brazil managed to climb only eight slots from 2000 (53rd) to 2009 (65th) on the PISA ranking. President Rousseff has declared overcoming social disparities in education a key political goal, and educational expenditures have risen accordingly in recent years.

Unlike the oil-importing countries of China and India, Brazil has the advantage of oil autonomy, and nearly half of its energy profile is made up by renewable energy sources. Hydropower alone satisfies 15% of Brazil's energy needs, and accounts for 80% of the country's electric power generation. Despite the extensive land usage and resulting environmental problems, Brazil's environmental policy is judged as being relatively positive, particularly in comparison with the land-rich countries of Russia and China. Future environmental performance will depend on the new government's ability to take effective measures against deforestation of



the tropical rain forest, and whether, as announced by President Rousseff, clear-cutting of the Amazon region can in fact be successfully reduced by 80% by 2020.

Brazil's challenges without question remain significant. However, a look at the country's governance capacities also suggests that it can maintain its previously positive development trend. This said, the government should strengthen its steering capability further. In direct comparison with other BRICS countries, Brazil lags somewhat behind in terms of strategic planning capacity, although institutional arrangements have been continuously improved over the last several years. RIAs are still not required today, but a strengthening of this type of instrument can be observed in recent years. A number of other quite good approaches to successful interministerial coordination and policy steering are evident, particularly in the president's Office of the Chief of Staff.

In comparison with the other BRICS, Brazil's government also performs very well in terms of the quality of policy implementation. However, performance does depend on the specific policy area. While the country has been particularly successful in the area of social policy, it lags somewhat in terms of infrastructure and industrial policy. The government also failed to win National Congress approval for a tax reform proposal. Nonetheless, the SGI experts note that despite many good approaches and developments, the governance capacities of the Brazilian executive are still hampered by the predominance of short-term politics over long-term interests. This leads to shortcomings in terms of solid planning, and undermines the stability of governance structures that might otherwise better resist various political influences and permit greater institutional efficiency and transparency. While implementation quality is critical, the need to strengthen the government's bargaining capability vis-à-vis the National Congress is perhaps even more urgent.

Like South Africa and India, Brazil already has a very considerable body of sustainable governance preconditions in place today. The Lula government provided an impressive demonstration of the potential that lies in actively involving civil society during a time of comprehensive transition. Stakeholders in society have thus gained significant influence in recent years.

The SGI experts agree that this influence is stronger in periods when elections are near, as is common in other democracies. However, in Brazil their influence has climbed continuously over a course of years, even independently of elections. Thus the institution of free, periodic elections is no longer the only means through which the Brazilian government remains accountable to societal interests. Rather, an everyday democratic practice seems to be cautiously developing, in which the government consults with and seeks to involve societal stakeholders during the legislative session. But as the SGI experts note, this practice is strongly dependent on the level of engagement shown by individual governments and their members. The new government under Dilma Rousseff would do well to maintain this openness towards civil society.

According to the country experts, "On balance, however, the trend is a positive one, as Brazilian governments have been seeking to modernize government structures and bring them in line with international standards targeting a 'whole-of-government' approach to regulatory quality, improved intra-governmental cooperation and strategic planning." (Flores/Nolte/Renno/Stolte/Thiery 2012).

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About the authors

Najim Azahaf is a graduate in Social Science. He has worked as project manager with the Sustainable Governance Indicators project (SGI) at the Bertelsmann Stiftung in Gütersloh, Germany since 2010. He is responsible for the special SGI studies assessing and comparing policy performance and governance capacities in BRICS countries as well in economic powers in Asia. Most pertinent to his commitment to international efforts for good governance and sustainable development was his engagement at the Institute for Development and Peace (INEF). At this think tank, he worked as the assistant to the director for many years. In addition, he gathered practical experience in Germany and abroad by working with several organizations for international cooperation such as the German Agency for Technical Cooperation (GTZ, Nairobi), Capacity Building International (InWEnt), and the German NGO Welthungerhilfe.

Managing Editor



Joachim Betz is Principal Research Fellow at the German Institute of Global and Area Studies and Professor for Political Science at the University of Hamburg. He has in the past served as editor of the *Jahrbuch Dritte Welt* (Third World Yearbook) and of several development and peace research journals. His main research interests include development policies and theory, development finance, social policies and globalization, as well as foreign, social and party politics in South Asia, and in India and Sri Lanka in particular. He has authored several published articles on these topics that have appeared in German and international journals and yearbooks.

India expert



Aurel Croissant is Professor of Political Science and Vice Dean of Research at the Faculty of Economics and Social Sciences, Ruprecht-Karls-University, Heidelberg. His main research interests include the comparative analysis of political structures and processes in East- and Southeast Asia, the theoretical and empirical analysis of democracy, civil-military relations, terrorism and political violence. Aurel Croissant has published 21 monographs, edited volumes and special issues of German and international journals, and over 150 book chapters and journal articles. His research has been published in German, English, Spanish, Korean, Indonesian and Russian. His articles have appeared in refereed journals such as *Party Politics*, *Democratization*, *Politische Vierteljahresschrift*, *Contemporary Southeast Asia*, *Asian Perspective*, *Electoral Studies*, *Pacific Review*, *Armed Forces & Society*, *Studies in Conflict and Terrorism*, *Terrorism and Political Violence*, *Zeitschrift für Internationale Beziehungen*, *Zeitschrift für Politikwissenschaft*, *Zeitschrift für Vergleichende Politikwissenschaft*, *Asian Journal of Political Science* and *Japanese Journal of Political Science*.

China and India
coordinator



Brazil expert



Renato Galvão Flôres Junior is Professor at the Graduate School of Economics, Fundação Getulio Vargas, Brazil. His main areas of research include development economics, sustainable growth, and trade theory and policy. He has published widely on these issues and on regional integration issues, and has recently co-edited the *Regional Integration Manual* (Routledge 2011). Mr. Flôres serves or has served as a member of the board of several research centers and international organizations, including the Society for Computational Economics (United States), the Brazilian Center for International Relations, EUBRASIL, and the International Forum for Clean Energy (China). Mr. Flôres has also held several positions within the Brazilian government at both the federal (Ministry of Planning) and state (Rio de Janeiro) levels. He holds a PhD in Economics, an MBA in Financial Engineering and an MSc in Probability Theory.

Russia expert



Evgeny Gontmakher is Deputy Director of the Institute of World Economy and International Relations of the Russian Academy of Science. His main publications focus on social problems in Russia and include *Social Policy: Lessons Learned* (Gelios, 2000) and *Social Reforms: What's Next?* (Gelios 2005, both books published in Russian) as well as numerous articles and book contributions. His current research focus on global trends in the world economy and their influence on Russia. Mr. Gontmakher has been Deputy Minister of Social Protection (1997–2003) and Head of Department of Social Development (1993–1994) in the Russian government.

South Africa expert



Christof Hartmann is Professor of Political Science at the University of Duisburg-Essen, where he focuses on development politics and international relations. Mr. Hartmann has previously taught at the Universities of Heidelberg and Bochum, and was a Visiting Professor at the School of Government, University of the Western Cape, South Africa (2002–2006). His current research focuses on sub-Saharan Africa, and deals with the comparative analysis of political institutions and their functions, both for the consolidation of fragile political systems and for economic and social development.

China expert



Sebastian Heilmann is Professor for Comparative Government and the Political Economy of China at the University of Trier, Germany. He has published extensively on China's political system, political economy and economic policymaking. Together with Elizabeth J. Perry, he co-edited the volume *Mao's Invisible Hand: The Political Foundations of Adaptive Governance in China* (Harvard University Press 2011). Currently, he is heading a multi-year research group project on "Industrial and Technology Policies of the People's Republic of China" that is funded by the German Federal Ministry of Education and Research.

South Africa expert



Jan Hofmeyr is Head of the Policy and Analysis Unit of the Institute for Justice and Reconciliation, a Cape Town-based think tank that promotes the building of platforms for democratic and inclusive societies in post-conflict contexts across Africa. His particular interest lies in the social, political and economic variables required for successful democratic transformations in such states. He is the editor of the *Economic Transformation Audit*, the Institute's annual publication on the state of economic transformation in post-apartheid South Africa, and in the past has served as principle investigator of the Reconciliation Barometer Survey, a national opinion survey that tracks responses to sociopolitical change in South Africa.

Yasheng Huang is the International Program Professor in Chinese Economy and Business and a Professor of Global Economics and Management at the MIT Sloan School of Management. Together with other scholars, has conducted research on a range of topics, including higher education in China, the production of scientific knowledge in China, entrepreneurship and foreign direct investment. Professor Huang founded and runs the China and India Labs at the MIT Sloan School, which aim to help entrepreneurs in China and India improve their management. In 2010, he was named one of the most outstanding scholars in the United States conducting research on issues of policy importance to the United States by the National Asia Research Program.

China expert



Detlef Nolte is Professor of Political Science at the University of Hamburg, Acting President of the GIGA German Institute of Global Area Studies in Hamburg and Director (on leave) of the GIGA Institute of Latin American Studies. He is president of the German Latin American Studies Association (ADLAF), and his main research interests cover global power shifts and regional powers, the comparative analysis of political systems in Latin America, Latin American foreign policies and regional governance structures. His most recent publication is *New Constitutionalism in Latin America. Promises and Practices* (Ashgate 2012), which he co-edited together with Almut Schilling-Vacafloer.

Brazil expert



Heiko Pleines is Head of the Department of Politics and Economics at the Research Center for East European Studies and Lecturer in Comparative Politics at the University of Bremen. After studies in London and Bochum, he received his PhD from the Free University of Berlin. His main research interest is the role of non-state actors in policymaking with a special focus on (semi-) authoritarian countries. He has published extensively on the issue, including articles in *Europe-Asia Studies*, *Journal of European Integration* and *Post-Communist Economies*. He is co-editor of *Challenges of the Caspian Resource Boom. Domestic Elites and Policy-making* (Houndmills, Palgrave Macmillan 2012). He has been a country expert for governmental bodies, NGOs and business.

Russia coordinator



Boris Makarenko is the Chairman of the Board of the Center for Political Technologies, a Moscow-based independent think tank. He is also a Professor of Comparative Politics at the Moscow Higher School of Economics. From 2008 to 2012 he served as Director for Domestic Policy at the Institute of Contemporary Development (INSOR). His research interests include comparative political development, modernization, political parties and political institutions. He is the author of two books on the Duma and the Russian party system, and has authored several dozen articles published in Russia, Europe and the United States.

Russia expert



Lucio R. Renno is Associate Professor at the Political Science Institute of the University of Brasilia. He received his PhD in Political Science from the University of Pittsburgh. His publications on legislative politics, voting behavior and public opinion have appeared in *Comparative Political Studies*, *American Journal of Political Science*, *Legislative Studies Quarterly*, *Latin American Politics and Society*, *Journal of Politics*, *Journal of Latin American Studies*, *Journal of Legislative Studies*, *Electoral Studies*, *Revista Brasileira de Ciências Sociais*, *Novos Estudos Cebrap*, *Dados - Revista de Ciências Sociais* and *Opinião Pública*. He is co-editor of *Reforma Política: Lições da História Recente* (Rio de Janeiro: Editora da FGV, 2006), *Reforma Política em Questão* (Brasília: Editora da UnB, 2008) and *Legislativo Brasileiro em Perspectiva Comparada*, (Belo Horizonte: Editora da UFMG, 2009) and co-author of *Legitimidade e Qualidade da Democracia: Uma Visão da Cidadania* (São Paulo: Editora Intermeios, 2011).

Brazil expert



China expert



Dirk Schmidt holds a PhD in Political Science and is tenured Senior Lecturer at the Chair for Comparative Government and Political Economy of China at Trier University. His current research deals with China's political economy and foreign economic relations. His latest publication, co-authored with Sebastian Heilmann, is "China's Foreign Political and Economic Relations" (Wiesbaden: VS Verlag, 2012; in German).

South Africa coordinator



Siegmund Schmidt is currently Dean of Faculty and Professor for Political Science at the University of Koblenz-Landau, Germany. His research focuses on development and democracy in sub-Saharan Africa, EU foreign policy and German development and foreign policy. In 2003-2004 he was awarded the Willy Brandt Chair of the German Academic Exchange Service at the University of the Western Cape, South Africa. He has undertaken several field research trips in countries throughout eastern and southern Africa. Most recently, he published (together with Sebastian Harnisch and Rolf Steltemeier) a history of the German Ministry for Economic Cooperation and Development, *Auf Augenhöhe. 50 Jahre Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung 1961-2011* (Baden-Baden: Nomos 2012).

Managing editor



Daniel Schraad-Tischler joined the Bertelsmann Stiftung in Gütersloh, Germany in 2008. He heads the Stiftung's "Sustainable Governance Indicators" (SGI) project, a cross-national comparison of policy performance and governance capacities in the OECD. Daniel Schraad-Tischler holds a PhD in Political Science from the University of Cologne (Faculty of Management, Economics, and Social Sciences) as well as a master's in Political Science, History and German Literature (Cologne). His main areas of research are good governance, sustainable development, and EU politics, as well as cross-national comparisons of social justice and equality of opportunity. Before joining the Bertelsmann Stiftung, he worked as a research associate at the Jean Monnet Chair for Political Science and European Affairs at the University of Cologne. Daniel Schraad-Tischler also gained project management experience at the European Parliament and at Bayer AG.

Russia expert



Hans-Henning Schröder is Academic Director and Head of the Russia/CIS Division at the German Institute for International and Security Affairs (SWP) as well as Professor for East European Politics at the Free University Berlin. Past appointments include Assistant Professor for East European history at the Ruhr-Universität Bochum (1981-1986), senior analyst at the Bundesinstitut für osteuropäische und internationale Studien, Cologne (1986-2000) and senior fellow at the University of Bremen's Research Centre for East European Studies (2001-2006). His main fields of research are Russian politics, the role of elites in the Russian transition process after 1991, and Soviet/Russian defence and security policy. He is a member of the steering committee for the Deutsche Gesellschaft für Osteuropakunde, the Academic Advisory Board of the Transformation Index (BTI), and serves as co-editor for the *Russlandanalysen* and *Russian Analytical Digest*.

Ujjwal Kumar Singh is Professor in the Department of Political Science, University of Delhi, India. He obtained his MA from Delhi University, and PhD from the School of Oriental and African Studies, University of London. He was a Fellow at the Centre for Contemporary Studies, Nehru Memorial Museum and Library, Teen Murti Bhavan (New Delhi) and has also taught at Hindu College, Delhi University. He is the author of *Political Prisoners in India* (Oxford University Press, 1998) and *The State, Democracy and Anti-Terror Laws in India* (Sage, 2007). He has co-edited *Towards Legal Literacy: An Introduction to Law in India* (Oxford University Press, 2008) and is the editor of *Human Rights and Peace: Ideas, Laws, Institution and Movements* (Sage, 2009). His articles have appeared in *Economic and Political Weekly*, *Critical Asian Studies*, *Diogenes*, *Scienza & Politica*, *Ethnic Studies Report* and *Election Law Journal*. His current research focuses on electoral laws and electoral governance, extraordinary laws and the surveillance state.

India expert



Christina Stolte is Junior Researcher at the GIGA German Institute of Global and Area Studies and a member of the Hamburg International Graduate School for the Study of Regional Powers. She served as desk officer for Brazil at the Latin America and Caribbean Division of the Federal Foreign Office in Berlin from 2010 to 2011. Her main research area is Brazilian foreign policy, with a special focus on Brazil's engagement in Africa. Her publications include policy papers on Brazil's regional role in South America and Brazilian biofuels policy.

Brazil expert



Peter Thiery is Lecturer at the Institute of Political Science at the University of Heidelberg and research fellow at the Käte Hamburger Collegium "Political Cultures of the World Society: Chances of Global Cooperation in the 21st Century" at the University of Duisburg. He also serves on the Academic Advisory Board of the Transformation Index (BTI) of the Bertelsmann Stiftung and is BTI regional coordinator for Latin America. His main research and publications address comparative analyses of political systems, democracy and democratization, and the rule of law in Latin America.

Brazil coordinator



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Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
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Responsible

Najim Azahaf
Dr. Daniel Schraad-Tischler
Dr. Stefan Empter

Managing editors

Najim Azahaf
Dr. Daniel Schraad-Tischler

Translation and edit

Barbara Serfozo, Berlin

Design

Dieter Dollacker, Berlin

Cover picture

Mathias Dieckmann

Print

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Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Telephone +49 5241 81-0
Fax +49 5241 81-681999

Najim Azahaf
Telephone +49 5241 81-81411
Fax +49 5241 81-681411
najim.azahaf@bertelsmann-stiftung.de

Dr. Daniel Schraad-Tischler
Telephone +49 5241 81-81240
Fax +49 5241 81-681240
daniel.schraad-tischler@bertelsmann-stiftung.de

www.sgi-network.org/brics/
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